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EAST ASIAN LEADERS' GEOPOLITICAL FRAMEWORKS,
NEW NATIONAL IDENTITY IMPACT, AND RISING
ECONOMIC CONCERNS WITH CHINA

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 **KEI** KOREA ECONOMIC INSTITUTE
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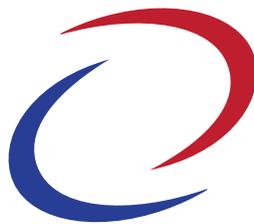
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KEI is the premier U.S. think tank and public outreach organization solely dedicated to helping Americans understand the breadth and importance of our relations with the Republic of Korea. Through its publications, social media, programs, and public events, KEI seeks to advance scholarship and understanding of Korea in ways that will inform policy-makers and the American public of the security, economic, and political implications of our connections to the Korean Peninsula.

To produce accurate and in-depth analysis, KEI draws on the expertise of its resident staff; provides a platform on which leading writers, thinkers and commentators from the United States, Korea, and third countries can share their research and opinion; promotes scholarship by commissioning and publishing original articles; and hosts public and off-the-record conversations among policy makers and opinion leaders. The point of these activities is to ensure that decisions – whether made by government officials or private citizens – are soundly based within the context of the Korean Peninsula’s complexity and significance.

KEI maintains strong connections with its partner think tanks in Washington and with the academic community throughout the United States. Its “Academic Paper Series,” “Academic Symposium,” and “University Programs” ensure that the best in research and scholarship on Korea are shared among experts and are available to students and the general public. All KEI’s publications are accessible free of charge.

Although most of its activities take place at its Washington, DC headquarters, KEI is committed to engaging the public throughout the United States. Programs such as the “Future of Korea,” held in partnership with the World Affairs Councils of America, and the “Ambassadors’ Dialogue” bring Korean and American diplomats to venues across the country to discuss current events and the overall U.S.-ROK relationship. Participating officials value the opportunities KEI provide to speak to, and hear from, communities beyond the Washington DC area.

KEI continues to expand its social media presence. Its blog, “The Peninsula”; podcast, “Korea Kontext,” and livestream and recorded video allow those interested in Korea outside the Washington, DC beltway to engage with KEI and the U.S.-Korea alliance on issues of trade, culture, and security. KEI invites you to like its Facebook page and to follow us on Twitter and Instagram.

The U.S. partnership with the Republic of Korea is strong and based on enduring values and interests, but it cannot be taken for granted. KEI is committed to keeping our understanding of the relationship current.

For more information about these programs and upcoming events at KEI, please visit our website, www.keia.org.

Preface

At the Korea Economic Institute of America (KEI), we foster connections to advance United States-Republic of Korea ties. Through bringing together people with an interest in topics of importance to this relationship, KEI works to further mutual understanding between our two countries. As the world copes with the ongoing pandemic and its economic fallout, the sharing of ideas is of even greater importance. Our 2020 Academic Symposium, through which we endeavor to bridge the academic and policy communities, contributes to understanding crucial questions at a key time in the Asia-Pacific.

The International Studies Association (ISA) annual conference in Honolulu, Hawaii scheduled for March 2020 was cancelled due to the COVID-19 pandemic; we were disappointed not to have the papers presented by their authors in the panels organized for that gathering, but we are doubly pleased to provide these excellent contributions in this volume. We missed engaging with and learning from the thousands of international affairs scholars from around the world who normally gather for the ISA event each year, and we look forward to resuming our participation with the 2021 conference in Las Vegas.

Marking nine years of collaboration, KEI again turned to the skills and insights of Dr. Gilbert Rozman, the emeritus Musgrave Professor of Sociology at Princeton University, to serve as the Editor-in-Chief for this Joint U.S.-Korea Academic Studies volume and as an advisor to KEI's programs at the ISA conference. Dr. Rozman has again played a key role in bringing together an excellent group of scholars and practitioners.

The experts in this volume have thoughtfully addressed themes that are pervasive throughout Asia and are timely for the U.S.-Korea alliance. With the future of Northeast Asia in flux, political leaders are hoping to transform their respective visions into the path forward for the region. Authors in the first section analyze the frameworks of U.S. President Donald Trump, Chinese President Xi Jinping, Russian President Vladimir Putin, Japanese Prime Minister Abe Shinzo, and South Korean President Moon Jae-in to discern the currents underlying geopolitical developments in the region. The second section examines the role of national identity in key bilateral Indo-Pacific relationships where geopolitical fault lines have become clearer. Chapters in this section cover the India-China, U.S.-China, South Korea-China, and South Korea-Japan dyads. The final section provides insights into how several of China's neighbors and the United States are responding to its economic rise, which, of course, are also guided by strategic concerns. Considering how COVID-19 has exacerbated the rivalry between Washington and Beijing as well as the influence this relationship carries in shaping the future of the region, the contributions here are particularly relevant and timely.

Whether our connection with you is new or continuing, we hope you enjoy and find useful the 31st edition of the Joint U.S.-Korea Academic Studies volume.



Ambassador (ret.) Kathleen Stephens
President and CEO, Korea Economic Institute of America
June 2020

**EVALUATING THE GEOPOLITICAL
FRAMEWORKS FOR NORTHEAST ASIA
OF FIVE CURRENT LEADERS**

Introduction

By 2020, each of the six leaders active in Northeast Asia had drawn attention as a driving force in changing the region's course. In the case of Kim Jong-un, his time in the limelight came in 2018, but it has faded, and he is not covered in this set of chapters. For Abe, it was 2014-15 when he drew the most attention with his independent diplomacy toward Russia and strident appeal to the United States to get tougher on China and North Korea. Yet, he remains a major player in the region, now pursuing China to an uncertain degree and still engaging Putin. Most assertive in the mid-2010s and still today is Xi Jinping, who seeks to forge a new regional order. His geopolitical framework for Northeast Asia can be differentiated from that of Southeast Asia. A third leader with visions of developing a framework for Northeast Asia and beyond, at a peak in the second half of the 2010s, is Vladimir Putin, advancing the Northern Sea Route as well as a broader notion of Greater Eurasia. Joining the drive for reordering Northeast Asia in 2018 was Moon Jae-in, concentrating on diplomacy centered on North Korea. Finally, Donald Trump must be a centerpiece on the list even if his geopolitical framework has narrowly evolved via bilateral talks. Juxtaposing the perceived frameworks of these five leaders, we seek in the viral flux of the first third of 2020 to grasp the underlying geopolitical currents operating in Northeast Asia.

The two central security challenges in Northeast Asia remain management of North Korea in the context of an overall strategy for the Korean Peninsula and responses to the emerging arms race and balance of power maneuvering led by China on one side and the United States on the other. In response to the turn to diplomacy in 2018, all five leaders under scrutiny recalibrated their strategy toward North Korea as a critical part of their geopolitical framework for the area. Also, as the Sino-U.S. competition took a more confrontational turn, the heads of those states, as well as leaders in Japan, South Korea, and Russia, adjusted their positioning between the two: Putin doubling down on his support for China, Abe maneuvering mostly on economic policy to keep momentum in diplomacy with China, and Moon struggling with intensified pressure to find a way to straddle without damaging Seoul's alliance with Washington. It is developments in 2019-20 that draw our closest attention as we examine responses to the two major challenges.

The alignment on both geopolitical challenges consists of China and Russia standing on one side, the United States and Japan standing on the other, and South Korea mostly on the latter side but perceived as potentially subject to pressure to give ground to the former side. Both the switch for a time to diplomacy by North Korea and the exacerbation of Sino-U.S. tensions created new conditions under the Moon administration for Seoul to be squeezed by the other powers. While bilateral relations are being adjusted, there is also potential for rethinking a country's overall geopolitical framework for Northeast Asia. Some may prefer to concentrate on the framework for dealing with China or the United States or both, and others may have in mind the search for a framework encompassing the entire Indo-Pacific region or Eurasia. Here, the explicit focus is on Northeast Asia, in keeping with the area demarcated by the Six-Party Talks ongoing to 2008.

Mark Tokola, “Donald Trump’s Geopolitical Framework for Northeast Asia”

Trump may, as he professes, act from instinct – reactively and transactionally rather than from an intent to implement an established policy. However, Tokola sees Trump asserting a distinct foreign policy called “principled realism.” Trump sees the world as the world, not as a set of distinct regions and acts on principles which apply everywhere. Tokola defines these principles, examines whether they fit within a tradition of American foreign policy, tries to answer the question of whether they are an aberration or likely to continue in a post-Trump era, and outlines strategies other countries may be using to counter or accommodate Trump’s foreign policy, bringing the focus back to the challenges mounting in Northeast Asia and Trump’s impact there.

The main principles of Trump’s foreign policy identified are that: American allies must pay more for their defense; America must maintain its military strength; trade deficits harm U.S. national interests; a world of sovereign nations is preferable; there is need to pressure rogue nations; America must defend its honor; and decisions should be made on a case-by-case basis. Northeast Asia provides a venue which invokes the full range of Trump’s principles. Burden sharing is a major issue in U.S.-ROK relations, and negotiations with Japan will follow. Allies must pay more – but demands are not specifically defined. It may be possible to take into account elements of Korean defense spending that are not within the technical confines of the actual SMA agreement. SMA contributions will need to increase, but a smaller increase than the United States demands can be put into a larger burden-sharing context. Emphasis on military competition in high-technology areas means that Trump likely is taking a direct interest in the issue of whether use of Huawei equipment poses a security threat to America’s digital infrastructure. China also tests his aversion to trade deficits. It may be judging correctly that any demands the president has in regard to Chinese structural reform may be blunted simply by buying more U.S. products.

Northeast Asia has the advantage, within the Trumpian view of the world, of not being encumbered by regional organizations or collective security pacts, close to his ideal of a system of fully sovereign nations. North Korea is a special case within Trump’s foreign policy because it fits within his category of rogue nations whose behavior must change, but it also has the privileged status of being a partner in a negotiation. Rogue nations are exempt from Trump’s policy of respecting differences among nations. However, North Korea is also seemingly amenable to Trump’s preferred practice of negotiated outcomes – the “art of the deal.” So long as North Korea negotiates, it will be seen by Trump as a negotiating partner that must be accorded respect. Moon Jae-in, Abe Shinzo, and Xi Jinping have been prudent in publicly according honor and respect to Trump. He, in return, has praised them, which he assumes will favorably impress them. It is safe for foreign leaders to act dismissively toward other U.S. government officials, but not toward Trump or the U.S. in general. Trump associates himself personally with American honor.

The Trump administration departs from the foreign policy of its immediate predecessors, and is vociferous in asserting that it is doing so. But, Tokola asks, is it unprecedented in the history of American foreign policy? It is a descendant of the school of hardline unilateralism – Jacksonian, a populist school that “believes that the most important goal of the U.S. government in foreign and domestic relations should be the physical security and the economic well-being of the American people” while being skeptical, on both cultural and economic grounds, of the benefits of immigration, and being restrained in using military force abroad. Trump’s foreign policy may be Jacksonian in several ways: its emphasis on promoting U.S. exports, its espousal of non-interference in other countries’ affairs while reserving the right to take tough action against non-state actors, its emphasis on military strength, and its insistence upon points of honor. On the other hand, what Trump’s foreign policy models itself *against* are what conservatives describe as Wilsonian attempts to promote global governance and world-wide U.S. promotion of democracy. Events transformed Wilson’s defensively-minded and realistic foreign policy into the hegemonic and idealistic school of foreign policy for which Donald Trump’s policy is portrayed as a corrective, e.g. the U.S. inability to help guide the Soviet Union into becoming a successful and non-aggrieved Russian state, even if that was never possible. The neo-conservative movement in the United States fretted that the United States was missing an opportunity to transform the world. This was Wilsonian foreign policy turned on its head. Rather than working to promote democracy at home for the purpose of inspiring the world, the neo-conservatives were calling for America to launch an international democratic crusade in the hopes that it would inspire morality at home.

With a motivated American public and a specific cause behind it, that of waging a “global war on terror,” neo-conservatives were able to see their policies implemented, only to fail, a phenomenon for which Trump blamed Democratic and Republican administrations alike, receiving a sympathetic hearing from the American public. The international system Donald Trump inherited in 2016 was not wholly unlike that Woodrow Wilson found in 1919, The world then was recovering from a catastrophic and debilitating war, uncertainties prevailed as to what was to come next, and the American public was looking to “come home.” Isolationists and non-interventionists were able to defeat Wilson’s plans. The question of how to contain a major, disruptive power – this time China rather than Germany – was on the agenda. Trump campaigned in 2016 using Wilson’s description of the world as a dangerous place while at the same time offering Warren Harding’s promise of a “return to normalcy,” or “Making American Great Again” in Trump’s formulation.

The main strategy of U.S. allies and adversaries has been to hedge against the unpredictability of Trump’s foreign policy. They are uncertain as to when he is acting out of immovable conviction and when he is exercising the “art of the deal.” In South Korea, doubts have developed whether the U.S.-ROK alliance is “rock solid,” as professed by administration officials, or whether they should take seriously Trump’s statements that he sees no reason why U.S. troops should be there.

Do not assume that Donald Trump's successor will return to the foreign policies of the Obama, Clinton, or Bush administrations, Tokola asserts. More likely, a debate will reemerge regarding the limits and uses of American power. But, it is certain that future U.S. administrations will be forced to respond to events in ways contrary to their stated and intended policies.

Gilbert Rozman, "Xi Jinping's Geopolitical Framework for Northeast Asia"

Xi's policies toward Northeast Asia have been treated mostly as ad hoc responses to specific countries in shifting circumstances, but if his approach in 2012 to 2016 is labeled Xi 1.0, then the approach he increasingly has taken from 2017 should be treated as Xi 2.0. He has faced an abrupt transformation in U.S. foreign policy under Trump, a dramatic arrival on the diplomatic stage of Kim Jong-un, intensified appeals by Putin to boost bilateral relations toward an alliance, and unexpected opportunity to find room to maneuver as Moon Jae-in and Abe Shinzo drove ROK-Japan relations. Xi has, arguably, settled on a geopolitical framework not at odds with the core of Xi 1.0 or with the thrust of Chinese history from late imperial Sinocentrism to Mao's anti-imperialism. Doubling down on pressuring Moon at the same time as he is wooing Abe is emblematic of the dual nature of his orientation. Also dualistic is Xi's support for Kim Jong-un while claiming to back denuclearization. Two seminal events by-mid 2019 – the failure of the Trump-Kim summit in Hanoi and the setback to the Sino-U.S. trade talks soon after – set the tone.

Xi's meetings with Putin in early June to mark the 70th anniversary of the establishment by Moscow of diplomatic relations with the PRC, with Kim Jong-un in Pyongyang at mid-month, and with Abe later in the month as a step in the resumption of normal summitry eschewed by Xi to 2018, were tests of his new strategizing. Xi's summits with Abe and Moon on December 24 delivered a mixed message, while in 2020 the COVID-19 epidemic added an unexpected twist.

Xi is more the heir of imperial China's Sinocentrism and Mao Zedong's Sinocentric socialist ideology than of Deng Xiaoping's "reform and open door" worldview (at a pause in 1989-91) or Hu Jintao's first-term "harmonious world." In Xi's worldview, as in late imperial China and Maoism, there is a strong ideological component, a deep sense of historical guidance, a powerful civilizational rationale, an intolerant view of interference by societal forces in state control, and an abiding confidence in the righteousness of Sinocentrism. Xi 1.0 could be simplified as: keep the U.S. engaged, Japan under pressure, Russia in tandem, North Korea isolated but beholden, and South Korea mindful. Under strain already in 2016, as ties with both Koreas worsened and U.S. and Japanese suspicions of China were mounting, Xi forged a broader strategy through the BRI, in Southeast and South Asia. Yet, extending the BRI to Northeast Asia was increasingly on his agenda. By 2018, the framework Xi pursued in his first term unmistakably demanded adjustment.

Xi Jinping's growing confidence in the mid-2010s was unsustainable in new circumstances. He was pushing harder: against Narendra Modi in India as Pakistan became the primary target in BRI, against Park as South Koreans grew alarmed at the North's nuclear weapons obsession, and even against Putin, who was dragging his feet on Sinocentric regionalism, while Obama and Abe were pushing back more actively. After Kim Jong-un raised his bellicosity to a new level and Xi agreed to increase pressure on him, a new environment took shape when Kim, encouraged by Moon Jae-in, shifted course. Diplomacy intensified: on North Korea as leaders vied to meet with Kim Jong-un; and on trade, with the Trump obsession with deficits. Xi responded by improving ties with Kim Jong-un without removing pressure on him and hedging to take advantage of Japan and India's dependency on China. Limiting Moon Jae-in's options by getting him to promise the "Three Noes" on missile defense and ties to Japan, Xi resisted U.S. trade demands, as he awaited a U.S.-DPRK impasse to assert China's indispensable leadership. His narrative became more ideological: reasserting socialism versus capitalism, raising anti-hegemonism more emphatically as the modern version of anti-imperialism, and envisioning China as the center of an exclusive region while challenging the longstanding U.S. presence there and recent deference to ASEAN centrality. Historical narratives became polarized between an idealized Chinese past (ethnic harmony, no expansionism, benevolence toward neighboring states, etc.) and a demonized history of the West (obsessed with expansionism, racist, fighting internecine wars, etc.).

If in Xi 1.0 the emphasis was on working out a deal with Obama for a division of labor, in Xi 2.0 the focus shifted to carving out a path in Northeast Asia that would keep the U.S. at bay. More attention was paid to extending BRI to the north and on solidifying alliance-like ties with Putin, steering Kim Jong-un into a partnership without him accepting ROK or U.S. overtures, upping the pressure on Moon Jae-in, and neutralizing Abe on economic matters. Trump's pressure on Moon and Abe, naivete on Kim Jong-un, and incoherence on Putin, abetted Xi's strategic moves.

For the planned state visit to Japan in 2020, Xi sought specific wording to reflect a shared destiny or support for a lifting of some sanctions on North Korea. Abe was uninterested in going beyond the language of the fourth document of 2008, which more simply called for a "strategic, mutually beneficial" relationship. The fact that in Xi's December meeting with Abe he raised issues that could lead to such wording, shows further desire to drive a wedge in Japan-U.S. relations. At the root of Xi's approach to Japan is the assumption that no matter how committed it is to the alliance with the U.S. it is searching for more autonomy, and there is no way to achieve that just through closer security ties to countries such as Australia and India. Through overtures to Abe, Xi can forge closer economic ties and limit security challenges, but he appeared intent to push for more.

North Korea had epitomized the reactive state of Chinese foreign policy: treating its nuclear weapons as a U.S. problem, engaging in diplomacy as a favor to the U.S., and insisting its aims were limited, while prioritizing peace and stability such as preventing war or an exodus of refugees. There was much talk that the alliance on paper with the North was no longer operable. That was changing with the four "b's": a buffer zone, a socialist "brother," a balance of power key, and a border area vital to Northeast provinces. As in the case of Sino-Russian relations, the aim is to increase dependency on Beijing in order to strengthen Sinocentrism. In both cases, the partner is valued for its role in rolling back U.S. power, but

that is insufficient for ambitions to expand Chinese power, still keeping pressure on Kim by relaxing China's economic stranglehold only slowly. A more emboldened Xi stands more firmly behind Kim Jong-un, despite three caveats. One, Xi did not endorse Kim's pursuit of nuclear weapons, even if this was secondary to other objectives. Two, Kim did not go for an "open door" with China or reforms in line with China's guidance, although he encouraged Chinese tourism. Three, resistance to Trump favored a "good neighbor" policy toward states such as Japan, which would have reacted to a sharp turn toward North Korea.

Xi chose to turn directly to Kim without coordinating with Moon, considering Beijing and Seoul at odds in their aspirations for Pyongyang. Moon was insufficiently deferential to Xi in how he approached Kim, while Xi was confident that he had ample cards to keep Moon and Kim apart and to press Moon when needed. For a possible trip by Xi to Seoul in the spring of 2020. China sought: 1) a fourth "no" driving a wedge between Seoul and Washington by promising not to deploy intermediate-range missiles on Korean soil, reinforcing the point that China has the right to infringe on South Korean sovereignty in this manner; and 2) support from Moon for triangular economic projects with Kim such as joint support for tourism, in place of North-South economic integration and insistence on wide-ranging sanctions with the U.S. The warning was that after THAAD deployment had seriously damaged popular Chinese support for relations, new antagonism could damage security cooperation. Lack of trust is a favorite Chinese mantra: the U.S. is blamed for lack of U.S.-DPRK trust and South Korea is faulted for a deficit in Sino-ROK trust. Economic ties are seen as necessary but insufficient for trust; increasingly, security cooperation is the touchstone for proving one's trust. The message is that given the worsening situation in the region due to DPRK-U.S. and Sino-U.S. tension, the burden is on Seoul to prevent a new cold war.

The overall message is that if Seoul wants to resolve the North Korean issue it must work with Beijing. It must join in containing what is called the U.S. militarist policy, through closer security ties to China aimed at "peaceful resolution" of the matter. Whether or not the shift is seen as taking a balanced approach to China and the U.S., it really points to new pressure aimed at Moon leaning toward Beijing and acting now to institutionalize relations before a conservative replaces him or, perhaps, a new U.S. president pressures Seoul in a manner different from Trump. Xi appears intent to wield economic power to force technological transfers and integration. His 2019 summit with Kim Jong-un and demands regarding missile systems point to new pressure.

A key component of Xi's strategy is using economic integration for geopolitical objectives. For Russia, which through three decades had been wary of opening its Far East to China (refusing to build promised bridges, resisting Chinese workers despite a serious labor shortage, and limiting Chinese investments in many sectors), the essential revenue from oil and gas pipelines to China loosened barriers to cross-border economic ties. For North Korea, Xi dangled the lure of closer economic ties through tourism and special economic zones – which would do little to undermine North Korea's tight social control – on policy changes that appeared increasingly possible even if denuclearization remained far off. For South Korea, as for Russia, great economic dependency on China was being leveraged more than before. In Northeast Asia, only Japan elicited different treatment since its level of economic dependency was lower and China's need for it was greater.

The Northeast Asia version of BRI faces hurdles: Kim Jong-un remains slow to open his border with China; Putin has only cautiously left the border with the Russian Far East ajar and agreed to China's secondary role in the Northern Sea Route; Moon Jae-in has so far defied Xi's pressure in his overtures to Kim Jong-un and priority for the ROK-U.S. alliance; and Abe Shinzo has given very conditional support to the southern BRI but not a northern variant. Xi's strategy seems more likely to lead to polarization with China, Russia, and North Korea on one side and assertiveness by the U.S. of triangularity with Japan and South Korea, than to the alignment Xi is seeking.

Dmitri Trenin, "Putin's Strategic Framework for Northeast Asia"

Trenin puts Putin's framework for Northeast Asia in the context of Moscow's repositioning after the Ukraine crisis and ensuing confrontation with the United States and alienation from Europe, which demonstrated that Russia was unfit for integration into something bigger than itself and was no longer capable of integrating former borderlands. Such was the end of a grand illusion linked to the West and of three centuries of empire-building. Hemmed in the west, Russia did not pivot to China, as many inside and outside Russia thought. It actually pivoted to itself. It failed to join the European family and dissolved its own Eurasian one. After 2014, Asia has risen among foreign policy priorities and shares the top tier with America. Russia is no longer seated facing the west, with its back turned to the east. It sits in a swivel chair, practicing 360-degree vision.

Russians clearly recognize the growing economic importance of Asia, which has become the global workshop and commercial hub. Moscow's current interest in developing ties with nations of the Asia-Pacific region can be traced back to Gorbachev's 1986 Vladivostok speech, but the real turn to the east occurred under Putin, notes Trenin. Vladivostok is Russia's Pacific gateway. Since 2000, Putin's overall foreign policy strategy has consisted of returning Russia to the ranks of great powers, which the country de facto left during the decade of its post-Soviet weakness, having a seat at the top table, and making sure that no major decisions, particularly of a global security nature, are taken without its participation. By the mid-2010s, this objective had been achieved. Its official preference is for multipolarity, though Russians accept that the power centers will be of varying caliber. It fiercely defends its sovereignty and claims to be one of very few major countries around the world – alongside the United States, China, and possibly India – with a truly independent foreign policy. It largely subscribes to a realpolitik-based worldview, Trenin argues.

Moscow rejects the Western concept of a rules-based order as serving the interests of the U.S. and its allies. Instead, it champions traditional international law, which is a sum of agreements among states based on bilateral or multilateral bargaining. Its Grand Eurasian partnership idea is to link a number of economic institutions and projects in Greater Eurasia. From the Russia-led EEU, to China's BRI, to cooperation with ASEAN countries, "Harmonizing" the EEU and BRI – essentially making sure that neither party steps on the other's toes – has allowed Russia to avoid simply joining the Chinese project as just another partner of Beijing, while preventing tensions between the Russian-led economic integration in Central Asia and China's geo-economic expansionism. The Grand Eurasian partnership appears to be Moscow's rhetorical answer to Beijing's equally strategically

ambiguous, though much more substantive, BRI. Yet, Russia is far clearer – and much more negative – in its attitude to the Indo-Pacific concept advanced by the United States, which is seen as seeking to contain China, using U.S. allies or partners from Japan to Vietnam to India – which have their own concerns related to China – as instruments of its own anti-Chinese policy. Yet, such a stance does not allow Moscow to differentiate between the very different substance of the Indo-Pacific debates in the United States, on the one hand, and in India or Japan, on the other. Moscow needs to complement its geopolitical discussion, traditionally focused on land, with a maritime dimension, says Trenin. The melting of the Arctic ice not only gives Russia a new façade, previously frozen, to interact with the world. It also allows Russia to think strategically in terms of waterways, in large part along Russia's Arctic and Pacific coasts.

The 2019 U.S. withdrawal from the INF Treaty – the prospect of the U.S. deploying intermediate-range missiles in Japan or South Korea – has further boosted Moscow's anxieties, particularly in the context of the U.S.-Russian confrontation. Yet, concerns about the U.S. military presence in Northeast Asia are much less pronounced than those over NATO enlargement in Eastern Europe.

Russia's relationship with China has been thriving since 1989, getting closer even as Russia was going through a difficult patch, while China was overtaking its former mentor-turned-adversary-turned-partner economically and technologically. The secret of this has been Beijing's smartness in treating Russia as a great power. Russia, for its part, dropped its ideological and imperial habits, while remaining confident in its own security assured by its massive arsenal of nuclear weapons and more advanced military technology. This prevented it from becoming inordinately concerned over the rise of China's military might. Beijing will definitely need Russia as a friend.

China overtook Germany as Russia's number one trading partner, including in technology transfer. Russia, in turn, discovered China as an energy market, beginning to supply oil to it in the 2000s, and gas – via the “Power of Siberia” pipeline – since 2019. Russia feels the challenge of Chinese 5G communications platforms coming to dominate its market: the alternative, American or European platforms, is seen as a security risk. Similarly, in the financial area, U.S. sanctions have undermined Russian confidence in the security of its dollar holdings, and Russians are looking to outside financial resources. The Chinese banking system (and the yuan) is one possibility. Relations can be called an entente, meaning a close alignment in worldviews and general foreign policy goals, leading to consultations at various levels and close coordination of practical policies. Yet, Russia and China do not intend to build an alliance. Their relationship does not include automatic commitments. The motto remains, never against each other, but not always with each other, standing back to back and facing challenges, not fearing a stab in the back, but also keeping their hands free to deal with possibilities or problems on their own.

Trenin sees resilience in the face of real differences between the two countries. They manage to agree to disagree on a number of issues, from the status of Crimea to the nine-dash-line in the South China Sea, from Russian weapons deliveries to India and Vietnam to Chinese dealings with Ukraine and Belarus. Both prefer to deal with Washington one-on-one. Unlike Beijing, which feared Moscow in the 1970s, Russia today does not see China as a threat. The central thrust is to create and foster mutual dependencies that would sustain an equal

relationship between unequal partners. Russia would seek to maintain its sovereignty and freedom of action while keeping the relationship genuinely friendly and productive. This will not be an easy task and the outcome will depend on Russia's capacity for domestic economic and technological revival, says Trenin.

Japan could play for Russia a role in Asia similar to that of Germany in Europe: a friendly developed power deeply engaged with the Russian economy. To turn this prospect into reality, Russia and Japan need to sign a peace treaty and agree on the maritime border. Japan's Security Treaty with the United States is turning into a major stumbling block. A strategy toward Japan has to find new incentives for Tokyo to continue economic and technological engagement. The main asset would be the independence of policy on Japan from Beijing's course toward Tokyo.

Russia seeks to expand economic ties with South Korea while keeping communications lines open with the North, supporting the principle of nuclear non-proliferation while also recognizing the realities on the ground. North Korea views its nuclear capability as the only security policy it can trust, and it will not denuclearize. Moscow's policy is to help diplomatically through an arms control and confidence-building agreement between Washington and Pyongyang, which would be endorsed by all countries in the region, while acknowledging that the Korean Peninsula is of much larger strategic importance to Beijing than to itself. Hence, it does not try to take the lead in attempts to help the U.S. and DPRK come to terms with each other. Keeping a direct channel to the North Korean leadership, Russia coordinates its proposals with China, allowing Beijing to do the heavy lifting. Moscow is ever watchful, lest Pyongyang play China off Russia. It helps that to Koreans, south and north, today's Russia is a non-hegemonic power that, unlike China, is not poised to dominate the region and, unlike Japan, does not invoke bitter memories from the past.

Worrisome is the long-term development of the situation over Taiwan. Russia's strategy would probably seek to avoid being drawn into a conflict between the world's two principal powers, pleading for dialogue and distancing itself from openly endorsing Beijing's specific actions. China's handling of Russia's actions in Crimea in 2014 presents a possible template. As long as China treats Russia as a great power and desists from imposing itself, the relationship has a good prospect of becoming even more productive and stabilizing. Moscow is fully aware of the need to maintain equilibrium in ties to China. In Northeast Asia it is a status quo power pursuing its economic and security interests and navigating carefully between quasi-ally China and the U.S.

Yuki Tatsumi, "Abe Shinzo: 'Diplomat-in-Chief'"

Abe has attempted to leverage his stable tenure in order to increase Japan's international presence. He has tried to reshape the way Japan conducts its foreign policy from being responsive to proactive, as an earnest attempt to remain relevant on the international scene even as the country grapples with irreversible trends including population decline and aging, says Tatsumi. In mid-2019, Abe's successes were widely heralded. Yet, in the first part of 2020 his star has faded somewhat. Abe tried to anchor Japan's foreign policy in two key factors – a robust alliance with

the United States, and expansion of its partnerships with other U.S. allies and partners. Moreover, he sought to widen the net, pursuing autonomous diplomacy with leaders in conflict with the U.S. In Northeast Asia, Abe's moves have often been out of sync with U.S. ones – with Kim Jong-un in 2018, with Moon Jae-in in 2019, with Putin from well back, and increasingly with Xi Jinping in the Trump era. Abe has found it difficult to apply his overarching foreign policy principles in bilateral relations with China, the two Koreas, and Russia. He has taken different approaches in order to move relations forward with these countries, but diplomacy since December 2012 has had one common thread: Abe's role as the "diplomat-in-chief" has been pronounced.

The principles Abe articulated in office in 2006 – freedom of thought, expression and speech, respect for the rule of law, support for a free and open economy, more dynamic people-to-people exchanges between Japan and the countries in the Indo-Pacific region, and promotion of youth exchanges – were consistent with what he has said since. In 2013, Abe declared his government was determined to make institutional, legal, and political adjustments necessary to ensure that Japan would remain a "first-rate country" and an active, responsible stakeholder to help maintain international peace and prosperity. Declaring the era of the U.S. acting as the world's policeman over, Obama seriously altered Japan's calculus, Tatsumi observes.

Abe's effort in revitalizing Japan's foreign policy has come in tandem with his government's enhancement of its national security policy toolkit, including institutional and legal changes. Abe consistently articulated his belief that Japan should play a robust role in ensuring the peace and stability of the Indo-Pacific region, including foreign summits. While he has not contradicted the foreign policy principles he established for Japan, the peculiarity of bilateral relations in Northeast Asia – Japan's legacy of World War II and Abe's desire to move Japan beyond it, in particular – has put Abe into a position of having to adjust his rules of engagement. Also, the deepening polarization of U.S. relations in the region and the uneasy state of diplomacy over South Korea widened fissures that posed challenges for Abe's aspirations.

Throughout the last seven years, Abe's message to China has remained consistent. First, he took every occasion he could to reinforce his message that Japan would not compromise its position on the sovereignty of the Senkaku Islands and that it would counter Chinese attempts to change the status quo by coercive measures. Second, he demonstrated his government's steadfast support for the countries in Southeast Asia that are the claimants in the sovereignty dispute over the South China Sea. Third, while he was consistent in his message that Japan would not tolerate Chinese aggressive behavior to assert its sovereignty claims in the East and South China seas, Abe also made it clear that Japan was willing to engage with China in the areas that are mutually beneficial. Sino-Japanese relations are at an uncertain juncture in 2020 after Abe and Xi met in Beijing in advance of the December 2019 CJK summit and discussed preparations for a fifth statement to boost bilateral relations, following the fourth one in 2008. What Xi is seeking may test how far Abe is willing to go at a time when the U.S. is intensifying criticism of China not only over security but also over economic policy and human rights. It is premature to conclude that Abe's overtures to Xi should be seen as a success; the pressure is growing to choose sides.

As for Seoul, Abe was seen in Japan as having made a major concession in 2015, but South Koreans largely viewed the agreement as insufficient, citing this as one more factor for Park's unpopularity as moves toward her impeachment loomed. Assuming he had done all he could, Abe watched as Park fell and Moon Jae-in took office, promising that his government would nullify the December 2015 agreement. Abe's diplomacy with Seoul has failed, and Japanese overwhelmingly agree that it is not Abe's fault. Failure with Kim Jong-un is also in no way blamed on Abe, although at times the fact that Kim was meeting with all of the other leaders in the old Six-Party Talk framework but not with Abe, drew some criticism. There are three major challenges in the bilateral relationship with North Korea. First is the security threat that North Korea has represented to Japan since 1992. Second is the diplomatic issue that is unique to North Korean relations – the abductions issue. Finally, North Korea is the last country with which Japan has not settled wartime issues due to the absence of diplomatic relations. His meteoric political rise was linked to his vocal support for the families of abductees. Resolution of this issue has been the priority in his North Korea policy. Abe became the only leader in the region yet to meet Kim Jong-un, and he modified his position from “dialogue and pressure” to “dialogue without preconditions.” However, there is no prospect that Abe will meet Kim.

Returning to the premiership with the overall goal of “getting Japan out of the postwar regime,” Abe invested in developing a personal relationship with Putin, meeting 27 times. In Japan, many credit Abe with doing everything he possibly could, including taking a relatively soft stance on Putin's annexation of Crimea and dropping demands for the two larger islands, to no avail. Putin's hardline position on the fruits of Soviet victory in 1945, on territorial integrity, and on opposition to the Japan-U.S. alliance including missile defense, makes Abe's pursuit seem hopeless. At times, Abe's chief aim appeared to be the securing of some kind of agreement on the return of at least two islands. At other times, it appeared to be the prevention of Russia from siding fully with China, including on the Senkaku issue. Some have speculated that a third objective is to carve out a sphere of autonomous diplomacy rather than to depend solely on the U.S. alliance in great power relations. Abe ploughs forward in pursuit of Putin despite the disappointments.

What does Abe's persistence in the face of repeated letdowns, criticism from the Obama administration after Putin's aggression in Ukraine, and skepticism from the left and the right in Japan tell us? 1) that he has so successfully concentrated power in the *Kantei* and gained room to conduct foreign policy of his choosing that any concern remains subdued; 2) that he is intent on exploring breakthroughs of historic significance even if they are longshots and are at odds with U.S. policy; and 3) that he has a vision of “normal Japan” that extends to foreign policy which may not be fully appreciated, influencing his tough policy toward Seoul and softness toward Moscow. He has failed elsewhere in Northeast Asia, but diplomacy with China persists. Abe is widely praised for the vision of his numerous initiatives, the breadth of his diplomatic undertakings, and the personal rapport achieved with numerous world leaders. However, when it comes to Northeast Asia, Abe has hardly achieved any successes.

Kathryn Botto, “Moon Jae-in: Putting North Korea at the Center”

Moon’s aim in focusing on North Korea is the rejuvenation of a reintegrated peninsula with the capacity to steer actions by all of the great powers rather than falling prey to their machinations not in Korea’s interest. In pursuing inter-Korean détente, Moon has sought geopolitical stability through balance, autonomy, and engagement. He has sought balance in his relationship with the United States and China in order to avoid disrupting either relationship and to encourage constructive engagement with North Korea from all parties. He has sought autonomy in inter-Korean relations to avoid undue foreign influence on the process, a long-time goal of both North and South Korea, and has attempted, to a varying degree, to orchestrate not only engagement with North Korea by South Korea, but also by the United States, while welcoming a stable security environment conducive to inter-Korean détente. In 2018 Moon appeared to succeed in a remarkable diplomatic balancing act, engaging all parties and gaining peninsular autonomy. His strategy, however, had diminishing success. Moon could not overcome the unmistakable strategy of Kim Jong-un to get sanctions relief without taking serious steps toward denuclearization and to focus on Trump with little regard for Moon, as worsening Sino-U.S. ties cast a dark shadow.

Where many conservatives see a zero-sum game in which anything gained by the North before serious denuclearization is a loss for South Korea, progressives see incremental incentives and gradual economic gains for North Korea as beneficial for building trust that will then lead to denuclearization, argues Botto. They believe that pressure can be used initially to bring North Korea to the negotiating table, but ultimately engagement is the means of de-escalation. Moon had to make difficult decisions on how to balance the competing strategic visions of his neighbors in order to secure their support for his inter-Korean agenda, even as he maintained that he would put South Korea in the “driver’s seat and lead Korean Peninsula-related issues based on cooperation with our neighbors.” This was the plan, which seemed to go well in 2018. In 2019, however, not only did Kim Jong-un balk at working with Moon without sanctions relief, various powers diverged in their responses, shifting blame also to Moon for handling bilateral relations.

China relaxed some pressure on North Korea while putting increased pressure on South Korea. Maintaining economic and political leverage over North Korea serves multiple purposes, while keeping the U.S. threat further from China’s borders. But as Trump made the unprecedented move to accept an invitation from Kim to meet, Beijing began to feel it would be excluded from the process. A U.S.-led process would certainly not defend Chinese interests. Both Moon and Trump appeared enthusiastic about signing a peace treaty, a process in which Beijing feels strongly it should be included. China quickly began to change its tone on North Korea. The North Korean leader was invited to meet with Xi in China, making his first foreign visit since assuming power in 2011 to meet Xi from March 25-28, 2018. This would be the first of five meetings between the two leaders in 18 months, all timed around inter-Korean or U.S.-DPRK summits, notes Botto. China shifted to applying

pressure on Moon to work together even if the result would strain the ROK-U.S. alliance. Moon was faulted for bypassing China and being too deferential to the United States. Moon was in a bind, lessened only by the fact that Trump was eager to keep alive the illusion that his diplomacy with Kim had not failed nor had Moon's.

Moon was not regarded as interested in Japan playing an active role in North Korean diplomacy, compounding wariness that he is the heir to Roh's worldview antagonistic to the "pro-Japan faction" in postwar South Korea and to the way bilateral relations had unfolded from the time of normalization in 1965. In 2019 ROK-Japan relations hit arguably their lowest point since normalizing in 1965. In the past, while disputes over historical issues over Japan's colonization ebbed and flowed in domestic political rhetoric, economic and security cooperation grew incrementally. But the lines between these issue areas were blurred, especially through court decisions on behalf of South Koreans who had been forced to labor in Japanese factories. Botto points to both security and history issues damaging this relationship, affecting U.S. ties as well.

Moon had hoped to boost relations with Russia, specifying a New Northern Strategy and eyeing north-south corridors through North Korea. Yet the absence of a breakthrough with the North, the insistence of Putin to prioritize great power relations by using North Korea as a lever, and military tensions between Russia and the U.S. spilling over into pressure on South Korea left ROK-Russian relations in worse shape in 2019 amidst intensified jockeying over influence on sanctions relief and the regional power balance. The collapse of oil prices and pandemic at the start of 2020 further complicated Russian ties to South Korea as well as to other countries.

Botto summarizes the shift from 2018 optimism to 2019 pessimism and worse in 2020 as follows. Moon Jae-in has aspired to transform the geopolitical environment of Northeast Asia, starting rather cautiously in 2017, acting boldly in 2018, struggling with an impasse and new pressure in 2019, and battling with a pandemic ripping through the region and the world in early 2020. He was guided by an irrepressible strategy, devolved from other progressive leaders of South Korea. None of his assumptions proved correct, leaving his country more beleaguered than it has been at any time in the post-cold war period. Yet in the new era of COVID-19 Koreans are proving that they are resilient, while geo-economics are disrupted and geopolitics have been put on pause.

Moon banked above all on Kim Jong-un's willingness to make a sharp turn to diplomacy and Trump becoming intrigued by the prospect of winning the Nobel Prize as the architect of peace on the peninsula. Seemingly successful, Moon soon found that Kim would discard him as just a catalyst unworthy of a lasting role and Trump was distrustful and dismissive of Moon's agenda, even as he shook the alliance with inconsistent and extreme demands. Moon had no leverage to steer diplomacy with either and between the two. His activism exposed his basic powerlessness.

The wider regional context revealed similar illusions and unrelenting backlash. Instead of China taking satisfaction with Moon's push for diplomacy and capitulation on the "Three Noes," it grew more assertive in pressing Moon to accept its central role and strategy. If Moon only hinted at a balance between Beijing and Washington in Seoul's foreign policy, Xi Jinping demanded it by taking advantage of the diplomatic track Moon had opened. Moon had sought to marginalize Japan while rebooting relations from the time of normalization, but he aroused Abe backed by the Japanese people into a trade war and downturn in relations, which was echoed in U.S. alarm at Moon's judgment. Meanwhile, doubling down on images of a special ROK-Russian bond via the latest iteration of a northern strategy, Moon saw Putin tilt further toward North Korea, in the footsteps of Xi Jinping's reconciliation with Kim Jong-un. South Korea was being blamed by all sides for its actions or lack thereof without any apparent recourse in line with Moon's ambitions.

Donald Trump's Geopolitical
Framework for Northeast Asia:
Something Borrowed,
Something New

Mark Tokola

Does the forty-fifth president of the United States, Donald J. Trump, have a foreign policy, not least of all inclusive of the vital Northeast Asian region? The question is not flippant. Policy is usually thought of as a set of principles that guide action towards a desired outcome. Trump may, as he professes, act from instinct – reactively and transactionally rather than from an intent to implement an established policy. In the eyes of some of his supporters, this would be a virtue. They elected him expressly for the purpose of breaking with a traditional Washington policy machinery that they did not believe was serving their interests. However, Trump and his administration do assert and describe a distinct foreign policy. They even have a name for it, “principled realism.”¹ Moreover, when Trump was running for the presidency in 2016, he announced his intention to “develop a new foreign policy direction for our country, one that replaces randomness with purpose, ideology with strategy, and chaos with peace.” He stated, “It’s time to shake the rust off America’s foreign policy.”²

Understanding Trump’s foreign policy is not an abstract exercise. American voters will need to decide in November 2020 whether they want the policy to continue. Knowing what it is will help them make that decision. They will have to measure it against what Trump’s Democratic rival describes as his or her foreign policy. Foreign governments also seek to understand Trump’s actions, offers, and demands through the lens of what they understand his foreign policy to be. As the North Korean nuclear threat looms, China’s economy perches perilously on the edge of the precipice of the COVID-19 epidemic, and U.S. allies Japan and South Korea stand off in a history-inspired trade war, does Trump have a strategy to manage such regional challenges?

Trying to understand Trump’s foreign policy in any particular region, such as Northeast Asia, requires an understanding of his overall perspective. He sees the world as the entire world, not as a set of distinct regions. Trump’s foreign policy is based on principles which apply everywhere. The hallmarks of his approach have been his use of social media, the value he places on unpredictability, and his *Art of the Deal* (the title of his 1987 book, part memoir and part business advice) approach to international negotiations. These are tactics, however, not principles. This paper defines the principles of the Trump foreign policy, examines whether they fit within a tradition of American foreign policy, tries to answer the question of whether they are an aberration or likely to continue in a post-Trump era, and outlines strategies other countries may be using to counter or accommodate Trump’s foreign policy, bringing the focus back to the challenges mounting in Northeast Asia and how Trump’s approach is impacting the region.

The Characteristics of Trump’s Foreign Policy

Although there are inconsistencies among the foreign policy principles that Trump espouses, they have been remarkably durable. On September 2, 1987, he paid for an “open letter” to be printed in *The New York Times*, titled “There’s nothing wrong with America’s Foreign Defense Policy that a little backbone can’t cure.” Then, as now, he asserted that Japan, Saudi Arabia, and other countries “should pay for the protection we extend as allies,” and “Tax these wealthy nations, and let America’s economy grow unencumbered by the cost of defending those who can easily afford to pay us for the defense of their freedom.”

In a May 1990 interview in *Playboy* magazine, he was asked directly about how a President Trump would act: "He would believe very strongly in extreme military strength. He wouldn't trust anyone. He wouldn't trust the Russians; he wouldn't trust our allies; he'd have a huge military arsenal, perfect it, understand it. Part of the problem is that we're defending some of the wealthiest countries in the world for nothing.... We're being laughed at around the world, defending Japan...."

Drawing from Donald Trump's campaign and official speeches, the main principles of his foreign policy include:

1. American allies must pay more for their defense. As quoted above and stated innumerable times since, including at NATO summits, the United States must stop shouldering the cost of the military defense of allies. This principle goes beyond negotiating a proportionate share. Trump has said they should reimburse the United States for the total amount that the United States spends in their defense. Anything short of that is a concession rather than a mutually satisfactory outcome in his mind.
2. Maintain American military strength. Working for greater allied contributions does not mean that Trump believes the United States should spend less on defense. He supported \$750 billion in defense spending in the 2020 budget, a significant increase in spending. He has expressed determination that American military strength should be second to none and adequate to deal with any threat. The 2019 National Defense Strategy³ marks a shift away from dealing with terrorism toward increased emphasis on "peer competition" from China and Russia. He emphasizes new technological threats in space and in the cyber realm. He holds a traditional conservative belief that the United States is unmatched in military strength but is also somehow behind and needing to catch up.
3. Trade deficits harm U.S. national interests. Trump believes that trade deficits are damaging to American manufacturing and are the result of either badly negotiated trade agreements or unfair foreign trading practices or both. To correct this situation, he has demanded the renegotiations of previous trade agreements (e.g. NAFTA and the U.S.-Korea Free Trade Agreement), has blocked appointments to the WTO Appellate Body, and has withdrawn the United States from the Trans-Pacific Partnership (TPP). The only proof that fair trade has been achieved is a rapidly decreasing trade deficit or, preferably, a trade surplus.
4. A world of sovereign nations. Trump told the United National General Assembly in his September 2017 remarks: "There can be no substitute for strong, sovereign, and independent nations, nations that are rooted in their histories and invested in their destinies."⁴ In the 2018 address, he said: "Americans will always choose independence and cooperation over global governance, control, and domination. I honor the right of every nation in this room to pursue its own customs, beliefs, and traditions. The United States will not tell you how to live or work or worship."

Additionally, he stated, “In America, we do not seek to impose our way of life on anyone, but rather to let it shine as an example for everyone to watch.”

5. The need to pressure rogue nations. In the same speeches to the United National General Assembly in which Trump was pledging to respect other countries’ sovereignty, he called for “All nations to isolate Iran’s regime as long as its aggression continues. And we ask all nations to support Iran’s people as they struggle to reclaim their religious and righteous destiny.” Trump also called “for the full restoration of democracy and political freedoms in Venezuela,” saying, “The problem in Venezuela is not that socialism has been poorly implemented, but that socialism has been faithfully implemented.” The way he squared the circle of non-interference except in cases of aggression and socialism was to argue that, “The scourge of our planet today is a small group of rogue regimes that... respect neither their own citizens nor the sovereign rights of other countries.”
6. Defend America’s honor. From the time of his 1987 open letter in *The New York Times*, which he concluded with, “Let’s not let our great country be laughed at anymore,” to his 2016 interview in the same newspaper⁵ in which he said, “We have been disrespected, mocked, and ripped off for many years by people that were smarter, shrewder, tougher,” Donald Trump has been fixated on the need for American to not be laughed at. This vehemence of his position on this point raises it above being a foible to being a principle. America’s honor must be defended.
7. Make decisions on a case-by-case basis. Trump said in the March 26, 2016 interview with *The New York Times* that he would not be bound by general principles such as whether he would be inclined to engage in humanitarian interventions, “You know, to help I would be, depending on where and who and what. I’d have to see what’s going on in the region and you just cannot have a blanket. The one blanket you could say is, ‘protection of our country.’ That’s one blanket. After that it depends on the country, the region, how friendly they’ve been towards us.” He made much the same point in his 2018 speech to the General Assembly, using better syntax, “America’s policy of principled realism means we will not be held hostage to old dogmas, discredited ideologies, and so-called experts who have been proven wrong over the years, time and time again.” Trump is free to act without undue regard to dogma or consistency.

Applying Trump’s Foreign Policy to Northeast Asia

All of the countries of Northeast Asia, including China, see the United States under the Trump administration as becoming less predictable, less committed to rules-based systems, and less engaged in the regional and global order. The natural response to unpredictability is to engage in hedging strategies. Along with continuing to manage their still fundamental

bilateral relationships with the United States, traditional U.S. allies in the region are looking toward broader neighborhood collaboration to enhance their security. Korea, Japan, and Taiwan all have new northern or southern policies to strengthen their ties to ASEAN, Australia, New Zealand, India, and other countries. There are limits to these hedging strategies. Current frictions between South Korea and Japan are only an extreme example of the obstacles that will make closer cooperation among the countries of the region difficult.

Apart from the specifics of the Trump administration's policies and the reactions to them by the countries of the region, Northeast Asia provides a venue which invokes the full range of Trump's principles:

Burden sharing is a major issue in U.S.-ROK relations, and negotiations with Japan will follow; the U.S.-Japan Special Measures Agreement (SMA) expires in 2021. Fortunately, for the sake of reaching a satisfactory outcome in the current SMA negotiations with South Korea, Trump's principle is clear – allies must pay more – but his demands are not specifically defined. It may be possible to take into account elements of Korean defense spending that are not within the technical confines of the actual SMA agreement. If South Korea purchases more U.S. weaponry, can demonstrate the cost of its naval operations and other military activities including those not directly related to mutual defense, and can quantify other contributions to the alliance, such as money spent on weapons development, it likely will be able to show that it is “paying more for its own defense” than it did in the past. South Korea's SMA contributions will need to increase, but a smaller increase than the United States demands can be placed in a larger burden sharing context.

Trump's interest in military balances of power, and particularly his concern about future high-tech competition, influences his thinking towards China. His emphasis on military competition in high-technology areas means that he most likely is taking a direct interest in the issue of whether use of Huawei equipment poses a security threat to America's digital infrastructure. The U.S.-China economic relationship also tests his aversion to trade deficits.

Within the Trumpian view of the world, Northeast Asia has the advantage of being unencumbered by regional organizations or collective security pacts. It is closer to his ideal of a system of fully sovereign nations than is Europe with its highly structured European Union and NATO mechanisms. This poses a particular problem for the Japanese government, which believes that only an informal coalition of Asian-Pacific countries, led by the United States, can effectively counter China.⁶ Trump's withdrawal from the Trans-Pacific Partnership and his open disdain for multilateralism run counter to Japan's preferred strategy.

North Korea is a special case within Trump's foreign policy because it fits within his category of rogue nations whose behavior must change, but it also now has the privileged status of being a partner in a negotiation. Rogue nations are exempt from Trump's policy of respecting differences among nations. However, North Korea is also seemingly amenable to Trump's preferred practice of negotiated outcomes – the “Art of the Deal.” So long as North Korea negotiates, it will be seen by Trump as a negotiating partner that must be accorded respect. If the negotiations break down, it will find itself back on the list of “rogue nations” who should expect to be subjected to U.S. pressure.

As will be explained below, Donald Trump's sense of his own and his country's honor is neither superficial nor formalistic. He means it. Moon Jae-in, Abe Shinzo, and Xi Jinping have been prudent in publicly according honor and respect to Trump. He, in return, has praised them, which he assumes will favorably impress them. It is safe for foreign leaders to act dismissively toward other U.S. government officials, but not toward Donald Trump, or toward the United States in general. It appears that Trump associates himself, personally, with American honor. To slight either is to slight both.

Finally, Trump's disregard for agreements struck by prior administrations has effects in the region in addition to freeing him to make his own deals. Chinese officials believe that the Trump administration has forgotten, or is choosing to ignore, the fundamental bargain that was struck between the United States and China decades ago: the two sides would respect each other's systems while expanding their engagement and cooperating when it was mutually beneficial to do so. China was particularly irritated by Secretary of State Pompeo's October 30, 2019, speech in which he said that the United States supports the Chinese people but not the Chinese Communist Party.⁷ Distinguishing between the Party and the people is anathema to the Chinese government's ideology.

Chinese officials have moved away from earlier expressions that U.S. economic pressure would help Chinese achieve necessary reforms and are now fatalistic that the United States will never be satisfied with China's economic model. More optimistically, they believe that Trump – based on his principles – is more interested in trade balances than in structural reform in China. If China purchases enough U.S. goods, that alone will satisfy him.⁸

Taxonomies of American Foreign Policy

The specifics of Trump's foreign policy are closely tied to the varying traditions of American foreign policy, which in turn are rooted in American society and history. Although Trump's tactics are novel, his policies follow historical threads. By all accounts, Donald Trump is not a student of history and does not pattern his policies or behavior on his predecessors, but he did not develop his attitudes on a blank slate. Furthermore, although history does not provide the Trump administration with a pattern to follow, it does give it a mirror in which it recognizes how some of its policies played out in the past. That makes an examination of the past more relevant than it might at first appear.

American foreign policy has undergone major shifts over time from isolationism to global leadership, from anti-imperialism to a flirtation with overseas empires in the case of the Philippines. Academics and commentators have attempted to divide these periods of American foreign policy into schools. Does Trump's foreign policy fit into one of these categories or is it something entirely new? The Trump administration obviously departs from the foreign policy of its immediate predecessors, and is vociferous in asserting that it is doing so, but is it unprecedented in the history of American foreign policy?

Colin Dueck, in his recent book on Conservative Nationalism, *The Iron Age*,⁹ describes three main Republican foreign policy options that emerged post-World War I and which continue to have influence in conservative circles:

1. Nonintervention. This school of thought has a long tradition in American history, but reached its modern peak in its arguments for peace, disarmament, and strict disengagement following World War I. It was the counterweight to President Woodrow Wilson's intention to have the United States lead a League of Nations in order to prevent future wars.
2. Hawkish or hardline unilateralism. Rather than calling for a drawing down of U.S. military budgets, this policy school calls for a strong national defense and muscular responses to overseas threats to American interests, while remaining free of alliances or intervention in foreign disputes.
3. Conservative internationalism. Some Republicans, such as Senator Henry Cabot Lodge, believed in the value of postwar alliances with France and the United Kingdom to keep potential future German aggression in check, but opposed joining international institutions or participating in wide-ranging collective security.

Dueck sees Trump's foreign policy as a descendant of the school of hardline unilateralism. It may be revealing, however, that when journalists Maggie Haberman and David Sanger, in their 2016 *New York Times* interview, pressed Donald Trump to name a period when American foreign policy was "great" – in the sense of his slogan "Make America Great Again" – he pointed with favor to the turn of the century between the nineteenth and twentieth centuries as "a pretty wild time in this country...that machine was really based on entrepreneurship." He noted that in the 1940s and 1950s, "we were not pushed around, we were pretty much doing what we had to do." He "really liked Ronald Reagan, but on trade I never felt we did great so it actually would be long before that." It is not the Cold War nor the Greatest Generation that Trump finds the high water mark of American foreign policy, it is the Gilded Age or perhaps even earlier.

In his influential book *Special Providence: American Foreign Policy and How It Changed the World*, from 2001,¹⁰ Walter Russell Mead describes four historic schools of American foreign policy:

1. Hamiltonian: managed by centralized federal agencies, is pro-business, and pragmatic;
2. Wilsonian: determined to spread American values throughout the world;
3. Jeffersonian: concerned that America's domestic affairs and way of life not be affected by the influence of foreign entanglements, and;
4. Jacksonian: a populist school that "believes that the most important goal of the U.S government in foreign and domestic relations should be the physical security and the economic well-being of the American people."

Mead wrote in 2001 that, “Jacksonian opinion is instinctively protectionist, seeking trade privileges for American goods abroad and hoping to withhold those privileges from foreign exports...They see the preservation of American jobs, even at the cost of some unspecified degree of economic efficiency as the natural and obvious task of the federal government’s trade policy.” According to Mead, the Jacksonian school of foreign policy is also “skeptical, on both cultural and economic grounds of the benefits of immigration seeing it as endangering the cohesion of the folk community and introducing new, low-wage competition for jobs.”

Add to that President Andrew Jackson’s restraint in using military force abroad and his prickly sense of honor, and it is no wonder that people close to Donald Trump, including his senior advisor Steve Bannon, began describing Trump’s foreign policy as “Jacksonian” soon after his inauguration.

Jacksonian Foreign Policy

It is worth reviewing the foreign policy of Andrew Jackson, president from 1829 to 1837, not because the Trump foreign policy is modeled upon it but because Trump and his advisors believe that Jackson’s foreign policy mirrors theirs. Examining Jacksonian foreign policy not only helps explain the meaning of Trump’s foreign policy, but doing so may also reveal that the attitudes informing Trump’s policy have deep roots in American history. If Jacksonian foreign policy was an early version of Trump’s foreign policy, Trumpism would be more likely to continue into future administrations, in one form or another.

In an interesting example of scholarship informing policy, Bannon told Mead that it was because of his book *Special Providence* that Andrew Jackson’s portrait had been hung in Trump’s Oval Office.¹¹ Although the tenure of the Jackson administration is not remembered as one of great moment in American foreign policy, this does not mean that Jackson was inactive in foreign policy. To the contrary, he devoted much time and energy to foreign relations. Jackson was very concerned with access to foreign markets for U.S. exports and kept Congress informed of progress on his negotiation of trade agreements with Russia, Spain, Turkey, the United Kingdom, and Siam (Thailand).

In his Fourth Annual Message to Congress of 1832, Jackson noted that although he had made references to other countries’ “domestic disturbances or foreign wars, to their revolutions or dissensions,” he also wanted to make clear that his administration took a direct interest in them only in instances “where those events affect our political relations with them, or to show their operation on our commerce. It is neither our policy nor our right to interfere. Any intervention in their affairs further than this, even by the expression of an official opinion, is contrary to our principles of international policy and will always be avoided.”

Jackson made an exception in the case of an act of piracy against an American trading vessel by inhabitants of Sumatra. In that case, he dispatched a naval frigate to “chastise” the pirates at their base in Sumatra. He explained to Congress in his 1832 Annual Message that if he had been dealing with “members of a regular government,” he would have demanded an explanation, but because “they were a band of lawless pirates,” it was appropriate to act to deter them and others from similar future acts. He stated, “This was done, and the effect has been an increased respect for our flag in those distant seas and additional security for our commerce.” Jackson’s depiction of the “lawless” pirates living outside of the protection

of a nation state, is reminiscent of Trump's description of ISIS members as "a network of lawless savages," also beyond the legitimate jurisdiction of a state.

Trump's foreign policy may be styled as Jacksonian in its emphasis on promoting U.S. exports, espousing non-interference in other countries' affairs while reserving the right to take tough action against non-state actors, emphasis on military strength (Jackson had an aggressive naval construction program), and insistence upon points of honor. On the other hand, what Trump's foreign policy models itself *against* are what conservatives describe as Wilsonian attempts to promote global governance and a world-wide U.S. promotion of democracy.

Wilsonian Foreign Policy

Woodrow Wilson is often characterized and occasionally demonized for his association with the failure of the League of Nations, a league that he had championed after World War I. Its failure to prevent World War II is taken as vindication of the U.S. Senate's wisdom in refusing to ratify a treaty Wilson had presented to join the League in 1920. Wilsonian foreign policy is associated with naïve utopianism and with sacrificing American sovereignty in favor of international rules and institutions. Even his supporters typically portray him as a visionary rather than as a practical statesman. It has not helped Wilson's reputation that he is now also remembered for re-segregating the Federal government during his time in office, walking back the modest steps Theodore Roosevelt had taken to promote racial equality within the government. Born in Virginia in 1856, Wilson never overcame his views on segregation.

In regard to "Wilsonian" foreign policy, Tony Smith makes a compelling case in his 2017 book, *Why Wilson Matters*,¹² that Wilson's liberal internationalism is misunderstood. This matters because Conservative Nationalists juxtapose Trump's "principled realism" with a "liberal internationalism" of Wilson's lineage, tainting by association post-World War II international institution building. In their telling, liberal internationalism may have enjoyed a temporary success in the postwar era due principally to an overwhelming application of U.S. power, but is now faltering because its flawed Wilsonian foundations could do nothing but crumble over time. A world of sovereign nations is the natural order. Attempts to subject them to international governance is perverse and doomed to failure. Donald Trump's foreign policy asserts this truth as self-evident.

On January 8, 1918, almost a year before World War I's end, Wilson gave a speech to Congress in which he laid out his "Fourteen Points," which he described as "the program of the world's peace...our program, and the only possible program." The major innovation of the Fourteen Points was Wilson's objective in Point Fourteen that "A general association of nations must be formed under specific covenants for the purpose of affording mutual guarantees of political independence and territorial integrity to great and small states alike." What follows in the language of Point Fourteen is important: "In regard to these essential rectifications of wrong and assertions of right we feel ourselves to be the intimate partners of all the governments and peoples associated together against the Imperialists. We cannot be separated in interest or divided in purpose. We stand together until the end." Wilson's "general association of nations" was, therefore, not intended to be open to all. Rather, it was intended to be a collective security agreement among democracies.

There was vigorous debate during the negotiations of the League of Nations Covenant as to what “any fully self-governing state,” meant as criteria for membership. Great Britain pushed for Indian membership, against firm opposition from Wilson. India was eventually admitted once France obtained British consent to use the term “pays de self-government total” in the French language version of the Covenant.¹³ By consensus, membership was limited to “governments based upon the principle of popular self-government.”

Lest there be any doubt that Woodrow Wilson intended the League of Nations to be a collective security arrangement among democracies, his comments in Minneapolis on September 9, 1919, make it clear: “No nation is admitted to the League of Nations whose people do not control its government. Nobody is admitted except the self-governing nations, because it was the instinctive judgment of every man who sat around the board that only a nation whose government was its servant and not its master could be trusted to preserve the peace of the world.”

Contrary to the criticism that Wilsonian foreign policy was misguided in assuming that all nations could be bound together regardless of their fundamental differences, that was never its intent. Its purpose was to defend democracies in a dangerous world. A second mischaracterization of Wilsonian policy is that it was overweening in its ambition to push American notions of democracy to all corners of the world. In his Eighth Annual Message to Congress of December 7, 1920, Wilson said that there are two ways in which the United States could “assist to accomplish the great object,” i.e. to spread democracy to other countries. “First, by offering the example within her own borders of the will and power of Democracy to make and enforce laws which are unquestionably just.” And, second, “by standing for right and justice as toward individual nations. The law of Democracy is for the protection of the weak, and the influence of every democracy in the world should be for the protection of the weak nation...which is struggling towards its proper recognition and privilege in the family of nations.”

Wilson perceived democracy as a precious but fragile movement that needed protection from the world’s powerful autocracies, not as a tidal force which could sweep all before it if promoted with sufficient aggressiveness. It would prevail in time, but only through example: “The United States is of necessity the sample democracy of the world, and the triumph of Democracy depends upon its success.” Even conservative isolationists could subscribe to that sentiment.

Postwar Liberal Internationalism

What happened to transform Woodrow Wilson’s defensively-minded and realistic foreign policy into the hegemonic and idealistic school of foreign policy for which Donald Trump’s policy is portrayed as a corrective? In a word, events. The United Nations, Breton Woods system, and other postwar institutions are often described as the fulfillment of Wilson’s earlier ambitions, a belated flowering of his tragic failure in 1920. However, the postwar order stemmed from the very different situation that prevailed at the end of the World War II as opposed to World War I. World War I ended in an armistice after a war of staggeringly costly attrition. Even into the 1930s, polling in the United States, which suffered least among the allies, showed that a majority of the public believed that America’s intervention in the war had been a mistake.¹⁴ The United Kingdom and France had been stunned into postwar

policies that made them unable to react to Hitler's rise. Russia had been transformed into the Soviet Union. Wilson was dealing with a depleted international system.

By contrast, World War II ended with a clear victory. The costs had been enormous and civilian suffering unparalleled, but the Axis was comprehensively defeated, and the Allies had the power to create a world of their making. The United Nations and the other postwar international institutions were intended to be universal in a way to which Woodrow Wilson could not aspire. The United Nations Charter enshrined universal values. The moment of postwar relief at having survived and prevailed was brief. It turned out that the Allies were united only in their mutual need to defeat the Axis countries, not in their aspirations for the postwar world. The Soviet Union combined regional hegemony with a revolutionary ideology. China emerged from its civil war with its own revolutionary ambitions.

International Interventionism and the Neoconservative Moment

The new post-Cold War environment has been associated with the phrase "New World Order," famously used by President George H.W. Bush in his September 11, 1990, speech to a joint session of Congress, but it in fact had already been uttered on December 7, 1988, by Mikhail Gorbachev in his speech to the United Nations General Assembly.¹⁵ As in 1945, the new international environment created by the end of the Cold War seemed to hold out the hope of a new era of cooperation and peace. It is unreasonable to blame American foreign policy for the failure of a New World Order. Bush and Secretary of State James Baker were experienced, prudent, and careful to avoid any impression of triumphalism over the collapsed Soviet Union. However, they and the European Union were unable to help guide the Soviet Union into becoming a successful and non-aggrieved Russian state. Perhaps that was never possible.

The Clinton administration's failures during the 1990s to act or not act in the cases of Somalia and Rwanda respectively, and its belated but eventually successful intervention in Bosnia-Herzegovina taught either that American intervention worked or did not work depending on who was drawing the lesson. During this period, a neo-conservative movement in the United States fretted that the United States was missing an opportunity to transform the world. Robert Kagan and William Kristol in 1996 called for "...a major increase in defense spending capable of preparing and inspiring the nation to embrace the goal of global leadership. The re-moralization of America at home ultimately requires the re-moralization of American foreign policy."¹⁶ This was Wilsonian foreign policy turned on its head. Rather than working to promote democracy at home for the purpose of inspiring the world, the neo-conservatives were calling for America to launch an international democratic crusade in the hopes that it would inspire morality at home.

The debate on whether and to what extent the United States should engage in humanitarian interventions and democracy promotion might have continued inconclusively except for the September 11, 2001 terrorist attacks in New York and Washington. In the aftermath of 9/11, the American public, uncharacteristically, rejected the need to act as part of an alliance. The United States would not have entered World War I, World War II, or the Korean War except under the imprimatur of an international alliance of democracies. After 9/11, the American public was, at least temporarily, prepared to act unilaterally.

With a motivated American public and a specific cause behind it, that of waging a “global war on terror,” neo-conservatives were able to see their policies implemented in practice. The United States intervened militarily in Afghanistan in 2001 and in Iraq in 2003. Making clear the neo-conservative agenda that this would be more than a limited war with limited objectives, President George W. Bush said in a February 26 speech at the American Enterprise Institute that “A new regime in Iraq would serve as a dramatic and inspiring example of freedom for other nations in the region.”¹⁷ In his Second Inaugural Address on January 20, 2005, he expanded on his foreign policy’s ambition: “The best hope for peace in our world is the expansion of freedom in all the world. So, it is the policy of the United States to seek and support the growth of democratic movements and institutions in every nation and culture, and with the ultimate goal of ending tyranny in the world.”

When Barack Obama assumed office in January 2009, he arrived frustrated with the slow pace of progress in Afghanistan and Iraq but found it difficult either to bring the conflicts to a successful end or to withdraw from them. He also found it difficult to abandon the noble goal of promoting human rights and democratization. The Arab Spring of 2010 seemed to provide evidence that ambitions for the post-Cold War era had not been misplaced. Obama adopted some of the language of the international interventionists: “In all we do, we must remember that what sets America apart is not solely our power – it is the principles upon which our nation was founded. We’re a nation that brings our enemies to justice while adhering to the rule of law, and respecting the rights of our citizens. We protect our own freedom and prosperity by extending it to others. We stand not for empire but for self-determination.”¹⁸

A final test of the effectiveness and limits of international interventionism came in Syria. It appeared in 2013 that Bashar al-Assad was soon to be toppled by an internal revolt. His use of chemical weapons against his own people provoked outraged opinion in the United States and Europe. Obama authorized a limited air strike. On September 10, 2013, he explained the strike in terms of international interventionism: “When dictators commit atrocities, they depend upon the world to look the other way until those horrifying pictures fade from memory...The question now before the United States, and the international community, is what they are prepared to do about it. Because what happened to those people – to those children – is not only a violation of international law; it’s also a danger to our security.”¹⁹

By the final two years of the Obama administration, American troops had been engaged in combat in Afghanistan for over a dozen years, and two years after troops had finally withdrawn from Iraq in 2011, Iraq was showing few signs of having become a successful democracy. In 2014, large parts of Iraq were being occupied by ISIS. The situation had deteriorated in Syria and the U.S. had no apparent means or strategy to remove Bashar al-Assad or to prevent a humanitarian disaster. This was the situation in 2016 for which Donald Trump blamed Democratic and Republican administrations alike. He received a sympathetic hearing from the American public.

Enter Donald Trump’s Foreign Policy

The international system Donald Trump inherited in 2016 was not wholly unlike that Woodrow Wilson found in 1919. The world then was recovering from a catastrophic and debilitating war, uncertainties prevailed as to what would come next, and the American

public was looking to “come home” and to have less to do with the world, at least for awhile. Isolationists and non-interventionists were able to defeat Wilson’s plans for a U.S.-led League of Nations, and the Republican Party was split into isolationists, non-interventionists, and a minority of conservative internationalists. Warren Harding won the presidency in 1920 by promising a “return to normalcy.”

Although the world was in far better shape in 2016 than it was in 1919, it had struggled through a long “war on terror” without an apparent victory; Russia was again finding its footing after a fundamental change, this time exiting from its Soviet phase; and the question of how to contain a major, disruptive power – this time China rather than Germany – was on the agenda. Donald Trump campaigned in 2016 using Woodrow Wilson’s description of the world as a dangerous place while at the same time offering Warren Harding’s promise of a “return to normalcy,” or “Making American Great Again” in Trump’s formulation. Trump and Harding both appealed to a war-weary public to look back to better times.

There are novel aspects to Trump’s management of foreign policy. Seeing the first draft of his thoughts by means of Twitter rather than seeing the outcome of a deliberative governmental process is unsettling. It is in a way a credit to Trump’s transparency, once one gets past thinking of presidential statements as laying out thought-through policies. His personalizing of foreign policy by calling foreign leaders “good guys,” “bad guys,” “friends,” or “losers,” also has a pre-modern ring. European monarchs over centuries spent time sizing each other up as individuals before deciding how to act.

However, Trump’s policies, as opposed to his tactics, have roots in American history and society. They are neither the alternative to, nor a repudiation of, a single tradition of American foreign policy called liberal internationalism. Liberal internationalism is a broad term that covers diametrically opposed principles. Woodrow Wilson and George W. Bush held very different views and acted in very different ways.

For American voters, the alternative to Trump’s Jacksonian foreign policy is not necessarily a return to liberal internationalism as it has recently been practiced. Other alternatives include: a return to Woodrow Wilson’s defensive alliance of democratic countries; a renewed emphasis on postwar, rules-based international organizations; or an attempt to create a new Cold-War-style balance of power, one hopes less dangerous than the last one. The least likely possibility is a sharp decrease in military spending and isolationism. The American public has shown little appetite for that. In this time of strong partisanship, it is worth remembering that there is no Republican or Democratic foreign policy, only threads of American foreign policy that have woven through successive administrations.

International Reaction to Trump’s Foreign Policy

The main strategy of America’s allies and adversaries has been to hedge against the unpredictability of Donald Trump’s foreign policy. They are uncertain as to when he is acting out of immovable conviction and when he is exercising the “Art of the Deal.” In the case of South Korea, doubts have developed regarding whether the U.S.-ROK alliance is “rock solid” as professed by administration officials, or whether they should take seriously Trump’s statements that he sees no reason why there should be U.S. troops in South Korea. President Trump now says that the U.S. will stand firmly by its allies, but candidate Trump thought it natural that Japan should develop its own nuclear weapons.²⁰

Taiwan and South Korea have particular concerns over Trump's proclivity to prioritize short-term deals at the expense of long-term alliance relationships and over the unpredictability introduced by his negotiating style. Although Taiwan is gratified by arms sales under the Trump administration and the president's personal contacts with Taiwanese president Tsai Ing-wen, it is also concerned that Trump might make concessions toward China at the expense of Taiwan as an element in a big U.S.-China agreement on trade. On the other side of the Strait, Chinese officials are concerned that although Trump himself would be unlikely to take provocative steps on Taiwan's behalf, his management style is not conducive to tight discipline across the Executive Branch: "Anti-China hawks" within the administration might take pro-Taiwanese steps below Trump's level of attention.²¹

South Korea also has reason to be concerned by Trump's unpredictability. He already demonstrated at the June 12, 2018, Singapore summit that he is prepared to make sudden concessions. Without having laid any public groundwork, he offered to Kim Jong-un in Singapore that the United States would suspend large-scale combined military exercises with South Korea. South Koreans are concerned that Trump, in a future meeting with Kim, might make further concessions without having consulted South Korea, or that he might strike a bilateral deal with China regarding the Korean Peninsula, over the heads of either North or South Korea. Trump has said that he considers unpredictability a negotiating asset, but that widens the scope of other countries' imaginings regarding what he might actually do and what they must, therefore, prepare for.

On the consistency side of the scale, leaders of Northeast Asia's countries are well-aware of Trump's long-term preoccupations with burden sharing and with trade balances. South Koreans have observed that one consequence of this is that no one in the Executive Branch seems to be in a position of overseeing the totality of the U.S.-Korea relationship. They deal with Special Envoy Stephen Biegun on North Korea, with U.S. Trade Representative Lighthizer on trade relations, and with various Defense Department officials on burden sharing negotiations.²² Trump neither represents the United States on the full range of issues, nor does he entrust any one of his officials to oversee the U.S.-ROK relationship. The whole of the alliance is taken less seriously by the Trump administration than the sum of its parts.

America's Asian allies have engaged in a policy of hedging by developing new "northern," "southern," "western," or "eastern" strategies to increase their ties to countries other than the United States. Some have sought to diversify their trade and investment in order to become less vulnerable to swings in American trade policy. America's adversaries, such as Iran and North Korea, seem to have diminished faith that they can negotiate a lasting agreement with the United States. Their hedging tactic, logically, is to strengthen their deterrent capability against a potential future American attack while at the same time exploring diplomatic paths.

Does a study of Trump's foreign policy yield suggestions on how to deal with the United States under his administration? The following suggestions take into account his tactics as well as his policies:

1. Contributions to the shared cost of defense and merchandise trade balances will never be other than primary concerns to Trump. South Korea and Japan should expect these to be fundamental issues and be prepared to deal with them. China may find that any steps it takes to increase American imports may weaken American demands for structural reform.
2. Countries have learned not to be alarmed by excessive initial demands from the Trump administration. These are almost always the opening bid in a negotiation.
3. Although tweets are considered official policy, they often represent a first thought rather than a conclusion.
4. Appeals to treaty obligations, shared histories, or diplomatic tradition have less impact on the Trump administration than they had on previous American administrations. Alliances must appear to be effective ways of dealing with contemporary threats, not as institutions based on tradition.
5. Expressions of honor and respect should be taken seriously, flowing in both directions. Trump expects to be shown personal respect and expects foreign leaders to take seriously his expressions of respect. His praise of Vladimir Putin, Xi Jinping, and Kim Jong-un are formal honors that show a willingness to make deals with them. The flip side of his aversion to America's being "laughed at," is that he also credits signs of respect. He has frequently alluded to Putin's having called him "brilliant," although the word may have been more accurately translated as "very colorful."²³
6. Countries should take the Trump administration's unconventionality as an invitation to show their own creativity. There is no reason foreign governments should not make unlikely linkages between issues or to make heretofore unreasonable demands on the Trump administration. Reciprocity of behavior may make for more constructive and successful negotiations.
7. Do not assume that Donald Trump's successor will return to the foreign policies of the Obama, Clinton, or Bush administrations. It is more likely that a debate will reemerge regarding the limits and uses of American power. But, it is certain that future U.S. administrations will be forced to respond to events in ways contrary to their stated and intended policies. That, at least, has been a constant.

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Xi Jinping's Geopolitical Framework for Northeast Asia

Gilbert Rozman

When Xi Jinping's strategizing in East Asia is discussed, attention centers on the southern tier, stressing the Belt and Road Initiative (BRI). Policies toward Northeast Asia have been treated mostly as ad hoc responses to specific countries in shifting circumstances. The prospect that Xi has in recent years adjusted his overall approach toward this region has scarcely been explored. Unlike Southeast Asia, however, Northeast Asia is a geopolitical hotbed, with Russia and North Korea as military threats to the international community beyond any threats present to the south. At the same time, Japan and South Korea are U.S. military allies incomparably more significant than U.S. partners in Asia's south. Given the legacy of the Six-Party Talks, focus on the strategic battleground here would seem desirable in its own right and as a key indicator of Xi's evolving strategic thinking.

It is the thesis of this chapter that – whether a predictable outcome or an opportunistic revision – Xi Jinping has adjusted course in important respects at the end of the decade of the 2010s. If his approach to Northeast Asia in 2012 to 2016 is labeled Xi 1.0, then the approach he increasingly has taken from 2017 should be treated as Xi 2.0. Shifting direction, Xi has responded to changes in China's external environment as well as to challenges at home, beginning with new economic pressures. Abroad, he has faced the abrupt transformation in U.S. foreign policy under Donald Trump, the dramatic arrival on the diplomatic stage of Kim Jong-un, the intensified appeals by Vladimir Putin to boost bilateral relations toward an alliance, and the unexpected opportunity to find room to maneuver as Moon Jae-in and Abe Shinzo drove ROK-Japan relations to their nadir. Amending his policies in the face of these developments, Xi has, arguably, settled on a geopolitical framework not at odds with the core of Xi 1.0 or with the thrust of Chinese history from late imperial Sinocentrism to Mao's anti-imperialism. Doubling down on pressuring Moon at the same time as he is wooing Abe is emblematic of the dual nature of his new orientation. Also dualistic in nature is Xi's support for Kim Jong-un while claiming to back denuclearization.

In 2019-20, against the backdrop of Sino-U.S. geo-economic and geopolitical polarization, Xi Jinping has refined his approach to Northeast Asia. There were many steps along the way, and here I concentrate on those that followed two seminal events by mid-2019: the failure of the Trump-Kim Jong-un summit in Hanoi and the setback to Sino-U.S. trade talks finalized a few months later. By the time Trump and Xi Jinping met at the Osaka G20 at the end of June, Xi could have no doubt that the upbeat mood surrounding Trump the "dealmaker" cozying up to Kim Jong-un and him was a thing of the past. He needed to strategize about a new, adversarial environment. The question to be answered was would Xi be more unfettered without having to look over his shoulder at the U.S. response or would he see an opening to woo countries by taking a softer line when most were trying to avoid the polarization some may blame on Trump. Xi's summits with Abe and Moon on December 24 delivered a mixed message, while early in 2020 the accelerating impact of the coronavirus epidemic added an unexpected twist for China.

In 2019, Xi Jinping engaged in tests of new strategizing as he met with Vladimir Putin in early June to mark the 70th anniversary of the establishment by Moscow of diplomatic relations with the PRC, then with Kim Jong-un in Pyongyang at mid-month, and after that, with Abe Shinzo later in the month, in the resumption of normal summitry eschewed by Xi until 2018. Would he double down on relations with Russia, as Putin beckoned to more adamantly fight against the U.S.-led order, and with North Korea, in defiance of U.S. pressure despite Trump's dalliance with Kim, or would he woo Abe, taking a softer line in the hope of driving

a wedge between Japan and the U.S. over economic matters? Could he succeed in doing both, by assuming that China was indispensable to Russia and Japan at the same time that he positioned China to gain from Trump's failure with Kim Jong-un? Hanging in suspense was how Xi would deal with Moon Jae-in, desperate for Xi's support in restraining Kim Jong-un but also wary of risking Trump's ire by either pulling troops if burden-sharing payments were not raised exponentially or reverting to talk of "fire and fury."

The International Relations Legacy Inherited by Xi Jinping

To the surprise of many, Xi is more the heir of imperial China's Sinocentrism and Mao Zedong's Sinocentric socialist ideology than of Deng Xiaoping's "reform and open door" worldview (at a pause in 1989-91) or Hu Jintao's first-term "harmonious world." The much-ballyhooed soft-line approach by Deng faced an uphill battle in the 1980s and was often eclipsed in the 1990s. The promising start by Hu proved halting, as in his oft-interrupted overtures to Japan, before Xi's ascent to the Political Standing Committee in late 2007 accompanied a hardening of policy. In Xi's worldview, as in late imperial China and Maoism, there is a strong ideological component, a deep sense of historical guidance, a powerful civilizational rationale, an intolerance of interference by societal forces in state control, and an abiding confidence in the righteousness of Sinocentrism.

Imperial China lurched toward xenophobia in the six centuries prior to the opening of Qing China by Western military forces.¹ Three dynasties were not remotely faithful to the humanistic traditions of Confucianism due to the following factors: suspicious outside forces, whether conquering minorities or peasant rebels; authoritarianism centered on an unchecked ruler wary of meritorious officials; alarm about external forces overthrowing the dynasty; and the spread of ideas incompatible with openness to outside influence. Chinese expansionism had peaked with the annexation of much of Central Asia, albeit without pressure for assimilation. Foreign trade was eschewed, as ports were closed to foreign ships. There was no openness to foreign thinking or publications.

The Maoist legacy drew also on Leninism and Stalinism in perceptions of imperialism and the inevitability of a new world order hostile to the West. Whereas the Soviet Union interpreted its ideology as hierarchical, with China destined to follow the country ahead on the path to the goal of communism, Mao appropriated the ideology to put China ahead, thus opening the door to Sinocentrism. Compromises with the Soviet Union in the 1950s, Japan in the 1960s, and even the United States in the 1970s did not signify abandonment of anti-imperialism or Sinocentrism. but means to those ends. Support for this legacy was tested over a third of a century between Mao's death and Xi's rise to the leadership elite, but two figures loomed as symbols of its hold: Nikita Khrushchev and Mikhail Gorbachev. Despite Deng's reform thrust, Khrushchev remained a villain whom reformers in the mid-80s could not succeed in rehabilitating, and Gorbachev has been demonized as a traitor for more than three decades.² Their purported failings start from domestic policies but are heavily associated with foreign policies at odds with the right legacy.

Xi has doubled down on symbols of the foreign policy legacy of imperial China and Maoism. If the obsession with Gorbachev's "treachery" (including on foreign policy) was already intense in the 1990s-2000s as the glorification of China's past was gaining prominence,

these themes soon gained unprecedented ideological significance, reverberating in foreign policy, notably toward Korea. Xi has turned China back to glorification of the Korean War fought to back the North and defeat the South, as if the South had no right to turn away from rightful subservience to China.³

Xi 1.0

In dealings with Barack Obama, Abe Shinzo, Vladimir Putin, Kim Jong-un, and Park Geun-hye from 2012 to 2016, Xi had followed an agenda rather different from that emerging in the Trump era, especially in 2019. It could be summarized as: demarcate with the U.S. a separation of spheres of influence, gradually through summits and G2 negotiations; pressure Japan, a weaker, regional rival, against becoming an active, geopolitical force; welcome Russia, the resentful, regional outlier, not denying Russia's budding, regional framework; suppress a disruptive North Korea, through both trade ties and warnings, from disrupting Xi's regional plans; and blow hot and cold toward a vulnerable South Korea depending on its alignment in the U.S. alliance system. This approach could be simplified as: keep the U.S. engaged, Japan under pressure, Russia in tandem, North Korea isolated but beholden, and South Korea mindful. Under strain already in 2016, as ties with both Koreas worsened and U.S. and Japanese suspicions of China were mounting, China was busy forging a broader strategy through the BRI, even if its thrust proved much greater in Southeast and South Asia than in Northeast Asia. Yet, extending the BRI to Northeast Asia was increasingly on Xi's agenda, seen in policy shifts toward three countries. Russia, South Korea, and North Korea were on notice that they should soon accept its strictures.

In 2017, Xi Jinping faced new challenges which threatened his agenda. As a disrupter, Trump required special handling, leading to more flexibility to accommodate U.S. concerns over trade and North Korea even as the outcome remained uncertain. Provocations by Pyongyang led Washington to threaten "fire and fury," Tokyo to redouble its "proactive" defense role, and Seoul's new leader, Moon Jae-in, to pursue both tougher sanctions and Xi Jinping in order to get past China's acrimonious response to THAAD deployment in 2016. Xi adjusted by approving UN resolutions that gave sanctions a greater bite, while tightening his coordination with Putin, whose sympathetic relationship with Trump could have transformed Russo-U.S. relations but, ultimately, failed to overcome the worsening divide reminiscent of the Cold War. By 2018, the framework pursued by Xi during his first five-year term unmistakably demanded adjustment.

Xi Jinping's growing confidence in the mid-2010s could not be sustained in new circumstances. He was pushing harder: against Narendra Modi in India as Pakistan became the primary target in BRI, against Park as South Koreans grew alarmed at the North's nuclear weapons obsession, and even against Putin, who was dragging his feet on Sinocentric regionalism, while Obama and Abe were pushing back more actively. As Kim Jong-un raised his bellicosity to a new level and Xi agreed to put more pressure on him, a new environment took shape when Kim, encouraged by Moon Jae-in, shifted course. Diplomacy intensified – on North Korea as world leaders vied to meet with Kim Jong-un, and on trade, as the Trump obsession with deficits drove unilateral tariffs and bilateral talks under duress. Xi responded by improving ties with Kim Jong-un without removing pressure on him, and taking advantage of Japan and India's economic dependency on China. Limiting Moon Jae-in's options by getting him to promise the "Three Noes" on missile defense and ties to

Japan, Xi resisted critical U.S. trade demands and expected a U.S.-DPRK impasse to assert China's indispensable leadership. With his economy growing wobbly, Xi awaited Trump's moves, tightened ties to Putin, wooed Abe, and kept the pressure on Moon.

Xi's Framework for Sino-U.S. Relations

China was shocked by the collapse of the Soviet Union, expecting more equidistance in the great power triangle as it rapidly boosted its comprehensive national power. It was alarmed by rising U.S. triumphalism and unilateralism in the 1990s and again in 2001, upset in particular that the U.S. was leaning on Japan to constrain China regionally. After 9/11 and notably in the second term of George W. Bush, China took satisfaction that the U.S. strategic focus had been diverted from East Asia, but its posture changed at the end of the decade and at the beginning of the 2010s before Xi was in command – however much he may, as a Standing Committee member when Hu Jintao was weakened, have pressed for the shift. More confident after the global financial crisis demonstrating the failings of the U.S. economy and U.S. world leadership and more concerned that a new president was turning U.S. attention back to East Asia, China adjusted its regional policy. Xi 1.0 reinforced the ongoing strategic shift toward boldness in facing Washington in North Korea and the South China Sea as well as in advancing a narrative about Chinese history and international relations more assertive than what had preceded.

China's narrative became more ideological – reasserting socialism versus capitalism, raising anti-hegemonism more emphatically as the modern version of anti-imperialism, and envisioning China as the center of an exclusive region while challenging the longstanding U.S. presence and recent deference to ASEAN centrality. As head of the Central Party School prior to assuming the top post, Xi pressed this more ideological approach. Historical narratives became polarized between an idealized Chinese past (ethnic harmony, no expansionism, benevolence toward neighboring states, etc.) and a demonized history of the West (obsessed with expanding state boundaries, racist toward those deemed to be different, fighting internecine wars, etc.).⁴ The United States came to embody the worst of Western history, while Xi's China absorbed only the best of Chinese history. The implications for foreign policy were that China's neighbors should trust it as a rising power, while they ought to be alarmed by U.S. intentions in pivoting to Asia.

Document #9 issued in 2013 reflected the ideological and historical worldview embraced by Xi. Specifying seven perils, it separated China's course of development from that of the West, treating constitutional democracy as a scourge with only dangerous consequences for China, denouncing human rights and media independence as alien to China's national identity, and rejecting coverage of Chinese history including that of the Chinese Communist Party if it did not stick to hagiography. Xi's framework allowed no room for convergence even in economic ties, since a neoliberal market framework was seen as anathema, complicating further reforms.⁵

Xi's overtures to the U.S. were encapsulated in his proposal for a “new model of major power relations,” assumed to mean agreement on a dividing line across the Pacific separating two spheres of influence. Lower tolerance for U.S. alliances was reflected in greater assertiveness toward allies in East Asia. Yet, when the Trump administration increased the pressure on Xi, he both tried to alleviate the pressure and improved ties to states in all directions:

Russia, India, Japan, and North Korea, among them. Simultaneously, he was putting more pressure on Taiwan and maintaining pressure on South Korea, both of which were seen as challenging China – the one by rejecting “one country, two systems” and the other by allowing U.S. missile defenses on its territory. Neither was seen as sufficiently distant from the U.S. to warrant China’s overtures.

If in Xi 1.0 the emphasis was on working out a deal with Obama for a division of labor, in Xi 2.0 the focus shifted to carving out a path in Northeast Asia that would keep the U.S. at bay. More attention was put on extending BRI to the north and on solidifying alliance-like ties with Putin, steering Kim Jong-un into a partnership without him accepting ROK or U.S. overtures, upping the pressure on Moon Jae-in, and neutralizing Abe on economic matters. Trump’s pressure on Moon and Abe, his naivety on Kim Jong-un, and his incoherence on Putin, abetted Xi’s strategic moves.

Xi’s Framework for Japan

Since 2017, under the weight of growing pessimism about Sino-U.S. relations, Xi has more energetically sought to open a divide between Japan and the U.S. Economically, this is eased by Japan’s concerns about U.S. protectionism and Japanese companies’ aspirations to join China in building infrastructure linked to BRI. Politically, this is more complicated, given Japan’s firm support for the “Free and Open Indo-Pacific” initiative, which China saw as a counterattack on the BRI and the “community of common destiny,” and its refusal to treat Hong Kong, Xinjiang, and Taiwan in a way China could accept (unlike Moon Jae-in’s silence on such sensitive issues, which the Chinese were able to twist to claim that Moon told Xi that these were China’s internal affairs).⁶ Yet, Xi may be pressing to include certain wording in the “fifth political document” that he was seeking for a planned state visit to Japan in April, wording that would reflect on such a shared destiny or on support for a lifting of some sanctions on North Korea in order to recharge diplomacy. Japanese seem uninterested in going beyond the language of the fourth document of 2008, which more simply called for a “strategic, mutually beneficial” relationship. The fact that in Xi’s December meeting with Abe he raised issues that could lead to sensitive wording in a new political document shows further desire to drive a wedge in Japan-U.S. relations, going beyond gains through economic ties.

At the root of Xi’s approach to Japan is the assumption that no matter how committed it is to the alliance with the U.S. it is searching for more autonomy, and there is no way to achieve that just through closer security ties to countries such as Australia and India.⁷ Through overtures to Abe, Xi can forge closer economic ties and limit security challenges, but he will push for more, applying military pressure and coordinating with Russia, or even winking at North Korea’s deeds.

Xi’s Framework for North Korea and South Korea

Before Xi took charge in 2012, Chinese were instructed to view China’s foreign policy as reactive, responding to Obama’s policies such as the “rebalance” to Asia. As Xi asserted his will, each neighbor became a target for triangular strategizing in order to limit U.S. success or to enable Sinocentrism. The idea that China was defensive faded. North Korea epitomized

the reactive state of foreign policy: treating its nuclear weapons as a U.S. problem, engaging in diplomacy as a favor to the U.S., and insisting China's aims were limited to prioritizing peace and stability – for example, preventing war or an exodus of refugees. There was much talk that the alliance on paper with the North was no longer operable. When Xi and Kim Jong-un did not meet for five years, this reinforced the impression that China prioritized denuclearization plus U.S. and ROK ties.

The underlying reasoning was that if U.S. ties to China stabilized, China's maneuvering in the triangle would be more cautious, but when tensions with Washington rose, China would act assertively, at times increasing pressure on the third party and at times trying to drive a wedge. Three low points in Sino-US relations, seen from China, were 1999-2001, 2010-12, and 2018-19. Early in the administrations of Bush, Obama, and Trump, China perceived itself as a subject of more targeting.

In the 1990s China was too eager for U.S. support to offer North Korea more than minimal aid, but when the ROK's Sunshine Policy brought diplomacy to the foreground, and Sino-U.S. ties hit a rough patch, China's ties to the North were boosted. A similar result followed from the periods starting in 2010 and 2018. The geopolitical framework prioritized North Korean stability and leverage in pressing the U.S. and South Korea to weaken their alliance over denuclearization. When it was convenient to keep Sino-U.S. relations on track, China could press the North to engage in diplomacy or impose sanctions on it after voting at the Security Council to keep them from getting too drastic while buying time for the North to increase its threat capacity and making sure it could survive.

Apart from viewing North Korea through the lens of great power relations, Chinese sought to shape it into a critical piece in Sinocentrism, both for its own sake and also to bring South Korea along. In the absence of North Korean economic opening and denuclearization, China gained a growing share of the North's trade, outmaneuvering South Korea. The North's options were narrowing in accord with China's patient strategy, given its significance for China's security, national identity, and even a regional economy. It serves four "bs": a buffer zone, a socialist "brother," a balance of power shift, and a border area vital to the prospects of China's Northeast provinces. Whereas in the 1980s U.S. hopes had rested on China disavowing its reckless behavior, leading to regime change, Sino-North Korea ties were expanding after stabilizing in the 1970s, despite the sense of betrayal in Pyongyang over first Sino-U.S. normalization and then Chinese reforms.

In the 1990s, with economic development the overwhelming priority, and with Pyongyang incensed over Beijing's normalization with Seoul, China kept a low profile in this relationship. U.S. ties were prioritized and, despite downslides at the start and middle of the decade, did not result in much movement toward the North. At the end of the decade, however, triangularity acquired importance. The Sunshine Policy raised the profile of the North, U.S. interest intensified, Sino-U.S. relations were troubled (more in Bush's opening months), and Sino-North Korean ties came alive. High-level visits resumed with diplomatic, economic, and national identity significance.

Xi holds Kim Jong-un on a short leash, keeping his economy on the edge while making sure that his regime can survive. If Xi truly prioritized denuclearization, economic pressure would be greater. If Xi really backed Kim's agenda, pressure would be reduced. As in the

case of Sino-Russian relations, the aim is to increase dependency on Beijing in order to strengthen Sinocentrism. In both cases, the partner is valued for its role in rolling back U.S. power, but that is insufficient for ambitions to expand Chinese power. To serve as a strategic buffer is just the starting point for North Korea's value. To limit threats to China's historical identity embracing brotherhood is another objective, reflecting not only the "honeymoon" in 1950-54 but also the socialist narrative later.

When Sino-North Korean relations soured, as in 2013, China kept the North's economy from reeling while refusing political contacts. As the North intensified its provocations against the warnings of China, relations reached their nadir in 2017 with Beijing agreeing to sanctions to the point of embargo. Yet, the turnabout in 2018-19 was remarkable. It revealed a calculus of managing diplomacy once it began, responding to a downturn in Sino-U.S. relations, and still keeping pressure on Kim by relaxing China's economic stranglehold only slowly.

Xi's interest in North Korea is based on at least three assumptions: 1) the U.S. is the main threat to China's national security and national identity; 2) North Korea is a valued ally critical to China's Sinocentric ambitions; and 3) the legacies of socialism and the Korean War demand that support for North Korea be sustained. Yet, as sporadically occurred from the 1960s, North Korea defied China's intentions, leading to measured pressure to alter the North's calculus without risking the North's survival. There was even doubt in the 1990s that China would rescue North Korea's economy under extreme duress, and in the 2000s that it still adhered to the "lips and teeth alliance." When Xi was on the Standing Committee from the end of the decade, economic ties were boosted and the valor of standing with the North in the Korean War was reaffirmed. This was neither unconditional support for an ally nor an open and direct rebuke to the United States, but it tilted the balance in China's policy toward enablement of North Korea's survival at a time of leadership transition in that country even after it had broken away from the Six-Party Talks.

Xi 1.0 gave the impression of tilting toward South Korea, increasing pressure on North Korea, and conveying the message that cooperation with the U.S. on denuclearization was agreeable. If Xi prioritized both peace and stability in Northeast Asia, and China's national development, then Kim Jong-un's refusal to satisfy China's interests and provocative behavior appeared to justify a tougher Chinese line. If in 2009-11, as in 1999-2001, tensions in Sino-U.S. relations may have led to a tilt toward North Korea (with a big step-up in visits) along with greater pressure on South Korea, the atmosphere during Xi's first years as party secretary favored a tilt away from the North. This was when Xi was hopeful about Obama's agreement to a "new model of major-power relations." Seeking to boost ties with Trump in 2017 and responding to Kim's rush to test nuclear capability, Xi did not shift back away from pressure. Only in 2018 did Xi 2.0 become manifest.

The new policy toward North Korea made clear that China would help address legitimate security and development concerns. It was reflected in repeated summits between Xi and Kim Jong-un and in indications of increased smuggling to aid the North in evading sanctions. China had changed in response to the following factors: Kim's switch to diplomacy; an impression that Trump's policy toward it had hardened (especially in a trade war); and, arguably, a different calculus of how to pursue Sinocentrism. It is not surprising that a more emboldened Xi Jinping would stand more firmly behind Kim Jong-un, but there were at least three caveats. First, Xi did not endorse Kim's pursuit of nuclear weapons, even if

this was secondary to other objectives. Second, Kim did not go for an “open door” with China or reforms in line with China’s guidance, although he encouraged Chinese tourism. Third, Xi’s resistance to Trump favored a “good neighbor” policy toward countries such as Japan, which would have seen a sharp turn toward North Korea as alarming. UN sanctions remained, calls continued for denuclearization, and Xi awaited Trump’s next move.

With Moon Jae-in as president and already willing to defer to China with his “Three Noes” of 2017, with his restraining military cooperation with the U.S. and Japan, and with his pursuit of diplomacy with Kim Jong-un along lines sought by Xi, conditions existed for boosting Sino-ROK relations. Xi had shunned Kim for years, had just approved tough UN sanctions, and had reason to drive a wedge between Moon and Abe given the hostile start to their relationship. Yet Xi chose to turn directly to Kim without coordinating with Moon, considering Beijing and Seoul at odds in their aspirations for Pyongyang. Moon was insufficiently deferential to Xi in how he approached Kim, while Xi was confident that he had ample cards to keep Moon and Kim apart and to press Moon when needed. This attitude found expression in December 2019 when Foreign Minister Wang Yi traveled to Seoul in advance of a trilateral summit with Abe and Moon and a possible trip by Xi to Seoul in the spring of 2020. China sought at least four things: 1) a fourth “no” driving a wedge between Seoul and Washington by promising not to deploy intermediate-range missiles on Korean soil (unnecessary since neither ally had that intention but reinforcing the point that China has the right to infringe on South Korean sovereignty in this manner); 2) support from Moon for triangular economic projects with Kim such as joint support for tourism, in place of North-South economic integration and insistence on wide-ranging sanctions with the U.S.; 3) a triangular FTA with China and Japan, which would be on the agenda at the December summit even if Moon and Abe were both wary of extending economic dependency on China, given how China has wielded informal sanctions against both for non-economic policies; and 4) increased high-tech cooperation, whether via acceptance of Huawei 5G in their countries or via transfer of the most advanced technology by firms such as Samsung electronics and Hyundai automobiles, if they do not want to risk their market shares inside China. The impact of Wang’s visit was a sign that Seoul could no longer assuage Beijing, which would step up pressure on a beleaguered Moon.

Chinese thinking about South Korea is revealed in a late-2019 article,⁸ which indicates demands for bolstering relations and indirectly threatens what otherwise might happen. In the dialogue on the nuclear crisis, which makes Sino-ROK security relations urgent, especially in the face of the impasse in U.S.-North Korean talks, Moon aims to avoid regression on the peninsula and a new regional cold war. Implicit is the idea that China and South Korea will be on opposite sides since joint pressure on North Korea would hardly be called a cold war. Arguing that the two share an interest in achieving denuclearization through peaceful means and cooperating on behalf of regional peace and stability, the author alludes to the need to stop “maximum pressure” and to give Kim Jong-un what he requires to avoid renewal of a crisis atmosphere. Seoul is urged to further clarify that it is against U.S. alliances becoming more multilateral and will not participate in the U.S. missile defense system, as it already had done by eschewing a trilateral alliance with Japan. On the South China Sea, Seoul’s caution in supporting freedom of navigation, except in principle, is welcomed; yet it is warned not to take a public position that might lean toward the U.S.⁹ and told that it is time to reach a consensus with China precisely on freedom of navigation, to increase mutual trust. Any sign of support for the position of Japan on the Diaoyu/Senkaku dispute

with China would show a lack of respect and lead, it is hinted, to retaliation. While the New Southern Policy aligns with the BRI, the author warns it is aimed at decreasing economic dependence on China and competing with China in Southeast Asian markets, as if those are dubious aims, and adds that domestic political change in Seoul may cause problems ahead.

The same article accuses Moon of rejecting China's repeated calls to work together to advance denuclearization by insisting on Seoul taking the lead and pursuing trilateralism with the U.S. This is seen as posing a test for the ROK-China security relationship already tested by THAAD. By equating the two, the author makes clear the intensity of China's opposition to how Moon has dealt with Kim Jong-un, adding that THAAD deployment seriously damaged popular Chinese support for relations and new antagonism could damage security cooperation over the long run. Deepening Sino-U.S. competition is forcing Seoul to choose, with security at the forefront. As for economics, the author also highlights linkages with security, under the shadow of a trade deficit and dependency giving China leverage, made more likely by declining trade complementarity.

Lack of trust is a favorite Chinese mantra: the U.S. is blamed for lack of U.S.-DPRK trust and South Korea is faulted for a deficit in Sino-ROK trust. Economic ties are seen as necessary but insufficient for trust; security cooperation is increasingly the touchstone for proving one's trust. Given the worsening situation in the region due to DPRK-U.S. and Sino-U.S. tension, the burden is on Seoul to prevent a new cold war by boosting security ties to Beijing. The opening of the diplomatic track with Pyongyang in 2018 was a game changer, not because denuclearization was in sight, but because China's main objective for Northeast Asia could now be openly pursued: the transformation of regional security with Washington under pressure and with Seoul beleaguered. Beijing has upped its pressure on Seoul: join in precluding a cold war (use of the term suggests that China will stand with North Korea) or face various kinds of pressure for failing to act. The time for strategic patience (into which the U.S. has receded and to which Seoul is inclined) has passed.

Chinese sources anticipate tough times. They distort U.S. policy toward North Korea, ignoring carrots and assuming sole reliance on sticks has aroused the North's dissatisfaction. No mention is made of what the North needs to do, only of how, since Hanoi, there is danger of a downward spiral, the prevention of which Seoul must assist by working with Beijing. The supposed purpose is denuclearization, deemed possible only by a process satisfactory to both Pyongyang and Beijing.

THAAD looms in Chinese writings as a foretaste of what could follow if Seoul does not make the right moves. After Xi Jinping's visit in 2014, Seoul did make the right moves for two years: joining the AIIB and sending Park Geun-hye to the victory day parade in 2015, but for another two years it did not, until the December 2017 visit to Beijing by Moon, which started a recovery, however limited, in ties. Bilateral trade well over \$300 billion with China's imports in excess of \$200 billion is now linked to security; the wrong choice could lead China to insist on narrowing its huge deficit and to cut back a massive flow of tourists to South Korea. This unbalanced trade cannot be sustained; Seoul must reject Trump's economic approach to China and open its markets more to Chinese industrial products.

Seoul could go astray in at least three ways, readers are told. It could take the wrong line on the denuclearization process, as it did in 2008, a result of conservative leadership at the time, after close Sino-ROK coordination had brought about the 2005 joint agreement —

held up as a model. Were a conservative president to succeed Moon — a “political shift” — China would not be so forgiving this time, is the message. Seoul also could cross a red line if it were to backtrack on the “Three Noes” of 2017 or agree to U.S. multilateral alliance or missile defense appeals. Warnings center on Chinese public opinion becoming aroused, as it still is years after the THAAD decision, with implications for national identity as well as security, which could lead to retaliation. New economic diversification could be construed as aimed at hurting China’s rise, e.g., the New Southern Policy boosting economic ties to Vietnam at China’s expense or linking to the FOIP in competition with the BRI. Despite approval for Moon’s role in facilitating the turn to diplomacy in 2018, Chinese fault him — almost as if he has committed another THAAD-like error — for how he has proceeded since then with North Korea. He had prioritized a three-way framework, excluding China and trying to put South Korea in the lead. The fact that Xi visited Pyongyang and not Seoul in 2019 is indicative of China’s reaction, insisting on a four-way framework with room for a six-way one.

The overall message is that if Seoul wants to resolve the North Korean issue it must work with Beijing. It must join in containing what is called the U.S. militarist policy through closer security ties to China aimed at what is called “peaceful resolution” of the matter. Whether the shift is seen as taking a balanced approach to China and the U.S. or not, it really points to new pressure aimed at Moon leaning toward Beijing and acting now to institutionalize relations before a conservative replaces him or, perhaps, a new U.S. president pressures Seoul in a manner different from Trump’s pressure. Essentially, it is up to Seoul if a new cold war lies ahead. Given warnings about U.S. cold war thinking — both under Obama and Trump, with more expected — Seoul is the country that will shape the future of Northeast Asia through its choice in the very near future. Its hopes in 2018 were an illusion, which irritated China, but now it risks serious retaliation if it makes the wrong moves. To avoid such responses, South Korea should boost security ties, accept China’s rise and the concept of a shared future, and no longer delay its choice. The time has come to forge strategic trust through policy shifts toward China, North Korea, and the U.S.

Xi Jinping’s strategy toward South Korea encompasses three dimensions more intensely than a few years back. In 2016 the economic dimension came to the fore with sanctions, and it remains important in the trade war with the United States. Already having led South Korea into a trap of high dependency, Xi appears intent to wield economic power to force technological transfers and integration. In 2019, Xi’s summit with Kim Jong-un and demands regarding missile systems point to new pressure on the security dimension, going beyond the pressure for “Three Noes” in 2017. Finally, the 75th anniversary of the end of WWII, in 2020, brings history to the forefront, making it likely that more will be expected of Moon than Park’s attendance at the parade for the 70th anniversary, especially if Kim Jong-un now plays a role in the proceedings.

Whether Xi makes a visit to Seoul conditional on demands or takes advantage of Trump’s calls for Moon to meet U.S. demands (against new North Korean provocations, for 5G controls, for participation in FOIP, or for bilateral issues that strained ties already in 2019), Xi can anticipate that the year 2020 will notably advance his strategy for South Korea. Trump is leaving not only the South adrift, but also Asia, with more urgent consequences in Northeast Asia, where North Korea may resume provocations and Moon has left the ROK isolated through an obsession with North Korea and a breakdown in ties with Japan—both without enduring benefits.¹⁰

Xi's Framework for Russia

Prior to Xi 1.0, Sino-Russian relations were advancing over two decades without a breakthrough moment: Medvedev's presidency saw exploration of a "reset" with Obama, cross-border ties had not progressed as promised in joint agreements, and China remained discontent with the manner of Russia's hesitation and delays on Shanghai Cooperation Organization economic integration. A strong bond had been forged, but neither side appeared to be in a rush to raise it to the next level. Moscow was holding back on arms sales, angered by reverse engineering, and Beijing awaited a stronger commitment to the overall relationship, confident that it would have the upper hand.

Xi broke the logjam in 2013, taking into account Putin's antipathy to the West after his return to the presidency, and the susceptibility of Central Asian states to China's economic blandishments. Announcement of the Silk Road Economic Belt (centered on Central Asia, later expanded into the BRI, more southerly oriented) was a gamechanger. It put pressure on Putin that he did not resist. If Putin might have been hesitant in other circumstances, his decision to invade Crimea and start a war in the Donbas region made Russia more dependent on China. As energy linkages expanded, the challenge remained of docking the Eurasian Economic Union with the BRI. This proved hard despite upbeat language from both sides that relations had never been better. In Xi 1.0, upgraded ties with Russia proceeded on many fronts, but there was unease that the results did not suffice. Russians grumbled about lack of investment, Chinese about Russian barriers to opening borders.

Xi 2.0 has witnessed a major leap forward in Sino-Russian relations. It is seen in arms sales, talk of an alliance beyond anything seen earlier, and cross-border ties inclusive of China's assistance in large-scale industrial projects in the Russian Far East. Whereas earlier Russian policies toward Japan, India, and the South China Sea appeared out of sync with China's, the gap had narrowed. On security matters, coordination was increasing, opposed to the U.S. and its missile defenses in Asia. On economic matters, Russia's acceptance of the BRI was clearer. Moreover, as seen in the Chinese response to perceived U.S. interference in Hong Kong, warnings about U.S. behavior were overlapping more than before. Earlier misgivings were fading, especially on China's side.

It is in Xi's interest to convey an image of Sino-Russian solidarity.¹¹ That was lacking in the mid-2010s despite Putin's insistence that it existed after Russia was sanctioned over its aggression in Ukraine. Abe was wooing Putin to drive a wedge between Russia and China. There was talk of Putin wooing Kim Jong-un at a time when Xi was shunning him. Moon Jae-in came to power intent on swinging Putin behind ROK-DPRK-Russian economic triangularity distinct from Xi's approach. Even in the U.S., doubts were widespread about the strength of the Sino-Russian relationship. By late 2019, all such doubts had faded. Putin had rebuffed Abe, had coordinated closely with Xi on the Korean Peninsula, and had met many of Xi's concerns about bilateral relations. With Kim Jong-un on board in engaging in diplomacy and boosting ties to China and Putin agreeable to far greater regional coordination, the building blocks were in place for Xi's 2.0 strategy for Northeast Asia.

A key component of Xi's strategy is using economic integration for geopolitical objectives. For Russia, which through three decades had been wary of opening its Far East to China (refusing to build promised bridges, resisting Chinese workers despite a serious labor shortage, and limiting Chinese investments in many sectors) the essential revenue from oil

and gas pipelines to China loosened barriers to cross-border economic ties. For North Korea, Xi dangled the lure of closer economic ties through tourism and special economic zones (which would do little to undermine North Korea's tight social control) or policy changes that appeared increasingly possible even if denuclearization remained far off. For South Korea, as well as for Russia, great economic dependency on China was being leveraged more than before. In Northeast Asia, only Japan elicited different treatment since its level of economic dependency was lower and China's need for it was greater.

Chinese have long argued that Moscow must side with Beijing because the U.S. is bent on weakening it. But lately, taking note of Putin's intense hostility to the U.S. and blaming the U.S. even more for its treatment of Russia, Chinese have pressed for achieving the "community of common destiny" together. This means abandoning any hope of gaining leverage in the triangle with Beijing, recognizing Russia's weakness, and throwing in Moscow's lot with Beijing.

China published its white book on Arctic policy in January 2018, incorporating the "ice silk road" into BRI and raising its demands on Russia, and raising its demands for Hokkaido's ports in transit.¹²

Conclusion

China's immediate challenges shifted over three decades, but it is unclear whether Xi 2.0 meant a new strategy or open acknowledgment of a persistent worldview. In the second half of the 1980s, the minimal aims were: to prevent Gorbachev's despised "new thinking" from leading to regional alignment between Washington and Moscow; to deny Japanese aspirations for regional leadership as a political and eventually a military great power; and to steer North Korea to a soft landing while preventing the contagion of South Korean democratization from spreading. Just a decade later China's urgent objectives had been adjusted: to tilt Russia toward China rather than the U.S., to balance Japan economically while besmirching it morally in the face of Japanese moves to reach breakthroughs with Russia and South Korea, and to keep North Korea afloat as it made South Korea economically dependent and kept it and the U.S. from blaming China for the North's nuclear and missile behavior. By the late 2000s, China was emboldened to strive for a more active role in shaping Northeast Asia: to solidify the Sino-Russian nexus at the expense of the U.S., to pressure Japan to accept China's political and territorial interests, and to readjust the balance on the Korean Peninsula through economic ties to the North and economic and national identity pressure on the South. These shifts can be seen as stages in the pursuit of Sinocentrism. Xi Jinping's influence was felt in the late 2000s, dominated in Xi 1.0, and intensified in Xi 2.0.

Xi found Putin a promising partner despite Putin's wariness about economic integration and the extension of China's influence in Central Asia. Putin's antipathy to the U.S., obsessive "turn to the East" but wariness of Japan and South Korea, and nostalgia for socialist national identity, all served Xi's interests well. It took time to outmaneuver Putin in order to bypass his priority for the Trans-Siberian Eurasian artery, to suck up Russian oil and gas at discount prices, to penetrate barriers to the Russian Far East, and to take satisfaction in Putin's maladroit diplomacy that left his claims of multipolarity in shambles in Northeast Asia. By the end of the 2010s Xi had Putin where he wanted him – economically dependent, in a quasi-alliance, and deferential on identity. Russia might still feign otherwise, but it would pose little problem to Xi 2.0 in Northeast Asia.

The Korean Peninsula demanded more work, as Kim Jong-un not only gave Xi leverage versus the U.S. but also resisted both the military stabilization and the economic openness sought by Xi. At the same time, even Moon's progressive government was too beholden to the U.S. and too tough on North Korea to suit Xi's strategy. The next moves were up to Kim and awaited resolution of the tensions between Moon and Trump, but Xi could dangle economic carrots before both men as he also kept alive sticks in the form of sanctions, both formal and informal. The peninsula at last had become the battleground sought by China, with troubled U.S.-ROK relations and the end to North Korea's isolation, although the uncertainty of U.S. moves left China in a watchful mood.

The Northeast Asia version of BRI faces hurdles: Kim Jong-un remains slow to open his border with China, Putin has only cautiously left the border with the Russian Far East ajar and agreed to China's secondary role in the Northern Sea Route, Moon Jae-in has so far defied Xi's pressure in his overtures to Kim Jong-un and priority for the ROK-U.S. alliance, and Abe Shinzo has given very conditional support to the southern BRI but not a northern variant. Xi's strategy seems more likely to lead to polarization with China, Russia, and North Korea on one side, and with assertiveness by the U.S. of triangularity with Japan and South Korea, than to the alignment Xi is seeking. The potential swing country is South Korea, facing increased pressure from both China and the U.S. Setting aside soft power and flexing intense pressure, Xi is revealing the essence of his approach. Yet, Xi is able to steer Chinese public opinion, toward Russia and of late somewhat toward Japan without boosting Japanese views of China, but against South Korea and the United States.¹³

India joined the SCO, Japan began to cooperate with the BRI, South Korea tried and failed with North Korea and turned to China for assistance, and North Korea relied more on China after its talks with the US led to an impasse. Given its strong relationship to Russia, China had improved its position in the Indo-Pacific under Xi 2.0. Yet it wanted more from each of these countries. Xi saw the Trump era as an opportunity, as neighboring states sought more autonomy or leverage in their dealings with the US. Xi was conditioning meetings on concessions. In the first part of 2020, as China struggled with the coronavirus hatched at home but spreading, and as Trump appeared to be preoccupied elsewhere, it was unclear if Xi 2.0 was gaining momentum or would be slowed.

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Putin's Strategic Framework for Northeast Asia

Dmitri Trenin

This paper discusses the strategic framework for Russia's policies toward Northeast Asia, placing it in the context of Moscow's geopolitical repositioning after the Ukraine crisis and the ensuing confrontation with the United States, and the alienation from Europe. After 2014, the Ukraine crisis put an end to Russia's quarter-century-long attempt to integrate with the West and become part of a Greater Europe and the Euro-Atlantic community.¹ At the same time and in the same place (Ukraine), Russia's attempt to build a power center in the former Soviet space came to an end. Ukraine was not the cause of either failure, but it was the trigger of both. The conclusion was clear. Russia was not fit for integration into something that was bigger than Russia, and Russia was no longer capable of integrating former borderlands. Two-plus decades after the break-up of the former Soviet Union, Russia stood alone—but also free. Such was the end of a grand illusion linked to the West, and also the end of three centuries of empire-building.

It was also a beginning. Hemmed in the west, Russia did not pivot to China, as many inside and outside Russia thought. It actually pivoted to itself. Today's Russian borders follow, with few exceptions,² the boundaries of pre-Petrine Russia, circa 1650. Within these borders, the country is much more homogenous ethnically and culturally, with 80% of its population composed of ethnic Russians, and much more consolidated politically: in both cases of state collapse, after the Russian revolution of 1917 and the dissolution of the Soviet Union in 1991, the bulk of the territory that is now the Russian Federation never seceded from the central authority. In the 21st century, Russia is not a superpower, it is no longer an empire, and it is not ideology-driven.

Nor does it pretend to be part of Europe, politically. Mikhail Gorbachev's common European home³ with an in-built Russian section appears a long-forgotten illusion. Economic, political, and normative Europe is now embodied in the European Union. The Eurasia that used to denote the territories of the Russian Empire and the Soviet Union and was thus synonymous with the Russian state is gone, its various parts gravitating to Europe or the Muslim world. The Russian Federation is just Russia—spread over 11 time zones, having borders with Norway and North Korea, but belonging to no bigger entity. It has failed to join the European family and dissolved its own Eurasian one. And Asia, of course, is no relation.

Russia's Geopolitical Repositioning

A fundamental geopolitical repositioning has occurred. For centuries, Russian rulers were fixated on the West—European great powers, and since 1945, the United States and its allies. Asia and “the East” were mostly an afterthought: they did not include serious competitors, except for Japan in the first part of the 20th century and China in its second half, but even these were secondary compared to, respectively, Germany and America. Russia's policies in Asia were usually a reflection of its competition with Western rivals: from the British Empire in the Great Game to the United States in the Cold War. After 2014, this changed, and Asia has risen among Russia's foreign policy priorities above the level of Europe and shares the top tier with America.

Today, the world as seen from Moscow looks as follows. Russia sits in the north of the great Eurasian landmass. It is not the mega-continent's central power, but it is probably the physically best connected one. To the west of Moscow, lie Europe, the Atlantic, and beyond it, the United States. To the east, there are China, Japan, Korea, Mongolia, and the rest

of East and Southeast Asia. To the south, there are Central Asia and the South Caucasus, and beyond them one sees the Indian Subcontinent and the Middle East and North Africa. Global warming has recently endowed Russia with a fourth façade, heretofore frozen: the Arctic, which connects Russia's High North, Northern Europe, and North America. Thus, Russia is no longer seated facing the west, with its back permanently turned to the east. Instead, it sits in a swivel chair, practicing 360-degree vision.

This has happened not only due to the collapse of Moscow's relations with the West. Russians clearly recognize the growing economic importance of Asia, which has become the global workshop and commercial hub. China, Japan, India, and South Korea are among the world's leaders in terms of GDP. Russia's trade with Asia is not only growing nominally, but its share is also getting bigger. With the end of Russia's Soviet-era isolation, the fast growth of neighboring countries is also seen as a challenge to Russia's own regions, which are rich in natural resources, but are sparsely populated and underdeveloped. Moscow's current interest in developing ties with nations of the Asia-Pacific region can be traced back to Gorbachev's 1986 Vladivostok speech, but the real turn to the east occurred under President Vladimir Putin.

Under Putin, Vladivostok has not become Russia's capital,⁴ but it is Russia's Pacific gateway. After Russia joined the Asia-Pacific Economic Cooperation in 1998, it hosted APEC's summit there in 2012. Putin used the occasion to modernize the city's infrastructure. Since 2015, this infrastructure has been used for annual meetings of the Eastern Economic Forum, Russia's eastern version of the St. Petersburg International Economic Forum. At the EEF, Putin has already hosted the presidents of China and South Korea, the prime ministers of Japan and India, and the leaders of Malaysia and Mongolia. He also held a rare summit with the North Korean ruler there in 2019.

Putin's Grand Strategy

Russia faces an obvious need to strike the right balance between the western and eastern directions of its foreign policy. While three quarters of Russians live west of the Urals, the same portion of the country's territory, along with natural resources, is to the east of that mountain range. In fact, western ("European") and eastern ("Asiatic") Russia are ethnically and culturally very similar. Vladivostok, to all appearances, is as Russian as Kaliningrad. It is the neighborhoods that are strikingly different. Moscow's grand strategy is focused above all on keeping the vast country together, ensuring domestic connectivity by developing infrastructure and communications links, and making proper use of the various resources.

Since 2000, Putin's overall foreign policy strategy has been to return Russia to the ranks of great powers, which the country de facto left during the decade of its post-Soviet weakness. By "great power," the Kremlin means having a seat at the top table, and making sure that no major decisions, particularly of a global security nature, are taken without Moscow's participation. By the mid-2010s, this objective had been achieved. Russia pushed back forcefully against the prospect of NATO's enlargement in Georgia (2008) and Ukraine (2014), effectively checking the process; successfully intervened in Syria (2015) to become again a major outside player in the Middle East; and actively pursued its interests globally, from Libya to Venezuela to Africa. To back up its status, in the 2010s Russia carried out a military reform coupled with extensive weapons modernization.

The Kremlin is taking advantage of the change in the world order, away from U.S. dominance, to a more complex structure. Its official preference is for multipolarity, though Russians accept that the “poles,” or, to be more accurate, power centers, will vary in caliber. It fiercely defends its sovereignty and claims to be one of very few major countries around the world—alongside the United States, China, and possibly India—with a truly independent foreign policy. It largely subscribes to a realpolitik-based worldview that sees the national interest as the driver of foreign policy, and power balances as the basis of international relations. Putin has been on record many times describing international relations as a power play.

Moscow rejects the Western concept of a rules-based order as serving the interests of the United States and its allies, who, in its view, have appointed themselves drafters, implementors, and policemen of that supposedly universal order, and can change its rules at will. Instead, Russia champions traditional international law, which is a sum of agreements among states based on bilateral or multilateral bargaining. Russia is often described in the West as a disruptive power, while in its own eyes it is rather a conservative player seeking to stem or thwart the processes—from NATO’s expansion in Eastern Europe, to color revolutions in the post-Soviet space aimed at regime change, to the Arab Spring—which the Kremlin sees as destabilizing.

In 2016, the Kremlin came up with a notion of a Grand Eurasian partnership.⁵ The idea is to link a number of economic institutions and projects in Greater Eurasia, from the Russia-led Eurasian Economic Union (EEU) to China’s Belt and Road Initiative (BRI) to cooperation with ASEAN countries, and offer engagement to other players, from the European Union in the west to India in the south. At the present stage, this idea is still more philosophical than practical. “Harmonizing” the EEU and BRI—essentially making sure that neither party steps on the other’s toes - has allowed Russia to avoid simply joining the Chinese project as just another partner of Beijing, while preventing tensions between the Russian-led economic integration in Central Asia and China’s geo-economic expansionism. Against this background, the Grand Eurasian partnership appears to be Moscow’s rhetorical answer to Beijing’s equally strategically ambiguous, though much more substantive, BRI.

Russia, however, was far clearer—and much more negative—in its attitude about the Indo-Pacific concept advanced by the United States. In Moscow’s analysis, this concept targets China and seeks to contain it. There is no question of Russia being even neutral toward the U.S. concept of China’s containment. In Moscow’s analysis, Washington seeks to use the countries bordering on China—U.S. allies or partners from Japan to Vietnam to India, which have their own concerns related to China—as instruments of its own anti-Chinese policy. Yet, such a stance does not allow Moscow to differentiate between the very different substance of the Indo-Pacific debates in the United States, on the one hand, and in India or Japan, on the other.

What Moscow needs to do is to complement its geopolitical discussion, which is traditionally focused on land, with a maritime dimension. The vision of Greater Eurasia from Lisbon to Vladivostok to Jakarta needs to be expanded by a vision of the sea connections around the mega-continent, which is washed by the Atlantic in the west, the Indian Ocean in the south, the Pacific in the east, and the Arctic in the north. The melting of the Arctic ice not

only gives Russia a new façade, previously frozen, to interact with the world. It also allows it to think strategically in terms of the waterways, in large part along Russia's Arctic and Pacific coasts, linking Europe to East and South Asia. Russia is right not to rush to join other people's projects. But it needs to come up with a concept of its own—say, "Murmansk-Mumbai." It would let Russia engage all relevant players in Asia from Japan to Korea to China to ASEAN to India, and turn them into even closer partners.

Concepts aside, Russia's new foreign policy template is clearly observable in the Middle East and North Africa region. It promotes its national interests rather than carrying out any kind of mission, like the Soviet Union (communist revolution, proletarian internationalism) or the Russian Empire (pan-Slavism, *mission civilisatrice*). It maintains functioning contacts with all relevant players, including those which see each other as mortal enemies (Iran and Israel, Saudi Arabia and Iran, Turkey and the Kurds). It is ready to team up with any counterpart, on an equal basis, to achieve jointly defined objectives. See, for instance, the numerous Lavrov-Kerry meetings on Syria in 2015-16, the Astana process with Iran and Turkey, and the various arrangements with Turkey on Syria and Libya. None of these engagements has been easy, and there have been more failures than successes, yet Moscow perseveres.

Russia's China Strategy

Russia's strategy for Northeast Asia has China at the center, but it should be seen as separate from the strategy regarding China proper. For Moscow's foreign policy, the importance of China now—certainly since the mid-2010s—equals that of the United States. Unlike the openly confrontational nature of Russo-American relations, the relationship with China has been thriving ever since it was normalized during Gorbachev's visit to Beijing in 1989. The salient feature of that relationship is that it has been getting closer even as Russia was going through a particularly difficult patch in its domestic evolution, coupled with a visible loss of international status, while China was on a steep rise, overtaking its former mentor-turned-adversary-turned-partner economically and technologically. The main secret of this uninterrupted improvement has been Beijing's smartness in treating Russia as a great power, despite its absolute, and then relative weakness.

Russia, for its part, dropped its former ideological and imperial habits, while remaining confident in its own security assured by its massive arsenal of nuclear weapons and more advanced military technology. This prevented Russia from becoming inordinately concerned over the rise of China's military might. In fact, since the early 1990s Russia has become a major source of military hardware and defense technology for the People's Liberation Army. After Sino-American competition turned into bitter rivalry in the second half of the 2010s, Russia's residual security concerns about China have been put to rest even more firmly. Under the present circumstances and for the foreseeable future, Beijing will definitely need Russia as a friend. This strengthens Moscow's hand in dealing with its powerful partner.

Fears of Chinese demographic expansion into the sparsely populated Russian Far East and Siberia, common in the 1990s, were dispelled by the reality of Chinese reluctance to move that far north. Instead, Russians discovered China first as a trading lifeline for eastern Russian regions, and later as a provider of not only manufactured goods but also of technology to the country as a whole. In the 2010s, China overtook Germany as Russia's number one

trading partner, including in technology transfer. Russia, in turn, discovered China as an energy market, beginning to supply oil to it in the 2000s, and gas—via the “Power of Siberia” pipeline—from 2019. This also helped the Russian energy sector’s diversification away from its historical reliance on the vast and lucrative, but also stagnant, European market.

Russia is not in the business of competing with China in economic terms. Its strategy is focused on maximizing the advantages it has—from natural resources, such as energy, fertile soil, fresh water, and clean air, to overland transportation links across northern Eurasia and the now opening sea lanes around it, to several technological niches where Russia is still ahead of China, such as defense or nuclear powerplants. Yet, Russia feels the challenge of Chinese 5G communications platforms coming to dominate the Russian market: the alternative, American or European platforms, is seen as a security risk. Development of Russia’s own technology is certainly a priority, but it will take time to bear fruit. Similarly, in the financial area, U.S. sanctions have undermined Russian confidence in the security of its dollar holdings,⁶ and Russians are looking to outside financial resources which would be free from U.S. pressure. The Chinese banking system (and the Chinese yuan) is one possibility.

Russian-Chinese relations are officially described as a strategic partnership. Over time, and particularly after the United States had identified both countries as strategic competitors and began practicing various forms of containment against them, this partnership has grown thicker. It can be called an entente, meaning a close alignment in worldviews and general foreign policy goals, leading to consultations at various levels and close coordination of practical policies. Yet, Russia and China do not intend to build an alliance, which would be unwieldy and lead to a net worsening of their relations with other countries. Their relationship is squarely based on national interests and does not include automatic commitments.

At the outbreak of the COVID-19 virus in China Russian officials suddenly became aware of the epidemiological and ecological hazards that come out of China, and of the non-transparent nature of the Chinese system. The Russian government acted promptly in February 2020 to close the border with the neighboring country, leaving many people stranded and disrupting some trade links. Chinese tourists in Moscow came under scrutiny from the city authorities, which provoked a protest from the Chinese embassy to Russia. At the same time, mindful of the need to keep the relationship with the giant neighbor friendly, the state-run Russian media extolled the resolute measures taken by the Chinese government to contain the spread of the disease, the self-sacrifice of Wuhan doctors, and the discipline of ordinary Chinese people.

Both Beijing and Moscow prefer to act independently, as great powers should. The motto of their relationship remains, never against each other, but not always with each other. This dynamic connotes combined reassurance—standing back to back and facing challenges from different environments, not fearing a stab in the back, but also keeping their hands free to deal with possibilities or problems on their own. Indeed, the strength of the Russia-China relationship can be measured not only by its achievements, but also equally by its resilience in the face of real differences between the two countries. Thus, many observers have been waiting for many years for a Sino-Russian clash of interests in Central Asia; they are still waiting. Meanwhile, Russia and China have managed to agree to

disagree on a number of issues, from the status of Crimea to the nine-dash-line in the South China Sea, from Russian weapons deliveries to India and Vietnam to Chinese dealings with Ukraine and Belarus.

Russia, China, and the United States do not form a triangle in the sense of two “angles” uniting against the third one. The United States, on the one hand, and China and Russia, on the other, frequently take opposite sides in the United Nations Security Council, but this is the result of their leaderships’ different worldviews and interests, not of bloc politics. Both Moscow and Beijing prefer to deal with Washington one on one. In the 1970s, Washington successfully used triangular relations to wean Beijing to its side against Moscow. Performing this feat again, now that it is Beijing, rather than Moscow, that is Washington’s principal rival, is impossible. Unlike Beijing fearing Moscow in the 1970s, Russia today does not see China as a threat, just the opposite: it cares a lot about the friendly and partner-like relations with its neighbor. By contrast, Moscow sees the United States as an unreliable partner.

The rapid intensification of Sino-American rivalry in the wake of the pandemic has put Moscow in an uncomfortable position. Russians have to balance between generally supporting their Chinese partners, e.g. on issues of sovereignty, and following them too closely thus suggesting dependence on them. Keeping an equilibrium with a powerful partner may turn out to be more difficult than standing up to a formidable adversary. Some Russian observers are coming to the conclusion that safe limits of rapprochement with China have already been reached.⁷

Looking ahead, the central thrust of Russia’s strategy is maintaining equilibrium in its relationship with the giant and growing power next door. This means creating and fostering mutual dependencies that would sustain an equal relationship between two unequal partners. Above all, Russia would seek to maintain its sovereignty and freedom of action while keeping the relationship genuinely friendly and productive. This will not be an easy task and the outcome will depend on Russia’s capacity for domestic economic and technological revival more than on any foreign policy moves.

Regional Strategy for Northeast Asia

Geographically, of course, Russia is a close neighbor of Northeast Asia. Beijing is less than 1,350 km from Vladivostok; Tokyo, just over 1,000 km; and Seoul, less than 750 km as the bird flies. Russia has generally good relations with all the neighboring countries: China, Japan, and the two Koreas. This is a stark contrast to the situation in Europe, where relations with several neighbors are plainly adversarial, and with several others, cool or testy.

True, in Asia and the Pacific, as in the Euro-Atlantic region, Russia faces the United States. Yet, since the end of the Cold War, Russia has been more relaxed about the U.S. military presence in the east than in the west, where Russia’s vital assets are located. Concerns began to be voiced with the U.S. 2002 withdrawal from the ABM Treaty and the development and deployment—in Alaska and California—of what Moscow sees as elements of the U.S. global missile defense system. Later, deployment of theater missile defenses, such as Aegis Ashore in Japan, that have capabilities against Russia’s eastern military district and its

Pacific Fleet, added to those worries. Recently, after the 2019 U.S. withdrawal from the INF Treaty, the prospect of the United States deploying intermediate-range missiles in Japan or South Korea has further boosted Moscow's anxieties, particularly in the context of the U.S.-Russian confrontation.

That said, Russian concerns about the U.S. military presence in Northeast Asia are still much less pronounced than those over NATO's enlargement in Eastern Europe, which has brought the Western alliance virtually to the gates of St. Petersburg and reduced the distance between NATO bases and Moscow to a few hundred kilometers. Relations with China are solid, and the long border, a source of tension and a scene of armed clashes in the past, is now mutually recognized, peaceful, and demilitarized. There are no former Soviet republics in the region with claims against Russia. Relations with Mongolia, an ex-Soviet ally, are quiet and stable. Looking from the region at Russia, unlike in the Baltic States or Poland, no one in Northeast Asia fears Russia; and there are no unresolved conflicts with Russian involvement, as in Donbass, Abkhazia, or South Ossetia. The territorial issue with Japan mars the bilateral relationship, but also stimulates Tokyo to engage Moscow diplomatically.

Japan, a major advanced economy, is in principle one of the main external sources of Russian modernization. Ideally, it could play for Russia a role in Asia similar to that of Germany in Europe: a friendly developed power deeply engaged with the Russian economy. To turn this prospect into reality Russia and Japan needed to finally draw the line under World War II by signing a peace treaty and agreeing on the maritime border between the two. Prime Minister Abe Shinzo's determination to achieve this historic objective offered a distinct possibility of making this happen.

Over the past seven years, the two countries worked closely to achieve progress, and even a broad outline of a possible territorial settlement became visible. As Russo-Japanese negotiations continue, however, it is becoming clear that the U.S.-Russian confrontation is severely limiting the chance of an agreement. Apart from Tokyo's nominal solidarity with the other G7 nations on the issue of sanctions against Russia, Japan's Security Treaty with the United States, which had not been an issue since the end of the Cold War, is turning into a major stumbling block. Under these circumstances, Moscow's strategy toward Japan has to include new incentives for Tokyo to continue economic and technological engagement with Russia, while not yielding on the issue of sovereignty. This relates not only to the handover of any territory controlled by Russia, but also to the legal regime for the joint economic projects.

Amendments to the Russian Constitution passed in 2020 expressly forbid ceding any territory to foreign countries. This de facto closes the Japan border issue for Russia. In the absence of a peace treaty—which, anyway, would not be universally supported either in Russia (for giving away too much) or in Japan (for receiving too little)—Moscow could offer Tokyo further humanitarian privileges in the Kuril Islands, joint economic and ecological projects there, all under Russian law, as well as closer engagement in the Arctic. Above all, however, Moscow's main asset would be the very independence of its policy on Japan, distinctive from Beijing's course toward Tokyo.

Russia's strategy in Northeast Asia is essentially to continue developing its many bilateral relationships on the basis of what has been achieved: maintain and strengthen all-round relations with China, improve as much as possible the links with Japan as a source of

technology and investment, expand economic ties with South Korea while keeping communications lines open with the North, and re-engage economically and politically with Mongolia. At the same time, however, Moscow has to take into account the conflicts and rivalries in the region that affect its security and its interests.

The relatively benign situation for Russia in Northeast Asia, which emerged as a result of the end of the Cold War and the termination of the Sino-Soviet confrontation, sharply contrasts with relationships elsewhere in the region. The Korean Peninsula stands out as the last battlefield of the Cold War, which still has not found accommodation. Moreover, it has also become a source of nuclear danger, which threatens the region as a whole, including Russia's Far East. Russia has to take seriously the prospect of a war in Korea, which might have nuclear overtones. Such a war can be started either by Pyongyang or by Washington to preempt each other or may result from incidents between DPRK and ROK forces getting out of hand. Another possibility is major popular unrest leading to chaos in North Korea, or some major nuclear- or missile-related incident there.

Russia supports the principle of nuclear non-proliferation while also recognizing the realities on the ground. North Korea views its nuclear capability as the only security policy it can trust, and will not denuclearize. Russian support for the UN sanctions against the DPRK has always been lukewarm, a nod to political expedience. In Putin's own view, an isolated and cornered regime becomes more dangerous. Expelling North Korean workers or cutting off energy supplies to Pyongyang would not bring the regime to surrender its survival kit. The Russians prefer to advise the North Koreans to be more flexible, rather than to warn them darkly about the consequences of bad behavior. Moscow's policy in Korea is to help resolve the nuclear issue diplomatically, essentially through an arms control and confidence-building agreement between Washington and Pyongyang, which would be endorsed by all the countries in the region, including Russia. Moscow acknowledges that the Korean Peninsula is of much larger strategic importance to Beijing than to itself. Hence it does not try to take the lead in attempts to help the U.S. and DPRK come to terms with each other. While keeping a direct channel to the North Korean leadership, Russia coordinates its proposals with China, allowing Beijing to do the heavy lifting with Pyongyang. Moscow is ever watchful, lest Pyongyang play China off Russia, as has been its longstanding habit.

Russia has a stake in a lasting détente on the Korean Peninsula. It has long entertained aspirations to build a gas pipeline across the DPRK to the ROK, and modernize and launch a trans-Korean rail link, which would be connected to the Trans-Siberian railway across the common border between North Korea and Russia. Russia is interested in expanding trading, investment, and technological links to South Korea. It helps that to Koreans, south and north of the 38th parallel, today's Russia is a non-hegemonic power that, unlike China, is not poised to dominate the region and, unlike Japan, does not invoke bitter memories from the past. Yet, Russia is not shy to demonstrate its newly restored military might. In 2019, Russian and Chinese warplanes engaged in a joint patrol off South Korea. Seoul accused Russia of having violated its airspace, which Moscow denied. Given the pattern of Russian flights close to the Japanese territory, this should probably be viewed as a not too subtle warning to the ROK not to allow deployment of new U.S. weapons systems, such as INF missiles.

While the Korean situation raises immediate concerns in Russia, longer-term, the most significant security issue is the future of Sino-American relations. This most important bilateral relationship in the 21st century world is turning from competitive to adversarial. The result is mounting tensions and polarization across East Asia and the Western Pacific. Particularly worrisome is the long-term development of the situation over Taiwan. Beijing is determined to eventually bring back the island into the People's Republic de facto, while Taipei is leaning toward formally declaring Taiwan's independence from China, which could provoke war. Beijing's current military buildup is very much structured to solve the Taiwan issue by force, if need be. Should it come to that, a showdown between China and the United States is a certainty, and their military collision is at least a possibility.

Moscow has always—even in the worst days of the Sino-Soviet confrontation—recognized Taiwan as part of the PRC. This is true also of the other core interests usually cited by Beijing: Hong Kong, Tibet, and Xinjiang. Since the break-up of the Soviet Union, Moscow has maintained only a commercial representation in Taipei. However, a military conflict in the Taiwan Strait presents clear risks for Moscow. Russia's strategy would probably seek to avoid being drawn into a conflict between the world's two principal powers, while pleading for political dialogue and distancing itself from openly endorsing Beijing's specific actions. China's handling of Russia's actions in Crimea in 2014 presents Moscow with a possible template.⁸

While Russia's dispute with Japan over the South Kuril Islands is being handled diplomatically—even without finite result so far—the region's other maritime conflicts, such as one between China and Japan over the Diaoyutai/Senkaku Islands in the East China Sea, could spark military confrontation, which might draw the United States in. Mindful of its interests related to Japan, Moscow will probably not follow Beijing's line on Tokyo over the disputed islands. Russia does not take a stance on the ownership in the East China Sea. It takes a similar approach to the Japanese-South Korean islands issue. Having decided to stay away in principle, Moscow prefers diplomatic solutions to the various territorial disputes to be negotiated by the parties directly involved, and opposes any outside—in reality, American or U.S.-led—intervention in those disputes. Should matters come to a head, Russia can be expected to preach restraint and negotiations, but it will not become involved in the issues which matter little to it.

Conclusion

Moscow's policies in Northeast Asia are based on geostrategic positioning that places the Russian Federation in the north of the great Eurasian continent and regards the rest of the continent as one vast neighborhood washed by four oceans. Russia in this setting is an independent large unit, not part of integrated Europe or Asia. Above all, Russia seeks equilibrium, which would allow it to function as a sovereign power with a continental, even global, outreach. Russia is essentially alone. It leads an economic union of several former Soviet states, but this union does not constitute a political bloc or a tight military alliance. The Kremlin leadership views international relations mainly through the prism of realpolitik. Russia behaves as a great power competing with other great powers for status and influence. The basis of this competition is the different national interests of the players.

In Northeast Asia, Russia faces several major players, including the two leading global powers of the 21st century, the United States and China. Russia takes great care to strengthen its close and friendly ties with China, whose power and ambitions Moscow acknowledges,

but which it does not currently see as a threat, and with which it has learned to amicably manage differences. At the same time, Moscow is fully aware of the need to maintain equilibrium in its relations with an economically and demographically much stronger neighbor. As long as China is prepared to treat Russia as a great power and desist from imposing itself on it, the Sino-Russian relationship has a good prospect of becoming even more productive and stabilizing.

As a result of the new Russian-American confrontation, the U.S. presence in Northeast Asia is a security issue to Russia again, particularly when it comes to missile defenses and potential INF deployments. These developments are deemed less critical to Russian national security than similar systems deployed in or designated for Europe, but they raise a different challenge: how to cooperate with China strategically to enhance Russia's security in Asia vis-à-vis the United States while avoiding being drawn into Sino-American military confrontation. This risk is also present, though to a lesser extent as far as Russia is concerned, in the Taiwan Strait, the East and South China seas. Only a hypothetical U.S. attack against *both* China and Russia is likely to push Moscow and Beijing to create an alliance against the United States.

Japan, for Russia, remains a potential economic opportunity, not a security threat—although as a U.S. ally it hosts American military forces with a capability of striking Russia. Moscow's strategy toward Tokyo is focused on getting as much investment and technology from the advanced and rich neighbor without giving too much away to it in a potential territorial adjustment. Russia's long-term interest lies in fully normalizing relations with Japan and turning the country into a major external source of Russia's domestic modernization, on a par with Germany in the west.

South Korea is another, albeit smaller modernization resource for Russia. Moscow's goal is to develop economic ties with Seoul, while hoping for a détente between South and North Korea, which could make Russian energy and transportation projects viable. With regard to the Korean nuclear problem, Moscow's approach is to help the principal antagonists, Washington and Pyongyang, reach an arms control and confidence-building accord that would ease tensions and install a degree of predictability on the Peninsula, while acknowledging some kind of crude deterrence power in the hands of Pyongyang.

With regard to other international disputes in the East and South China seas, Russia takes a neutral stance, doing nothing that would undermine its relations with China but not supporting Beijing's claims. Moscow calls for the countries directly involved to solve their differences peacefully, while strongly objecting against third powers, primarily the United States, interfering or intervening in those situations.

In sum, Russia, three decades after the downfall of the Soviet Union, has adjusted its foreign policy to the conditions of global order change. It is practicing the role of an influential global player that does not seek dominance but whose presence may make a difference. From its base in northern Eurasia, Russia reaches out to different parts of its vast Eurasian neighborhood. In Northeast Asia it is essentially a status quo power pursuing its economic and security interests and navigating carefully between its quasi-ally China and openly adversarial America.

Endnotes

- ¹ I deal at length with the causes of this crisis in Dmitri Trenin, *Russia's Breakout from the Post-Cold War Order: The Drivers of Putin's Course* (Moscow: Carnegie Moscow Center, December 2014).
- ² Kaliningrad, St. Petersburg and region, Crimea, the North Caucasus, Tuva, Maritime Territory (between the Amur and Ussuri rivers), Sakhalin, and some other territories.
- ³ Soviet leader Gorbachev put forth the idea of a common European home, to include the Soviet Union, in a speech to the Council of Europe in 1989.
- ⁴ This author mused, in a 2011 book, that if Peter the Great were alive today, he would again leave Moscow, but rather than going west, he would go east, and build his new capital where Vladivostok now stands. Dmitri Trenin, *Post-Imperium* (Moscow: Carnegie Endowment for International Peace, 2011).
- ⁵ Vladimir Putin's remarks at the St. Petersburg International Economic Forum, *Rossiiskaya Gazeta*, June 16, 2016.
- ⁶ Speaking at the 2019 St. Petersburg Economic Forum, Vladimir Putin quipped: "We are not fleeing from the U.S. dollar; it is the dollar that is running away from us."
- ⁷ Alexander Lukin, "Pik minoval?" *Rossiia v Globalnoy Politike* 18, no. 3(103) May-June 2020: 222-233.
- ⁸ The focus of this paper on Northeast Asia leaves the South China Sea beyond its scope. However, Russia is even more likely to strike an ostensibly neutral stance on the disputes in that area.

Abe Shinzo: Diplomat-in-Chief

Yuki Tatsumi

Abe Shinzo is the longest-serving prime minister in post-World War II Japan. Having occupied the office since December 2012, Abe has attempted to leverage his stable tenure to increase Japan's international presence. In particular, Abe has tried to reshape the way Japan conducts its foreign policy, from being responsive to proactive. "A proactive contribution to peace with international principle" or *chikyushugi o fukansuru gaiko* (diplomacy that takes a panoramic view of the world map) symbolizes his government's approach, part of an earnest attempt to remain relevant on the international scene even as the country grapples with irreversible trends including population decline and aging.

Abe's February 2013 speech at the Center for Strategic and International Studies during his first visit to Washington DC after returning to power demonstrates his determination to expand (or sustain at a minimum) Japan's international presence. He spoke at length about his government's insistence on keeping Japan a "first-rate country" and his desire to ensure that it will play a role as "the guardian of the commons," contributing to international efforts to uphold rules and norms.

Indeed, over 7 years since then, Abe has led his government to attempt to reshape his country's foreign policy. At the end of his first year in office, Japan's first-ever National Security Strategy was issued. Abe tried to anchor Japan's foreign policy in two key factors – a robust alliance with the United States, and expansion of its partnerships with other U.S. allies and partners. In addition, as he sought to demonstrate his government's firm commitment to the U.S.-Japan alliance, he also has attempted to carve out a broader room for autonomous diplomacy with the leaders of the countries that the U.S. do not necessarily consider as partners. In fact, particularly in Northeast Asia, Abe's moves have often been out of sync with U.S. ones – with Kim Jong-un in 2018, Moon Jae-in in 2019, Putin from well back, and increasingly with Xi in the Trump era.

Abe encountered a range of challenges in recalibrating foreign policy within Northeast Asia. With history issues unresolved with some neighbors over apologies and compensation for Japan's wartime behavior, disagreements over sovereignty issues lingering from that period, and contention over security issues, Abe has found it difficult to apply his overarching foreign policy principles in bilateral relations with China, the two Koreas, and Russia. Abe has taken different approaches to move relations forward with these countries, but diplomacy since December 2012 has had one common thread: Abe's role as the "diplomat-in-chief" has been pronounced.

By mid-2019, Abe's successes were widely heralded: the closest relationship with Donald Trump of any world leader; improvement in Japan-China relations with a state visit by Xi Jinping – this would have been the first in seven years for a Chinese leader – targeted for the spring of 2020; sustained diplomacy with Vladimir Putin to keep the hope for a long-sought breakthrough in Japan-Russia relations; deepening ties with leaders in Australia (particularly under former prime minister Tony Abbott), India (Narendra Modi met with Abe and Trump together at the G20 Abe hosted), and Southeast Asia; and the more decisive response to the challenges from South Korea, first under Park Geun-hye and now under Moon Jae-in.

However, in the first quarter of 2020 Abe's star might have begun to fade. Abe's plan to host Xi for a state visit in April was derailed due to the outbreak of the COVID-19. He was also criticized for prioritizing Xi's state visit over taking decisive action and imposing more stringent travel restrictions from China early on when the pandemic first broke out.¹ Similarly, the 2020 Tokyo Olympics, originally set to start on July 24, 2020, has been postponed to July 23, 2021 due to the COVID-19.²

In this chapter, I first provide an overview of the evolution of Japan's foreign policy under the Abe administration, pointing to some key documents. Next, I look at Japan's bilateral relationship with each of the Northeast Asian states. After discussing the role of Abe as top diplomat and how it affected Japan's foreign policymaking, I conclude with prospects for foreign policy in the post-Abe era.

Japan's Foreign Policy under the Abe Government

Abe's vision for his country's foreign policy predates his return to power. As prime minister succeeding Koizumi Junichiro in June 2006, he laid out a vision that served as the baseline of the foreign policy principles when he returned to the office. In front of the Indian parliament in August 2007, Abe delivered a speech entitled "Confluence of the Two Seas," in which he talked about his belief that the Pacific Ocean and Indian Ocean are an interconnected geostrategic space, where the future of Japan's prosperity lies. He talked about the importance of maintaining the vast maritime space as open and free, where all the countries that benefit from them behave according to the international rules and norms that have been established.³

Aso Taro, Abe's foreign minister at that time, developed the framework further into a concept called "Arc of Freedom and Prosperity." "Value diplomacy" was stressed, emphasizing the importance of Japan developing partnerships with the countries that share the key universal values for the international order, including freedom, democracy, free trade, and respect for human rights. Mindful of criticism that a concept with focus on the values associated with democracies is designed to isolate China, Aso argued that Japan is open to work with any countries that agree with the principles of this "arc."⁴

Abe's foreign policy vision was published via *Project Syndicate* and circulated across Western media, becoming an important building-block for his foreign policy agenda. Entitled "Asia's Democratic Security Diamond," Abe reconfirmed his belief that the peace and stability of the Pacific Ocean is "inseparable" from that of the Indian Ocean, including freedom of navigation. He raised his concern that the South China Sea was turning into "Lake Beijing" due to China's assertive, unilateral actions to change the status quo, arguing that India and Australia, along with the United States and Japan, are the countries that he would like to see working together to maintain the vast maritime space from the Pacific to the Indian Ocean as free and open commons.⁵

His major foreign policy was to be unveiled during a visit to Indonesia in January 2013. However, his trip was cut short due to a hostage crisis in Nigeria. Although he did not get to deliver it, the speech, “The Bounty of Open Seas: Five New Principles of Japanese Diplomacy,” was released on the Japanese government website. The principles Abe articulated – freedom of thought, expression, and speech; respect for the rule of law; support for a free and open economy; more dynamic people-to-people exchanges between Japan and the countries in the Indo-Pacific region; and promotion of youth exchanges – were consistent with what he has said since 2006.⁶

During his first visit after his return to power, Abe’s speech in Washington, DC, building on the vision of “free and open maritime commons” that he had laid out in his Security Diamond talk, unequivocally declared that Japan would strive to play a proactive role as the “guardian of the commons.” He also emphasized his determination to keep Japan a “first-rate country.” In a clear response to the 3rd Armitage-Nye report⁷ that challenged Japan to decide whether it would want to stay among the “group of first-rate nations that continue to shape and uphold the existing liberal international order,” Abe declared that his government was determined to make institutional, legal, and political adjustments necessary to ensure that Japan would remain an active, responsible stakeholder to help maintain international peace and prosperity.

Two big changes in Japan’s strategic environment occurred between when Abe was prime minister for the first time and when he returned to the office: the ascendance of China, and the relative (perceived) decline of the United States. In 2006, China’s rise was under way, but Japan was still in a position of relative strength, being the second largest economy in the world, and Chinese assertiveness around the Senkaku Islands was not yet on the horizon. By 2012, however, China had already replaced Japan as the world’s second largest economy, accompanied by increasing military assertiveness in the East and South China seas supporting its territorial claims.

Similarly, the United States in 2006, despite its intensified engagement in the Middle East, was still considered to be the predominant leader in maintaining the international order that it helped build after WWII. It was considered to be the anchor of alliance systems predicated on U.S. commitment to the security of allies both in Europe and in Asia, as well as its willingness to lead the international effort to intervene militarily at a time of crisis. In 2012, in contrast, the United States had begun to show signs of being more selective in its engagement, especially employing its military. Barack Obama won the presidential election in 2008 vowing to end U.S. military engagement in the Middle East and articulating a higher threshold – U.S. or allied security and national interests at risk – as the requirement for the U.S. to commit its military forces. Declaring the era of the U.S. acting as the world’s policeman over, Obama seriously altered Japan’s calculus.

The National Security Strategy (NSS) of December 2013 was developed not only in accord with Abe’s vision of a Japan that has a higher profile and is more active internationally but also as a reflection of the two important changes in Japan’s strategic environment mentioned above. Similar to any country’s national security strategy, Japan’s NSS identified the security of Japan and the protection of its people’s lives and assets as its ultimate goal. It argued that Japan should achieve this by taking a three-pronged approach: maintenance of robust alliance cooperation with the United States, pursuit of greater security partnerships with

other U.S. allies and partners in the Asia-Pacific region and beyond, and proactive provision of support for international efforts to sustain the existing liberal international order. Dubbed a “proactive contribution to peace,” these approaches were designed to have a synergistic effect in facilitating peace and stability in the international security environment, which is critical for Japan’s own national interests.⁸

Based on the NSS, the Abe government launched a few initiatives, which continue to this day. In Southeast Asia, it sought to complement its existing economic-focused engagement by launching the Vientiane Vision, which focused on defense cooperation in areas where the countries in the region fall short, including developing the capacities of their coast guards. Japan also sought to deepen ties with India, particularly in infrastructure programs in Southeast and South Asia. In Africa, which has seen massive cash inflows and development assistance projects by China, it reorganized its engagement under the concept of “quality assistance.” In Europe, Abe reinforced his message about the importance of like-minded nations working together on global issues. His outreach became particularly important when Europe’s relationship with the Trump administration began to fray.

Abe’s recent diplomatic initiative, the “Free and Open Indo-Pacific” concept, stands on these past efforts, reflecting his belief since 2006 that peace and stability in both oceans are critical for Japan’s future. It also reflects his belief that the maritime domain must be kept free and open as a means to transport public goods to all the countries in the region that benefit from it, and in keeping with a heightened sense of urgency to counter China’s ascendancy, as demonstrated by the recently announced initiative between Japan and India on joint infrastructure investment in Southeast and South Asia.

Abe’s effort in revitalizing Japan’s foreign policy has come in tandem with his government’s enhancement of its national security policy toolkit, including institutional and legal changes. Institutionally, he has sought to enhance the role that the new National Security Secretariat plays in the foreign and security policymaking process not only by appointing foreign and defense officials who have been highly respected in their own bureaucracy to senior Cabinet Secretariat and National Security Secretariat positions, but also by retaining them in their appointed positions beyond two years, the average personnel turnover time in the Japanese bureaucracy.⁹

He also tackled policy changes that were long considered taboo. For example, he successfully revised the Three Principles for Arms Exports to Three Principles for the Transfer of Arms and Technology, opening the door for Japanese industry to export defense equipment, and participating in the research and development effort with foreign partners for national security purposes. Taking advantage of legislation passed in 2008, Abe also sought better integration by nesting the Space Development Strategy headquarters in the Cabinet Secretariat. By doing so, Abe sent a strong signal that Japan, although it would not “militarize” space, would use space for national security purposes.

Most importantly, he sought to modernize the legal framework that defines the permissible parameters for Japan’s national security policy. In December 2013, the National Security Law passed, which obligates government officials and contractors who are exposed to sensitive information to protect it, taking an important first step to enhance Japan’s information security system. In the fall of 2015, the Peace and Security Legislation passed

– a package that includes considerable revision of existing laws as well as new laws – which provides the Japan Self-Defense Forces (JSDF) the legal authorization to engage in a wider scope of operations.

Constitutional revision was one area where Abe has not been able to make the progress he had wanted. While he pursued the complete revision of Article 9 so that Japan could be freed from the previous constraint of not being able to exercise the right of collective self-defense, he was only able to achieve its partial reinterpretation – that it is constitutional for Japan to exercise its right of collective self-defense in: 1) a situation that would gravely endanger Japan’s own security if left unaddressed, or 2) a situation that would put Japan’s allies and partners at grave risk if Japan did not respond. While his government was able to give legs to this constitutional reinterpretation by passing the Peace and Security Legislation in 2015, it was far from what Abe had originally sought.

In Abe’s efforts to recalibrate Japan’s foreign policy, a few characteristics have been particularly noteworthy. First is Abe’s consistent emphasis on the importance of maintaining the existing international order, and his just as consistent belief that Japan should play an active role toward that end. From his August 2007 speech in India through his August 2016 speech at the Tokyo International Conference on African Development (TICAD), he has reiterated his belief that Japan has the responsibility to facilitate connectivity between the Pacific and Indian oceans while ensuring continued respect for values such as freedom of navigation, rule of law, a market economy, and freedom from coercion.¹⁰ Abe consistently articulated his belief that Japan should play a robust role in ensuring the peace and stability of the Indo-Pacific region, including foreign summits. Even during his short first tenure between 2006-2007, Abe visited 18 countries, significantly more than his successors before 2012. Since returning to power, as of February 2020, Abe had taken 81 foreign trips, visiting over 170 countries and regions.¹¹

Abe’s Bilateral Diplomacy in Northeast Asia

Abe has taken a tailored, bilateral approach with the countries in the region. While he has not contradicted the foreign policy principles he established for Japan, the peculiarity of bilateral relations in Northeast Asia – Japan’s legacy of World War II and Abe’s desire to move Japan beyond it, in particular – has put Abe into a position of having to adjust his rules of engagement. In addition, the deepening polarization of U.S. relations in the region and the uneasy state of diplomacy over two Koreas further widened fissures in the region, which posed challenges for Abe’s aspirations.

Japan-China

In 2006, Abe chose China along with South Korea as the first destinations of his foreign trips as prime minister. Because most Japanese prime ministers have chosen the United States as the first country to visit, Abe’s moves were perceived as unusual, but also as a gesture that demonstrated his willingness to build a positive relationship with these two countries with which ties had sunk sharply. Given Abe’s image as a right-wing conservative politician, these moves drew surprise. His moves were also appreciated because, by this time, relations had entered a period of what many dubbed a “politically chilly, economically warm” relationship.

Abe's predecessor Koizumi Junichiro irritated China by repeatedly visiting the controversial Yasukuni Shrine, which enshrines some Class A war criminals, aggravating the diplomatic tensions between Tokyo and Beijing.

At the end of Abe's visit on October 8-9, 2006, the two governments issued a joint statement in which they expressed their intention to pursue "a mutually beneficial relationship based on common strategic interests," identifying peaceful co-existence, friendship across generations, mutually-beneficial cooperation, and joint development, as the goals they would strive to achieve in their relationship. The two also agreed that steady progress in developing a healthy and stable relationship would be in the fundamental interests of both countries.¹²

When Abe returned to office at the end of 2012, however, he found relations far worse than when he had left. Relations took a sharp fall, particularly when the Democratic Party of Japan (DPJ) was in power, which is ironic because it was thought to be better positioned to improve relations with China and South Korea because of its progressive orientation. The tensions first rose over the arrest of a Chinese fishing trawler captain in the waters near the Senkaku Islands in 2010 when China curtailed exports of rare earth minerals to Japan and arrested several Japanese businessmen working in China for alleged espionage activities, sending a clear signal that China does not hesitate to leverage its economic relations to push on sovereignty issues. The bilateral relations took another turn for the worse when the Japanese government, under Prime Minister Noda Yoshihiko of the DPJ, decided to purchase three islands of the Senkakus.

Unlike when Abe succeeded Koizumi in 2006, however, he did not rush to improve Japan's relationship with China by either pushing to make an official visit to Beijing or pursuing a summit with his Chinese counterpart. In fact, he went the entire year of 2013 without meeting the Chinese leadership. Even though he had occasion to attend multilateral meetings such as the Asia-Pacific Economic Cooperation (APEC) and East Asia summits with his Chinese counterpart, it was not until he visited Beijing to participate in the APEC Summit in November 2014 that Abe met with Chinese president Xi Jinping for a bilateral summit. At that time, Abe made the case that Japan and China needed to restart a "mutually beneficial relationship based on common strategic interests" and identified the following four areas in which he would like to see bilateral cooperation: 1) mutual understanding between the two peoples, 2) economic relations, 3) the East China Sea, and 4) improvement of the East Asian security environment.¹³ Even though he received only a non-committal and lukewarm response from Xi, this meeting ended the diplomatic stalemate at the summit level and paved the way for a more active dialogue between the two governments at all levels.

Following his first meeting with Xi, Abe's meetings with his Chinese counterparts increased. In 2015, he met Xi on the sidelines of the 60th anniversary Asia-Africa Summit in April, and met Premier Li Keqiang in November in Seoul for the Japan-China-South Korea summit, where Abe and Li agreed to resume foreign minister level meetings on a regular basis and confirmed the two countries' determination to continue to improve bilateral relations.¹⁴ Following this meeting, the pace of bilateral consultations at various levels picked up. By the time Li visited Japan to attend the Japan-China-South Korea summit in May 2018, despite the disagreement over the Senkaku Islands, leaders affirmed that Japan-China relations had been restored.¹⁵

Throughout the last seven years, Abe's message to China has remained consistent. First, he took every occasion he could to reinforce his message that Japan would not compromise its position on the sovereignty of the Senkaku Islands and that it would counter Chinese attempts to change the status quo by coercive measures. In this context, he also has demonstrated his government's steadfast support for the countries in Southeast Asia that are the claimants in the sovereignty dispute over the South China Sea. Second, while he was consistent in his message that Japan would not tolerate Chinese aggressive behavior to assert its sovereignty claims, Abe also made it clear that Japan was willing to engage with China in the areas that are mutually beneficial. He was also selective in the timing to engage in summit diplomacy, waiting for almost two years before he pursued his meeting with Xi Jinping. In so doing, he seems to have successfully leveraged the 40th anniversary of the Japan-China Friendship Treaty in 2018 to generate incentives for China to improve relations with Japan.

Despite the positive atmosphere that surrounds Japan-China relations, it is premature to conclude that Abe's overtures to Xi should be seen as a success. Even though Abe and Xi met in Beijing in advance of the December 2019 China-Japan-Korea summit and discussed preparations for a fifth statement to boost bilateral relations, Sino-Japanese relations are at an uncertain juncture in 2020 after the outbreak of the novel coronavirus which began in China. Even before the spread of the novel coronavirus, the U.S. under the Trump Administration has been intensifying criticism of China not only over security, but also over economic policy and human rights. What Xi seeks to see in the fifth joint document, which the two governments have been discussing in preparation for Xi's visit to Japan, may test how far Abe is willing to go to carve out maneuvering room in his diplomacy when U.S. allies are facing increasing pressure from Washington to distance themselves from Beijing.

Japan-South Korea

Similar to Japan-China relations, Japan-South Korea relations were a bilateral relationship which Abe sought to repair when he succeeded Koizumi. His interest in an improved relationship became clear when he called President Roh Moo-hyun only two days after becoming prime minister on September 28, 2006, articulating two principles for his approach to South Korea: 1) he considers this one of the most important bilateral relationships for Japan, and 2) while acknowledging the difficulties in overcoming history issues, Abe wants a future-oriented Japan-South Korea relationship.¹⁶ Less than two weeks after this phone conversation, Abe visited Seoul as part of his first foreign trip as prime minister, securing agreement on the critical importance of a positive relationship for East Asia, and on continuing efforts to build a future-oriented bilateral relationship.¹⁷ Following Abe's visit, diplomatic engagement was reenergized, particularly at the foreign minister level, with in-person or phone contacts on a regular basis. For instance, in his short tenure as Abe's foreign minister, Aso Taro met with his counterpart six times, and held phone meetings five times.¹⁸ While the situation surrounding North Korea was in flux, there was active region-wide diplomacy effort toward resumption of the Six-Party Talks.

However, when Abe returned to power, Japan-South Korea relations were in a downward spiral. Four months earlier, President Lee Myung-bak visited Takeshima (Dokdo) to assert South Korea's sovereignty – the first time that a South Korean president did so. Furthermore, Lee mentioned on August 14, the day before commemoration of Japan's surrender, that the

Japanese emperor is not welcome in South Korea until he personally apologizes to former "comfort women," which was met by very strong criticism from Japan. Japanese officials had believed that Lee was serious about putting the history issue behind them and was genuinely interested in forging a future-oriented and forward-looking relationship. The motives behind Lee's moves – whether they were aimed at playing the "Japan card" to boost his popularity at home – mattered little to the Japanese.

Japanese leaders were even more disappointed with Park Geun-hye, who succeeded Lee in 2013, beginning her term with a very tough stance vis-à-vis Japan. In fact, it took Barack Obama to set up a U.S.-Japan-South Korea trilateral summit for Park to meet with Abe. Japan-South Korea relations stagnated during most of Park's tenure, except toward the end when Park made a couple of major decisions in her policy toward Japan – signing the Japan-South Korea bilateral General Security of Military Information Agreement, (GSOMIA) in November 2015, and then, in December 2015, signing a bilateral agreement for a "final and irreversible" resolution of the "comfort women" issue in exchange for Japan agreeing to help the South Korean government fund a new foundation in South Korea, which would provide assistance to the former "comfort women." With one of the thorniest issues between the two countries seemingly resolved, there was hope that these agreements would provide much-needed positive momentum to improve the relationship.

Assuming he had done all he could, Abe watched Park get impeached and Moon Jae-in take office, promising that his government would nullify the December 2015 agreement and appointed a presidential commission to examine its validity. In July 2018, the South Korean Supreme Court agreed with the lower court ruling that Nippon Steel, which used conscripted Korean laborers during WWII, must pay compensation amounting to \$85,000 to each of these workers. The court decision also allowed the seizure of Japanese companies' assets by South Korean authorities, and the Moon administration did nothing to intervene.

In July 2019, the Japanese government decided to take South Korea off "the white list" within its export control regime, which, despite the Japanese government's rejection, was widely considered to be Tokyo's retaliation against Moon's inaction against the court decision. South Korea responded by first appealing to the World Trade Organization, and next by announcing that it would withdraw from GSOMIA. Later, Seoul suspended both its appeal and its intention to withdraw from GSOMIA. Abe maintains that it should continue to honor the 1965 Japan-South Korea Basic Agreement which ruled out wartime reparations claims, insisting that it is up to South Korea to take the first step toward putting the bilateral relationship back on track.

It would be fair to assess Abe's diplomacy with Seoul as a failure. But Japanese overwhelmingly agree that it is not Abe's fault. Wariness of South Korea's persistent push on various historical issues is prevalent not only among government officials in Tokyo, but also among the public. The most recent public opinion poll on Japan's foreign policy, conducted by the Cabinet Affairs Office in December 2019, demonstrates that among the Japanese, while more than half of those surveyed thought Japan-South Korea relations are beneficial not only for both countries but also for the broader region, the overwhelming majority (over 70%) do not have a favorable impression of South Korea.¹⁹ In any case, he has only the December 2015 agreement as a tangible achievement in his diplomacy vis-à-vis South Korea, with little else to show.

Japan-North Korea

For Japan, there are three major challenges in its bilateral relationship with North Korea. First is the security threat that North Korea has presented to Japan since it announced its intention to withdraw from the Nuclear Non-Proliferation Treaty (NPT) in 1992. Pyongyang has steadily developed not only its nuclear weapons but also its ballistic missile capabilities. For Japan, improvement of its short- and medium-range ballistic missile capabilities has been an urgent matter too. Second is the diplomatic issue that is unique to Japan-North Korea relations: the abductions issue. The Japanese government continues to demand North Korea to provide an accounting for presumed abductees who it believes still remain in North Korea. Finally, North Korea is the last country with which Japan has not settled wartime issues due to the absence of diplomatic relations. When Koizumi visited Pyongyang in September 2002, he signed the Japan-North Korea Pyongyang Declaration, which agreed that the two countries would make their utmost effort to normalize bilateral relations, which could be achieved only after all the bilateral issues – Japan’s wartime reparations, abductions, North Korea’s missile and nuclear programs – are resolved in a comprehensive manner, to mutual satisfaction.²⁰

Abe is considered one of the staunchest supporters of the abduction issue. His meteoric political rise was linked to his vocal support for the families of abductees. Throughout his dual tenure as prime minister, resolution of this issue has been the priority in his North Korea policy. Since Kim Jong-il admitted to Koizumi that his national security apparatus was responsible for the abductions, Japan has taken the position that the comprehensive settlement of abductions, nuclear weapons, and missiles is the prerequisite for negotiations for diplomatic normalization.

Starting in 2006, Abe had Japan’s foreign ministry begin to issue an annual report on the abduction issue. When he returned in 2012, he also established the *rachi mondai taisaku honbu* (abduction issue headquarters) within the Cabinet office, which the prime minister chairs, and which includes all of his cabinet ministers, seeking to promote an all-of-government effort to resolve the issue.

Abe’s government defined “the resolution” of the abduction issue as the return of *all* the victims to Japan.²¹ In this context, Abe chose to take an approach to North Korea that was similar to the one he took for China – not rushing to establish connections at the summit level, but being cautious about when and how to engage. Abe was forced to revise his approach after Trump, defying all expectations, decided to hold a summit meeting with Kim Jong-un in 2018. China, South Korea, and Russia all began robust diplomatic engagement with North Korea, Abe became the only leader in the region yet to meet Kim Jong-un, and he modified his position from “dialogue and pressure” to “dialogue without preconditions.” However, there is no prospect that Abe will meet Kim again in the foreseeable future.

Japan-Russia

Russia remains the only country with which Japan has not signed a peace treaty after WWII, and Abe has been determined to obtain this breakthrough. Returning to the premiership with the overall goal of “moving Japan beyond the postwar regime (*sengo regime kara no dakkyaku*),” Abe invested time and effort in developing a personal relationship with Vladimir Putin, meeting with him 27 times. Abe was even willing to be at odds with the U.S.

when he invited Putin to his hometown in Yamaguchi Prefecture for a summit meeting in December 2016, despite Russia's annexation of Crimea in March 2014, which had drawn intense criticism from the international community, including the Obama administration.

Despite Abe's effort, however, even though the two agreed to "accelerate" peace treaty negotiations in Singapore in 2018, there has been no visible progress. Rather, Russia has steadily continued to fortify its control over the four islands that have been disputed, including building military facilities, deploying troops, and conducting military drills. Putin's hardline position on the fruits of Soviet victory in 1945, and on territorial integrity, makes Abe's pursuit seem hopeless.

What sustains Abe's effort to pursue the settlement of the Northern Territories issue? Even though he has not publicly changed Japan's official position on the issue that it will demand the return of all the four islands at the same time, Abe, at times, seems ready to take a two-step approach, secure an agreement first on the return of two islands while continuing to negotiate the return of the other two islands. At other times, his desire to continue his engagement with Putin seems to be driven by his desire to prevent Russia from continuing to deepen its security relationship with China and siding with Beijing on its sovereignty claims, including on the Senkaku Islands. Some have even speculated that a third objective is to carve out a sphere of autonomous diplomacy rather than to depend solely on the U.S. alliance in great power relations. Abe ploughs forward in pursuit of Putin despite the disappointments.

Abe as Diplomat-in-Chief and Its implications

Both in Japan's global/regional diplomacy as well as in its bilateral relations in Northeast Asia, Abe's role as Japan's top diplomat has been pronounced. Being the longest-serving prime minister since the Meiji Restoration has allowed him to be a constant presence in multilateral forums such as the G7, the UN General Assembly, APEC, and the East Asia Summit. This affords him senior statesman-like status, contributing to raising Japan's international profile.

Furthermore, Abe has been skillful in articulating his vision for Japan's foreign policy in these settings, such as launching the concept of a "Free and Open Indo-Pacific." He also introduced new efforts in girls' education in Africa and Southeast Asia when he spoke at the UN General Assembly in September 2019.²² Abe is widely praised for the vision of his numerous initiatives, the breadth of his diplomatic undertakings, and the personal rapport achieved with numerous world leaders.

Abe should also be given credit for his efforts in streamlining Japan's foreign policy making process, giving greater maneuverability to the prime minister and his close advisors to shape Japan's foreign policy agenda. He did so by accelerating the effort to concentrate policy- and decision-making authority in the *Kantei* (Office of the Prime Minister). Although the effort to strengthen the *Kantei* long precedes Abe, he has accelerated the process through measures such as establishing the *Naikaku Jinji-kyoku* in 2015 and thereby gaining control of appointing senior officials throughout the government, and by enhancing the National Security Secretariat. In the area of foreign policy, these measures allowed Abe to gain much greater control than his predecessors in order to prioritize foreign policy issues of his choosing.

His effort in modernizing the legal and regulatory framework for security policy has also been noteworthy. Even though the constitutional revision has stalled far short of where Abe wanted to go, he was still successful in relaxing the constraints under which Japan's security policy had been placed, such as establishing the new Three Principles for Transferring Defense Equipment. In addition, enacting the Peace and Security Legislation enabled Abe to foster an environment in which the SDF, if necessary and when appropriate, can back up Japan's foreign policy goals by its overseas activities.

However, when it comes to his diplomacy in Northeast Asia, Abe has hardly achieved any successes. For instance, despite the time and effort he spent to build a personal relationship with Putin, meeting at every opportunity, he not only has been unable to move the needle on the Northern Territories issue, but also seems to have fallen into a trap, as had his predecessors, by allowing economic cooperation with Russia to take place before any concrete progress in negotiations over the sovereignty. Quite to the contrary, Russia seems to be doubling down on its effort to tighten the grip on these islands. Similarly, with North Korea, all the effort Abe made to hold off from pursuing summit-level engagement did not yield any progress. Especially as he became the "odd man out," after Trump's decision to meet Kim, Abe was forced to adjust his position to be willing to meet with Kim "without attaching any condition."²³ Furthermore, Japan's relations with South Korea have sunk to the lowest point since the two countries signed the Basic Agreement and normalized their relations. With Abe and Moon so far apart in their stance toward Japan's wartime history, as well as in their approaches to North Korea and China, Abe is hard-pressed to find any common ground. The outbreak of the novel coronavirus since January 2020 may provide a face-saving way for the two leaders to resume engagement. Still, the prospect for concrete cooperation between the two countries seems far from certain.

Even with China, the country with which he has had the best prospect to gain concrete results, Abe now finds himself having to tread carefully. Although he managed to get relations back on track by the spring of May 2018 when he hosted the 7th Japan-China-South Korea trilateral summit in Tokyo, his possible over-eagerness to host Xi Jinping for a state visit in the spring of 2020 has come under severe scrutiny due to questionable judgement on not enforcing more rigorous screening for visitors from China at an early stage of the outbreak of COVID-19.

In short, while Abe has been visionary in his speeches, his ability to deliver tangible results for Japan as the diplomat-in-chief has been questionable at best so far. This is in spite of the fact that he has successfully buttressed the authority of *Kantei*, making it a lot easier for him to focus on shaping his own agenda, compared to any of his successors. In addition, Abe has also benefited from the lack of a credible contender to replace him, either within his own Liberal Democratic Party (LDP) or in the opposition parties.

What does Abe's limited success in bringing concrete results for diplomatic issues in Northeast Asia mean? First and foremost, with the possible exception of Japan-China relations that tend to get impacted more by the ongoing dynamics in today's geopolitics, the diplomatic challenges Japan has with its neighbors have historical roots that go back several decades with structural issues built into them, and thus do not have an immediate solution, as the other countries also have their own domestic dynamics that often run against Japan's policy preference. For example, many of Japan's diplomatic challenges with

South Korea have their roots in the conditions inside South Korea²⁴ under which the two countries negotiated and signed the agreement to normalize their relations. As a result, now that South Korea enjoys vibrant democracy, regardless of what Japan chooses or does not choose to do, Tokyo's policy choices get politicized in South Korean domestic political content, and any agreement between the two governments runs the risk of being undermined, as we have been witnessing the fallout of a series of moves made by the Moon administration.

Furthermore, with the diplomatic issues in Northeast Asia, Japan has developed a rock-solid position on many of them over the years. Abe's predecessors have shown considerable reluctance to demonstrate flexibility, and Abe himself has not shown much interest in working to create flexibility, which has sometimes cost Japan diplomatic opportunities. In the case of North Korea, for example, Japan's persistent position of "no substantive engagement before the resolution of the abduction issue" has not only tied Tokyo's hands with Pyongyang in its bilateral negotiation, but also placed Japan as an outlier in regional diplomacy toward North Korea's denuclearization. Similarly, Japan's solid position on the Northern Territories – the return of four disputed islands all at once – has not allowed Japan to make any progress on its negotiation with Russia toward a bilateral peace treaty which Japan needs in order to reach a full closure on World War II.

Abe is slated to leave office by September 2021. If Abe, with his very stable tenure since 2012, has not been able to achieve much progress in any of Japan's major foreign policy issues in Northeast Asia, what does that mean for Japan's foreign policy after he leaves the office?

Currently, there are several politicians who seem to be positioning themselves as contenders in post-Abe leadership. Contenders include former foreign minister Kishida Fumio, former defense and agricultural minister Ishiba Shigeru, incumbent foreign minister Motegi Toshimitsu, and incumbent chief cabinet secretary Suga Yoshihide. Each of them is more of a consensus builder, and none of them are known to be visionaries, or known for their ambitious foreign policy agenda. If anything, with the exception of Ishiba, all of them have risen to be regarded as the contender for post-Abe leadership by showing their loyalty to Abe, rarely expressing any dissent with Abe over his policy agenda.

These factors suggest the following for post-Abe Japanese foreign policy. First, because of their tendencies to emphasize forming consensus before moving forward with their decisions, all of them are likely to show a strong probability to be locked into Japan's historical positions on Japan's diplomatic issues in Northeast Asia. There may be a difference in nuances in their approaches –for example, Kishida may take a more sympathetic tone in his approach toward Japan-South Korea relations – but none of them will be likely to make a fundamental shift in Japan's negotiating position in any of the diplomatic challenges it currently has with its neighbors.

Furthermore, their consensus-based approach will likely result in slower decision-making. The concentration of decision-making authority in *Kantei* works effectively with decisive leaders, such as those who have honored greater centralization of the decision-making process in the past, including Nakasone Yasuhiro, Koizumi Junichiro and Abe himself. On the contrary, if the prime minister is more cautious about making decisions, the decision-making

process will return to the incremental, bottom-up inter-agency consultation process that Japan used to have, with greater importance attached to the consultations that take place among the officials assigned from the stakeholder agencies (such as Ministry of Foreign Affairs, Ministry of Defense, and Ministry of Economy, Trade and Industry) to the National Security Secretariat. As a result, it is highly probable that in the post-Abe era, Japanese foreign policy will become less dynamic and less visionary, with only minor adjustment to the overall direction that Abe has already set for Japan.

The biggest unknown today is the impact that the novel coronavirus will have. This new virus has already impacted Abe's potential foreign policy legacies, including the state visit by Chinese president Xi Jinping to Japan and the postponement of the Tokyo Olympics until July 2021. Furthermore, Abe has been heavily criticized by the Japanese public for his government's potentially "too little, too late" response as the spread of the novel coronavirus accelerates across Japan. This includes his government's emergency declaration for major metropolitan areas in Japan, including Tokyo, which was issued on April 7 after much speculation. Even following the declaration, his government continues to be criticized for the lack of clarity in its guidance as well as its unwillingness to employ more decisive measures (such as imposition of fines on the violators) to enforce the guidance. The Abe government's missteps in its response to the novel coronavirus could not only cost him his support within Japan, but also could cost him the confidence of the international community in Japan's capacity as a country to handle emergencies that evolve quickly, such as international pandemics.

Should that happen, Abe's leadership style itself will be placed under great scrutiny. Did he and his closest advisors monopolize the decision-making process, unwilling to listening to dissenting views before making decisions? Should he have sought more to forge consensus among major political leaders to reach better balanced decisions, even if it might have taken a bit longer? The answers to these questions will present powerful "lessons learned" for his successor, influencing his or her approach toward decision-making over policy issues. However as the debate about the post-Abe leadership unfolds, one thing is certain. With all of the frontrunners to succeed Abe likely to place greater emphasis on shaping consensus, it is highly unlikely to witness a leader be a high-profile "diplomat-in-chief" as Abe has ably done.

Endnotes

- ¹ The Japan Ministry of Foreign Affairs has so far only banned the entry of non-Japanese citizens who have traveled to Hubei and Zhejiang provinces. Chinese and other non-citizens who have traveled to other parts of China within 14 days prior to their arrival in Japan are "requested" to self-quarantine for 14 days and refrain from public transportation. Ministry of Foreign Affairs of Japan, "Border enforcement measures to prevent the spread of novel Coronavirus (COVID-19)," March 27, 2020, https://www.mofa.go.jp/ca/fna/page4e_001053.html.
- ² International Olympic Committee, "IOC, IPC, Tokyo 2020 Organising Committee and Tokyo Metropolitan Government Announce New Dates for the Olympic and Paralympic Games Tokyo 2020," March 30, 2020, <https://www.olympic.org/news/ioc-ipc-tokyo-2020-organising-committee-and-tokyo-metropolitan-government-announce-new-dates-for-the-olympic-and-paralympic-games-tokyo-2020>.
- ³ Abe Shinzo, "Confluence of the Two Seas," Ministry of Foreign Affairs of Japan, August

22, 2007, <https://www.mofa.go.jp/region/asia-paci/pmv0708/speech-2.html>

- ⁴ Aso Taro, "Arc of Freedom and Prosperity: Japan's Expanding Diplomatic Horizons," Ministry of Foreign Affairs of Japan, November 30, 2006, <https://www.mofa.go.jp/announce/fm/aso/speech0611.html>.
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- ⁶ Abe Shinzo, "The Bounty of Open Seas: Five New Principles of Japanese Diplomacy," Prime Minister of Japan and His Cabinet, January 18, 2013, http://japan.kantei.go.jp/96_abe/statement/201301/18speech_e.html.
- ⁷ Richard L Armitage and Joseph S. Nye, Jr., "The U.S.-Japan Alliance: Anchoring Stability in Asia," Center for Strategic and International Studies, August 15, 2012, https://csis-prod.s3.amazonaws.com/s3fs-public/legacy_files/files/publication/120810_Armitage_USJapanAlliance_Web.pdf.
- ⁸ Government of Japan, *National Security Strategy*, December 17, 2013, http://japan.kantei.go.jp/96_abe/documents/2013/_icsFiles/afieldfile/2013/12/17/NSS.pdf.
- ⁹ For instance, Yachi Shotaro, a highly respected retired diplomat, was first appointed as the senior advisor to the Cabinet Office in December 2012 and served as Abe's first national security advisor during 2014-2019. Similarly, Kanehara Nobukatsu, assistant chief cabinet secretary, served in the position for seven years before he retired in December 2019, the last five years of which as Abe's deputy national security advisor.
- ¹⁰ Abe Shinzo, "Address by Prime Minister Shinzo Abe at the Opening Session of the Sixth Tokyo International Conference on African Development (TICAD IX)," Prime Minister of Japan and His Cabinet, August 27, 2016, http://japan.kantei.go.jp/97_abe/statement/201608/1218850_11013.html.
- ¹¹ Fukuda Yasuo, who immediately succeeded Abe in 2007, visited only nine countries in his tenure. Aso, Hatoyama, Kan, and Noda visited 12, eight, seven, and 10 respectively. Given that the tenure of each roughly lasted one year, Abe visiting 18 countries in that short period of time was considerably more. Data are taken from Ministry of Foreign Affairs of Japan, "Soridaijin no Gaikoku Homon Ichiran: 2006 nen 10 gatsu kara 2020 nen 2 gatsu made," https://www.mofa.go.jp/mofaj/kaidan/page24_000037.html.
- ¹² Ministry of Foreign Affairs of Japan, "Abe Soridaijin: Nitchu Kyodo Happyo," October 8, 2006, https://www.mofa.go.jp/mofaj/kaidan/s_abe/cn_kr_06/china_kpress.html.
- ¹³ Ministry of Foreign Affairs of Japan, "Japan-China Summit Meeting," November 10, 2014, https://www.mofa.go.jp/a_o/c_m1/cn/page4e_000151.html.
- ¹⁴ Ministry of Foreign Affairs of Japan, "Japan-China Summit Meeting," November 1, 2015, https://www.mofa.go.jp/a_o/c_m1/cn/page3e_000404.html.
- ¹⁵ Ministry of Foreign Affairs of Japan, "Chinese Premier Li Keqiang's visit to Japan," May 11, 2018, https://www.mofa.go.jp/mofaj/a_o/c_m1/cn/page4_003997.html.
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- ¹⁸ Ministry of Foreign Affairs of Japan, “Daikan Minkoku: Kako no Yojin Orai/Kaidan,” <https://www.mofa.go.jp/mofaj/area/korea/visit/index.html>.
- ¹⁹ Cabinet Affairs Office, *Gaiko ni kansuru Yoron Chosa*, December 2019, <https://survey.gov-online.go.jp/r01/r01-gaiko/gairyaku.pdf>.
- ²⁰ Ministry of Foreign Affairs of Japan, “Japan-DPRK Pyongyang Declaration,” September 17, 2002, https://www.mofa.go.jp/region/asia-paci/n_korea/pmv0209/pyongyang.html.
- ²¹ For instance, Abe, in his first policy speech in front of the Diet in January 2013, stated that his work would not end until “the families of all the abductees are able to hold their relatives in their arms.” Abe Shinzo, “Policy Speech by Prime Minister Shinzo Abe to the 183rd Session of the Diet,” Prime Minister of Japan and His Cabinet, January 28, 2013, https://japan.kantei.go.jp/96_abe/statement/201301/28syosin_e.html.
- ²² Abe Shinzo, “Address by Prime Minister Abe at the Seventy-Fourth Session of the United Nations General Assembly,” Prime Minister of Japan and his Cabinet, September 25, 2019, http://japan.kantei.go.jp/98_abe/statement/201909/_00002.html.
- ²³ Abe Shinzo, “Policy Speech by the Prime Minister to the 201st Session of the Diet,” Prime Minister of Japan and His Cabinet January 20, 2020, http://japan.kantei.go.jp/98_abe/statement/202001/_00004.html.
- ²⁴ When the two countries signed the Basic Agreement in 1967 and normalized bilateral relations, South Korea was under military dictatorship, so the public never had a chance to weigh in on the contents of the agreement, nor were they explained to the public.

Moon Jae-in: Putting North Korea at the Center

Kathryn Botto

While President Moon Jae-in has a calmer demeanor than his mentor and friend, former President Roh Moo-hyun, there can be no doubt that his vision for transforming Northeast Asia is as far-reaching. While Moon has been more careful to assuage the U.S. president, less abrasive in his language toward Japan, and more strategic in reaching out to leaders in China and Russia, his strategy of putting North Korea at the forefront of regional realignment has similar geopolitical ambition. The objective is the rejuvenation of a reintegrated peninsula with the capacity to steer actions by all of the great powers rather than falling prey again to their machinations that are not in Korea's interest.

During his presidential election campaign, candidate Moon remarked of his life-long friend, Roh Moo-hyun: "If I take the office, I'll tell him at his memorial service, 'Now you rest in peace. I'll realize your unachieved dreams.'"¹ Though Moon served as a top aide in the Roh administration, he saw himself as ultimately returning to a career in law. But Roh's tragic suicide galvanized Moon to enter electoral politics for the first time and win a seat in the National Assembly.² It was fitting, then, that when Moon gave his first speech on his vision for inter-Korean relations at the Körber Foundation on July 6, 2017 he characterized himself as "inheriting" the engagement policy of his progressive predecessors Roh and Kim Dae-jung.³

Moon's 2018 engagement efforts would have made Roh proud. In just a year, Moon held three summits with North Korean leader Kim Jong-un, and was instrumental in facilitating the historic meeting between President Donald Trump and Kim in Singapore, the first-ever meeting between sitting leaders from the United States and North Korea. However, Moon inherited a different North Korea than his predecessors. The North Korea Roh confronted had conducted just one nuclear test. By the time Moon took office, North Korea had conducted five tests and would conduct a sixth in the first year of his presidency. During Roh's presidential term from 2003 to 2008, United Nations Security Council sanctions against North Korea related only to the import and export of WMD-related weapons, financial resources, certain services, and some luxury goods.⁴

Now, UN sanctions make almost all inter-Korean economic projects, notably reopening the Kaesong Industrial Complex, impossible. The sanctions regime not only includes far-reaching restrictions on WMD-related imports and exports, but covers roughly 90 percent of all North Korean commercial exports including oil, gas, and refined petroleum, as well as stringent measures on DPRK vessels and financial transactions and assets, and prohibits DPRK citizens from working abroad.⁵ U.S. sanctions go even further, limiting what an ally can accomplish.

In South Korea's other relationships, too, Moon confronts a set of challenges quite different from those of Roh. Handling the United States and China requires Moon to balance two competing approaches to both South Korea and North Korea. In Trump, he has at once found a partner willing to engage with the North to an impressive degree and an unpredictable ally with a transactional view of the alliance. He also faces a China increasingly willing to use its economic leverage to influence matters on the Korean Peninsula. At the same time, the United States' strong emphasis on U.S.-China strategic competition has led to unprecedented pressure for South Korea to make an impossible choice between its two largest trading partners and the countries with the largest impact on inter-Korean reconciliation. In the past year, Moon has presided also over the most volatile period in ROK-Japan relations

since their normalization in 1965. Apparent attempts early in his presidency to stabilize relations with Tokyo failed, as the boundaries between lingering disputes stemming from Japan's colonization of South Korea and security and economic relations broke down.

In pursuing inter-Korean détente in this context, Moon has sought geopolitical stability through balance, autonomy, and engagement. He has sought balance between the United States and China in order to avoid disrupting either relationship and to encourage constructive engagement with North Korea from all parties. He has sought autonomy in inter-Korean relations to avoid undue foreign influence on the process, a long-time goal of both North and South Korea. He has also attempted, to a varying degree, to orchestrate not only engagement with North Korea by South Korea, but also by the United States, while welcoming a stable security environment conducive to inter-Korean détente. In 2018 Moon appeared to succeed in a remarkable diplomatic balancing act, engaging all parties and gaining a leadership role in the process.

This strategy has had diminishing success, particularly in the past year. In attempting to strike a balance between China and the United States, Moon's middle of the road strategy did not placate China, and Beijing cut off high-level diplomatic ties with Seoul from the period the THAAD (Terminal High Altitude Missile Defense System) deployment was approved early in 2016 until late 2017. Moreover, despite an agreement reached between South Korea and China in October 2017, wherein South Korea affirmed the "Three Noes" demanded by Xi, and to Chinese support for Moon's opening in 2018 to Kim, Chinese dissatisfaction mounted with the triangular ROK-U.S.-DPRK focus of the diplomacy, instead of more Sino-ROK coordination and ROK yielding by bypassing certain sanctions as China had hoped.

The Moon administration attempted to satisfy both the United States and China in its framing of the decision to deploy the system. On October 30, 2017, Foreign Minister Kang Kyung-wha announced three conditions of the deployment: 1) the ROK would not consider any additional THAAD deployments, 2) the ROK would not join an integrated missile defense network led by the United States, and 3) the ROK would not enter into a trilateral alliance with the United States and Japan.⁶ To not deploy the system would cause a major rift in the U.S.-ROK alliance and contribute to an impression in Washington that South Korea was leaning away from the United States and towards China. However, to deploy the system would potentially invite even further retaliation from China, which had already proved costly for South Korean businesses. The so called "Three Noes" were not explicitly new policy – the ROK has held these principles for some time. However, in announcing them relative to the THAAD deployment decision it attempted to both assuage concerns about the system potentially being aimed at containing China and to prioritize the alliance and THAAD's utility for defending against the North Korean threat.

Moon also miscalculated how far the United States would go in pursuing confidence building measures with North Korea without clear signs of denuclearization; he got ahead of U.S. efforts in a way that led to moments of uncoordinated response and, ultimately, South Korea being sidelined by the negotiating strategies of both Pyongyang and Washington. Above all, Moon could not overcome the unmistakable strategy of Kim to get sanctions relief without taking serious steps toward denuclearization and to focus on Trump with little regard for Moon.

The Moon Administration's Perception of Risk

Particularly after Moon began to implement the confidence building measures in the Panmunjom Declaration in 2018, he received criticism that his approach to North Korea ignored the strategic realities posed by its asymmetric threat. To classify Moon as one-dimensionally “dovish” would, however, be to forget his first year in office, when his actions demonstrated that he does indeed take the North Korean threat seriously. On July 4, 2017, after just two months in office, North Korea tested an intercontinental ballistic missile that could theoretically reach the U.S. mainland, the first test of its kind.⁷ Just three days after the test, Moon urged countries at the G20 summit to firmly respond to North Korea's provocations, stating that “to resolve the North Korean nuclear issue, which has emerged as a global threat, the international community has to further intensify pressure against the North, including through a new UN Security Council resolution.” In the two days after North Korea's ICBM test, South Korea conducted live-fire missile drills off its east coast and conducted combined missile firing drills with the United States.⁸ Though these drills were previously scheduled, they publicly displayed South Korea's military power in the face of an escalating North Korean threat. Moon's responses assuaged Trump's potential ire, given the skepticism the U.S. president had expressed about the alliance, and accompanied Xi's support at the UN for much tougher sanctions. Thus, in 2017, Moon paid little price for looking tough.

North Korea's ICBM test sparked escalation of Trump's rhetoric toward Kim, with his infamous statement that North Korean threats “will be met with fire and fury like the world has never seen” made just a month later.⁹ Amidst continuously intensifying rhetoric between Washington and Pyongyang in the summer of 2017, North Korea fired a ballistic missile directly over the northern Japanese island of Hokkaido on August 28, an unprecedented provocation. Four days later, on September 2, North Korea conducted its sixth nuclear test. On September 15, it launched another ballistic missile over Hokkaido. Kim's actions united other nations in their opposition.

Although we may never know if he was bluffing or not, Trump's rhetoric made the threat of war seem quite real during this period. Again, Moon did not reward North Korea's bad behavior but acted in coordination with the United States, Japan, China, Russia, and the international community to respond to and condemn North Korea's actions. Immediately after the first missile launch over Japan, Moon ordered an “overwhelming show of force” in response.¹⁰ South Korea, within hours of the launch, conducted a live-bombing drill in Gangwon province. In a rare move, the Agency for Defense Development made this footage public to showcase the ROK's ability to decisively strike targets in North Korea and even take out its leadership.¹¹ After an emergency meeting of the National Security Council, National Security Advisor Chung Eui-yong briefed the press that he had spoken twice with his U.S. counterpart and that South Korea would seek the “most powerful sanctions” against North Korea.¹² China agreed to such measures as well.

For Moon's conservative predecessors, provocations of this nature were cause for scaling down engagement with Pyongyang as a punishing measure. After the sinking of the Cheonan on March 26, 2010, former President Lee Myung-bak issued the “May 24 measures,” which effectively shut down most forms of inter-Korean exchange and economic cooperation.

After North Korea's fourth nuclear test, former President Park Geun-hye shuttered the Kaesong Industrial Complex, the last bastion of inter-Korean economic cooperation. Neither decision was made as a reaction to a single event, but after a long string of North Korean provocations during both presidencies. Behind these decisions one sees a defining assumption of conservative ideology in South Korea: continuing cooperative projects during periods of provocation rewards bad behavior. The only way to induce the Kim regime to change is by increasing the stakes of its provocations through a stronger defense posture, and by cutting it off from the international community economically and politically, thereby making denuclearization and political change the only path to sanctions relief and prosperity.

Even as Moon called for provocations to be met "with stern responses to prevent North Korea from making misjudgments," he maintained that the possibility of dialogue remained open.¹³ Progressives have historically been far more open to engaging North Korea, even in periods of heightened tension. The Six-Party Talks and every inter-Korean summit (2000, 2007, and three in 2018) occurred under progressive presidents. As such, the political narrative in South Korea often casts them as unalarmed by the North Korea threat. However, arguments for engagement are far more complex than that. Rather than the difference in opinion stemming from a lack of concern, it stems from opposing assumptions in progressive and conservatives' calculation of risk in regard to North Korea. For conservatives, engagement (particularly in the economic realm) is often considered risky, as it can directly or indirectly provide political legitimacy or economic resources to prop-up the regime. Potential positive incentives are regarded as rewarding bad behavior, which disincentivizes the regime from change. In its most extreme form, this view results in zero-sum policies toward North Korea, in which any form of engagement can potentially be both a benefit to Pyongyang and a detriment to Seoul as it prolongs the longevity of the regime.

However, Moon calculates risk differently from his conservative counterparts. For Moon and other progressives, engagement with North Korea creates positive incentives for the reduction of tensions on the peninsula. If North Korea's incentive to develop and maintain a nuclear weapons capability is for regime survival, then North Korea will consider denuclearization only when the international community, and particularly the United States, can sufficiently demonstrate that it does not intend to exterminate the regime. Measures to accomplish this include providing security guarantees (though they are often poorly defined), limited sanctions relief for cooperative economic projects, and an end of war declaration or peace treaty to end the Korean War. Where many conservatives see a zero-sum game in which anything gained by the regime before serious denuclearization is a loss for South Korea, progressives see incremental incentives and gradual economic gains for North Korea as beneficial for building trust that will lead to denuclearization. They believe that pressure can be used initially to bring North Korea to the negotiating table, but ultimately engagement is the means of de-escalation. Not engaging risks degrading trust that is essential for denuclearization and peace, and in turn increases North Korea's incentive to maintain its nuclear program and its threatening defense posture. Thus far, neither progressive nor conservative presidents' approaches have deterred North Korea from continuing to advance its nuclear program. As Moon attempted to test an engagement-based policy once more, with new leaders in both Pyongyang and Washington, his first priority was to stabilize relations with the United States and China in order to create an environment conducive to engagement. 2018 presented a chance to do just that.

Geopolitical Stability through Balance and Autonomy

Moon faced major obstacles to creating a stable security environment at the beginning of his term. He had two major foreign policy issues to confront immediately, both controversial and questionably legitimate as they were decided under the corrupt Park administration: China's response to THAAD, and maintenance of the General Security of Military Information Agreement (GSOMIA) with Japan (with the "comfort women" agreement in the mix, although it was not seen as a security matter.) Further, skepticism in Washington about Moon's progressive intentions, compounded by Trump's new rhetoric about insufficient burden sharing put Moon in a corner as well, given his aspirations for inter-Korean engagement that required U.S. support.

With extremely serious and pervasive corruption revealed under the Park administration, and with the revelation that Park had taken and solicited advice from a longtime friend with no security clearance, many decisions made by Park had been called into question. Particularly, GSOMIA was signed on November 22, 2016, just weeks before Park was impeached by the National Assembly.¹⁴ Although public support for THAAD deployment was strong in 2016 following North Korea's nuclear test, it declined when the U.S. military appeared to be expediting the installation of THAAD weeks before Moon's election in an attempt to deny him room to maneuver on the decision, which he had promised to review.¹⁵ Also, the "comfort women" agreement with Tokyo, which Park declared a "final and irreversible" resolution of the issue, was never popular with the public – a joint South Korea-Japan opinion poll conducted from June to July in 2017 (two months into Moon's term) showed just 21.3 percent of South Korean respondents approved of the agreement.¹⁶ No less urgent was the challenge of putting relations with China back on track given China's biting informal sanctions against the ROK for THAAD and the hold put on high-level diplomacy. None of Moon's plans could be achieved if he could not reboot this relationship, but China's demands seemed incompatible with U.S. ones.

Public Opinion and Domestic Legitimacy

Moon faced a challenge in responding to these issues in a way that would support stability in the security and diplomatic environment to facilitate his inter-Korea agenda. First, he had to ensure his decisions were viewed as legitimate by the South Korean public in order to restore their faith in democratic institutions, which had declined in the wake of the Park Geun-hye scandal. He sought legitimacy through processes that allowed him the flexibility and time to make decisions that would both satisfy the public and address the geopolitical realities of the situation. At the THAAD deployment site in Seongju, residents were concerned about the environmental and health effects of radiation from THAAD's X-band radar system.¹⁷ After the system was proved to be harmless through an environmental impact assessment, Moon decided to deploy the system in September 2017. The environmental assessment allowed him to placate some fears by reviewing impact and processes while still taking appropriate defensive measures in response to the North Korean threat.

On the "comfort women" agreement, Moon took a similar path, asking an independent commission of experts to review the process by which the agreement was formed. It concluded that the process was flawed, primarily in that it did not take a victim-centered

approach.¹⁸ In response, the Moon administration criticized the agreement without seeking to renegotiate it and rejected the notion that the issue was “solved.” While the deal remained unpopular, Moon’s actions lent transparency to the process, and his declaration that the issue required long-term redress reflected public opinion. In response to the other issue with Japan, GSOMIA, Moon relied on a justification based on his “two-track” approach, to separate historical and security issues. Though this strategy would break down in 2019, it provided an explanation for his maintenance of the agreement at the time.¹⁹

On relations with China, Moon made concessions to secure a summit with Xi Jinping, promising no additional THAAD missiles, no participation in the U.S. missile defense network, and no trilateral military ties with Japan as well as the United States. Some accused him of sacrificing sovereign decisions, giving China a veto under pressure. Moreover, China continued to complain about THAAD and keep in place some of its informal sanctions. In 2018 Moon could proceed with his North Korean diplomacy without worrying that Chinese distrust would be an obstacle, but, much as Moon’s first moves with Japan did not alleviate deep distrust of him, so too did his diplomacy with China fail to suppress growing Chinese disquiet at Moon’s 2018 focus only on the DPRK and United States. With Trump riling bilateral relations with his remarks, Abe expecting the worst from Moon as a court verdict on forced labor compensation loomed, and Xi intent on applying more pressure on Moon for security cooperation, Moon wooed Kim with just fragile support.

Moon’s efforts to win trust from the public were necessary to establish the legitimacy of his government. He had a balance to strike between public opinion and geopolitical realities, but also needed to strike a balance in his relations with neighboring countries in order to stabilize the regional security environment enough to allow his inter-Korean agenda to proceed. After promoting domestic stability, Moon would prioritize regional stability in the security realm.

The Need for Balance and Autonomy

Moon had to make difficult decisions on how to balance the competing strategic visions of his neighbors in order to secure their support for his inter-Korean agenda, even as he maintained that he would put South Korea in the “driver’s seat and lead Korean Peninsula-related issues based on cooperation with our neighbors.”²⁰ Roh also had a vision of a “balancing role,” in which the ROK would “lead in building a cooperative security structure in the region and working together closely with other neighboring countries based on the Korea-U.S. alliance.” When he articulated his view of South Korea as a balancer, he made a controversial proclamation that the “map of power in Northeast Asia could shift, depending on what choice we make.” The idea of the ROK as a balancer, and this sentiment in particular, drew the ire of conservative South Koreans and critics in the United States, who interpreted the concept as an intention to turn away from the U.S. toward China.

Moon’s intentions for regional geopolitics remain unclear, as he is sticking closely to a narrow emphasis on how the peninsula will gain through a North-South breakthrough. Reducing tensions and asserting South Korea’s role both create a stable environment for inter-Korean détente and allow Seoul to avoid ceding influence on foreign policy to an outside power. The desire to gain independence from foreign influence in South Korea’s foreign and defense policy is rooted in a centuries-long history of interference that impeded

Korea's self-determination. Hundreds of years of Chinese suzerainty, Japanese colonization from 1910 to 1945, and the division and subsequent occupation of Korea by the United States and Russia after World War II are always on people's minds. Yet, given the interests and maneuvers of other states, the prospects for autonomy remain distant.

The pursuit of autonomy is also a principle inherently relevant to inter-Korean relations. Every inter-Korean agreement since the 1972 Red Cross talks, the first formal inter-Korean meeting since the two countries' division, has included some statement declaring independence from foreign influence in the process of unification. Indeed, the Panmunjom Declaration resulting from the April 2018 summit declared that "The two sides will reconnect the blood relations of the nation and bring forward the future of co-prosperity and *independent reunification led by Koreans* [emphasis added] by achieving comprehensive and epochal improvement and development in inter-Korean relations."²¹ In the Pyongyang Joint Declaration of September 2018 as well, Kim and Moon "reaffirmed the principle of independence and self-determination of the Korean nation."²² Naturally, as the division of Korea was imposed by foreign powers, the two Koreas are both adamant that the unification process be facilitated by themselves. The desire for a Korean-led diplomatic process is palpable in the Moon administration's rhetoric about South Korea's position in the "driver's seat" on Korean Peninsula issues.²³

Between the United States and China

The most challenging balance to strike is between the United States and China. Both are signatories of the Korean Armistice Agreement, and any formal peace treaty or end of war declaration would likely require the support of both. The Kim regime also sees the United States as an existential threat, seeking security guarantees from it as a prerequisite to denuclearization, should that be on its agenda. Both China and the United States are members of the UN Security Council, making their support critical to sanctions relief, which both South and North Korea see as a means of moving forward in inter-Korean cooperation and ultimately building trust. China and the United States are nuclear weapon states, and given the restrictions on non-nuclear states under the Nuclear Non-Proliferation Treaty, they would be two of only five countries permitted to participate in the technical process of dismantling North Korea's nuclear weapons program and infrastructure.²⁴ Additionally, China is, of course, North Korea's largest trading partner and thus integral to the regime's survival, giving it more leverage over the North than the United States.²⁵ The practical realities of the United States' and China's influence constrains autonomy in inter-Korean relations.

Despite deeper strategic competition between the two, South Korea must pursue positive relations with both in order to maximize its potential on inter-Korean issues. Moon's treatment of the THAAD issue in 2017 illustrates his strategy for accomplishing this, though the opposing nature of the two countries' outlook on the peninsula resulted in only limited success.

China viewed the deployment of this defensive system as a means of denigrating China's own strategic capabilities. The system's radar, Beijing argued, could probe deeply into Chinese territory and detect the location of Chinese missile tests or launches.²⁶ The THAAD system raised China's anxieties about the potential for integrated trilateral missile defense

in the region, and China also made arguments that the system's deployment would spark an arms race in Northeast Asia. In short, China argued that the true target of THAAD is China rather than North Korea.

There is some question as to whether China's concerns are legitimately military-based or if the issue was an excuse to drive a wedge in the alliance, a popular view in both Seoul and Washington.²⁷ Whatever the reason, China pursued a strategy of intense diplomatic and economic pressure on South Korea while claiming that the cause was consumer displeasure with South Korean products. Sanctions heavily impacted Lotte, the company that owned the golf course in Seongju where THAAD would be deployed, as well as South Korean cultural exports such as television dramas and K-pop, the tourism industry, and car makers, along with many more exports.²⁸ The National Assembly's Budget Office estimated the economic cost at \$6.8 billion, though other outlets such as the Hyundai Research Institute put losses at over \$16 billion.²⁹

This temporary settlement over THAAD did not resolve the challenge South Korea faces in its position between the United States and China. Moon may have overestimated the extent to which his "Three Noes" strategy would placate Beijing. Relations remained chilly, even after the two countries agreed during a December 2019 visit by Foreign Minister Wang Yi to South Korea, the first in four years, that they would "completely normalize" relations.³⁰

Public opinion of China in South Korea took a decidedly negative turn. One poll found that in March 2017, the favorability of China dropped (on a ten-point scale with 10 being the most favorable) from 4.6 for progressives and 4.2 for conservatives to 3.2 for both. In the prior two years, it had never dipped below 4 and was often above 5. As of July 2019, opinions have still not recovered completely, consistently hovering between 4.2 and 3.6. An October 2019 study found that 78 percent of South Korean respondents believed that "South Korea should prioritize strengthening ties with the United States over those with China."³¹ Just 14 percent believed the opposite.

Other actions by the Moon administration have made some policy makers in Washington concerned that South Korea would not "choose" the United States over China. Moon has thus far not formally endorsed the United States' "Free and Open Indo-Pacific" (FOIP) strategy.³² At the same time, he has expressed interest in joining China's Belt and Road initiative.³³ In reality, choosing between the United States and China represents a false choice for South Korea. In economic terms, South Korea, as a democracy, cannot order corporations not to engage with China, nor would it want to – China is its largest trading partner. Moon is aware that China also has great influence over his most important policy goal of repairing relations with North Korea. As such, South Korea has little incentive to upset its relationship with China at the moment.

So far, though U.S. anxieties over South Korea's choice persist, direct pressure has been limited. If Moon remains intent on straddling, the immediate obstacle is intensifying Chinese pressure.³⁴ Chinese articles convey intensified demands on Moon, which were reflected in Wang Yi's visit to Seoul followed by Moon's meeting with Xi in Beijing, both in December 2019. The focus has turned to security, to security-linked economic ties, and to defiance of the U.S. on these and other matters, including North Korean policy. The pandemic in 2020 also has caused some in both countries to fault the other for travel restrictions.

Geopolitical Obstacles to Regional Coordination on North Korea Policy

The Olympics presented the perfect opportunity for Moon's diplomatic image-making. He appeared to be the main facilitator in creating an unprecedented diplomatic opening and calming tensions when they seemed to be mounting. The United States, China, Russia, and Japan all seemed to be on the same page to deescalate tension if denuclearization was on the table. Kim expressed willingness to begin discussions with the United States over his nuclear program, which set talks in motion. Moon was delighted, but the process and speed of U.S. diplomatic engagement, though welcome, made inclusion of other regional stakeholders difficult. On March 9, 2018, Trump surprised observers by readily accepting Kim's invitation to meet after the latter reportedly expressed a willingness to refrain from nuclear testing and pursue denuclearization.³⁵ Trump surprised even the Pentagon and South Korea in his press briefing after the Singapore summit when he announced that the U.S. would suspend military exercises.³⁶ This unilateral pronouncement, in which he echoed North Korean rhetoric in characterizing the exercises as hostile "war games," would be an indicator of the uncoordinated way in which the United States would approach diplomacy with North Korea throughout 2018.³⁷

With the United States leading the process, Moon had little room to bring other stakeholders in on his own. After the Singapore summit, it appeared the United States (and Trump in particular) was serious about pursuing engagement, but the nature of Trump's negotiations began to leave Moon behind. Moon had little incentive or opportunity to include other players, particularly as ROK relations with China, Japan, and Russia were all taking a turn for the worse in 2018.

China

Relations with China had not recovered from the THAAD dispute, and diplomatic contact was stalled. As the U.S. process took off, China began to initiate expanded contacts with North Korea, influenced by geopolitical considerations and less mindful of Trump than in 2017, given tension building over trade. It is highly concerned about U.S. forces on the peninsula and the goals of the U.S.-ROK alliance in general. Maintaining economic and political leverage over North Korea serves multiple purposes, while keeping the U.S. threat further from China's borders. But as Trump made the unprecedented move to accept an invitation from Kim to meet, Beijing began to feel it would be excluded from the process. A U.S.-led process would be certain not to defend Chinese interests. Both Moon and Trump appeared enthusiastic about signing a peace treaty, a process in which Beijing feels strongly it should be included. China quickly began to change its tone on North Korea. The North Korean leader was invited to meet with Xi in China, making his first foreign visit since assuming power in 2011, to meet Xi from March 25-28, 2018. This would be the first of five meetings between the two leaders in 18 months, all timed around inter-Korean or U.S.-DPRK summits. Though Beijing continued to call for denuclearization, the timing suggests that it sought influence or insight into the process through the North rather than the South or the United States. After supporting increased sanctions and criticizing Pyongyang's escalation with Washington, Beijing appeared less ready to align its efforts with the two allies.

After the Hanoi summit ended in failure in February 2019, China's position became clearer, as it assumed that the impasse would endure. Xi visited Pyongyang but not Seoul. He called for the Security Council to relax sanctions without further demands on North Korea and at sharp variance with the U.S. stance. Lax enforcement of sanctions apparently eased the pressure on Kim. Furthermore, China shifted to applying pressure on Moon to work together even if the result would strain the ROK-U.S. alliance. Moon was faulted for bypassing China and being too deferential to the United States. Moon was in a bind, lessened only by the fact that Trump was eager to keep alive the illusion that his diplomacy with Kim had not failed, nor had Moon's.

Japan

Relations with Japan began to worsen in 2018. Abe was the leader most in favor of maximum pressure, when Trump seemed to be wavering. Abe briefly appeared to be open to dialogue when he signaled his willingness to meet with Kim if the issue of Japanese citizens abducted from North Korea could be resolved, and subsequently offered to meet without preconditions. Abe's seemingly conciliatory shift was more a calculation to insert Japanese interests into a diplomatic process in which he has been sidelined rather than the product of a genuine move toward engagement.³⁸ These shifts were motivated by concern that Japan's interests were not being represented in U.S. negotiations with North Korea and that Abe was left the only regional leader without a summit with Kim. Moon sought to actively engage Abe at the beginning of his term. Indeed, he first met with Abe just two months after his election despite ongoing tension over historical issues, while his predecessor, Park, refrained from having a summit with the Japanese leader for three years.³⁹ Although Moon said he aspired to a "two-track" approach, he had little in common with Abe to make this a reality. Moon was not regarded as interested in Japan playing an active role in North Korean diplomacy in any case, compounding wariness that he is the heir to Roh's worldview that was antagonistic to the "pro-Japan faction" in postwar South Korea and to the way bilateral relations had unfolded from the time of normalization in 1965.

In 2019 ROK-Japan relations hit arguably their lowest point since normalizing relations in 1965. In the past, while disputes over historical issues over Japan's colonization ebbed and flowed in domestic political rhetoric, economic and security cooperation grew incrementally. But the lines between these issue areas were blurred in 2018 and 2019. The catalyst for their deterioration was arguably the South Korean Supreme Court's string of court decisions on behalf of South Koreans who were forced to labor in Japanese factories during colonization.⁴⁰ Notably, these decisions came from South Korea's court system and not from the executive branch. They became a catalyst for conflict between the Moon and Abe administrations on both security and economic issues.

The two states faced a security issue when Japan claimed that a South Korean naval vessel had locked its fire-control radar on a Japanese plane during an operation to rescue a North Korean fishing vessel on December 21, 2018.

In the context of simultaneous contention over both historical and security issues, in 2019, Japan imposed export controls on South Korea, which it defended on the basis of thinly veiled national security concerns over ROK exports of sensitive materials, ultimately removing South Korea from its trade white list. South Korea responded in kind,

and upped the ante by threatening to let the GSOMIA intelligence-sharing pact expire later in the year, although Moon announced South Korea would not withdraw just hours before the expiration deadline.

Moon is aware that the Japanese government lacks the freedom to negotiate with North Korea absent progress on the abductee issue, an issue of low importance to South Korea. Resolving lingering historical issues, however, is a top priority for Seoul. Also, South Korea is increasingly wary of Tokyo's military intentions, pointing to the reinterpretation of Article 9 of the Japanese Constitution and subsequent efforts to entirely revise it. South Korean national identity is steeped in collective historical memory of suffering during colonization. Japan's contrasting narrative of the colonial period threatens this construction of national identity.

Moon's geopolitical outlook is informed by Japan's relation to South Korean national identity more so than by shared security interests. While Moon attempted early on to separate the issues, the concurrence of multiple historical and security disputes in a short period of time influenced both sides. The trade war from July 2019 led to public boycotts and a sharp drop in tourism, and the pandemic of 2020 saw each side quickly impose a travel ban on the other, straining ties too.

Russia

The ROK views Russia as a potential economic partner and a security actor that could either placate North Korea or cause trouble for Seoul's policy goals. In principle, Moon's "New Northern Policy" and Russia's "Turn to the East" are compatible. Each aims to increase economic cooperation with the other through the complementary aspects of their economies.⁴¹ Moon's hope is that economic cooperation will facilitate economic integration that disincentivizes destabilizing actions and reduces the potential for conflict on the peninsula. At a minimum, his talk of north-south corridors for energy and transportation would keep Russian President Vladimir Putin from being a spoiler.

However, there are three critical obstacles to realizing this vision. First, as Moon noted in his rollout of the New Northern Policy, cooperation with North Korea is an essential component of realizing broad economic cooperation with Russia. North Korea is a geographical barrier, whose closed borders prevent critical connecting infrastructure from being built. The ROK and Russia are aligned on the need for limited sanctions relief, but U.S. unwillingness makes this impossible, and Russia declines to put further economic pressure on the North. Second, closer coordination between the ROK and Russia might undermine U.S. trust in South Korea's priorities, given the negative Russo-U.S. relationship. Third, Russia's economic policies have limited the appeal of investment there, and its military policies, such as a joint flyover with China, in July 2019, of South Korea's airspace, caused shock about its intentions. These obstacles both block and disincentivize Seoul from prioritizing cooperation with Moscow on security issues, including those regarding North Korea.

Conclusion

Moon's ultimate goal for inter-Korean engagement is to work toward the progressive vision of unification referred to as "peaceful coexistence," which refers to a number of initiatives to create an "inter-Korean community" that will lay the foundation for true political unification.⁴² The Ministry of Unification identifies three goals to facilitate this: 1) peacefully resolving the nuclear issue, 2) enforcing previous inter-Korean agreements, and 3) developing a "single market" through economic integration of the Korean Peninsula. Moon sees this process as independent of the alliance, a sentiment he expressed repeatedly.⁴³ However, the peace regime he envisions inherently requires U.S. support. In his attempts to assert autonomy in the inter-Korea process, Moon developed a process that appeared to the United States to be a liability rather than a complement to its priorities. In fact, it is impossible to divorce the alliance and inter-Korean issues or to separate them from the overall context of international relations not only in Northeast Asia, but also in the global arena.

Moon has aspired to transform the geopolitical environment of Northeast Asia, starting rather cautiously in 2017, acting boldly in 2018, struggling with an impasse and new pressure in 2019, and battling with a pandemic ripping through the region and the world in early 2020. He was guided by an irrepressible strategy, derived from other progressive leaders of South Korea. None of his assumptions proved correct, leaving his country more beleaguered than it has been at any time in the post-cold war period. Yet, in the new era of COVID-19, Koreans are proving that they are resilient, while geo-economics are disrupted and geopolitics have been put on pause.

Moon banked above all on Kim's willingness to make a sharp turn to diplomacy and Trump becoming intrigued by the prospect of winning the Nobel Prize as the architect of peace on the peninsula. Seemingly successful, Moon soon found that Kim would discard him as just a catalyst unworthy of a lasting role. Trump was distrustful and dismissive of Moon's agenda, even as he shook the alliance with inconsistent and extreme demands. Moon had little leverage to steer diplomacy with either and between the two. His activism led him to be nearly powerless in a process most central to his agenda.

The wider regional context revealed similar illusions and unrelenting backlash. Instead of China taking satisfaction with Moon's push for diplomacy and capitulation on the "Three Noes," it grew more assertive in pressing Moon to accept its central role and strategy. If Moon only hinted at a balance between Beijing and Washington in Seoul's foreign policy, Xi demanded it by taking advantage of the diplomatic track Moon had opened. Moon sought to engage Abe at the beginning of his term, but historical issues overtook all other aspects of the relationship and roused Abe into a trade war and downturn in relations. Although South Korea repeatedly asked the United States to mediate between it and Japan, the U.S. did not intervene until Moon threatened to cancel GSOMIA, a move that caused

U.S. alarm at Moon's judgment.⁴⁴ Meanwhile, doubling down on images of a special ROK-Russian bond via the latest iteration of a northern strategy, Moon saw Putin tilt further toward North Korea, in the footsteps of Xi's reconciliation with Kim. South Korea was being blamed by all sides for its actions or lack thereof without any apparent recourse in line with Moon's ambitions.

Heading into 2020, obstacles to Moon's vision are magnified. The impasse in denuclearization negotiations after failed talks in Stockholm in October 2019 has not been resolved. North Korea continues to launch and test missiles, and conduct military exercises, and it gives no indication that it is willing to continue negotiations at this time. Meanwhile, as nations grapple with a global pandemic, other priorities have overtaken denuclearization. The spread of COVID-19 has overtaken all other priorities, particularly in the U.S.-China relationship as a proxy for their strategic competition. Meanwhile, the alliance is experiencing a low point as the United States and South Korea failed to reach a compromise on an appropriate level of South Korea's cost-burden for the stationing of U.S. forces, causing about half of the 9,000 South Korean workers to be furloughed without pay for the first time in the seven-decade history of the alliance.⁴⁵ Although Moon's Democratic Party achieved a comfortable majority in the April National Assembly election this year, Moon is moving into the last two years of his single-term, which will galvanize even members of his own party to criticize unpopular aspects of his policies in order to secure a nomination. For the remainder of his presidency, Moon will confront intractable obstacles that will almost certainly prevent him from achieving his vision of inter-Korean peace.

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**ASSESSING HOW NATIONAL
IDENTITIES ARE RESHAPING BILATERAL
RELATIONS IN EAST ASIA**

Introduction

Bilateral relations have been shaken of late by rising manifestations of distrust and even anger. In 2019, U.S. attitudes toward China grew more wary, Chinese warnings toward South Korea were imbued by strong signals of dissatisfaction, Japanese and South Korean mutual images deteriorated sharply, and India was on the frontlines in responding to China amid overtures to improve ties and warnings that this could be a mistake. While all of these bilateral strains had a major economic component and all were linked to geopolitical changes, they can best be seen to a considerable degree, as the result of national identity gaps between nations. Rather than cover both sides of each gap apart from the Japanese-South Korean divide, the approach here is to concentrate on the thinking on one side in the U.S., China, and India on relationships of vital importance for the transformation of the Indo-Pacific region. The five chapters that follow each analyze how one country's national identity has been impacting ties to another state.

The authors do not proceed from a common definition of national identity. History plays a big role in most of the cases, human rights are often cited as a factor in national identity gaps, and different approaches to state-society relations matter, as do views of civilizational differences. Even references to international relations can be couched in the language of national identities.

Three disruptive forces help us to clarify the timing of recent national identity rethinking. The first is Xi Jinping's assertive "rejuvenation" of China's leadership toward a "common destiny." It was already manifest early in Xi's time in power and gained new resonance by 2016-17 with his handling of such issues as THAAD, summitry with Japan, and North Korea's challenge. Second is Donald Trump's powerful impact through "America First" unilateralism, which took root in 2017 but gained momentum in 2018-19. Finally, Kim Jong-un's decision to try diplomacy as a lure from 2018, fading to a sharp downturn in 2019, roiled relations in Northeast Asia. All these forces were manifest in geopolitical and economic terms while also driving thinking about national identity, especially in South Korea and concerning South Korea, as covered below. The two countries at the center of discussions of the impact of identity are South Korea and China.

Two chapters analyze views of South Korea. In both cases, negativity is paramount, blaming it for holding deep-seated animosity and distrust that reverberates in bilateral tensions. Both the Japanese and the Chinese have rekindled their anger with some similarities and some contrasts. One similarity is that both fault Moon Jae-in's foreign policy in dealing with North Korea and the United States. Another is that they both consider Seoul's thinking about the Cold War deeply flawed and its adjustment from the 1990s to be far from sufficient. In the second half of 2019, Chinese and Japanese sources grew more critical of Seoul, insisting that it needed to change course. Naturally, there were stark differences as well: Chinese faulted South Koreans for being too Westernized and forgetting a benevolent bilateral history, while Japanese complained that they were too deficient in support of universal values and obsessive about a troubled past to the point that Koreans could not recognize the reality of the post-Cold War and even Cold War eras. In both cases, the underlying identity problem is rooted in the observing country too.

The Sino-U.S. national identity gap underscores the deepening struggle over the regional power balance and the “decoupling” under way at least in security relevant high technology. If China saw Obama’s “pivot to Asia” as containment by multilateralism and Trump’s “trade war” as an even more serious attack to block China’s growth, the 2020 COVID-19 quarantine of China drew an even harsher response. Beyond containing and stifling China, Washington was seen as intent on quarantining it. Since China will not acknowledge that its military moves could arouse any reason for power balancing, or that its economic clout could justify any case for reducing ever greater dependency on it, the only explanation consistent with Chinese logic is that national identity has been distorting thinking about China, not least of all in the United States and India.

Xinhua reported on February 15, 2020 that Foreign Minister Wang Yi at the Munich Security Conference called all U.S. accusations against China lies, responding to the speeches at the conference by U.S. officials Mike Pompeo and Mark Esper. He attributed them to loss of U.S. self-confidence and reason, i.e., to the distorting impact of national identity forces. People in the U.S. are, he adds, unwilling to accept China’s rise, even its right to develop. There is a lack of mutual respect (i.e., U.S. respect for China and its different social system). The epidemic, he said, shows that “all countries are inter-connected and share a common destiny.” Blaming the U.S. for demonizing China and rejecting a win-win approach, Wang alludes to national identity.

National identity is invoked primarily by one side in a country’s contested political landscape. We begin with Modi’s BJP and how the forces behind it perceive China as they pursue their domestic agenda with an eye, first of all, on Moslem targets. Next, we turn to how Trump has affected the U.S. national identity debate toward China, another case of a leader determined to transform the worldview of his nation, while facing China’s enormous challenge. Third, we look at Xi Jinping’s recent reshaping of China’s thinking about South Korea as the test case for the application of a Sinocentric identity. Fourth and fifth, our coverage shifts to how Moon’s view of Japan demonstrates Korean progressive national identity, and how, in turn, Abe’s outlook on South Korea reflects Japanese conservative thought as the latest driver of national identity.

Rush Doshi, “China’s Role in India’s Hindu Nationalist Discourse”

Doshi explores the threads of Hindu nationalism and chronicles the relatively limited role that China plays within it, given the tendency to view Islam – rather than the West or China – as the salient other. The key nationalist policy priorities for Hindu nationalists are issues that implicate Hindu relations with Islam. China plays a relatively limited and often contradictory role in nationalist discourse despite the increasingly contentious Sino-Indian relationship. Hindu nationalists view China through a variety of lenses – sovereignty, trade, and values – each of which produces a different perspective and precludes a singular, unified Hindu nationalist view. In many areas, Hindu nationalists even share an affinity for Chinese approaches.

Doshi finds, among members of the Indian elite and bureaucracy, concerns over China dating back to the annexation of Tibet and the 1962 Sino-Indian War, which are sharpening as China's power grows. Even so, China's continued support for Pakistan, its hardening position on the border, its standoffs with India like the one over Doklam, and its growing influence in South Asia appear to be elite rather than popular preoccupations. The Modi government has pursued a modestly more competitive policy with China than its predecessors, but for the most part it has balanced that approach with engagement and sought largely to build on the policies of previous governments – and the effort does not primarily flow from Hindu nationalist impulses.

Looking back, Doshi finds that actions by Congress fractured the secular nationalism of modern India and created space for others. While that was driven by short-term political opportunism, Hindu nationalists more focused on long-term ideology saw an opportunity in the erosion of secularism. After a series of false starts in electoral politics – particularly because the BJP was initially seen as a party of the upper castes and the petty bourgeoisie – Hindu nationalist groups began to turn their attention and considerable organizational heft to highly symbolic Hindu causes focused on Islam's influence and history in the subcontinent. The focus on Islam and on Hindu victimization successfully widened their political base of support.

As the BJP has entered the space left open by the erosion of secularism, it has pursued a movement and nationalist agenda fundamentally motivated by communal issues involving the relationship between Hinduism and Islam in India. Even at the moment of its greatest electoral triumph, these issues remain its focus, indicating the degree to which continued hegemony of Hindu nationalism in Indian politics might not necessarily lead to a greater focus on China.

China is not a major part of Hindu nationalist thinking, and Hindu nationalist views of China could be divided into several discrete categories: 1) sovereignty/Tibet; 2) trade; and 3) values. Hindu nationalists see China as a threat on issues related to sovereignty disputes and the status of Tibet, though these issues remain far less salient than those involving Pakistan or immigration from Bangladesh. Concerns over sovereignty and Tibet are a product of two aspects of Hindu nationalism: 1) cultural, owing to the belief that Tibet is a part of the larger Hindu family given Buddhism's emergence in India and the presence of several Indian holy sites in Tibet; and 2) strategic, with toughness on the border seen as part of a muscular Indian defense posture. Yet although the Tibet issue is a powerful one for nationalists who view the region's Buddhists as part of a larger Hindu family, it does not substantially shape Indian China policy, notes Doshi.

Even during the Doklam crisis, the BJP continued normal interactions with China, seeking to decouple regular interaction from border or other issues, and was able to do so relatively free from nationalist pressure. Shortly after the resolution of the crisis, Modi and several cabinet ministers attended the BRICS summit in Xiamen without provoking any criticism.

While high-level figures in the Sangh Parivar may raise issues related to Tibet and the Sino-Indian border, the rank-and-file remain far more concerned about more salient issues involving Muslims and Pakistan, whereas the government's policy distinguishes geostrategic imperatives, as at Doklam, from the valued economic dimensions of the India-China

relationship. Although the economic nationalists see Beijing as a threat to India's domestic industry and observe in China's own domestic protection a model for Indian development, others in the Sangh Parivar are not particularly animated by economic relations with China, focusing on other issues.

The Sangh Parivar family, as well as most of the BJP, was opposed to RCEP – as was the opposition Congress Party. After India decided not to join RCEP, the SJM, in a demonstration of its general protectionist preferences, encouraged the BJP to consider rethinking or withdrawing from other trade agreements. The SJM has kept up the pressure, criticizing Indian ministers from attending Huawei-sponsored conferences or allowing Huawei to participate in domestic trials.

Though SJM nationalists wish to reduce China's economic influence in India, they also admire China's economic success, as well as its protectionist and mercantilist approaches. Even so, the economic nationalists have been unsuccessful in reshaping India's economic policy away from China and away from globalization. On issues related to China, the BJP has largely been unwilling to jeopardize economic ties with India's largest trading partner by goods. Modi continues to pursue Chinese investment across a range of industries, a sign of China's importance and the limited salience of economic issues involving China among the public.

As a demonstration of Hindu nationalists' multifaceted view of China, some of these individuals may in one breath criticize China for dumping products in India, its policies in Tibet, or its encroachments on the border, and simultaneously attack Western civilization making common cause with Beijing on broader questions of values. For most foundational Hindu nationalist authors, Hinduism's value was defined in contrast to the West. The distaste for Western approaches has often led to a feeling of affinity with Asian civilizations, particularly because nationalists regard with pride the historical spread of Buddhism to the rest of Asia. Concerns about Westernization animate many of the mass militant actions nationalists take against movies, books, and other cultural items they believe belie Hindu culture. This may make some receptive to similar language from China, which in hosting the Dialogue of Asian Civilizations, wrapped the proceedings in the language of Asian values pitted against Western ones.

Nationalist leaders oppose China's assertiveness on the border and its repression of Buddhists in Tibet, but not so much that they would push a BJP government to pursue dramatically tougher positions on those issues. They may be concerned about the volume of Chinese exports to India, but those protectionist impulses on China are widespread, and many economic nationalists also see China as worthy of emulation. They may be skeptical of Westernization and be drawn to "Asian values," seeing China as a kindred spirit, but that affinity has, at least so far, not substantially reshaped their politics. Taken together, the contradictory impulses on sovereignty, trade, and values related to China, and the limited mass appeal of these issues, strongly suggest that if Hindu nationalism strengthens, China policy is unlikely to harden as a direct result of that trend. Hindu nationalism's intensification could rather produce greater strains in India's relationship with the United States, creating a backlash that could intensify veins of nationalist discourse that stress commonality with China at the expense of closer ties to the United States.

China is less likely than the West to have concerns over India's majoritarian turn and may even provide it cover in international bodies on human rights questions. In this way, should the rise of Hindu nationalism and right-wing populism wash over the Indian state, it could inhibit rather than propel the kind of great power balancing that many in the West have sought, adds Doshi.

Scott Harold, "The Case of United States Views of Its Ties with China"

Harold traces the hardening of U.S. views over two decades, attributing it mainly to actions taken by China, but recognizing that American national identity is an important factor that should not be overlooked or underestimated. For him, China policy has increasingly been framed around a series of value divergences that have led American leaders to make increasingly stark normative critiques of the PRC and articulate America's self-identity in contradistinction to that of China. During the period under consideration here, he finds that American identity certainly included traditional themes such as individual freedom, human rights, and free markets, but also included newer debates over American vulnerability; whether the country should seek to retain its traditional role as the leading global actor supporting the liberal international order, and whether or not the country's political and economic systems are now broken.

China has been held up as either a solution to some of the challenges America confronts in seeking to preserve the existing world order (climate change, global financial rebalancing, the nuclear non-proliferation regime) or as a threat to such order. Harold finds that China is a mirror, pointing to its strengths in economic and technological development and suggesting that they pose a challenge to spur, or even occasionally to serve as a model for the U.S. Since 2017, commentators have taken heart that the U.S. is finally recognizing the threat China poses to liberal democracy and American interests and values. By contrast, others worry about an overreaction that might herald a return to Cold War fearmongering or enable racist stereotyping.

Reviewing three periods, Harold observes identity-laced changes toward China. The Bush administration at times articulated policies that reflected an identity focused on openness to China should it step up its contributions to global order, focusing primarily on countering violent Islamist terrorism and North Korean nuclear proliferation. The Obama administration initially sought to elicit Chinese assistance in addressing global climate change and financial rebalancing, but increasingly came to see CCP actions as aimed at undercutting the U.S. position in Asia. The Trump administration has moved to characterize the CCP as "truly hostile to the United States and our values." First, the U.S. sought to manage China relations through a framework focused on extracting cooperation on issues ranging from countering North Korea's quest for nuclear weapons by arranging the Six-Party Talks to pressing China for trade and currency rebalancing. Then it shifted from downplaying differences with China over core issues such as human rights to concluding that restoring American global leadership was unlikely to involve genuinely partnering with China in any meaningful sense, and pivoted to a tougher policy premised on a more competitive relationship, albeit one that still sought to find areas for cooperation. Faced with criticism over its embrace of the notion

of a “new type of great power relationship,” the Obama administration quickly dropped this language as it became clear that China’s vision required substantial U.S. concessions and was adversarial toward U.S. interests.

Trump claimed that he would put “America First,” “Make America Great Again,” and stand up to foreign powers like China by not allowing the PRC to continue to “rape” America through unfair trade policies. China is increasingly seen as an “existential threat,” challenging key tenets of American freedom, security, and identity, states Harold. In making their case, officials have highlighted issues tied to America’s values, domestic security, institutions, and identity, in addition to traditional external security concerns. Areas that have received attention include China’s domestic repression of religion and its “horrific” repression of the Uighur population, industrial espionage, and United Front activities in American educational institutions. China policy has been one of the areas where the Trump approach has been “transformative,” leading to a substantial uptick in public recognition of a threat from China to U.S. interests and values. This growing hardening of U.S. sentiment towards the CCP has stemmed heavily from responses to Chinese actions, such as refusal until late 2019 to regulate its production of the opioid fentanyl, fueling a devastating addiction crisis; ambitions to dominate the strategic heights of the global economy through Made in China 2025, which Steve Bannon called “an existential threat to the West”; the implications of the Belt and Road Initiative; the imprisonment of one million or more Uighurs in concentration camps; and facial recognition software, artificial intelligence, and a social credit scoring system.

The resulting image conflicts sharply and negatively with Americans’ own self-image, as well as firm beliefs about the way the world should be. The effects of COVID-19 appear, at an early stage, to reinforce a sense that the very nature of China’s non-transparent, unaccountable, authoritarian regime was a direct cause of the threat the virus poses.

See-Won Byun, “Chinese Views of South Korea: Aligning Elite and Popular Debates”

Why and how did China’s policy toward South Korea shift so drastically after two decades of diplomatic normalization? To answer, Byun focuses on the expectations raised by China’s national identity for these ties, while examining the evolution of Chinese views of South Korea with a focus on elite and popular narratives since 2013. She assesses the pessimistic turn in China’s domestic discourse on South Korea in the Xi Jinping period, using official, scholarly, and media sources and finds that China’s growing weight facilitates its strategic combination of economic and discursive tools of diplomacy framed by national identity. Yet Byun warns that by hardening the identity dimensions of conflict, such strategies may only have long-term counterproductive effects of constraining Beijing’s political influence at home and abroad.

Byun traces the interaction of elite and popular narratives, focusing on the 2016-2017 dispute over THAAD, while briefly extending the discussion to public clashes over Hong Kong in 2019 to underscore the enduring impact of China’s major power and domestic political identities on China-ROK relations. Finally, she considers the trajectory of bilateral relations under the Xi Jinping and Moon Jae-in leaderships, including the implications of nationalist discourse. By the end of the 1990s, some warned that an “increasingly nationalistic Beijing

leadership” and its “assertive foreign policy” would test the resilience of the China-ROK partnership. Although the Hu Jintao leadership assured neighbors of China’s “peaceful rise,” this soft power contrasted with the confidence found in assumptions that South Korea needed to show deference on North Korea, trade, and history. The message spread to users of the internet who launched a “cultural war” on the supposedly audacious cultural pretensions in claiming symbols belonging to China.

The China-ROK economic partnership confronted Chinese unease over Seoul’s security ties with Washington and deteriorating public perceptions on both sides. It failed to reverse the attitude that South Korea belongs to China’s cultural sphere, whether in responding to Japan’s affronts over history or in accepting growing claims of Sinocentrism, e.g., Xi Jinping’s references to a “common destiny.” Xi Jinping assured Moon Jae-in in Beijing in December 2019, “we have always been close friends and partners for cooperation,” seemingly referring to past Korean subordination to imperial China and implying a common civilizational sphere as a force now shaping policy choices. Framed by its major-power identity, its long-term strategic concern is not whether there will be two Koreas or one reunified Korea, but how to reduce U.S. influence there.

Despite the 2017 agreement to “renormalize” relations, current official, scholarly, and media assessments of South Korea point in an overall pessimistic direction. China’s major-power and domestic political identities inform these debates. Increased economic leverage in managing political disputes amplifies the national identity dimensions of conflict, adds Byun. Such leverage empowers Beijing to strategically combine economic and discursive tools of diplomacy.

Chinese discourse contrasts critiques of the U.S. ideological impact and China’s leadership in the rise of the “same oriental civilization” shared with Koreans. Byun quotes the charge that “some superpower does not abide by international rules, nor fulfill its international obligations” (not everyone hopes to see China succeed due to the “prejudice of ideology” and “arrogance of power politics”) along with the appeal to “jointly champion” multilateralism, free trade, and international norms. Moon’s first state visit in December 2017 raised awareness of the historical importance of the China-ROK relationship. The visit coincided with the 80th anniversary of the Nanjing Massacre, allowing the state media to amplify the lessons of history. That the common struggle against Japanese imperialism remains a point of solidarity was shown in nationalist reflections of the PRC’s 70th founding anniversary in 2019. Yet even Moon is not trusted.

Moon Jae-in’s pursuit of greater national autonomy is an important standard for assessing Seoul’s diplomatic orientation, especially when it comes to the unification issue. South Korea could optimize China’s surrounding environment by playing a critical “coordinator” role bridging the gap between security and economic engagement in Northeast Asia. However, Byun finds that nationalist discourse projects both favorable and unfavorable images of the China-Korea relationship. Pessimists equate Seoul’s traditional insistence on “strategic ambiguity” with masked alignment with Washington. The state media prominently feature nationalist voices suggesting that Seoul’s strategic ambiguity only breeds mistrust. The lasting impact of national identity conflict dampened the expectations for change under the Moon leadership. For optimists, Moon’s emphasis on autonomy means greater possibilities for regional cooperation with Seoul.

Chinese academic sources identify Korean nationalism as an increasingly prominent factor challenging sustained cooperation, driven by Korea's "tragic history, arrogant mentality, and emotional character." By ignoring Pyongyang and Beijing's proposals, "how can Moon Jae-in break the shackles of the U.S.-ROK alliance and move towards autonomy?" they ask. Also, South Korea's defense cooperation with India in 2019 prompted warnings in the *Global Times* against the possibility of Seoul being lured into the U.S. Indo-Pacific strategy. For Korea experts, the THAAD decision signified joining the U.S. containment strategy "choice" of supporting the United States. It revealed "inevitable contradictions" in the China-ROK relationship, and ambiguity on the "Three Noes" only disappointed Beijing and Washington, the Chinese concluded. Sanctioning cultural products was especially effective because "if Chinese audiences sink TV dramas and stars from South Korea into oblivion, it will turn into an enormous blow to the latter's national pride. "The ROK is a small country. It's time for us to teach it a lesson." This reasoning drove netizens to use social media to promote consumer boycotts, emboldening the "patriotism" prescribed by official narratives. To mobilize public protests, one WeChat petition named Lotte a "traitor and enemy of the Chinese people." The THAAD dispute abruptly ended the China-ROK honeymoon, exposing the partnership's fragility. New modes of online communication give the spread of nationalism a much more expansive and dynamic "network nationalism," Byun warns.

THAAD's shadow still clouds public sentiments, which resurfaced at the end of 2019 during public clashes over Hong Kong, notes Byun. Confrontations over Hong Kong reinforced views of China and South Korea as not just big and small powers, but also divergent political systems.

In November, when mainland Chinese students tore down "liberate Hong Kong" banners at Yonsei University, although the foreign ministries stepped in to pacify the public, tensions escalated across Korean campuses after the Chinese embassy called the incident an expression of "indignation and opposition to words and actions that harm Chinese sovereignty and distort the facts." A month later, Chinese media quoted Moon as saying to Xi that "Hong Kong affairs and issues concerning Xinjiang are China's internal affairs." Rather than affirming renormalization of ties, Moon's visit to China only reignited public animosities, hardening China and South Korea's perceived identities as big and small powers and divergent political systems. The discrepancy in reporting unleashed hostile exchanges between Chinese and Korean media. *Global Times* attacked Korean conservative counterparts for calling China a "fake friend" and denouncing Moon's China trip as a reflection of the "sadaejui" doctrine of "serving the great." It accused the Korean media of "aligning themselves with Western values" to "maintain pride."

Compared to previous episodes of identity conflict, asymmetric interdependence magnifies the impact of national identity by granting Beijing more leverage in managing disputes. Byun concludes that the China-ROK case is a classic example of cyber nationalism's double-edged sword: while Chinese netizens should not "play around" with nationalism, Chinese media should also not "manipulate nationalism" in guiding public opinion. Nationalist rhetoric may bolster popular support for the regime, but it may also have long-term counterproductive effects.

Cheol Hee Park, “South Korean Views of Japan”

Depending on their ideological and dispositional orientations, South Koreans hold varying perceptions about Japan, particularly in the age of ideological polarization where identity politics increasingly dominate. Widespread social networking service communications strengthen the trend that, instead of mass communications, polarized tribal communications permeate the society. Increasingly, people refrain from crossing ideological divides or social cleavage lines, creating islands of tribes designed to convince themselves in a particular way. Park analyzes the political background of rising anti-Japanese elements within the ruling party, showing that alternative views of Japan are still widely available despite the government’s negative posture toward Japan.

For a long time in the postwar period, discussion about Japan in South Korea remained relatively monotonous. Anti-Japanese nationalistic discourse prevailed not only in the mass media, but also in scholarly discussions. Newspaper writers often did not hesitate to use terms like “right-wing shift,” “remilitarization,” and “return to the prewar order” when they discussed Japan-related issues. However, from around the Lee Myong-bak time, a conservative backlash began. As progressive civil groups continued to raise the “comfort women” issue to criticize what they called “non-repentant Japan,” a few stood up against oversimplified blaming of Japan without factual evidence. Instead of negating any possibility of advancing cooperation as an extension of a critical position, some newspapers suggested that South Korea had reason to cooperate with Japan while criticizing Japan’s failure to address past history issues in a proper manner. What has changed is that alternative voices, which are different from the claims of nationalists or chauvinists, surfaced on intellectual grounds. If public opinion surveys show that anti-Japanese feelings are predominant, especially when it comes to historical issues, at the opinion leaders’ level, it is gradually turning into a level playing ground.

It is not simply anti-Japanese nationalism that is presented in South Korean mass media. The younger generations in Japan and South Korea care less about political and diplomatic circumstances in bilateral relations. Among South Korean travelers to Japan and Japanese travelers to Korea, those in their 20s and 30s predominate. They have been personally exposed to other cultures at an early stage of life. Rather than simply relying on textbooks or mass media, they navigate the internet and collect information from colleagues and friends. They are taught and trained by their peers, rather than by previous generations.

Park explains that tensions between South Korea and Japan originate from political elites, rather than the general populace. Although the Moon government has adopted a strong anti-Japanese orientation, conservative intellectuals keep a moderate, cooperative stance toward Japan. One can find increasing diversity amid the extreme polarization of society that denied any possibility of political compromise or mutual consensus building—something rare in South Korean society.

Cleavages have formed mostly around domestic political issues, e.g., blaming the practice of impeaching a former president, calling for reform of the prosecutor’s office, and reversing economic policies that downgraded people’s livelihood. Security and foreign policy issues also stood as a critical dividing line between conservatives and progressives. How one viewed Japan and the United States is a telling indicator of the strong prisms at work in the deepening cleavage.

Instead of naively advancing inter-Korean collaboration, conservatives argue that tightening security cooperation with the United States should remain the priority. That is why conservative groups bring American flags together with South Korean flags when they demonstrate on the streets. Along with security cooperation with the United States, cooperation with Japan, a U.S. ally, sounds reasonable from the conservative standpoint. In a politically polarized South Korea, perceptions about Japan have evolved indirectly through the prism of security policy orientation.

How to link Trump, Moon, and North Korean leader Kim remains the progressive preoccupation to sustain the mood for a peaceful environment on the Korean Peninsula. Japan's diplomatic weight is less relevant because Japan was not a legitimate party to the armistice agreement that was concluded in 1953. Progressives are quite generous regarding Chinese moves, while they remain extremely critical toward Japan's motives on all matters. They turn to history first and interpret Japan's positions and moves through that prism. Assuming that it never apologized sincerely about its colonial past, progressives in general express angry attitudes toward Japan, whether the issues concerned are security issues, diplomatic struggles, or human rights issues. They argue that Japan should first apologize and take legal responsibility for historical wrongs, including the "comfort women" and forced laborers. In contrast, they remain strangely silent when China puts pressure on South Korea. Even though it took strong retaliatory measures against South Korea when the Park administration decided to deploy the THAAD system on South Korean soil, progressives never raised their voices against China. Instead they blamed the United States for entangling South Korea in a regional security front against China and North Korea. By extension, progressives were extremely critical of Japan's introduction of collective self-defense and security-sector laws in 2014 and 2015.

The Moon government has consciously taken a progressive stance with a strong anti-Japan or neglecting Japan flavor. Because the policy priority was to accelerate cooperation between North and South Korea with the help of the United States, Japan's strategic priority declined in the process. Japan's role was not visible at all at this stage of confidence-building and opening a dialogue with North Korea. In this sense, Japan was relatively neglected by the Moon government, especially between 2017 and 2018. The series of conflicts between the two governments illustrate that the Moon government is preoccupied with history enough to reverse decisions in the name of respecting human rights. It had no intention of making a diplomatic compromise or reconciling on the historical issues. Progressive civil society argues that Japan is obliged to continue to apologize about its past wrongdoings until the Korean victims are fully satisfied. These demands go beyond what Japan can accept, especially under the hawkish Abe government, which refuses further apology or compensation to Asian victims.

The Moon government's return to the past does not necessarily come from contentions about victimhood during the Japanese colonial times. It is deeply rooted in the progressive camp's historical revisionism, which strives to revise modern Korean history by tracing the legitimacy of the Korean government to the provisional government established in Shanghai in 1919. While giving full legitimacy to the independence movement, progressives find fault with pro-Japanese political and social elites who collaborated in colonial domination. As an extension of this logic, pro-Japanese collaborators, whose descendants are mostly found in conservative circles, are depicted as illegitimate people who occupied higher social positions.

Historical revisionism advocated by the progressives in South Korea has a strong scent of anti-Japanese nationalism, which goes back to the pre-colonial period. Rhee's devotion to the independence of Korea is simply erased in their mindset. In the same manner, Park Chung-hee is depicted as a pro-Japanese collaborator because he worked as a Japanese military officer during the colonial period. Also, his decision to normalize relations with Japan, despite strong resistance from university students, is regarded as a betrayal of Korean nationalism. The pride of the people lies in fighting against the oppressive Japanese colonial past, not in the postwar development under American auspices or Japanese assistance. Park finds that the anti-Japanese element of the Moon administration has deep ideological roots in regaining the legitimacy and pride of a nation.

The Korean-style historical revisionism advocated by Moon and progressives is juxtaposed to the Abe-style historical revisionism of Japanese right-wingers. The two strands of historical revisionism have little in common, which only widens the perception gap between the two leaders. Moon and Abe have different conceptions about Japan's colonial past and the postwar development of Japan and Korea. This is not simply a political but also an ideological divergence.

Enhancing the level of security cooperation with the U.S. and Japan implies to the Moon government that the current division of the peninsula had better be maintained. Also, it suggests that North Korea and China should be regarded as a major source of threat that should be contained together. If plugging Japan into the framework of South Korean security invites strong criticism from China, a partner with which South Korea should work, then this is resisted.

On many issues, progressives and conservatives converge with little disagreement. Still, they are divided over how to interpret the past unhappy history, how to take care of victims in Korea, the degree to which international law should be preserved, whether trilateral security cooperation should be maintained, to what extent South Korea should advance economic cooperation with Japan, and whether Japan is an integral diplomatic partner in changing the regional atmosphere.

After the advent of the Moon administration, anti-Japanese emotions were promoted on the part of the government and the ruling party, not from the opposition. Starting from the handling of the victims of colonialism to the issue of security cooperation, the Moon administration tended to take a hardline policy toward Japan or neglect the importance of working with Japan. Yet South Korean views of Japan are diversifying. The progressive Moon government's hardline posture toward Japan ironically has opened the gate to diversified viewpoints, concludes Park.

Brad Glosserman, "Japanese Views of South Korea: Enough is Enough"

Glosserman finds Japan and South Korea each grappling with deeply entrenched, emotional legacies that have been inflamed by recent controversies, rendering history both immediate and real. The Japanese are frustrated with and angered by South Koreans--unable to build a future with them that rests on a foundation of shared concerns and values, as domestic

politics continue to override strategic interests, and upset that Korean complaints deny the many changes that have occurred in Japan since the end of World War II, as if atrocities should be laid at the feet of current generations.

In 2012, the number of those who say they feel “some affinity” toward the ROK plummeted to previous lows before dropping even further to an all-time low of 31.5% in 2014, with those claiming to have “some affinity” retreating to 26.7%, the lowest level ever, and those claiming “no affinity” climbing to 70.4%, a record high. This came with a sense of betrayal: Lee Myung-bak, a conservative who was supposed to understand the need to subordinate domestic politics to larger strategic concerns, chose to put politics before principles, intimating that no Korean politician was above playing “the Japan card” to advance his (or her) fortunes. The December 2015 “comfort women” agreement provided one more chance to salvage a sense of affinity, but the agreement did not survive the change in administration in Seoul – many believe it was a contributor to Park’s impeachment a year later – and the unraveling of the deal was one of the main drivers of the downward spiral that marks the relationship today. Especially galling is the contravening of the provision that says the deal “finally and irreversibly” concludes this debate -- Japanese are dismayed to see that this vital stipulation has been ignored. It feeds the view, increasingly prevalent, that South Korea wants to maintain the moral high ground and keep Japan on the defensive. To that end, Japanese believe that Seoul continues to move the goalposts.

Japanese were also angered by repeated comments by senior officials in the Moon administration, including the president himself, that called on Japan to reflect on history and make a sincere apology for its misdeeds, statements that undercut the pledge in the 2015 agreement to end public bashing over the “comfort women” issue. Despite repeated statements by Japanese officials that make amends for the past and efforts to make those statements real, South Koreans prefer to question Japanese intentions and sincerity, and keep historical controversies alive.

Glosserman asks if the November 2019 suspension of GSOMIA termination put a floor on the relationship, at least temporarily. During his New Year’s news conference, Moon did not criticize Japan, and he promised that South Korea would work with Japan to ensure that the 2020 Olympic Games are a success and hoped that the sporting event would provide an opportunity.

The biggest test for the bilateral relationship was expected to be the 2020 Summer Olympics that Tokyo would host. For Japan, the Games were heralded as the symbol of the nation’s re-emergence after the stagnation of lost decades and proof of the Abe government’s ability to put the country back on track. An easy test of Seoul’s intentions was to be its readiness to help ensure that the Games are a success, argues Glosserman. ROK government policy was not in line with that pledge, however, leading international efforts to focus instead on the threat posed by lingering radioactivity from the Fukushima nuclear power plant.

Perhaps economic realities are having an effect. At the September 2019 Japan-Korea Economic Association meeting, some 300 representatives of the biggest businesses in each country called for calm, and one Japanese speaker argued that “businesses do not look into the past but to the future, and reality over ideology.” Japanese companies are worried about a permanent alteration of business relationships with South Korean customers.

Japan has positioned itself as a source of critical parts, components, and machine tools. By January 2020, there was a rebound in economic relations, observes Glosserman, on the eve of the COVID-19 pandemic's devastation.

Japanese logic dictates that Tokyo and Seoul should be cooperating to address shared concerns – as democracies and market economies, it is assumed that their interests, and thus their policies, converge – and send a unified message to Washington to work with them to counter challenges. Instead, the two are squabbling and each is urging the U.S. to intervene on their behalf. Japanese worry that Trump would prefer to wash his hands of the situation, we read.

Key is the Japanese belief that the chief problem in the relationship is the Koreans' focus on the past. They are offended by the claim that they and their country have not evolved since the imperial era, and that they bear responsibility for the crimes of previous generations. Finally, the claim that Japan is unchanging, aggressive, and unrepentant strikes at the heart of Japanese national identity: Japanese see themselves as a uniquely peaceful nation that stands atop a learning curve – especially of the lessons of the crimes of the imperial era, but this is being ignored.



China's Role in India's Hindu Nationalist Discourse

Rush Doshi

“Hindu nationalism risks pushing India into war with China,” blared the headline from China’s nationalist tabloid, *Global Times*.¹ Meanwhile, in Washington, a wide-ranging network of analysts optimistic on U.S.-India ties similarly argue that India’s nationalist political forces will push the country further away from Beijing and likely closer to Washington. These are bold claims about the ways in which national identity will intersect with great power politics. But are they correct?

That question is now more urgent than ever. The Bhartiya Janata Party’s (BJP) sweeping victory in the May 2019 elections shows that Hindu nationalism is the potent political force reshaping the country. But what role does China play in Hindu nationalist narratives, and how might those narratives affect China policy? This paper explores the various threads of Hindu nationalism and chronicles the relatively limited role that China plays within them. First, it explores the history of Hindu nationalism as a political force in India, demonstrating its tendency to view Islam – rather than the West or China – as the salient other. The key nationalist policy priorities for Hindu nationalists—including the introduction of a Uniform Civil Code that reduces sharia’s role in civil law, the repeal of Article 370 of India’s Constitution that protects Kashmir’s special status, and the construction of a Ram temple at Ayodhya on the grounds of what was once a mosque – are all issues that implicate Hindu relations with Islam. Second, after making the argument that Hindu nationalism is primarily focused on Islam, the paper then turns to analyzing China’s role in nationalist ideology. It argues that China plays a relatively limited and often contradictory role in nationalist discourse despite the increasingly contentious Sino-Indian relationship. Hindu nationalists view China through a variety of lenses – sovereignty, trade, and values – each of which produces a different perspective and precludes a singular, unified Hindu nationalist view of China.² And in some areas, Hindu nationalists even admire Chinese approaches.

Despite China’s limited presence in nationalist narratives, among members of the Indian elite and bureaucracy concerns over China dating back to the annexation of Tibet and the 1962 Sino-Indian War are sharpening as China’s power grows. Even so, China’s continued support for Pakistan, its hardening position on the border, its standoffs with India like the one over Doklam, and its growing influence in South Asia appear to be elite rather than popular preoccupations. The Modi government has pursued a modestly more competitive policy with China than its predecessors, but for the most part it has balanced that approach with engagement and sought largely to build on the policies of previous governments – and this effort does not primarily flow from Hindu nationalist impulses. In contrast to countries like Vietnam, where nationalism often focuses externally on China, Hindu nationalism remains focused on an internal other.

Should Hindu nationalism gain greater political power – perhaps at the expense of the historically secular state bureaucracies that are increasingly concerned about China – it may create a modest opening for Beijing, which is less likely than the West to have concerns over India’s majoritarian turn, and may even provide it cover in international bodies on human rights questions. In this way, should the rise of Hindu nationalism and right-wing populism wash over the Indian state, it could inhibit rather than propel the kind of great power balancing that many in the West have long hoped for.

The Rise of Hindu Nationalism – Islam at the Center

Following independence, India remained riven by two broad nationalisms. One was the secular *Indian* nationalism of the early Congress Party, which sought to incorporate the country's linguistic, ethnic, and religious diversity. The political project of crafting a unified state out of such a diverse country, it was believed, required an inclusive approach. The other was the religious *Hindu* nationalism of those who saw India as a home for a Hindu majority that had suffered under Muslim and British rule and now had an opportunity to gain political power. This form of Hindu nationalism has often been intertwined with questions of Islam's history and influence in India as well as the trauma of partition, and Muslims have constituted a more salient other in this discourse than the West or China. Indeed, it was anger over the Congress Party's policy on partition that led a nationalist member of the Rashtriya Swayamsevak Sangh (RSS) to assassinate Mahatma Gandhi. And yet, the Congress Party's power ensured the victory of secularists so totally that, at least for a time, Hindu nationalism seemed anachronistic. As Milan Vaishnav notes:

Because India's secularists achieved such a dominant victory in the early years of the republic, it is easy to forget that there was a dueling nationalism that may have been defeated, but which hardly disappeared from the scene entirely. The alternative conception of India's identity, Hindu nationalism, has a lineage that actually pre-dates its secular competitor...³

Temporarily defeated, Hindu nationalist ideology was for a time far from the levers of power.

Hindu Nationalism's Organization

Although Hindu nationalism is not monolithic, some of its founding fathers like Vinayak Damodar Sarvkar have argued that those who regard Indian sovereign territory as the fatherland and holy land (Hindus, Buddhists, Jains, Sikhs) are part of the Hindu community in contrast to Christians, Jews, and especially Muslims. Even among those who might endorse this broad definition, there remain a variety of Hindu nationalist views on how majoritarian and inclusive policy should be.⁴

Organizationally, Hindu nationalists are generally part of the Sangh Parivar, a family of organizations that emerged from the RSS, which began as a "cultural, rather than political, body with the sole purpose of strengthening Hindu society by building civic character, unifying Hindus divided by caste, and enhancing their physical strength through training and exercises."⁵ This bottom-up organization grew rapidly, despite being banned at various points in Indian history, and achieved significant organizational prowess. Other key organizations within the Sangh Parivar include the Bhartiya Janata Party (BJP), the key political vehicle for Hindu nationalism, as well as the religious organization Vishwa Hindu Parishad (VHP). Given the complexities of electoral politics, the BJP is sometimes more moderate in its membership and activities than the VHP and the RSS, but it benefits enormously from the organizational capabilities of the latter two organizations, with talented RSS organizers often joining the Party and entering electoral politics.

Secularism's Erosion and the Focus on Islam

Hindu nationalism's political return is a product of the organizational focus of these organizations and, critically, the erosion of secular nationalism, which was itself the result of decisions made by the Congress Party. The first of those decisions was Prime Minister Indira Gandhi's decision in 1975 to suspend elections and due process and rule by decree for twenty-one months. The Emergency, as the period was known, saw the RSS and several other Hindu nationalist groups rise as key players in the opposition and also further weakened Gandhi's ruling Congress Party, creating a space for political contestation. After Gandhi called elections and her government promptly fell, these groups briefly gained power for the first time since independence. Although these events did not constitute a direct blow to secularism, they undermined the Congress Party, which had championed secular nationalism, and gave those who subscribed to Hindu nationalism invaluable governing experience.

The second set of decisions that Congress took were far more directly damaging to secularism. In the 1980s, Prime Minister Indira Gandhi decided to politicize religious differences in Punjab to shore up her electoral position. That act facilitated religious extremism, which culminated in Hindu-Sikh violence, with some Congress officials even commandeering state transportation to bus Hindu militants into Sikh neighborhoods.⁶ A few years later, Indira Gandhi's son – then Prime Minister Rajiv Gandhi – further eroded secularism when he sought to appease conservative Muslims by ensuring the passage of the Muslim Women Bill, a piece of legislation which incorporated bits of sharia law into civil law, preventing some Muslim women from receiving the protection of the civil system in cases of divorce.⁷ The passage of the bill strengthened the argument of those in the BJP that Indian secularism was a farce that advantaged only Muslim minorities at the expense of Hindu expression. The subsequent outrage helped propel the right.

Hindu Nationalism's Politicization

These actions by Congress fractured the secular nationalism of modern India and created a space for others. While Congress did not fully enter the space it had created and was driven by short-term political opportunism, Hindu nationalists more focused on long-term ideological advancement saw an opportunity in the erosion of secularism. After a series of false starts in electoral politics – particularly because the BJP was initially seen as a party of the upper castes and the petty bourgeoisie – Hindu nationalist groups began to turn their attention and considerable organizational heft to highly symbolic Hindu causes focused on Islam's influence and history in the subcontinent. The focus on Islam and on Hindu victimization successfully widened their political base of support.⁸

The Sangh Parivar and its affiliates like the RSS and VHP were the initial leaders in this effort, with the BJP a prime political beneficiary. For example, the VHP condemned conversions to Islam and launched a "politico-cum-religious pilgrimage which sought to map out the mythological unity of Hindudom" in which some 60 million Indians participated.⁹

The most successful nationalist mobilization was the Ram Janmabhoomi campaign, which held that the Babri Masjid mosque in Ayodhya was built over a Hindu temple that had previously consecrated the birthplace of Lord Ram. The Babri Masjid was made into a

physical symbol of Hindu victimization at the hands of a Muslim minority, and the BJP benefited from VHP and RSS agitation over the issue and tied itself to the campaign to break the Congress Party's reliance on a coalition of lower-caste and Muslim voters and widen its own support base. L.K. Advani, a BJP leader, launched the *Rath Yatra*, a "chariot" procession which traveled across India and was designed to culminate at Ayodhya. These political stunts were extremely salient and encouraged a kind of movement politics that a focus on the West or on China could not possibly have provided. For example, the VHP encouraged individual Indians to send bricks in for the construction for the Ayodhya temple, implying that it was built by ordinary people from the ground up.¹⁰ In another stunt, the VHP "lit the *Ram Agni*, a specially consecrated torch, in Ayodhya. With this, they lit other torches, and fanned out through the country, lighting torches along the way."¹¹ This use of symbolism allowed the BJP to succeed in gaining public support and appear above politics. And where the BJP dared not go politically, the RSS and VHP could – which ultimately benefited the BJP itself.

The movement helped turn the BJP – and Hindu nationalist ideology -- into a political force in fits and starts. As Corbridge and Harriss note, "The 1996 general elections saw the BJP emerge for the first time as the largest single party, though without significantly expanding the basis of its support numerically, socially or geographically."¹² For the BJP to fulfill its national aspirations, it would need to grow out of the Hindi heartland, find coalition partners, continue increasing support among the lower castes, and become more than a single-issue party.¹³ The Party began to focus more on liberalizing the economy, ending corruption, and tactically deploying Hindu nationalist symbols when helpful.¹⁴ The adaptation proved successful, and the BJP finally achieved national power under Prime Minister Atul Bihari Vajpayee in 1999.¹⁵ Even as Hindu nationalism remained central to the BJP, its effort to moderate with a focus on economics and corruption was supplemented by a kind of elite-focused "great power nationalism." India's nuclear tests, its fast growth, its emergence as a global power, and its widening global engagement were key manifestation of this idea. In 2004, this campaign was enshrined in the "India Shining" slogan, which was clearly based more on great power nationalism than on an otherizing, religious nationalism. And ultimately, that slogan proved inadequate, resulting in the BJP's defeat in that election.

The BJP's initial success in stoking Hindu nationalism – largely by politicizing Islam's role in India – changed Indian politics, resulting in what Niraja Gopal Jayal labels the "saffronization of political discourse."¹⁶ For example, the potency of the Ram Janmabhoomi campaign led even Rajiv Gandhi to hold a rally at Ayodhya and to argue in support of the VHP cause.¹⁷ And Jayal adds several other examples of the "BJP-ization" of Congress in the decades following, including the nationalist invocations of Digvijay Singh, Congress chief minister of Madhya Pradesh, who advocated a national ban on cow slaughter and criticized the RSS for seeking to sell, rather than donate, a piece of supposedly sacred land that it possessed.¹⁸ More seriously, in the aftermath of the February 2002 Gujarat riots, Congress President Sonia Gandhi downplayed condemnations of violence against Muslims and decided to "launch the Congress campaign from the precincts of the Ambaji temple," Jayal notes, in an attempt to appeal to heightened Hindu identity.¹⁹ Citing survey data that showed a majority of youth uncomfortable with members from other communal groups, Jayal argues that it is "an alarming sign of the ideological impact of the BJP over the last decade and a reminder that urban and prosperous young Indians are not necessarily liberal or secular."²⁰

Modi's Leadership

The BJP returned to power in the 2014 elections under the leadership of then Gujarat Chief Minister Narendra Modi, winning an outright majority in the lower house of parliament. Modi's own popularity among Hindu nationalists – notably the RSS and the VHP – ensured their maximum organizational support for his effort. With nationalist support secured, Modi had the ability to broaden his message to economics and anti-corruption issues, winning the support of many disaffected with the Congress Party's perceived mismanagement of the economy. When combined with Modi's own unique charisma and significant political talent, the result was a significant victory for the BJP, with the party winning seats outside its traditional areas of strength. And yet, although the election was primarily fought on economic lines, Hindu nationalism too was an important part. As Milan Vaishnav argues.

Given Modi's bona fides within Hindu nationalist circles, there was no reason to overly tout his Hindutva credentials. However, that certainly does not mean that Hindu nationalist themes were absent from the campaign trail; on the contrary, these messages were deployed in a targeted manner in contexts and geographies where the BJP believed it could benefit from using them. Modi himself routinely attacked the Congress Party for pandering to Muslims by promising them special treatment, and he often embraced Hindu symbols and personalities to extract maximum political mileage.²¹

The BJP used polarizing rhetoric in areas where Hindu-Muslim violence had erupted, and it used the issue of Bangladeshi migration to strengthen its performance in India's northeast.

Once in power, Modi did not make Hindu nationalism the center of his policy agenda, and he was cautious on major nationalist objectives. In 1999, BJP leader Sushma Swaraj had declared, "If the party ever comes to power on its own, it will not shy away from introducing a Uniform Civil Code, repealing Article 370 of the Constitution" and rebuilding the temple at Ayodhya – all issues, incidentally, implicating Hindu relations with Islam.²² And yet, when the BJP did come to power on its own, it did not introduce the uniform civil code, which would have eliminated carveouts for sharia law; it did not repeal Article 370, which gave unique status to the Muslim-majority state of Kashmir; and it did not seek to rebuild the temple at Ayodhya, which would have occurred on the grounds of the demolished Babri Masjid. Despite these delays on major nationalist priorities, as Vaishnav argues, the BJP in power nonetheless "created a space for majoritarianism to flourish," with a particular focus on Islam.²³ The BJP leadership has pushed for rewriting textbooks to downplay Islamic contributions; strengthened laws banning cow slaughter or the sale and possession of beef, which disproportionately affects Muslims; and assented to the selection of Yogi Adityanath as chief minister of Uttar Pradesh, a figure who had supported Muslim and Christian conversions to Hinduism and campaigned against Hindu-Muslim relationships. When the economy slowed ahead of the 2019 elections, in part due to the BJP's policies of demonetization and the messy rollout of the Goods and Services Tax, Modi returned Hindu nationalist themes to the forefront, suggesting that the BJP would truly implement the agenda of the wider nationalist movement in its next term of office. Then, only three months before the election, Modi responded to the suicide bombing of Indian forces in Jammu and Kashmir - which killed roughly forty people - with an air strike on Jaish-e-Mohammed terror camps in Pakistan. Despite controversy over whether the targets were

hit and the loss of Indian fighter aircraft in the attack, the strike on Pakistan likely helped the BJP remain in power. Polls suggest that those aware of the attack were more likely to overlook the economic situation.²⁴

Since returning to office, and with the economy continuing to slow, Modi has begun to swiftly deliver on the Hindu nationalist movement's core goals. He has made progress on a uniform civil code by criminalizing the triple talaq (which allows Muslim husbands to divorce their wives verbally), ended Article 370 and the special status of Kashmir, and will see the construction of a Ram temple at Ayodhya during his term after a Supreme Court verdict resolved outstanding legal issues preventing construction – thereby fulfilling the Hindu nationalist core agenda.²⁵ Other internal issues continue to focus the attention of the government as well. Following the abrogation of Article 370 in Kashmir, the government shut down internet access in the region ahead of anticipated protests. Even after restoring internet access, it continued to block social media sites like Twitter and Facebook.²⁶

As the BJP has entered the space vacated by the erosion of secularism, it has pursued a movement-politics strategy and a nationalist agenda fundamentally motivated by communal issues involving the relationship between Hinduism and Islam in India. Even at the moment of its greatest electoral triumph, these issues remained the core of the BJP's focus, indicating the degree to which the continued hegemony of Hindu nationalism in Indian politics might not necessarily lead to a greater focus on China.

China's Contradictory and Limited Role in Hindu Nationalist Thought

Hindu nationalists are a diverse group, and their perspectives on China – relative to questions related to Islam – are particularly heterogenous. In general, China is not a major part of Hindu nationalist thinking, and Hindu nationalist views of China can be divided into three categories: 1) sovereignty/Tibet; 2) trade; and 3) values.

Sovereignty Disputes and Tibet

Hindu nationalists see China as a threat on issues related to sovereignty disputes and the status of Tibet, though these issues remain far less salient than those involving Pakistan or immigration from Bangladesh. Concerns about China's infringement on Indian sovereignty, however, have a long historical lineage in Hindu nationalist discourse.

Even before independence, Hindu nationalists were very concerned about Chinese incursions into Tibet, Nepal, and Bhutan, and along the Himalayan range. As BJP Chairman Ram Madhav notes in his review of nationalist thinking on China, several leading figures expressed their concerns about the Indo-Chinese border. Bipin Chandra Pal, the early twentieth-century nationalist intellectual, warned that the long-term threat to India "came not from pan-Europeanism but from pan-Islamism and Pan-Mongolianism."²⁷ After independence, figures like the nationalist Aurobindo Ghose said that "the basic significance of Mao's Tibetan adventure is to advance China's frontiers right down to India and stand poised to strike at the right moment and with the right strategy."²⁸ Nationalist icon and Congress Party member Sardar Patel in 1950 warned Nehru about China, writing, "Chinese irredentism and communist imperialism are different from the expansionism or

imperialism of the western powers. The former has a cloak of ideology which makes it ten times more dangerous. Under the guise of ideological expansion lie concealed racial, national or historical claims. The danger from the north and northeast, therefore, becomes both communist and imperialist.”²⁹ In short, at least among elite nationalists, China raised serious concerns.

These concerns over sovereignty and Tibet are a product of two aspects of Hindu nationalism: 1) a cultural aspect that stems from the belief that Tibet is a part of the larger Hindu family given Buddhism’s emergence in India and the presence of several Indian holy sites in Tibet; and 2) a strategic aspect, with toughness on the border issue in particular seen as part of a muscular Indian defense posture.

With regard to the first, nationalists in particular feel an affinity for Tibetan Buddhism that shapes their views on China policy. In 1960, the RSS declared that India had a moral responsibility to work for Tibetan independence.³⁰ The intensity of these views increased after the Sino-Indian border war of 1962, particularly among the RSS, as Walter Andersen and Shridhar Damle detail in their authoritative history of the RSS. After India’s defeat, RSS head Golwalkar said that India needed universal military service and nuclear weapons to counter China. “Seventy years ago, Swami Vivekananda had specifically warned that China would invade Bharat soon after the Britishers quit,” Golwalkar declared, “For the past eight years we of the Sangh, too, had been unambiguously warning that China had aggressed into our territory at various strategic points.” He further argued India needed a free Tibet as a buffer, and that India should recognize the government of Tibet.³¹ “Let the Dalai Lama [...] declare the independence of Tibet,” Golwalkar proclaimed, “Let us give him all necessary support in carrying on the struggle for his country’s freedom.”³² The highest-level decision-making body of the RSS, the ABKM, issued a resolution declaring, “it is unbecoming and illogical to talk or negotiate with her [China] so long as we do not completely liberate our lost territory,” and it further argued that “Tibet’s freedom is also a must if China’s expansionism is to be contained and the right of all nations to a free existence is to be upheld and permanent security of India’s borders is to be assured.”³³ The ABPS – a high-level RSS meeting – also argued for severing diplomatic ties with China and recognizing the government of the Dalai Lama. In 1999, the RSS established the Bharat-Tibet Sahyog Manch - a small and obscure body intended to boost cooperation between India and Tibet.³⁴ In 2010, the RSS journal *Organiser* said that India “has failed to lift even a little diplomatic finger on their [Tibetans’] behalf.” More recently, in 2017, the RSS advocated that the Dalai Lama receive the highest civilian award India can confer, the Bharat Ratna.³⁵

Reciprocally, the Dalai Lama’s organization is close with the RSS, and these links are often public. He visited RSS headquarters in 2014 and declared that “the RSS has always been with us in our struggle for Tibet.”³⁶ The Tibetan community has been astute in stressing the cultural links between India and Tibet that so appeal to Hindu nationalists. At the 2014 World Hindu Congress, the Dalai Lama said that “Ancient India was our guru” but “not modern India, [because] it is too westernized,” an argument that analyst Krzysztof Iwanek says was “verbal honey” to the ideological RSS.³⁷ Although a few BJP politicians advocate the independence of Tibet (e.g., B.S. Koshiyari), most in the Sangh Parivar have generally refrained from pushing the Modi government hard on this issue. For example, although the Dalai Lama was invited to Modi’s first inauguration, he was not invited to the second inauguration, and criticism of that decision was scarce. In short, although the Tibet issue is a powerful one for nationalists who view the region’s Buddhists as part of a larger Hindu family, it does not substantially shape Indian China policy.

Second, with respect to sovereignty questions, border disputes with China are less salient for the Hindu nationalists than those with Pakistan. The war with China in 1962 was an extraordinary circumstance, and the fact that nationalist sentiments were inflamed then does not tell us precisely how salient China is in Hindu nationalist discourse today, though it does hint at certain common themes. In more recent disputes with China over the border, particularly the 2017 crisis at the China-India-Bhutan trijunction border area of Doklam – the closest India and China have come to armed conflict in many years – the RSS has made public statements. For example, the RSS was strongly supportive of Modi's decision to send Indian troops to confront China during the Doklam crisis, and members of the Sangh Parivar called for boycotts of Chinese goods in response to China's incursions and its decision to cancel pilgrimages for Indian citizens to holy sites in Tibet, notably the Kailash-Mansarovar pilgrimage.³⁸ These bold calls were rarely met with serious organizational efforts, however, and the governing BJP – unlike the RSS and VHP – took a more careful line with these issues.³⁹ Unlike other policy matters, notably communal issues at home or confrontations with Pakistan, the RSS and VHP exercised far less pressure on the BJP to take a more hostile or confrontational line. Even during the crisis, the BJP continued normal interactions with China, seeking to decouple regular interaction from the border or other sensitive issues, and was able to do so relatively free from nationalist pressure. Shortly after the resolution of the crisis, Modi attended the BRICS summit in Xiamen, as did a number of cabinet ministers – all without provoking criticism.⁴⁰ The following year, the RSS was silent on the May 2018 Modi-Xi Wuhan summit aimed at resetting India-China ties.⁴¹ As Andersen and Damle observe, “on such matters [involving China], the RSS leadership is under less pressure at home as few significant interests are directly affected by foreign policy issues.”⁴²

In sum, while high-level figures in the Sangh Parivar may raise issues related to Tibet and the Sino-Indian border, the rank-and-file remain far more concerned about those involving Muslims and Pakistan. As Andersen and Damle conclude, “the RSS leadership...seems prepared to go along with the Modi government's policy of distinguishing India's geostrategic imperatives, as at Doklam, from the valued economic dimensions of the India-China relationship.”⁴³

Economic Nationalism

In the economic domain, Hindu nationalists have conflicting views of China. The economic nationalists generally see Beijing as a threat to India's domestic industry and also observe in China's own domestic protectionism a model for Indian development. But others in the Sangh Parivar are not particularly animated by economic relations with China and continue to focus on other issues.

The main economic nationalist organization within the Sangh Parivar is the Swadeshi Jagaran Manch (SJM), a spinoff of the RSS founded in 1991. The organization was founded and long led by the ideologue Swaminathan Gurumurthy, who seeks protection for India's economy, preaches a gospel of economic self-reliance, and condemns globalization. It is currently led by Ashwani Mahajan, an economist. The organization's name draws from the Swadeshi Movement, which harkens back to the boycott of British goods in India during the independence movement, with the name “Swadeshi” meaning “of one's own country.” Although the organization is part of the Hindu nationalist family, it sometimes ties its positions to a wide-ranging set of thinkers – some within and others outside of the right wing. These include B.R. Ambedkar, Mahatma Gandhi, Vinayak Damodar Savarkar,

Ram Manohar Lohia, and Deendayal Upadhyay.⁴⁴ Although the organization often ties its thinking to these ideological roots, it is important to note that small and medium enterprises are a major part of the Sangh Parivar's coalition, and consequently, that the SJM's advocacy may be motivated as much by political considerations as by ideological rigidity.

Although the SJM has a wide-ranging economic agenda, China is increasingly a major priority and central to its work. In 2017, it launched a one-year campaign to raise awareness about excessive imports of Chinese goods, advocating both boycotts and anti-dumping measures.⁴⁵ It also took credit for Modi's tariffs on some Chinese goods levied that same year.⁴⁶ The SJM has generally advocated for boycotts of Chinese goods to promote domestic manufacturing. While their allies in the VHP or RSS also sometimes call for a nation-wide boycott of Chinese goods, such as in response to Beijing's border incursions during the Doklam crisis, the SJM and its fellow economic nationalists are different: they support boycotts of Chinese goods not only in response to Beijing's provocations, but also as a matter of policy. The SJM has tied advocacy of these preferences opportunistically to Sino-Indian tensions. For example, the SJM advocated a boycott in 2017 following territorial disputes with China, in 2019 following China's decision to block the blacklisting of Masson Azhar, again that same year after China refused to blacklist the founder of militant terror group Jaish-e-Mohammed at the UN, and following Chinese criticism of Indian policy in Kashmir.⁴⁷ The SJM also opposes free trade agreements, particularly those involving China. In October 2019, the SJM led a ten-day protest of India's possible participation in RCEP, declaring it would "effectively function as an FTA with China."⁴⁸ In a statement, the SJM said:

The trade deficit with China is at an alarming level of \$54 billion. It is a well-known fact that the non-tariff barriers are the main cause of denial of market access to China. There is nothing in the RCEP to effectively discipline the non-tariff barriers (such as Mutual Recognition Agreements) and its exclusive focus on tariff reduction would be bringing an end to Indian manufacturing...⁴⁹

The SJM was hardly alone on this issue. The Sangh Parivar family, as well as most of the BJP, was also opposed to RCEP – as was the opposition Congress Party. After India decided not to join RCEP, the SJM, in a demonstration of its protectionist preferences, encouraged the BJP to consider rethinking or withdrawing from other trade agreements, such as those with Japan and Korea.⁵⁰ After withdrawing from RCEP, the BJP's spokesman for economic affairs, Gopal Krishna, issued a statement that revealed the limits of the SJM's thinking among some in the BJP. "Our politics is right centre," he declared, "we believe in the market economy and the open economy," implicitly rejecting the SJM's economic view.⁵¹

Even so, the SJM appears to be gaining policy influence, and the leaders of the movement are themselves increasingly serving in Indian politics. Perhaps seeking to further institutionalize its preferences on China policy, the SJM has pushed the government to create a "China cell" within the Ministry of Commerce to attend to the trade balance with China.⁵² More specifically, SJM founder Gurusurthy, long influential in Sangh Parivar circles – in 2015, BJP President Amit Shah and Finance Minister Arun Jaitley flew to attend his daughter's wedding – is now making and not simply influencing policy. He has waged a campaign to remove "foreign" influence from the Reserve Bank of India, and in 2018, found himself appointed to the board of the bank, an enormous departure from its previously technocratic focus.⁵³ He continues to be critical of China on economic matters.

Similarly, the current head of the SJM Ashwani Mahajan shares Gurumurthy's hostility to imports and investment from China, having written critically about China's Belt and Road Initiative, accusing it of serving as debt-trap diplomacy.⁵⁴ The SJM under Mahajan has also sought to revoke China's Most-Favored Nation trade status and to ban Chinese social media apps (e.g., TikTok) as well as e-commerce platforms.⁵⁵ It has also pursued a robust campaign against Chinese telecommunications manufacturers, notably Huawei, with Mahajan declaring that they constitute "an unacceptable security risk."⁵⁶ He further argued that "India must recognize the full extent of the national and economic security threat posed by foreign and especially Chinese equipment in India's ICT (information and communication technology) networks" and argued that "China today controls a significant section of India's telecom networks, even though information dominance is at the core of China's military strategy." The SJM has kept up the pressure, criticizing Indian ministers from attending Huawei-sponsored conferences or allowing Huawei to participate in domestic trials.⁵⁷ To be clear, the SJM does not necessarily advocate for the usage of other foreign companies like Ericsson and Nokia; their preference is for India to develop its own telecom manufacturers, perhaps taking a lesson from China's own approach.

The SJM's concern over economic ties with China should not be confused with reflexively anti-China views. Indeed, though SJM nationalists wish to reduce China's economic influence in India, they also admire China's economic success as well as its protectionist and mercantilist approaches. For example, Gurumurthy is an open admirer of Deng Xiaoping, and once said that Modi has the potential to lift India like Deng did China." He noted that "Deng did what works in [and] for China. Now Modi plans the same." Gurumurthy has some unusual views on China's economic success, arguing that "Deng never spoke English, but he understood what would develop China. He knew it was not FDI. He silently built the economy from the bottom."⁵⁸ The SJM sees China as an example of a major economy that used small and medium enterprises to propel the country forward and advocates the same for India.

Despite their exertions, the economic nationalists have been unsuccessful in reshaping India's economic policy away from China and away from globalization. During the 1990s, the SJM was harshly critical of the Vajapayee government for continuing the liberalizing reforms of its predecessor, as well as for appointing a non-RSS member as the head of the Reserve Bank of India. And yet, despite the criticism, the BJP proceeded to push for modest liberalization. Under Modi's government, the SJM has had more influence – particularly with respect to demonetization, foreign retail, monetary policy, and increasingly policies on data and digital economy. And yet, on issues related to China, the BJP has largely pursued its own course and has been unwilling to jeopardize economic ties with China, which is India's largest trading partner by goods, to satisfy the SJM. In general, the rest of the Sangh Parivar has deferred to the BJP on these issues. As Andersen and Damle note:

The RSS has not backed the SJM's demand that the Modi government stop Chinese investments and put regulatory hurdles on the operations of Indian companies with significant Chinese investment....In short, the rest of the Parviar does not buy into the SJM's policy prescription that incidents like the Doklam incursions justify a prohibition of all Chinese investments in India...

[and] such incidents do not necessarily mean that China is an imminent threat as long as India makes clear that it has the will and means to defend its strategic interests."⁵⁹

Meanwhile, joint ventures in renewable energy, electric vehicles, e-commerce, digital payments, and a range of other industries are critical to India's modernization goals and have continued. India remains the second-largest shareholder in AIIB, even though it has not participated in BRI. And Chinese manufacturers like Huawei, Xiaomi, Gionee, LeEco, Oppo, and Vivo have opened manufacturing operations in India. Modi continues to pursue Chinese investment across a range of industries.⁶⁰ And despite the frequency of SJM calls for a different approach, the rest of the Sangh Parivar has been more flexible. For example, the RSS did not object to Modi courting Chinese investment and exports to China during his tenure as Gujarat chief minister, nor has it or the VHP seriously done so during his tenure as prime minister.⁶¹ The limited success of the SJM on these issues is likely related to China's importance to India, as well as to the limited salience of economic issues involving China among the broader public.

Asian Values

The Sangh Parivar is generally skeptical of Western values and liberalism, and sometimes sees China as a kindred civilizational spirit standing against an interventionist and culturally expansionary West. As a demonstration of the multifaceted way Hindu nationalists see China, some of these individuals may in one breath criticize China for dumping products in India, its policies in Tibet, or its encroachments on the border, but nonetheless simultaneously attack Western civilization while making common cause with Beijing on broader questions of values.

For most foundational Hindu nationalist authors, Hinduism's value was defined in contrast to the West. Many, like Swami Vivekananda saw the West as material and Hinduism as spiritually superior: "On metaphysical lines, no nation on earth can hold a candle to the Hindus," he argued in 1897, "it seems however advanced the Western nations are in scientific culture, they are mere babies in metaphysical and spiritual education."⁶² Other nationalist thinkers reiterated some of these views, including Savarkar. After independence, these themes persisted among key nationalist thinkers. For example, Modi's favorite Hindu nationalist thinker, Deen Dayal Upadhyay, put forward a concept he called "integral humanism" that outlined a vision of Hinduism's contributions relative to Western thinking. As Rahul Sagar explains, Upadhyay's thinking suggests that "India has more to teach than to learn from the world because, unlike the West, which prioritizes the material over the social and the spiritual, Hinduism understands that the good life is the 'integrated life'—a life that fulfils the plurality of human needs and aspirations."⁶³ Upadhyaya discouraged the "thoughtless imitation of the West," particularly its consumerist and materialist impulses.⁶⁴ Similarly, RSS head Golwalkar argued, "The Western theory of creating multiplicity of wants, more machinery to meet them will only result in making man the slave of machine."⁶⁵

The distaste for Western approaches has often led to a feeling of affinity with Asian civilizations, particularly because nationalists regard with pride the historical spread of Buddhism to the rest of Asia. During the independence struggle, early nationalist organizations such as the Arya Samaj, Brahma Samaj, and the Hindu Mahasabha were generally pro-Asian, had concerns over the West, and celebrated Asian victories against imperialists—such as Japan's 1905 victory against Russia. Decades later, Indian leaders—including former Congress Party members Netaji Subhas Chandra Bose, who was influenced by the nationalist Brahma Samaj— even cooperated with Japan during WWII against the British.⁶⁶

In the present day, these pan-Asian impulses remain. Indeed, modern China is sometimes seen in these terms. As Andersen and Damle argue in their review of the RSS, “China is also part of the East that the RSS finds culturally and strategically appealing against a domineering and threatening West. Xi Jinping has, more than any recent Chinese leader, stressed the importance of tradition and some of that tradition has common roots in India.”⁶⁷

These themes are important elements of contemporary Hindu nationalism. Concerns about Westernization animate many of the mass militant actions nationalists take against movies, books, and other cultural items they believe belie Hindu culture. Many members of the Sangh Parivar are aghast at what they perceive as Western decadence, commercialization, and excessive deference to minority groups. With regard to the latter, although many Western states banned Modi after the 2002 Gujarat riots, China did not.⁶⁸

A subset of these same individuals are drawn to pan-Asian thinking, and these themes have even appeared in speeches by Modi and have been incorporated into Indian foreign policy. For example, Indian civil society has organized the annual Samvad conference which seeks to bring together key figures and scholars from around Asia to discuss Hinduism and Buddhism. The conference has featured Modi and Prime Minister Abe, high-level officials from other countries, academics, and religious leaders – including Tibetans. The conference is self-consciously pan-Asian. For example, in Modi's 2015 address to the conference, he declared, “Ethical values of personal restraint in consumption and environmental consciousness are deeply rooted in Asian philosophical traditions, especially in Hinduism and Buddhism.” He also singled out “Confucianism, Taoism, and Shintoism” as taking a similar approach, implicitly critiquing the West for its shortcomings in this regard relative to Asian approaches.⁶⁹

Top Sangh Parivar officials sometimes go even further, grounding their critiques of the West and their preference for majoritarian nationalism in pan-Asian terms. Gurumurthy – the influential economic nationalist – has a history of expressing these kinds of sentiments, occasionally drawing China into critiques of the West. “The West will target all non-western global leaders, be it Putin, Xi, Abe, or Modi, all of whom [are] nationalist. The West will never allow nationalist leaders to rise in non-western geographies.”⁷⁰ Similarly, “Japan's answer to Western modernity is Nihonjinron. China's is Neo-Confucianism,” he noted before asking what India's would be.⁷¹ Writing on the Samvad conference, he noted, its purpose was to “shift the West-centric narrative into a world-centric and Asia-inclusive one.” Many in the Sangh Parivar would welcome this approach. They may also be receptive to similar language from China. When Beijing hosted the Conference on Dialogue of Asian Civilizations, it invited hundreds from across Asia and wrapped the proceedings in the language of Asian values pitted against Western ones. For example, a typical Xinhua piece argued, “Many Westerners are obsessed with Western style centralism” and “have seen the rapid development of non-Western countries, and Asian countries in particular, which has made them sensitive and narrow-minded.” It further warned that Western “hostility toward foreign civilizations only agitate their differences and contradictions, and can ignite bloody conflicts.”⁷³

In a few small but highly important cases, Hindu nationalists have – perhaps motivated partly by these sentiments or for other reasons – encouraged conciliatory China policies. For example, BJP upper-house parliamentarian and former Indian minister Subramaniam Swamy has defended his pro-China views by saying “they are our neighbours and we

share cultural similarities. As the Chinese President said, if India and China come together, the whole world watches.”⁷⁴ Swamy opposes Indian involvement in the South China Sea, encourages greater distance between the U.S. and India, blames the U.S. and India for the 1962 Sino-Indian War, and has said the Dalai Lama’s followers must shut down their political apparatus in India.⁷⁵ Although he is a prominent BJP figure, Swamy’s views are nonetheless outside the mainstream, and the current BJP government under Modi has not moved in the direction he advocates. Even the Sangh Parivar generally does not share these views. For example, the RSS has supported Modi’s decision to include Japan as a regular participant in the Malabar naval exercises, to avoid participating in BRI, and to raise issues related to Pakistan-based terrorism with China.⁷⁶

Conclusion

Hindu nationalism is a project animated by Hinduism’s relationship with Islam, whether at the domestic level or the international level, and views of China are less salient and less consistent. Nationalist leaders oppose China’s assertiveness on the border and its repression of Buddhists in Tibet, but not so much that they would push a BJP government to pursue dramatically tougher positions on those issues. They may be concerned about the volume of Chinese exports to India, but those protectionist impulses are relatively widespread, and many economic nationalists also see China as worthy of emulation. They may be skeptical of Westernization and drawn to “Asian values” approaches, seeing China as a kindred spirit, but that affinity has, at least so far, not substantially reshaped politics. Taken together, the contradictory impulses on sovereignty, trade, and values questions related to China and the limited mass appeal of these issues strongly suggest that if Hindu nationalism strengthens, China policy is unlikely to harden as a direct result of that trend. Contrary to the fears of Chinese polemicists and Western great power strategists, nationalist politics are unlikely to induce greater Indian balancing against China on its own.

To the contrary, it is possible that Hindu nationalism’s intensification could actually produce greater strains in India’s relationship with the United States, creating modest openings for China. The majoritarian impulses of the Sangh Parivar, particularly on questions related to India’s Muslim population, have drawn criticism from the American media, activists, scholars, and members of Congress. If India’s treatment of Muslims becomes a political issue within the United States and other liberal democracies, and if those concerns become translated into policy, Hindu nationalists will say that their suspicions about the West have been confirmed. At the same time, despite Beijing’s criticism of India’s revocation of Jammu and Kashmir’s special status under Article 370, China is unlikely to be nearly as critical of India’s domestic governance. Paradoxically then, stronger Hindu nationalism and the resultant Western backlash could intensify those veins of nationalist discourse that stress commonality with China and come at the expense of closer Indian ties to the United States.

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The Case of United States Views of Its Ties with China

Scott Harold

U.S. views of the People’s Republic of China (PRC) have been hardening for at least two decades, from George W. Bush characterizing China in the 2000 presidential campaign and the first months of his presidency as a “strategic competitor,” to the Obama administration’s pursuit of a “pivot” to the Asia–Pacific in response to China’s growing assertiveness, to the Trump administration describing China’s rise as signaling the “return of an era of great power competition.”¹ Does this trend reflect changes in U.S. self-conception and national identity? Evolving assessments of threat in light of Chinese behavior and what these imply about the regime’s intentions? A reaction to shifts in the overall balance of power between the two countries, perhaps a reflection of a declining superpower facing a rising challenge, “tragically” destined to participate in a “contest for supremacy in Asia” that will ineluctably result in a “Thucydides trap” or war of hegemonic transition?² Or is it instead an inevitable clash between a liberal, democratic, rule of law capitalist hegemon and a resilient authoritarian challenger that is a communist dictatorship increasingly reliant on aggressive nationalism since the 1989 Tiananmen Square massacre and evolving rapidly towards national socialism or fascism?³ While each of these perspectives provides some purchase on the recent developments in U.S. – China relations as seen from Washington, this chapter focuses on the role of national identity, arguing that identity is by no means the sole or best explanation, but that it is an important factor that should not be overlooked or underestimated.

A brief and necessarily oversimplified thumbnail sketch of the history of the field of international relations (IR) as taught in American political science graduate programs can provide some useful backdrop for understanding how identity shapes foreign policy. American approaches to IR often cover explorations of the roles of morality, philosophy, and psychology in explaining war (classical realism);⁴ balances of power and threat perceptions in explaining conflict (realism);⁵ and anarchy, self-help, and the polarity of international politics based on the distribution of capabilities in accounting for war and peace (structural or neo-realism).⁶ Other approaches focus on the importance of domestic regime type in explaining state action (liberalism);⁷ the role of international institutions in accounting for trade and other forms of cooperation (neo-liberalism or liberal institutionalism);⁸ and finally, since roughly the early 1990s, culture, identity, and iterated interactions in accounting for the emergence of international norms, images of the other, and changes in states’ policy preferences over time (constructivism).⁹

This chapter explores the role of national identity, which lies somewhere between liberalism’s focus on domestic regime type and constructivism’s focus on the importance of iterated interactions and norms in accounting for change in the U.S. view of China. This is by no means intended to deny the value of other schools of thought in IR; indeed, given that the theoretical boundaries between these approaches are highly permeable, scholars all read and react to each other’s insights, and no truly grand unified theory of international relations has emerged to definitively account for all aspects of international society.

National identity as a causal variable is still often seen as a difficult explanatory approach to employ in analyzing world politics; this is true for at least three reasons. First, identity is a challenging variable for which to select authoritative metrics. It is unclear whether it is best measured by senior leaders’ speeches; public opinion surveys; demographic data; the frequency of attendance at religious institutions; content analysis of best-selling movies, music, and novels; or other proxies for gauging the preeminent themes defining a

society's identity. Second, national identity is highly contested and open to interpretation within states. While it *may* play a role as an independent variable in international affairs, it is *undeniably* also a dependent variable that is constantly being argued over, deployed, positioned and redefined by actors seeking to narrate the meaning of the nation as a strategy towards controlling it and using it for their own ends (whether these be magnanimous or selfish). Finally, national identity is seen by many observers as slow to change, perhaps too slow to permit its use as an explanation for specific foreign policy shifts. It certainly changes over time, but for some it is not entirely compelling to explain policy shifts that emerge over weeks, months, or a handful of years in terms of a variable as broad as national identity, which is usually assumed to evolve along longer timeframes.

Still, substantial evidence suggests that, even despite concerns that national identity is hard to measure, is always contested or multivalent, and in general is probably fairly slow in evolving, it is nonetheless worth considering as a factor influencing the current U.S. – China relationship. A starting point for IR theorists interested in the concept has often been Kenneth Waltz's notion of three "images" (or levels of analysis) for international affairs—that of the individual ("man," to use Waltz's gendered 1950's-era language), the "state," and "war" (or international society as a whole).¹⁰ In a seminal 1978 piece, Peter Gourevitch explored the relationship between international affairs and Waltz's "second image," looking at what he termed the "second image reversed: the international sources of domestic politics," noting that "war and trade" are the primary drivers by which countries' internal polities are shaped by external affairs.¹¹ Gourevitch's motivation for penning his article derived from a suspicion of any hard and fast boundary between international affairs and domestic politics. In the years since Gourevitch put forward his argument, numerous other scholars have carried the argument forward, most notably for the purposes of this essay, Thomas Christensen, whose 1996 *Useful Adversaries: Grand Strategy, Domestic Mobilization, and Sino – American Conflict, 1947 – 1958* explored how American and Chinese leaders leveraged foreign threats to achieve domestic policy goals.¹² A contemporary study of security cooperation in the Indo-Pacific has found that, in the cases of Australia, India, Indonesia, Japan, the Republic of Korea, the Philippines, and Vietnam, national identity definitely plays an important role alongside other factors, such as the rise of China, concerns about U.S. relative decline or abandonment, and the cost growth in defense systems in shaping countries' decisions about security cooperation in the region.¹³ For his part, Paul McCartney has argued that a combination of second image reversed analysis, critical theory, and constructivism is helpful for showing how the arguments of foreign policy elites in the U.S. are similarly shaped by "international events and conditions" and in turn give expression to American identity through their foreign policy actions and the reactions to these.¹⁴

In looking at the foreign policy of the United States toward China, national identity issues have played an important role in American assessments of how to view and respond to China's rise in recent decades. Insofar as U.S. policy is most directly shaped by senior policymakers and elected politicians whose authority stems from popular elections and who must therefore ensure that they explain their actions in terms that are popularly accepted, this chapter relies on the imperfect but nonetheless useful proxy metric of official U.S. policy documents, and current and former senior leadership statements. It also takes note of arguments by prominent foreign policy commentators, as well as overall characterizations of the zeitgeist of the U.S. mood across two decades to explore the theme of how American identity can help explain changes in U.S. policy towards the PRC.

Additionally, while recognizing that the roots of bilateral tensions are not new,¹⁵ tensions between the U.S. and China have certainly been on the rise in recent years, most notably since 2000 and especially since 2008. While the focus of this essay is on U.S. national identity, that identity—at least insofar as is relevant to U.S. – China policy—has increasingly been framed around a series of value divergences that have led American leaders to make increasingly stark normative critiques of the PRC and articulate America’s self-identity in contradistinction to that of China (though, as the discussion of the second image reversed school above shows, the lines between national identity and foreign policy are permeable and causality can run both ways).

American Identity and China

As noted above, American national identity is not a fixed, immutable set of characteristics but one evolving as it is contested, deployed, adjusted, and continually rearticulated by various actors. During the two decades under consideration here, American identity has certainly included traditional themes such as individual freedom, human rights, and free markets. It has also included newer debates over American vulnerability (in the aftermath of the September 11, 2001 attacks and the Great Recession); about whether the country should seek to retain its traditional role as the leading global actor supporting the liberal international order or not (especially in light of the difficult wars in Afghanistan and Iraq); and arguments about whether or not the country’s political and economic systems are broken (highlighted by repeated government shutdowns, the Budget Control Act/sequestration, and the sense many Americans have that the economy does not work for them), and if so what should be done to fix these problems.

Perhaps unsurprisingly, during much of this period China has been held up as either a solution to some of the challenges America confronts in seeking to preserve the existing world order (climate change, global financial rebalancing, the nuclear non-proliferation regime) or as a threat to such an order in its own right. Probably uniquely among all of the other countries in the world during this period, there has also been a tendency among some of America’s most preeminent foreign affairs commentators—Thomas L. Friedman of *The New York Times*¹⁶ and Fareed Zakaria of *Newsweek*¹⁷ most notably, but others as well—to use China as something of a mirror, pointing to China’s strengths in economic and technological development, and suggesting that they pose a challenge to, spur, or occasionally even serve as a model for the U.S. in improving its own educational and developmental outcomes. Since 2017, some commentators have taken heart that the U.S. is finally recognizing the threat China poses to liberal democracy and American interests and values.¹⁸ By contrast, others have worried about a U.S. overreaction to China’s rise that might herald a return to Cold War fearmongering¹⁹ or enable racist stereotyping of all Chinese (even Chinese-Americans) as spies for Beijing,²⁰ harkening back to the communal tensions or possibly even internment camps Japanese-Americans were subjected to during World War II.²¹

Broadly speaking, the period from 2001 – 2009 corresponds to a time when the Bush administration articulated policies that reflected an identity focused on openness to cooperation with China should it step up its contributions to global order, focusing primarily on countering violent Islamist terrorism and North Korean nuclear proliferation. By contrast, in the period from 2009 to 2017, the Obama administration initially sought to elicit Chinese assistance in addressing global climate change and financial rebalancing, but increasingly

came to see Chinese Communist Party actions as aimed at undercutting the U.S. position in Asia. Since 2017, the Trump administration, while noting that “in the U.S., competition is not a ‘four-letter word,’” has nonetheless moved to characterize the CCP as “truly hostile to the United States and our values,” values that it has sought to redefine under the rubric of “America First.”²² These three phases are explored in turn below.

2001 – 2009: The Bush ‘43 Response to China

At the start of the 21st century, America was riding high economically on the back of the dot.com expansion. The Cold War was over, the Soviet Union had collapsed; China remained a weak, low- to lower-middle income country with a military that had little in the way of power projection capability; and perceptions of America’s military infallibility and might were widespread in the wake of the defeat of the Serbian regime’s efforts to crush Kosovo. In short order, however, the contested 2000 presidential election; the September 11th attacks; revelations about a widespread cover-up of sexual predation on American children by priests in the Catholic church; and a crisis in American capitalism brought on by the Enron scandal and the subsequent bursting of the dot.com bubble sowed seeds of anxiety. While the rapid toppling of the Taliban in Afghanistan and the Saddam regime in Iraq restored a sense of confidence for many elites in American primacy and purpose, these were further shaken with the failure to capture Osama bin Laden, the emergence of durable and deadly insurgencies in both countries, and the revelations about gross incompetence in planning for the postwar situation in Iraq (symbolized most notably by the destruction and looting of the Iraqi National Museum and the Abu Ghraib scandal). By 2006, the descent of Iraq into a state of virtual civil war under the instigation of Abu Musab al-Zarqawi’s al-Qaeda in Iraq had left American foreign policy elites reeling.

China policy during these years, despite Bush’s intention as expressed during the 2000 presidential campaign to focus on Beijing as a “strategic competitor,” generally settled into a back-and-forth between the more hawkish policymakers associated with Vice-President Dick Cheney, Secretary of Defense Don Rumsfeld, and U.N. Ambassador John Bolton, and more moderate policymakers, such as Secretary of State Colin Powell, National Security Advisor Condoleeza Rice, and Secretary of the Treasury Henry “Hank” Paulson, with the latter group focused on finding ways to downplay confrontation and elicit cooperation on countering terrorism, the spread of nuclear weapons, and financial instability. Indeed, one key figure in the Bush policy team, Tom Christensen, Deputy Assistant Secretary of State for China from 2006 - 2008, even noted in a 2001 article that “China does not appear poised to become a peer competitor of the United States,” though he warned that it could still “pose problems without catching up.”²³

Concerns about China were further downplayed in the wake of the 9/11 attacks, and with the U.S. engaged in a Global War on Terror (GWOT), China sought to position itself as a partner of the United States in confronting radical Islam, disingenuously portraying its efforts to crush Uighur identity and separatism in East Turkestan as part and parcel of the U.S. GWOT.²⁴ Seeking to encourage Beijing to follow the U.S. lead in bolstering the international order at a time when it was perceived as being under assault, Deputy Secretary of State Robert Zoellick strove to present an attractive description of American values in a speech in 2005, in which he invited China to share in international leadership if the PRC were to adopt the posture of a “responsible stakeholder.” Zoellick argued that China could do so because:

It does not seek to spread radical, anti-American ideologies. While not yet democratic, it does not see itself in a twilight conflict against democracy around the globe. While at times mercantilist, it does not see itself in a death struggle with capitalism. And most importantly, China does not believe that its future depends on overturning the fundamental order of the international system.²⁵

While China throughout this period continued to grow its economy, expanded its investment in military modernization, sustained its repression of human rights domestically, and began laying the groundwork for a later shift towards reactive and then proactive assertiveness by pressuring India and Vietnam over territorial and maritime disputes, it did largely downplay tensions with the United States.²⁶ When cross-Strait tensions rose with Taiwan, U.S. policymakers intervened, pursuing “dual deterrence” of both the Hu Jintao regime in Beijing and the Chen Shui-bian administration in Taipei, the latter widely seen as “provoking” the PRC through steps aimed at achieving greater recognition internationally.²⁷ For the most part, however, the Bush administration was torn between a hawkish focus on Middle East policy and a more moderate approach that sought to manage China relations with the goal of extracting cooperation on issues ranging from countering North Korea’s quest for nuclear weapons by arranging the Six-Party Talks to pressing China for trade and currency rebalancing through the Strategic Economic Dialogue. The Bush approach was premised on the notion that, by virtue of its economic size and military strength, the U.S. could afford to manage the China challenge while focusing first and foremost on the threat posed by radical Islamist terrorism.

2009 – 2016: Obama’s Response to China

During the 2008 presidential campaign, then-candidate Obama sought to avoid the traditional approach of candidates adopting tough sounding positions on China during the campaign that had to be walked back after the candidate’s election. With the financial crisis of 2008 and the Great Recession raging as he came into office, a pair of wars in Afghanistan and Iraq going poorly, and Osama bin Laden still in hiding in Pakistan, the Obama administration sought to focus on restoring America’s economic strength and rebuilding respect for America’s global role abroad during its first months and years in office. In support of those goals, the administration sought to downplay differences with China over core issues such as human rights, with Secretary Clinton famously stating that “those issues can’t interfere with [cooperation aimed at addressing] the global economic crisis, the global climate change crisis, and the security crisis.”²⁸ Early on, Obama himself sought to set a new tone in U.S. – China relations, announcing during his 2009 summit with President Hu Jintao that:

We meet here at a time when the relationship between the United States and China has never been more important to our collective future. The major challenges of the 21st century, from climate change to nuclear proliferation to economic recovery, are challenges that touch both our nations, and challenges that neither of our nations can solve by acting alone.²⁹

Over time, however, the Obama team concluded that restoring American global leadership was unlikely to involve genuinely partnering with China in any meaningful sense. Probably no event led more directly to this conclusion on the part of the U.S. side with respect to

China's trustworthiness and willingness to partner than the failure of the COP15 climate change negotiations in Copenhagen in December 2009. While the Obama team went in prepared to negotiate hard in tandem with other world powers to preserve a livable global ecology, the Chinese side repeatedly took steps that ensured that only meaningless commitments to vague, non-numerical goals would be in the final agreement, paving the way for a post-conference propaganda push intended to lay the blame for the deal's failure at Washington's doorstep.³⁰ Given the Chinese treatment of Obama and the priority Obama had attached to climate change as an issue area for U.S. – China cooperation, the effect was pronounced.

Subsequently, the Obama team pivoted to a tougher policy towards China premised on a more competitive relationship, albeit one that still sought areas for cooperation.³¹ In November 2011 at a speech in Canberra, Australia, Obama articulated his "pivot" or "rebalance" to the Asia-Pacific, a policy intended to sustainably ensure U.S. influence and the defense of U.S. interests in the face of a rising China.³² The policy was a reflection of the administration's belief that Asia was a critical region for the future of U.S. interests, values, economic growth, demographic ties, and security; critics generally agreed with the approach but found it inexpertly and only episodically pursued, as well as insufficiently resourced.³³

Over the remainder of his time in office, Obama would repeatedly find China a challenge, despite his team's efforts to find opportunities for cooperation while managing the needs and pressures imposed by competition. Following his successful 2012 reelection, in November 2013 National Security Advisor Susan Rice spoke at Georgetown University about the U.S. goal in Asia and its relationship to China, stating that:

Ultimately, America's purpose is to establish a more stable security environment in Asia, an open and transparent economic environment, and a liberal political environment that respects the universal rights and freedoms of all... When it comes to China, we seek to operationalize a new model of major power relations. That means managing inevitable competition while forging deeper cooperation on issues where our interests converge—in Asia and beyond.³⁴

Faced with criticism over its embrace of the notion of a "new type of great power relationship" (a Beijing-originated construct); however, the administration quickly dropped this language as it became clear that China's vision of the relationship required substantial U.S. concessions and was far too adversarial to suit U.S. interests.³⁵ Shortly after the Rice speech, the Obama administration refused to join China's Asian Infrastructure Investment Bank initiative and encouraged other countries to refrain from joining as well (albeit with few successes).³⁶ The 2015 announcement that China was the lead suspect in the hacking of the Office of Personnel Management and had made off with millions of dossiers on applicants for a U.S. government security clearance further reinforced a negative image of the PRC as a malign actor among U.S. policymakers.³⁷ That image was reinforced when the FBI indicted a group of serving PLA officers for hacking private sector U.S. enterprises in 2014. While Obama managed to reach an agreement with Xi Jinping on avoiding a cyber war, also eliciting a promise not to militarize a series of artificial islands China had constructed in the South China Sea, personal promises by China's top leader would shortly be perceived by many as having been given in bad faith, further reinforcing the notion that Chinese leaders will lie, even to an American president.³⁸

In the waning months of the Obama administration, two final events served to further frame China's identity in contradistinction to that of the United States for many observers. First, when Obama visited Hangzhou to attend the G-20 meeting in September 2016, a dispute emerged over the stairs he could use to descend from Air Force One, ultimately leading the president to emerge from a set of access stairs that were not connected to the traditional red carpet, leading many to believe that the Chinese had deliberately snubbed the American president.³⁹ Donald Trump, running as the Republican nominee for the presidency, announced that if he were the president, he would have left the G-20 over the incident, arguing that Obama's decision to stay showed weakness and encouraged China not to respect the United States.⁴⁰ Finally, on December 15, 2016, a PLA navy ship seized a U.S. navy unmanned underwater vehicle operating legally in the South China Sea, reinforcing an image of China as disrespectful of international law and American power, with president-elect Trump railing against the Chinese action on Twitter as "unpresidential" and later suggesting that "We should tell China that we don't want the drone they stole back.- let them keep it!"⁴¹

2017 – present: The Trump Response to China

Throughout the course of the 2016 campaign for the White House, Trump sought to distinguish his proposed approach to the presidency from those of his predecessors, claiming that he would put "America First," "Make America Great Again," and stand up to foreign powers like China by not allowing the PRC to continue to "rape" America through unfair trade policies.⁴² On the eve of the 2016 election, two of Trump's top Asia advisors—Alexander Gray and Peter Navarro—penned an op-ed with *Foreign Policy* laying out what they described as the candidate's "peace through strength" approach to Asia. This approach, they argued, would be premised on voiding multilateral trade deals seen as unfavorable to the U.S., "rebuilding our military," and demonstrating an unquestioned "commitment to America's Asian alliances as bedrocks of stability in the region."⁴³

In the course of his first three years in office, Trump moved quickly to put his own stamp on U.S. foreign policy. The December 2017 *National Security Strategy* identified the return of an "era of great power competition," asserted that "there is no arc of history that ensures free economic and political system will prevail" and articulated a more competitive approach to China in response.⁴⁴ Subsequent high-level policy statements by Vice-President Pence in 2018 at the Hudson Institute noting China's turn towards aggression abroad and repression at home,⁴⁵ and at the Wilson Center in 2019, have clarified the issues at stake in the administration's view.⁴⁶ As statements by these and other senior administration officials, including domestically-focused officials such as Attorney General William Barr⁴⁷ and FBI Director Christopher Wray⁴⁸ and internationally-focused officials such as Ambassador at Large for International Religious Freedom Sam Brownback,⁴⁹ have made clear, China is increasingly seen as an "existential threat" to the United States at home, challenging key tenets of American freedom, security, and identity.⁵⁰

In making their case, Trump administration officials have highlighted issues tied to America's values, domestic security, institutions, and identity, in addition to more traditional external security concerns. Areas that have received attention include China's domestic repression of religion and its "horrific" repression of the Uighur population,⁵¹ industrial espionage, and United Front activities in American educational institutions,⁵² as well as its aggressive

threatening of its neighbors. China's actions are openly characterized by senior Trump administration officials as revealing the true nature of the CCP, a nature that is seen as threatening to the United States' interests, values, and very identity as an open, rule of law democracy. In late 2019, Secretary of State Mike Pompeo, speaking at the Hudson Institute, declared that "Today, we're finally realizing the degree to which the Chinese Communist Party is truly hostile to the United States and our values," and declaring that the CCP represented an organization with a competing set of "ideologies and values... [as] a Marxist-Leninist Party focused on struggle and international domination" that sought to present the world "an entirely different model of governance... in which a Leninist Party rules and everyone must think and act according to the will of the Communist elites."⁵³

Senior Trump administration officials have also regularly characterized the administration as standing up to China where previous administrations of both parties had failed to do so. The most notable articulation of such a view, tying China policy directly to the president's vision and ambitions to remake American identity, came in Pence's remarks at the Wilson Center in October 2019. Given their importance and how explicitly they tie U.S. identity and foreign policy together, these are worth quoting at length:

Past administrations have come and gone, and all were aware of these abuses. None were willing to upset the established Washington interests who not only permitted these abuses, but often profited from them. The political establishment was not only silent in the face of China's economic aggression and human rights abuses, but they often enabled them. As each year passed, as each factory closed in the heartland of America, as each new skyscraper went up in Beijing, American workers grew only more disheartened, and China grew only more emboldened...

...as history will surely note, in less than three years, President Donald Trump has changed that narrative forever. No longer will America and its leaders hope that economic engagement alone will transform Communist China's authoritarian state into a free and open society that respects private property, the rule of law, and international rules of commerce.

Instead, as the President's 2017 National Security Strategy articulated, the United States now recognizes China as a strategic and economic rival. And I can attest firsthand, a strong majority of the American people, in the city and on the farm, are behind President Trump's clear-eyed vision of the U.S.–China relationship. And the President's stand also enjoys broad bipartisan support in the Congress as well.

Over the past year with that support, President Trump has taken bold and decisive action to correct the failed policies of the past, to strengthen America, to hold Beijing accountable, and to set our relationship on a more fair, stable, and constructive course for the good of both of our nations and the world.⁵⁴

While some analysts have noted that Trump's approach to Asia has reflected both change and some surprising continuity (the latter often a function of structural constraints upon the power of the presidency imposed by the Congress as a co-equal branch of government),⁵⁵

observers have also pointed out that China policy has been one of the key areas where the Trump approach has been “transformative,” noting in particular the substantial uptick in public recognition of a threat from China to U.S. interests and values.⁵⁶

Of course, much of what has fueled a growing hardening of U.S. sentiment towards the CCP has stemmed from the responses Americans have felt toward Chinese actions. Constructivists note that iterated interactions over time can shape, remake, confirm, or deepen images of the other and the self. Among the steps China has taken in recent years that have elicited the strongest reaction from American observers must be counted Beijing’s refusal until late 2019 to regulate its production of the opioid fentanyl, much of which has ended up fueling a devastating addiction crisis in the United States;⁵⁷ its ambitions to dominate the future strategic heights of the global economy through its Made in China 2025 program, which former Trump advisor Steve Bannon has called “an existential threat to the West;”⁵⁸ the implications of the PRC’s ever-expanding Belt and Road Initiative;⁵⁹ its imprisonment of one million or more Uighurs in concentration camps;⁶⁰ and its development of facial recognition software, artificial intelligence, and a social credit scoring system.⁶¹ Also worth noting have been the 2018 revisions to the PRC Constitution to lift term limit restrictions so as to permit Xi Jinping to be president for life;⁶² its seizure of two Canadian citizens as hostages in the wake of the arrest of Huawei CFO Meng Wanzhou on charges of bank and wire fraud;⁶³ and its efforts to peel away diplomatic recognition of Taiwan, interfere with that country’s free elections, and intimidate its population.⁶⁴ Collectively, such actions have reinforced to many American observers an image of China that is increasingly divergent from the direction Americans had long hoped engagement, inclusion in international society, and investment in China’s modernization and economic development would lead, an image that conflicts sharply and negatively with Americans’ own self-image, as well as their firm beliefs about the way the world should be.⁶⁵ While it is too early to say definitively, it would not be surprising if one effect of the COVID-19 coronavirus were to reinforce a sense that the very nature of China’s non-transparent, unaccountable, authoritarian regime was a direct cause of the threat the virus poses to American economic and physical well-being.

Conclusion

Changing trends in American national identity alone cannot account for the shifts in U.S. policy toward China; other factors, most notably Chinese actions, stated ambitions, and growing capabilities are clearly at least as important and likely more so. Yet, as the above review has argued, American national identity should not be overlooked or dismissed as a factor helping to account for changing policies from Washington, and one that shapes the language in which such policies are expressed and justified. As China has grown more powerful and more aggressive at home and abroad--on land, at sea, in the air, in space, and in cyberspace--and has undertaken steps to shape the future in ways that empower the CCP, it has increasingly provoked reactions that find resonance within American domestic debates over the nation’s political identity and place in the world.

A nation’s debates over its own identity and place in the world frequently involve reflecting on how other states of similar size, ambition, or influence are behaving in the global system, and for the United States China is clearly one of the most relevant counterparts. As such, as Washington has shifted its threat perceptions abroad as well as its policy priorities at home, it has seen China take on a greater role as a “pacing threat,” rival, adversary, and “other”

that requires greater efforts with which to compete, counter, and respond. Such a pattern appears likely to continue for years to come, given the size and shape of the two countries' power and interests, as well as the recent history of their interactions.

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Chinese Views of South Korea: Aligning Elite and Popular Debates

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China and the Republic of Korea (ROK) have experienced periods of conflict and cooperation since officially forging “partnership” relations in 1998. From a historical perspective, Korea was among the most willing participants of the Sinocentric tribute system and its underlying cultural hierarchy.¹ Yet the 2003-2004 dispute over the ancient Koguryo kingdom’s identity marked the first major downturn in the China-ROK relationship since normalization. The rapid expansion of trade, at an average annual rate of 18 percent since 1992,² has not prevented the two sides from fighting over political grievances. Most notably under the current Xi Jinping leadership, Beijing’s assertions of unprecedented friendship quickly turned into accusations of betrayal requiring economic punishment. Why and how did China’s policy toward South Korea shift so drastically after two decades of diplomatic normalization? To answer, we must focus on the expectations raised by China’s national identity for ties with South Korea.

This study examines the evolution of Chinese views of South Korea with a focus on elite and popular narratives since 2013. Despite increased interdependence, these narratives point to China’s increasingly fragile political ties with Asian partners. Most importantly, China’s growing weight facilitates its strategic combination of economic and discursive tools of diplomacy framed by national identity. Recent tensions over the U.S.-ROK military alliance displayed Beijing’s denial of direct economic retaliation under the cover of public hostility, conveniently blurring the lines between state-led and voluntary actions. By hardening the identity dimensions of conflict, such strategies may only have long-term counterproductive effects of constraining Beijing’s political influence at home and abroad.

The four sections below proceed as follows. First, I review two decades of China-ROK relations since the establishment of partnership ties in 1998. I identify two related trends: the intensification of political disputes despite trade, and China’s growing economic leverage in managing those disputes, keeping an eye on the role of national identity. Second, I assess the pessimistic turn in China’s domestic discourse on South Korea in the Xi Jinping period, using official, academic, and media sources. Third, I trace the interaction of elite and popular narratives, focusing on the 2016-2017 dispute over a U.S. missile defense system, Terminal High Altitude Area Defense (THAAD). I briefly extend the discussion to public clashes over Hong Kong in 2019 to underscore the enduring impact of China’s major power and domestic political identities on China-ROK relations. To conclude, I consider the trajectory of bilateral relations under the leadership of Xi Jinping and Moon Jae-in, including the domestic and foreign policy implications of nationalist discourse.

Two Decades of “Partnership”

Six years after diplomatic normalization, China and South Korea forged a “cooperative partnership” during President Kim Dae-jung’s state visit to China in 1998. The partnership supported Beijing’s regional engagement under Jiang Zemin’s “new security concept” of post-Cold War cooperation, which rejected U.S. military alignment in favor of a “neutral” South Korea.³ For China’s Asia experts, the 2000 inter-Korean summit signified not just North-South reconciliation, but also the real end of the Cold War, elevating China’s role in the Korean peace process.⁴ But by the end of the 1990s, others also warned that an “increasingly nationalistic Beijing leadership” and its “assertive foreign policy” would test the resilience of the China-ROK partnership.⁵ The garlic trade dispute in 2000 was the first major indicator of China’s growing economic weight in the form of retaliatory import

restrictions.⁶ Three years later, the Koguryo history war coincided with a turning point in the bilateral trade relationship, when China replaced Japan and the United States in 2003-2004 to become South Korea's biggest trade partner. The upgraded "comprehensive cooperative partnership" in 2003 envisioned the rapid expansion of economic, security, and cultural ties, as the Hu Jintao leadership assured neighbors of China's "peaceful rise." This image, appealing to soft power, contrasted with the confidence found in assumptions behind South Korea's need to show deference on North Korea, trade, and history. The message spread to users of the internet, where the Koguryo dispute triggered a broader "cultural war" on the supposedly audacious cultural pretensions of Koreans in claiming symbols belonging to China.

Seoul's conservative Lee Myung-bak administration from 2008 presented major uncertainties for Chinese counterparts, despite the establishment of a new "strategic cooperative partnership."⁷ According to some critics, China's role in the Democratic People's Republic of Korea (DPRK) nuclear issue had been reduced from mediating the Six-Party Talks to "rubber-stamping" agreements between Washington and Pyongyang.⁸ The fallout with Seoul over handling DPRK military provocations in 2010 revealed Chinese anxieties over South Korea's increasingly "multifaceted strategic alliance" with the United States.⁹ Marking 20 years of diplomatic relations, the Xi Jinping and Park Geun-hye administrations laid aside these differences in 2013 and launched the bilateral free trade agreement (FTA) in 2015. The China-ROK economic partnership still confronted Chinese unease over Seoul's security ties with Washington and deteriorating public perceptions on both sides.¹⁰ It only reinforced the attitude that South Korea belongs to China's cultural sphere, whether in responding to Japan's affronts over history or in accepting growing claims of Sinocentrism, such as Xi Jinping's references to a "common destiny."¹¹

These trends clearly surfaced in the dispute over South Korea's 2016 decision to deploy THAAD. After a year of Chinese economic retaliation, Beijing and Seoul agreed in October 2017 to put relations "back on a normal track" for the sake of "mutual interests."¹² The agreement was reached amid important domestic and international developments, including Seoul's transition to the Moon government in May 2017, ending a decade of conservative rule, the October 2017 Chinese Communist Party (CCP) Congress consolidating the Xi leadership, and Trump's first Asia trip in November 2017, introducing Washington's "Indo-Pacific strategy" to the region. Xi Jinping assured Moon Jae-in in Beijing in December 2019, "we have always been close friends and partners for cooperation."¹³ Beijing's official accounts of this summit appeared to replay past Korean subordination to imperial China, implying a common civilizational sphere as a force shaping policy choices.

Continuities and Change

The development of China-ROK partnership since the 1990s reveals several points of continuity and change. First, China's Korea policy is largely framed by its major-power identity. Moon Jae-in's rise and the 2018 inter-Korean summit revived the same great-power debates that North-South reconciliation ignited two decades ago. Rooted in China's involvement in the 1950-1953 Korean War, China's great-power identity in the region makes the orientation of the U.S.-ROK alliance a primary concern. From China's national security perspective, a "strategically neutralized" Korea is the optimal scenario since "Beijing's long-term strategic concern is not whether there will be two Koreas or one reunified Korea,

but how to reduce U.S. influence there.”¹⁴ The prospect of unification in the early 2000s raised four images embodying such views of Korea: a source of change in the regional power structure, a key player in U.S. containment of China, a partner in promoting China’s economic development, and a facilitator of China’s own reunification with Taiwan.¹⁵ These views persisted at the start of the Xi leadership in 2012, when peninsula tensions underscored the diplomatic troubles posed by a divided Korea.¹⁶ Geopolitical competition with the United States under the Trump administration from 2017 only heightened Beijing’s view of Korea’s dilemma of being “stuck between the past and the future.”¹⁷ Not only was the issue of managing ties with South Korea seen as political and economic, but also as having an essential cultural dimension.

China’s domestic political identity as a transitioning regime is another enduring source of its Korea policy. Indeed, the linkages between domestic and international priorities drove the decision to normalize ties with the South in 1992.¹⁸ Since committing to reform and opening in 1978, unresolved issues of social order, political adjustment, and national unification have placed significant constraints on China’s international role.¹⁹ As Chinese leaders have long argued, China’s active regional diplomacy since the 1990s is primarily aimed at fostering favorable external conditions for its domestic development. Beijing’s engagement of both Koreas is consistent with its post-Cold War policy of ensuring a stable regional environment conducive to China’s ongoing modernization drive.²⁰ Yet modernization is only one objective of China’s rise.

The orientation of China-ROK relations over the past two decades has also changed in two related ways (Table 1). First, bilateral disputes have intensified despite the expansion of trade. The management of the garlic trade war signaled a mutual willingness to avoid the costs of prolonged fallout, especially after China’s World Trade Organization entry in 2001 enhanced the prospects for China-ROK economic ties.²¹ But subsequent disputes only intensified with increased interdependence, evolving from competing historical narratives to harder security issues involving North Korea and the United States.²² Second, China’s economic leverage in managing such disputes has clearly increased. When the garlic war broke out in 2000, China represented 9 percent of South Korea’s total foreign trade, and less than half of U.S.-ROK trade. By the time of the THAAD dispute in 2016, South Korea depended on China for 23 percent of its foreign trade, more than the combined shares of its trade with the United States and Japan. In contrast, the portion of China-ROK trade in China’s total foreign trade has hovered around 7 and 8 percent since 1996. China’s increased economic leverage in managing political disputes amplifies the national identity dimensions of conflict. Such leverage empowers Beijing to strategically combine economic and discursive tools of diplomacy, as manifested at bilateral and state-societal levels.

Table 1. China-ROK Political and Trade Relations (1998-2018)					
Year	PRC Administration	ROK Administration	Major Dispute	PRC's % Share of ROK Trade	ROK's % Share of PRC Trade
Cooperative Partnership					
1998	Jiang Zemin	Kim Dae-jung		7.62	6.56
2000			Garlic trade	9.39	7.27
2002				13.08	7.10
Comprehensive Cooperative Partnership					
2003	Hu Jintao	Roh Moo-hyun	Koguryo history	15.30	7.43
2005				18.43	7.87
2007				19.91	7.36
Strategic Cooperative Partnership					
2008	Hu Jintao	Lee Myung-bak		19.63	7.26
2010			Cheonan & Yeonpyeong	21.13	6.96
2012				20.15	6.63
2013	Xi Jinping	Park Geun-hye		21.29	6.59
2014				21.43	6.75
2015				23.61	6.98
2016			THAAD	23.45	6.86
2017		Moon Jae-in		22.81	6.82
2018				23.56	6.77

Sources: Korea International Trade Association; National Bureau of Statistics of China; World Bank.

Chinese Views of South Korea under the Xi Jinping and Moon Jae-in Leaderships

In a 2002 interview with *People's Daily*, China's ambassador to Seoul, Li Bin, identified China and South Korea's "same oriental civilization" as key to the 10-year relationship's success.²³ Since normalization, however, the China-ROK relationship has dynamically evolved through multiple narratives of core-periphery kingdoms, common victims of Japanese aggression, Cold War enemies, and economic partners. Despite the 2017 agreement to "renormalize" relations, current official, scholarly, and media assessments of South Korea point in an overall pessimistic direction. China's major-power and domestic political identities inform these debates.

Official Assessments

Leadership exchanges at the end of 2019 offer a snapshot of Chinese official positions on South Korea. During Moon's December visit to China, Xi Jinping stressed the need to "develop strategic cooperative partnership, and accommodate each other's core interests."²⁴ Premier Li Keqiang expressed Beijing's willingness to "enhance political mutual trust" for the relationship's long-term development, noting rapid trade growth and a "similar culture."²⁵ State Councilor and Foreign Minister Wang Yi's visit earlier that month, as China's highest-level official to visit South Korea since Moon took office, raised hope for moving past the THAAD dispute.²⁶ Both Xi Jinping and Wang Yi called for strengthening the social foundation of friendship using the Joint Committee on People-to-People Exchanges launched in 2013.

Wang Yi carried four bigger messages to Seoul beyond just advancing the bilateral partnership, in apparent criticism of the United States. First, "unilateralism and bullying" are the biggest current threats to world peace and stability.²⁷ Facing global uncertainties, China and South Korea should "safeguard shared legitimate rights and interests" as "close neighbors, friends and partners."²⁸ As he reminded Korean counterpart Kang Kyung-wha, China always pursues an independent foreign policy, supports democracy in international relations, and rejects interference in internal affairs. To former UN Secretary-General Ban Ki-moon, he hinted that "some superpower does not abide by international rules, nor fulfill its international obligations."²⁹

Second, against this unilateralism, China remains committed to opening up to the global community.³⁰ As Wang told Moon, China and South Korea should "jointly champion" multilateralism, free trade, and international norms.³¹ Third, any containment strategy toward China will inevitably fail, especially considering the success of China's "correct development path" of "socialism with Chinese characteristics led by the Communist Party of China."³² According to Wang, "not everyone hopes to see China succeed" due to the "prejudice of ideology" and "arrogance of power politics." Finally, China's national development contributes to global development. After achieving what took Western countries hundreds of years in just a few decades, China under the CPC leadership has become the "main engine of global growth."³³

China and South Korea's trilateral summit with Japan and wider regional engagements reinforced these messages at the end of the year. While the Regional Comprehensive Economic Partnership (RCEP) reached a breakthrough in managing protectionism according to Li Keqiang,³⁴ U.S.-ROK frictions over burden-sharing played out the perils of bullying. As the CCP tabloid *Global Times* wondered, "is the 66-year-old alliance in deep trouble?"³⁵

Academic Assessments

Chinese academic reviews reflect a consensus on China and South Korea's difficult recovery since the deflation of the Xi-Park "honeymoon."³⁶ The major-power perspective remains dominant, highlighting the current dilemmas of U.S.-China competition for Seoul suggested in official narratives. But there is also a growing debate on Seoul's quest for greater foreign

policy autonomy under Moon Jae-in, and the United States' "third-party" interference in China-ROK relations. While pessimists remain critical of South Korea's dependence on Washington, others point to favorable conditions for China-ROK leadership on broader regional cooperation. The common struggle against Japanese imperialism remains a point of solidarity shown in nationalist reflections of the PRC's 70th founding anniversary in 2019.

The current academic debate on South Korea was inspired by the highs and lows of the 2013-2017 Xi-Park period, which left the relationship at a critical juncture since normalization.³⁷ South Korea's relationship with China and the United States frames three schools of thought, centered on South Korea's economic ties with China and security ties with the United States, its balancing between the two, and its closeness with the United States and distance with China. The Xi-Park period affirmed the zero-sum nature of these two relationships and lack of common understanding of the future regional order. As Zhang Huizhi argues, current pressures of U.S.-China competition heighten Seoul's classic "dilemma of choice."³⁸

At the same time, China's Korea experts like Zhang recognize Seoul's growing confidence in seeking "diplomatic autonomy and flexibility." Academic attention at the beginning of the Xi period focused on the impact of South Korea's "middle power diplomacy" on Beijing's efforts to improve its surrounding environment.³⁹ Moon Jae-in's pursuit of greater national autonomy has become an important standard for assessing Seoul's diplomatic orientation, especially when it comes to the unification issue.⁴⁰ South Korea's joining of the Asian Infrastructure Investment Bank (AIIB) in 2015, THAAD decision in 2016, and detached position on the South China Sea indicate that its strategic choices are more diverse than conventional assumptions of dependence on China and the United States suggest.⁴¹

Skeptics in China point out that although Moon's policy approach expands the scope of China-ROK cooperation, it does not eliminate South Korea's inclination to "check and balance" China.⁴² For many Korea watchers, U.S. "third-party interference" is a growing obstacle, as suggested by the qualitative changes in China-ROK disputes over the past decade.⁴³ This interference makes it more difficult for Beijing and Seoul to rely on the positive spillover effects of cooperation to build trust and avoid Northeast Asia's Cold War dynamics.⁴⁴ But for optimists in China, Seoul's enhanced diplomatic autonomy opens up significant opportunities for China-ROK leadership on regional cooperation. South Korea could optimize China's surrounding environment by playing a critical "coordinator" role, bridging the gap between security and economic engagement in Northeast Asia.⁴⁵

As academic reflections on the 70th anniversary of the PRC's founding emphasize, nationalist clashes since normalization ignored China and South Korea's close historical and cultural linkages.⁴⁶ Korea's March 1, 1919 movement against Japanese occupation has always served as a "next-door mirror" reflecting China's national liberation and path to Xi Jinping's envisioned "national rejuvenation."⁴⁷ Northeast Chinese authors advocate the study of Korean patriotism education as a lesson for China on the systematic cultivation of patriotism to advance "socialism with Chinese characteristics."⁴⁸ But as Chinese media narratives indicate, such nationalist discourse projects both favorable and unfavorable images of the China-Korea relationship.

Media Assessments

Driven primarily by state sources, media debates align with academic interpretations of the official line. Pessimists equate Seoul's traditional insistence on "strategic ambiguity" with masked alignment with Washington. For optimists, Moon's emphasis on autonomy means greater possibilities for regional cooperation with South Korea. The state media prominently feature nationalist voices suggesting that Seoul's strategic ambiguity only breeds mistrust. Trump's November 2017 Asia tour triggered such debates, as reflected in reactions to Seoul's "inconsistent, contradictory, and confusing" position on Trump's Indo-Pacific strategy.⁴⁹ A commentator for *China Youth Daily* concluded that Seoul's "two-sided" strategy makes South Korea "far from China's country of strategic trust." By ignoring Pyongyang and Beijing's proposals, "how can Moon Jae-in break the shackles of the U.S.-ROK alliance and move towards autonomy?"⁵⁰ Progress in South Korea's defense cooperation with India under Moon Jae-in in 2019 prompted warnings in the *Global Times* against the possibility of Seoul being lured into the Indo-Pacific strategy.⁵¹

Not all media assessments are pessimistic, especially in anticipating the regional impact of Moon's diplomatic diversification. His remarks on his first state visit to China in 2017 left a good impression on Chinese by emphasizing historical periods of common prosperity. A *Global Times* assessment at the end of 2019 pointed to an unprecedented opportunity for promoting regional cooperation with South Korea, China's only FTA partner in Northeast Asia.⁵² Similarly, a *China Youth Daily* commentator urged the Chinese public to change traditional perceptions of its "small" neighbor, calling South Korea an important global player and China's biggest trade partner behind the United States and Japan.⁵³

More importantly, China and South Korea now share an understanding of the dangers of "unilateralism" of "some countries," claims a writer for *Global Times*.⁵⁴ Their views on the DPRK nuclear issue are more consistent compared to the position of the United States, which has "dared to bully South Korea" given its strategic dependence on Washington. According to another *Global Times* editorial, Moon's December 2019 China visit was an ideal time for promoting "interdependent benefit-based" China-ROK-Japan cooperation in Asia, where U.S. interference has aroused national sentiments "to increase the three's entanglements."⁵⁵

Interaction of Elite and Popular Debates

In addition to the external geopolitical constraints that undermined the Xi-Park period, the lasting impact of national identity conflict dampened the expectations for change under the Moon leadership.⁵⁶ Chinese academic sources identify Korean nationalism as an increasingly prominent factor challenging sustained cooperation, driven by Korea's "tragic history, arrogant mentality, and emotional character."⁵⁷ The effects of this nationalism were evident from the start of the Xi period in China and South Korea's "close but not friendly" political ties, rising trade protectionism, and growing societal animosities. Although active public diplomacy from both sides has enhanced China's national image since normalization, mutual distrust continues to inhibit friendship.⁵⁸ As a *China Youth Daily* commentator observed a year into the 2017 agreement to restore ties, THAAD's shadow still clouds public sentiments.⁵⁹ These national sentiments resurfaced at the end of 2019 during public clashes over Hong Kong.

Compared to previous episodes of identity conflict, asymmetric interdependence magnifies the impact of national identity by granting Beijing more leverage in managing disputes. While the history of China-ROK normalization since the early 1970s demonstrated Beijing's longstanding principle of separating politics and economics,⁶⁰ recent disputes point to the increased difficulty of avoiding these linkages. In addition, new modes of online communication give the spread of Chinese nationalism new characteristics of a much more expansive and dynamic "network nationalism." The China-ROK case is a classic example of cyber nationalism's double-edged sword: while Chinese netizens should not "play around" with nationalism, Chinese media should also not "manipulate nationalism" in guiding public opinion. As China's THAAD debate shows, the media can powerfully shape not just the policy agenda, but also how the public links certain policy issues together.⁶² The 2016-2017 THAAD dispute and 2019 controversy over "internal affairs" illustrate the mutually reinforcing interaction of elite and popular debates on South Korea framed by China's major-power and domestic political identities.

THAAD and China's Major-Power Identity (2016-2017)

Seoul and Washington's July 2016 announcement on deploying THAAD sparked intense debates in Chinese official, academic, and media outlets on the repercussions for national security and regional stability.⁶³ Under the Moon administration, the October 2017 agreement between foreign ministries embodied Seoul's "Three Noes" promising to not join the U.S. missile defense system, not join U.S.-Japan-ROK military cooperation, and not make additional THAAD deployments.⁶⁴ As China's defense ministry made clear a month later, Beijing's position remained unchanged: "it is up to the doer to undo the knot. And the fundamental solution to the issue is to stop deploying the THAAD system...the Chinese military will take its due measures to firmly safeguard national security."⁶⁵ State media commentators called the 2017 agreement a "staged consensus."⁶⁶

Policy journal and media debates echoed Beijing's disappointment, centered on South Korea's betrayal of China in the context of U.S.-China rivalry. For China's Korea experts, Seoul's THAAD decision signified joining U.S. containment strategy in Asia, portrayed by some sources as a "U.S.-led trick" of "squeezing and encircling" China in a "new cold war."⁶⁷ South Korea's "choice" of supporting the United States revealed "inevitable contradictions" in the China-ROK relationship.⁶⁸ Described by the state media as "Northeast Asia's Cuban missile crisis," the dispute clearly destabilized the U.S.-ROK-China triangular relationship, requiring Seoul to rethink its tendency of "bundling" security policies with Washington.⁶⁹ Journal and media sources agreed that the Moon government's ambiguity on the "Three Noes" would only disappoint Beijing and Washington. A *China Youth Daily* commentator urged Seoul to abandon such "strategic speculation" based on hopes to "gain economic benefits from China and security benefits from the United States."⁷⁰

According to Moon in July 2017, China's "economic retaliatory measures" cost the Korean economy \$8 billion.⁷¹ Beijing projected these non-tariff measures as independent actions by local authorities or private actors, blurring the lines between state-directed and voluntary retaliation. As the foreign ministry indicated when deployment began in March 2017, "we support normal business and trade exchanges between China and the ROK, but this needs

a corresponding basis in public opinion.”⁷² *Global Times* similarly argued that “the success of foreign companies operating in China is determined by the Chinese market and Chinese consumers,” claiming that 95 percent of Chinese netizens supported boycotting South Korean conglomerate Lotte after its land swap agreement with the ROK defense ministry for THAAD deployment.⁷³ A *Global Times* op-ed arguing that “all states have the right to sanction those that have posed a threat to their national sovereignty” prompted an online debate focused more explicitly on “state-led sanctions.”⁷⁴ Sanctioning cultural products was especially effective because “if Chinese audiences sink TV dramas and stars from South Korea into oblivion, it will turn into an enormous blow to the latter’s national pride.”⁷⁵

Chinese public responses largely aligned on what the foreign and defense ministries warned as “necessary measures,”⁷⁶ reflecting Beijing’s strategic combination of economic and discursive tools of influence. The state media featured Korea experts like Cai Jian of Fudan University’s Center for Korean Studies, who urged Chinese to “be more vocal about sanctions” as Beijing prepares “follow-up measures.”⁷⁷ Some authors recommended comprehensive political, military, economic, and cultural countermeasures to address China’s heightened security dilemma.⁷⁸ Economic and diplomatic sanctions topped the *Global Times*’ list of proposals, before a third military option.⁷⁹ Such outlets further insisted that “Chinese consumers should become the main force in teaching Seoul a lesson, punishing the nation through the power of the market.”⁸⁰ As one student told China Global Television Network, “the ROK is a small country. It’s time for us to teach it a lesson.”⁸¹ A university dormitory displayed a similar message: “Seoul is tiny and insignificant! Empower my big China!”⁸² *China Youth Daily* called for “patriotic” unity among society, government, and businesses in making sure South Korea “pays the price it deserves.”⁸³ At the same time, netizens used social media to promote consumer boycotts, emboldening the “patriotism” prescribed by official narratives. To mobilize public protests, one WeChat petition named Lotte a “traitor and enemy of the Chinese people.”⁸⁴ Xinhua justified such protests in national security terms: if “Lotte can exchange land with the South Korean military for the sake of ‘national security,’” then “Chinese consumers can also say no to such companies or products for the sake of ‘national security!’”⁸⁵

The THAAD dispute abruptly ended the China-ROK honeymoon and exposed the partnership’s fragility.⁸⁶ As a Ministry of Commerce analyst indicated, it brought bilateral ties to a freezing point despite the FTA’s implementation and South Korea’s early support for the AIIB in 2015.⁸⁷ The 25th anniversary of diplomatic relations in 2017 was marked by the biggest setback to bilateral cultural exchanges since the 2003-2004 Koguryo history war.⁸⁸ A study by the Tsinghua University Institute of International Relations concluded that THAAD fueled widespread public opposition, calling it one of the most serious diplomatic disputes since normalization.⁸⁹ According to one survey, Chinese high school students’ attitudes toward Korea deteriorated and their consumption of Korean cultural products declined.⁹⁰

From another perspective, the Chinese public lacked a clear understanding of the THAAD issue.⁹¹ One follower of Korean popular music questioned the protests against Lotte: “I don’t think this is real patriotism. They just go with the flow, act impulsively and use extreme rhetoric.”⁹² Such protests were just an opportunity to exercise freedom of expression in an area that Beijing officially permitted and even encouraged. One such opportunity eroded

when organized rallies pledging to boycott Korean products spread to Chinese elementary schools, forcing government authorities to intervene.⁹³ Such interventions suggested concern over the external and internal risks of nationalist protests fed by the dynamic interaction of state and societal voices.

Rather than just restoring ties, Moon's first state visit in December 2017 raised awareness of the historical importance of the China-ROK relationship. The visit coincided with the 80th anniversary of the Nanjing Massacre, allowing the state media to amplify the lessons of history based on Moon's address remembering the victims.⁹⁴ In a series of *China Youth Daily* commentaries, Li Dunqiu of the State Council-affiliated Chinese Academy of Social Sciences pointed to a "geopolitical law" engrained in history: Korea's national fate has fluctuated with China's rise and fall since the Japanese invasions of the 16th century.⁹⁵ When China was strong, Korea was peaceful and secure; when China was declining, it was colonized and divided. According to Li, this law even underpins Xi and Moon's agreement on the "four principles" on the Korean Peninsula: never allow war, adhere to the denuclearization principle, peacefully resolve issues through dialogue, and improved inter-Korean relations support the peaceful settlement of the peninsula issue. Koreans should "never forget this geopolitical law, otherwise they will have to pay a price."⁹⁶

THAAD's important lesson was that China and South Korea have too high expectations of each other, causing mutual disappointment. Both expected the other to refrain from actions that would impede the advancement of bilateral relations.⁹⁷ According to Chinese sources, South Korea's "small country mentality" remains a major obstacle to restoring ties with China, as evidenced by South Korea's fierce domestic battle over THAAD and public outrage over Beijing's poor reception of Moon in 2017.⁹⁸ Confrontations in 2019 over Hong Kong reinforced views of China and South Korea as not just big and small powers but also divergent political systems.

Hong Kong and China's Domestic Political Identity (2019)

Public animosities over internal affairs surfaced in November when mainland Chinese students were accused of tearing down "liberate Hong Kong" banners at Yonsei University. Although the foreign ministries stepped in to pacify the public, tensions escalated across multiple Korean campuses after the Chinese embassy called the incident an expression of "indignation and opposition to words and actions that harm Chinese sovereignty."⁹⁹ China's foreign ministry also called the incident "justifiable and understandable" against attempts to "split the nation and smear China's image," while urging overseas Chinese to "express their patriotism in a rational way."¹⁰⁰ Such official reactions solidified South Korean disappointment with Beijing's perceived backing of Chinese students who confronted protestors for interfering in China's internal affairs. The confrontation quickly spread on social media platforms like Weibo, where the *Global Times* reporting on "organized" Korean protests sparked angry reactions from the Chinese public.¹⁰¹ One fan club of Korean celebrity Choi Si-won threatened to close down after Choi "liked" a news report supporting Hong Kong protestors. According to *Global Times*, "many netizens applauded their patriotism." Chinese fans agreed that Choi "had to pay the price for his mistake" of judging "another country's internal affairs."¹⁰²

As tensions simmered among students, Moon's December 2019 visit to China ended with a skirmish after the PRC foreign ministry quoted his position to Xi that "Hong Kong affairs and issues concerning Xinjiang are China's internal affairs."¹⁰³ South Korea's Presidential Office did not include the statement in its briefing of the summit.¹⁰⁴ The discrepancy in reporting unleashed hostile exchanges between Chinese and Korean media. *Global Times* attacked conservative counterparts for naming China a "fake friend" and assuming a "nationalist orientation," while *People's Daily* praised Moon for "winning the 'likes' of many Chinese netizens."¹⁰⁵

Two dominant trends emerged from the clashes over China's internal affairs. First, power differences framed assessments of South Korea's position, especially from historical perspectives of tributary relations. Korean media outlets like *JoongAng Ilbo* questioned the "destined community" envisioned in China's official interpretations of Xi and Moon's exchanges.¹⁰⁶ *Global Times* translated denouncements of Korea's "sadaejuui" doctrine of "serving the great" into "arrogant" Korean claims of Beijing's "diplomatically unreasonable" behavior.¹⁰⁷ Second, frictions at state and societal levels revealed contemporary China and South Korea's divergent political identities. To make sense of their emotional outbursts, *Global Times* accused the Korean media of "aligning themselves with Western values" to "maintain pride in the face of an increasingly stronger China."¹⁰⁸ Korean campuses and social media displayed adjacent images of protests at Chinese University of Hong Kong and South Korea's own demonstrations in June 1987 at Yonsei University, where a student who died from tear gas injuries became a national symbol of democratization.

Conclusion: A Fragile Partnership

The struggle to restore the China-ROK partnership in the Xi era underscores the enduring impact of national identity, amplified by China's increased economic leverage compared to earlier instances of identity conflict. China's major power and domestic political identities clearly frame its domestic debates on South Korea. The interaction of elite and popular reactions to THAAD in 2016-2017 demonstrated Beijing's strategic combination of economic and discursive policy tools to manage diplomatic disputes, especially by targeting cultural sectors. Beijing's denial of direct economic retaliation under the cover of public hostility conveniently blurred the lines between state-led and voluntary actions.

Rather than affirming the renormalization of ties, Moon's December 2019 visit to China only reignited public animosities over internal affairs, hardening China and South Korea's perceived identities as big and small powers with divergent political systems. These strained exchanges again demonstrated not only the persistence of national identity conflict, but also the interplay of Chinese state and societal narratives. In the earliest manifestations of such conflict almost two decades ago, clashes over Korea's identity as a tributary state drew similar attention to China's state-led national discourse and Korean civil society's resistance. By sharpening Beijing's tools of influence, South Korea's increased economic dependence on China since the history war has only magnified the identity dimensions of conflict.

At the same time, Chinese state interventions in public protests point to the dangers of nationalism as a policy tool.¹⁰⁹ Recent disputes with South Korea over THAAD and Hong Kong created opportunities for Chinese society to voice hostility in ways that official narratives supported. These nationalist responses, however, focused more on downgrading foreign counterparts than on uplifting the CCP regime. While nationalist rhetoric may typically bolster popular support for the regime, it may also have long-term counterproductive effects on Beijing's influence both at home and abroad.

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South Korean Views of Japan: A Polarizing Split in Coverage

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South Korean views of Japan are neither uniform nor unified. Considering that national strategic identities are competing even within a single country,¹ it is not strange at all that South Koreans have complex and fragmented views of Japan. Depending on their ideological and dispositional orientations, South Koreans hold varying perceptions about Japan. It is much more so in the age of ideological polarization. Not only in the United States, but also in South Korea, identity politics more and more dominate.² Widespread social networking service communications made tribal communications, instead of mass communications, permeate the society, which strengthened the trend of polarization.³ Increasingly people do not cross over ideological divides or social cleavage lines, creating islands of tribes to convince themselves in a particular way. The combination of ideological divide and tribal communications opens an unexplored political domain of contending views in a society.⁴

This chapter aims to delineate the development of complex and divided South Korean views of Japan, especially under the Moon administration. It shows South Korea divided within. Then it analyzes the rise of anti-Japanese elements in Moon's handling of Japan affairs after 2017. Careful analysis of the Moon government's posture toward Japan reveals that such aspects can be visibly identified. I also analyze the political background of rising anti-Japanese elements within the ruling party of South Korea, while attempting to show that alternative views of Japan are widely available despite the Moon government's generally negative posture toward Japan. Based on a review of newspaper columns and civic initiatives for reconciling with Japan, this study further illustrates the existence of modest alternative views that are different from the government position. This clearly reflects that South Korea's discursive space remains relatively democratic and plural. Finally, I address the question of whether political and diplomatic tensions would increase or decrease in the process of South Korean and Japanese interactions. Prescriptions are highly conditional in a sense that the level of tensions will be determined by the way interactions address the issues in contention.⁵

I take the position that there is not a single view but multiple and divided views of Japan in South Korea, particularly under the Moon administration. Although the Moon government contains a strong anti-Japanese and nationalist orientation, conservative intellectuals keep a moderate, cooperative stance toward Japan. One can find increasing diversity despite intense bilateral controversies over contemporary and past issues. I conclude that tensions between South Korea and Japan originate from political elites, rather than the general populace. Narrowing the perception gap between political leaders may be easier to do in bettering the relationship.

South Korea Divided Within: The Conservative-Progressive Divide

Political cleavages between conservatives and progressives in South Korea have been deepening after a progressive government assumed power.⁶ After Moon was elected president, the Blue House and incumbent ruling party launched a strong drive to expel conservative personnel in the government and public sector. They called it "clearing the old accumulated wrongdoings" (*jokpye chongsan*). They not only targeted the people in the opposition camp who supported former conservative presidents Park Geun-hye and Lee

Myung-bak, but also purged government officials who were favorable to these conservative administrations. Not only people in the executive branch but also high-ranking officials in the judiciary branch of the government, including a former supreme court judge, were targeted. Consecutive indictments and imprisonment aroused a strong backlash in conservative circles, especially from those who opposed the impeachment of Park Geun-hye. On the ruling party side, labor unions and progressive civic organizations gave unanimous support to clearing the house while newly organized conservative civic groups, represented by “Korean Flag followers,” reacted angrily against the progressive camp’s initiatives against conservative circles. The clash between conservatives and progressives was heightened and highlighted when Moon’s former senior political aide, Cho Kuk, was appointed justice minister despite numerous scandals. Those who supported Moon’s decision gathered in the Seocho area to stand against the prosecutors’ office that was investigating the Cho case, while those who strongly opposed Cho’s appointment rushed out to the Gwanghwamun area near the Blue House to convey their resistance directly to the president. South Korea looked as if it were divided into the Seocho and Gwanghwamun cliques, representing extreme polarization of society that denied any possibility of political compromise or mutual consensus building. This extreme form of polarization in South Korean society is rare. During the past administrations, it was usually the case that labor unions and the progressive camp mobilized their members to stand against the conservative establishment, but conservatives were more reserved. However, under the Moon government, conservative groups began organizing big mass events to raise their voice against the progressive camp, particularly against the incumbent president.⁷

Intense polarization of the political spectrum set the tone for how to interpret political, economic, social, and diplomatic affairs in South Korea. Cleavages formed mostly around domestic political issues, e.g., blaming the practice of impeaching the former president, calling for reform of the prosecutors’ office, and reversing economic policies that downgraded people’s livelihood.

Security and foreign policy issues also stood as a critical dividing line between the conservatives and progressives. How one viewed Japan and the United States was a telling indicator of the strong prisms at work in this deepening foreign policy cleavage. Progressives in South Korea generally preferred the idea of making positive steps toward inter-Korean collaboration with little regard to North Korean denuclearization. They expressed hope for the possibility that North Korea would denuclearize itself if advanced measures of inter-Korean cooperation were adopted. For them, avoiding another war on the Korean Peninsula is a priority along with establishing a peace regime. How to make progress on the inter-Korean reconciliatory agenda has more weight than securing the country from potential military threat from North Korea. In contrast, conservatives remained highly suspicious of Kim Jong-un’s commitment to North Korean denuclearization, arguing that Kim would never drop his nuclear weapons voluntarily. Even though Kim may send positive signals toward denuclearizing North Korea, conservative groups think that such talk can be highly deceptive. If that is the case, how to defend South Korean security from an increasing North Korean military threat assumes priority.⁸ Instead of naively advancing inter-Korean collaboration, conservatives argue that tightening security cooperation with the United States should remain the priority. That is why conservative groups bring American flags together with South Korean flags when they demonstrate on the streets.

Along with security cooperation with the United States, cooperation with Japan, a U.S. ally, sounds reasonable from the conservative standpoint. In a politically polarized South Korea, perceptions about Japan have been evolving indirectly through the prism of overall security policy orientation. From the progressive perspective, cooperation with the United States makes sense only when a U.S. president expresses an interest in dialogue with the North Korean leader. Rather than focusing on security ties with the United States, progressives put emphasis on generating a favorable atmosphere for setting up a peace regime on the peninsula. How to link Trump, Moon, and North Korean leader Kim remains their preoccupation to sustain the mood for a peaceful environment on the Korean Peninsula. From the progressive angle, Japan's diplomatic weight is not so high, because Japan was not a legitimate party in the armistice agreement that was concluded in 1953 after the Korean War. This may be the reason why the president's special advisor for unification, diplomacy, and national security affairs, Moon Chung-in, expressed his opinion in a seminar held in Tokyo that Japan's role is invisible or at least not crucial at the moment.⁹ In the eyes of the progressives, Japan's role is negligible or minimal at least in the process of establishing a peace regime on the Korean Peninsula.

In terms of understanding South Korean views of Japan, it is noteworthy that progressives remain quite generous regarding Chinese moves while they remain extremely critical toward Japan's motives. When it comes to Japan-related issues, progressives are critical on all matters. They turn their attention to history issues first and interpret Japan's positions and moves from that angle. Assuming that Japan never apologized sincerely about its colonial past, progressives in general express angry attitudes toward Japan whether the issues concerned are security issues, diplomatic struggles, or human rights issues. They argue that Japan should first apologize and take legal responsibility regarding history-related wrong doings, including the "comfort women" and forced laborers.¹⁰ In contrast, progressives remain strangely silent when China puts pressure on South Korea. Even though China took strong retaliatory measures against South Korea when the Park administration decided to deploy the THAAD system on South Korean soil, progressives never raised their voices against China. Instead they blamed the United States for entangling South Korea on a regional security front against China and North Korea. As an extension, progressives in South Korea were extremely critical of Japan's introduction of collective self-defense and security-related laws in 2014 and 2015.

More Diversified Opinions on Japan than Before

For a long time in the postwar period, discussion about Japan in South Korea remained relatively monotonous. Anti-Japanese nationalistic discourse prevailed not only in the mass media but also in scholarly discussions. Newspaper writers often did not hesitate to use terms like "right-wing shift," "remilitarization," and "return to the prewar order" when they discussed Japan-related issues. Some Korean journalists even confessed that newspapers would not sell if they do not employ such provocative concepts. It was taken for granted for a long time that to be safe when you talk about Japan, you had better be critical (anti-Japanese).

However, from around the Lee Myung-bak time, a conservative backlash began. As progressive civic groups continued to raise the "comfort women" issue for criticizing what they called "non-repentant Japan," a few stood up against blaming Japan without

factual evidence. A typical example was Professor Park Yuha, who wrote a book entitled *Comfort Women of the (Japanese) Empire*,¹¹ in which she argued that not all “comfort women” were forcefully mobilized by the Japanese authority. Instead, she claimed that many of them were deceived or seduced with financial compensation by the private Korean agents endorsed by the Japanese authority. She even revealed that some of the “comfort women” volunteered to get out of extreme poverty. This book immediately aroused very strong resistance from a civic group advocating for the “comfort women.”¹² They even had her indicted in a Korean court for inventing fake stories in order to give support to the claims of the Japanese government. She was depicted as a traitor of Korean nationalism. Park Yuha had a hard time fighting against them in a painstaking legal process. However, the publication of the book itself was an unprecedented occurrence in South Korea’s academic environment.

In 2019, a much more controversial book was published by a group of conservative economic historians. Led by Lee Young-hoon, *Anti-Japan Tribalism*¹³ took the stance that progressive intellectuals in South Korea tend to blame Japan on the basis of biased and selective aggregation of historical facts. Lee and his colleagues’ investigation of economic history during the Japanese colonial time tells us that Japanese colonial rule was not severely oppressive before the early 1940s when Japan launched total mobilization to win the war. Another point raised in their book is that the Japanese colonial authority treated Koreans relatively on equal terms with the Japanese due to the fact that Japan wanted to internalize Korea as part of Japan. This kind of book would have never been published if the anti-Japanese mood prevailed in South Korean society. However, not only was it published, it remained the second best-seller in a bookstore for more than five months after publication. As of December 2019, more than 100,000 copies were sold, recording a tenth printing within five months.¹⁴ Its publication represents a conservative backlash against a tilted intellectual circle favoring a progressive vantage point.

It is not only in book publications but also in newspaper editorials and columns that conservative commentary rose to a par with progressive viewpoints. Newspapers with relatively conservative orientations, such as *Chosun Ilbo*, *DongA Ilbo*, *JoongAng Ilbo*, and *Munhwa Ilbo*, began disseminating columns and editorials that grew critical toward “demonizing” Japan.¹⁵ This does not mean that these newspapers took sides with the claims of the Japanese government. Rather they expressed criticism of the selective reports offered by progressive newspapers. Also, instead of blaming Japan and negating any possibility of advancing cooperation with Japan, these newspapers suggested that South Korea had reason to cooperate with Japan while raising critical points about Japan’s failure to address past history issues in a proper manner.

What has changed on South Korean soil is that alternative voices, which are different from the claims of nationalists or chauvinists, surfaced on intellectual grounds. Public opinion surveys show that anti-Japanese feelings are still predominant, especially when it comes to past history issues.¹⁶ However, at the opinion leaders’ level, it is gradually turning into a level playing ground. It is not simply anti-Japanese nationalism that is presented in South Korean mass media. Though it may not be mainstream opinion yet, different voices are heard, especially from a conservative and internationalist standpoint.

The Generational Divide

It is also noteworthy that the younger generations in both Japan and South Korea care less about the political and diplomatic circumstances in bilateral relations. One can find a much more favorable feeling toward each other among “youngsters” in their 20s and 30s.¹⁷ There is a tendency in South Korea that older generations take a more critical stance toward Japan without regard to government admonitions or publicly prevailing nationalism on both sides. For example, among South Korean travelers to Japan and Japanese travelers to Korea, those in their 20s and 30s predominate. They enjoy the culture of the other side. Korean travelers partake in Japanese hot-springs, sushi, and good local restaurants, local scenic drives, and other attractions. Murakami Haruki is almost always on the list of best-selling books whenever new books are introduced. Japanese manga, animation, and songs are popular among Korean youngsters. They do not care much about political concerns. Japanese youngsters feel the same. When they go to South Korea, they enjoy Korean food, spas, tourist spots, and entertainment.

It would not be an exaggeration to say that there is a “generational divide” when it comes to South Korean views of Japan or Japanese views of South Korea. One of the critical differences is that the younger generation have been personally exposed to other cultures at an early stage of their life. Rather than simply relying on textbooks or mass media, they navigate through the internet and collect information from colleagues and friends. They are taught and trained by the same generation rather than by previous generations.

The Moon Administration’s Priority on North Korea

Despite the development of alternative perspectives about Japan in the 2010s, one can hardly be hopeful about the future course of the relationship between the two countries. The Moon government has consciously taken a progressive stance with a strong anti-Japan flavor. From the beginning, it put unusual emphasis on cooperative ties with North Korea. Considering that the possibility of another war or military option against North Korea was under discussion at the end of 2017, it is not unusual that the new Korean administration gave this priority. North Korea conducted its fourth and fifth nuclear tests in 2016 and continued to escalate military tensions on the peninsula. After facing a sixth nuclear test and a series of long-range missile tests, the Trump administration sent a signal that a surgical strike in the name of a “bloody nose operation” could be considered. In order to avoid a military conflict and to reverse course to establish a peaceful environment, the Moon administration launched a campaign for engaging North Korea on the sidelines of the Pyeongchang Winter Olympic Games in 2018. Inter-Korean summits were held three times in 2018. A military accord for reducing tensions along the DMZ was reached in the fall of 2018, and measures were taken to implement it. Trump-Kim summits were held in Singapore in 2018 and in Hanoi in 2019. To establish peace on the peninsula, several interrelated policy measures were designed. First, for the purpose of reducing military tensions along the DMZ, confidence building measures were introduced. Second, constructing a peace regime was actively discussed, including the possibility of declaring an end to the war, which could be connected to a peace treaty. Third, inter-Korean economic and social collaboration projects were on the table with a view to opening a new economic map of the Korean Peninsula.

All these moves were driven by the inter-Korean initiative with the help of Trump's partial endorsement. Because the policy priority was to accelerate cooperation between North and South Korea with the help of the United States, Japan's strategic priority declined in the process. Japan's role was not visible at all at this stage of confidence building and opening a dialogue with North Korea. In this sense, Japan was relatively neglected by the Moon government, especially between 2017 and 2018.

Digging to Reverse Past History Issues: Undisguised Anti-Japan Flavor

In 2017, the seeds of conflict between the Moon and Abe administration began growing, though. The Moon administration remained critical of the "comfort women" accord signed by Park in December 2015. Taking advantage of critical public opinion against the Park administration after she was impeached and imprisoned, the Moon administration negated her policy legacy in many areas. Japan-related controversy was just one of them. Immediately after assuming power, in May 2017, the Moon administration set up a critical review commission on the "comfort women" agreement. The final report of the commission publicized in December 2017 denied the legitimacy of the accord in the name of a "victim-centered perspective," claiming that the victims' voices were not respectfully regarded while a government, elite-driven consensus was hastily pushed ahead. Following the guideline suggested by the final report, the "Reconciliation and Healing Foundation" was dissolved in 2019. South Korea's ministry of gender equality prepared a budget equivalent to the one-billion yen contributed by the Japanese government to compensate victimized "comfort women," which almost made Japan's fund meaningless. This aroused anger in the Abe cabinet, because the Moon government had nullified the effectiveness of the historic accord that Abe had achieved over the objection of domestic critics in Japan.

This was just the beginning, not the end, of the process. In August 2018, the Moon government reprimanded the Supreme Court for illegally intervening in the legal decision for handling "comfort women" cases. The head of the Supreme Court was later indicted and arrested. In October 2018, Japanese naval ships were not allowed to raise the "imperial Japanese flag" on the occasion of the International Naval Parade hosted by the South Korean Navy. Japan then decided not to attend the parade. In December 2018, the South Korean navy reportedly targeted a laser gun at Japanese naval planes in the process of searching for North Korean ships. Though the whole story remains undisclosed even at this moment, the lack of communications between the two parties ended up escalating tensions. The anti-Japanese campaign reached a peak when the South Korean Supreme Court issued a verdict in October 2018 that Japanese corporations have to compensate the former forcefully mobilized Korean laborers during the colonial period. The court took the position that victimized individuals still possess the right to seek compensation from corporations although the two governments had reached an agreement on the settlement of issues from the colonial period. It presumed that illegal and forceful mobilization by Japan was not a legitimate part of the 1965 settlement. Yet the Japanese government strongly insisted that the issue was finally and completely resolved in 1965, and Japan has no reason to compensate the forced Korean laborers again. How to narrow the gap between the two sides was a major point of conflict after the end of 2018. The two governments tried to reach a compromise point through the entirety of 2019, but they failed to reach a breakthrough even at the beginning of 2020.

The series of conflicts between the two governments illustrate that the Moon government is preoccupied with history issues to reverse decisions in the name of respecting human rights. It had no intention of making a diplomatic compromise or reconciling on the history-related issues. What the Moon government pursues is similar to the claims of progressive civil society in South Korea, which argues that Japan is obliged to continue to apologize about the past wrongdoings until the Korean victims are fully satisfied. Also, it argues that Japan should take legal responsibility to compensate the victims as a sign of respecting international human rights. These demands go beyond what Japan can accept, especially under the hawkish Abe government, which refuses further apology or compensation to Asian victims.

Resurrecting Korean Identity from the Independence Movement

The Moon government's return to the past does not necessarily come from contentions about victimhood during the Japanese colonial times. It is deeply rooted in the progressive camp's historical revisionism, which strives to revise modern Korean history from the perspective of tracing the legitimacy of the Korean government to an interim government established in Shanghai in 1919. For them, the start of the Korean government in 1948 signifies only the beginning of a divided Korea separating the Korean people into two. In an ideological drive to reunify the country, the roots of South Korea should spring from the interim government and independence movement led by it. As the interim government was established in Shanghai, with the support of Chang Kai-shek during the colonial period, locating the roots of national legitimacy in that regime connotes that Japan is a natural enemy of the Korean people. While giving full legitimacy to the independence movement, progressives find fault with pro-Japanese political and social elites who collaborated in Japan's colonial domination.

As an extension of this logic, pro-Japanese collaborators, whose descendants are mostly found in conservative circles, are depicted as illegitimate people who occupied higher social positions despite the will of the Korean masses.¹⁸ Even though Rhee Syngman was the first president who contributed to setting up "the only legitimate Korean government endorsed by the United Nations," progressives criticize him also as a pro-Japanese collaborator who appointed former landlords to his cabinet. Rhee's devotion to the independence of Korea is simply erased in their mindset. In the same manner, President Park Chung-hee is depicted as a pro-Japanese collaborator because he worked as a Japanese military officer during the colonial period. Also, his decision to normalize relations with Japan in 1965, despite strong resistance from university students, is regarded as a betrayal of Korean nationalism.

In this way, independence movement activists, especially hardliners among them who advocated military action against Japanese colonialism, are highly regarded, while conservative political leaders who hired pro-Japanese collaborators or worked for Japanese colonialism are denounced as turncoats to Korean nationalism.¹⁹ Historical revisionism advocated by the progressives in South Korea has a strong scent of anti-Japanese nationalism, which goes back to the pre-colonial period. Even the Donghak movement, which stood against the tyranny of the Chosun dynasty, is eulogized. From this standpoint, the pride of the Korean people lies in fighting against the oppressive Japanese colonial

past, not in the postwar development under American auspices or Japanese assistance. This attests to the conclusion that the anti-Japanese element of the Moon administration has deep ideological roots in regaining the legitimacy and pride of a nation.

The Korean-style historical revisionism advocated by Moon and progressive groups is juxtaposed to the Abe-style historical revisionism advocated by Japanese right-wingers.²⁰ Abe and his cabinet embrace the notion that the Japanese government has no reason to apologize again for wrongdoings during the colonial period. Abe strongly negates the element of enforcement, especially physical enforcement, in the mobilization of “comfort women” and forced labor. According to Abe and his close aides, Japan did nothing wrong to violate the fundamentals of human rights even during the colonial period. The two strands of historical revisionism have little in common, which only widens the perception gap between the two leaders. It is fair to say that Moon and Abe have different conceptions about Japan’s colonial past and the postwar development of Korea and Japan. This is not simply a political but also an ideological divergence between the two leaders. Ideological differences do not always come to surface, but if we take a deeper look at what is going on, political leaders’ convictions and supportive groups’ ideological orientations do matter.

Negating Trilateral Security Cooperation

Another element of anti-Japan thinking comes from the Moon administration’s reluctance to strengthen trilateral security cooperation between the United States, Japan, and South Korea. This does not mean that the administration is against the alliance with the United States, which is the pivotal axis of securing South Korea. However, to the Moon government, enhancing the level of security cooperation with the United States and Japan implies the position that the current division of the peninsula had better be maintained; also, it indicates that North Korea and China should be regarded as a major source of threat, which should be contained together.

The progressive Moon government takes the position that North Korea should be embraced for the peace and prosperity of the nation, eventually leading to integration. Accordingly, antagonizing North Korea goes against the strategic cornerstone of the Moon government. Undue reliance on the United States leaves little room for diplomatic maneuvering on the part of South Korea. Progressive intellectuals try to find a different route in handling peninsular and regional affairs. First of all, even though they acknowledge the heavy weight of the American presence for South Korean security, they think that alleviating the security concerns of North Korea is necessary, sometimes even to the extent that joint military exercises with the United States can be postponed or scaled down.²¹ Second, they try to find room for diplomatic maneuvering between South and North Korea to open the door to closer inter-Korean cooperative projects. For example, Moon Chung-in argues that, to get cooperation from North Korea regarding denuclearization, compensation is indispensable.²² He made a conditional statement that “if there is no objection coming from North Korea, then let us have American forces here in South Korea even after a peace treaty.” For him, the decision regarding U.S. forces in South Korea can be a topic to discuss with North Korea.²³ As a sovereign nation, South Korea can make independent decisions at times at odds with the will of the United States. Third, plugging Japan into the framework of South Korean security invites strong criticism from China, another partner with which South Korea should work.

Pro-Moon intellectuals are supportive of the "Three Noes" position toward China after China pressured South Korea not to deploy THAAD;²⁴ they are not willing to take a cooperative stance when it comes to security cooperation with Japan.

Controversy over the extension of GSOMIA clearly illustrates the policy orientation of the Moon government. On August 22, 2019, the Blue House made the decision that GSOMIA would not be extended if Japan does not cancel export control measures announced on July 1, 2019. Deputy National Security Advisor Kim Hyun-jong was reported to have taken the lead in this argument. Even National Security Advisor Chung Eui-yong was reported to have said that GSOMIA has nothing to do with the United States because it is a bilateral agreement between South Korea and Japan.²⁵ What has been neglected is that GSOMIA was strongly encouraged by the United States when it was signed in 2016. Resistance against the extension of GSOMIA sounded like the negation of security cooperation not only with Japan but also with the United States. That is why a number of high-ranking U.S. officials visited South Korea to convey messages of disappointment and frustration.²⁶ Only at the last moment, on November 22, 2019, did the South Korean government announce that it was willing to cancel putting the decision not to extend GSOMIA into effect on condition that the Japanese government is willing to discuss the cancellation of export control measures in a timely manner.

Such developments illustrate the fact that the Moon administration is not enthusiastic at all about advancing security ties with the United States and Japan. It stepped back only when the United States pressured it to extend the agreement, doing so only at the last moment. This is telling proof that the Moon administration has little intention to advance security ties with Japan unless the United States pushes hard from behind. Whether or not the Moon administration is anti-Japanese, it is reluctant to cooperate with Japan on the security front.

Conservative Intellectuals' Critical Stance against the Moon Administration

Despite the Moon administration's negative assessment of working with Japan, not all Koreans follow suit. In particular, conservative civil society continues to voice concern and criticize this posture. On almost every issue that the Moon government raises, conservative intellectuals offer a rebuttal despite negative campaigns by progressive supporters of the administration. A number of editorials and news columns did not correspond with the government policy.

When the Supreme Court issued a verdict that Japanese corporations are supposed to compensate forced laborers, several people wrote columns that the issue has been finalized by the 1965 treaty. Lee Won-Deog took the lead with a column in *Chosun Ilbo* that the decision has the potential to destroy the 1965 regime, which has served as a sound legal foundation for Korea-Japan relations for several decades.²⁷ I wrote that the sound backbone of Korea-Japan relations might be broken due to the Supreme Court decision. In particular, I argued that the decision went against the 2005 Korean government decision, where it announced that all the contentious pending issues had been resolved by the 1965 treaty except the "comfort women" issue, forced immigrants to Sakhalin, and nuclear bomb victims.²⁸ A former Korean ambassador to Japan, Shin Gak-soo, stated that diplomatic communications should be facilitated in order to avoid the worst outcome.²⁹ When military

authorities escalated tensions at the end of 2018, ignited by the South Korean Defense Ministry making an issue of the Japanese naval flag use as well as by alleged use of radar against a Japanese reconnaissance plane, four conservative intellectuals wrote a joint column, arguing that politicians on both sides should not jump on the populist temptation and how the two countries should continue to maintain joint security alertness against the North Korean military threat.³⁰

Amid controversies about Japan's export controls, President Moon mentioned the "remaining twelve naval ships," which was Admiral Yi Sun-sin's rhetoric to fight against Hideyoshi Toyotomi's attack in the late sixteenth century. Right after strong anti-Japanese emotions had been aroused, Hur Min at *Munhwa Ilbo* wrote that retaliation is not possible without power and capability. He reminded readers that a romantic pro-North Korean stance and emotional anti-Japan stance are closely intertwined with resistant nationalism that is rooted in tribalism. Cho Kuk, who served as a senior secretary to the president at the time, wrote in Facebook that Koreans should wield bamboo sticks to fight against the retaliatory measures taken by the Japanese government. Park Hyung-joon suggested that Cho Kuk's agitation contains elements of shadowy totalitarianism and the politics of negative framing.³² Lee Il-young wrote in *Kyunghang Daily*, a progressive newspaper, that bamboo stick reminds us of a nationally enclosed economy, which goes against the trend of the globalized economy, in which South Korea has prospered.³³

Controversies about GSOMIA within South Korea revealed diversified opinions more vividly. When the Moon administration decided not to extend GSOMIA in August 2019, many intellectuals resisted. Hur Min asked whether the administration was dreaming anti-Americanism.³⁴ Lee Chun-keun argued that Moon's going against the United States and Japan would invite disaster to South Korea.³⁵ Park Young-june at Korean National Defense University warned, "Dropping GSOMIA would be interpreted as sliding away from security cooperation among the U.S., Japan, and South Korea."³⁶ When the Blue House was wondering whether to extend GSOMIA or not, I said in an interview that breaking up GSOMIA might be an act of self-injury originating from a misjudgement.³⁷ At another interview, I went further to say that terminating GSOMIA would be a dangerous gamble.³⁸ Voices of resistance never faded away until the government made a final decision to extend it on November 22, 2019.

Non-governmental initiatives to take a moderate, cooperative stance toward Japan are not confined to individual efforts. *JoongAng Ilbo* organized a "Korea-Japan Vision Forum" in March 2019 and consistently featured critical articles after thorough internal discussions regarding worsening Korea-Japan relations and how to fix them. Led by Hong Seok-Hyun, chairman of JoongAng Holdings, this vision group continued heated debates about what should be done to make bilateral ties better through a total of fourteen meetings in 2019. Most of the discussion points have been introduced in *JoongAng Ilbo*. Titles of the news coverage prove that this group tried to suggest moderate alternative views of Korea-Japan relations. Examples are: "Catastrophe Should Be Avoided,"³⁹ "Solution to Forced Labor Issues Should Be Found through the Composition of Presidential Commission Where Specialists Participate,"⁴⁰ "Japan Is an Important Security Partner,"⁴¹ "Moon and Abe Should Meet in Osaka Without Conditions,"⁴² "Win-Win Cooperation between Korean and Japanese Corporations,"⁴³ "Dropping GSOMIA May Be Interpreted as Sliding Away from Security Cooperation between the U.S., Japan, and South Korea,"⁴⁴ "Indignation Should Be

Stopped,”⁴⁵ “Gap between Domestic and International Law Should Be Narrowed Down,”⁴⁶ “Solution to Forced Labor Should Be Prepared Before the Termination of GSOMIA,”⁴⁷ and “Let’s Demand Apology, not Compensation to Japan.”⁴⁸ All of these news stories suggest that moderate, neither extreme nationalist nor anti-government, views are openly featured. This shows the increasing diversity in South Korean views of Japan.

Conclusion

There are conflicting and diversified views of Japan within South Korea. Reflecting an intensely polarized political domain, perceptions and viewpoints about Japan are neither unified nor uniformed. South Korea is ideologically divided, and as an extension, views of Japan are divided and polarized. This does not mean that there is no point of agreement between the two polarized viewpoints. On many issues, progressives and conservatives converge with little disagreement. Still, they are divided over how to interpret the past history, how to take care of victims in Korea, the degree to which international law should be preserved, whether trilateral security cooperation should be maintained, to what extent South Korea should advance economic cooperation with Japan, and whether Japan is an integral and essential diplomatic partner in changing the regional atmosphere.

After the advent of the Moon administration, anti-Japanese emotions were promoted on the part of the government and the ruling party, not from the opposition. Starting from the handling of the issue of victims of colonial times to the issue of security cooperation, the Moon administration tended to take a hardline policy toward Japan or neglect the importance of working with Japan. Its priority is the establishment of a peace regime on the Korean Peninsula. Japan’s active role is invisible there, which led to relative neglect of Japan in diplomatic affairs. Diverging perspectives about how to interpret the 1965 agreement and 2015 “comfort women” agreement led to deepening frictions between Moon and Abe. While the Moon government asks Japan to compensate the victims of forced labor mobilization, the Abe cabinet is adamantly denying the possibility of addressing the issue. The gap between the two sides is hardly narrowing. Though there are signs of retreating from the principled positions on both parties, it is too early to tell that collaboration between the two governments would be restored soon. The political elites and key decision makers in both countries are not willing to make a compromise. Worsening public opinion was a reflection of government initiatives rather than the spontaneous development of attitudes toward each other. Unlike the perception that politicians are the captives and prisoners of public opinion, political leaders are manipulating the situation for their own political objectives. An easy fix is hard to find until changes of government take place.

Notwithstanding the persistent impasse, not all opinion leaders or intellectuals are following the inclinations of their incumbent government. A number of South Korean intellectuals, mostly of the conservative political circle, do not hesitate to rebut the Moon administration’s hardline posture toward Japan. They do not necessarily advocate Japan’s position. Rather they are inclined to focus criticism on the mistaken policy line of the Moon administration while also trying to suggest moderate alternatives to the government in a collective manner.

The fact that South Korean views of Japan are divided is different from the past when views had been more uniform and united. They are diversifying. The progressive Moon government's hardline posture toward Japan ironically has opened the gate to diversified viewpoints.

Endnotes

- ¹ Cheol Hee Park, "National Identities and South Korea-Japan Relations," in Gilbert Rozman, ed., *National Identities and Bilateral Relations* (Stanford, CA: Stanford University Press, 2013), 45-64.
- ² Francis Fukuyama points out that identity matters in politics. Francis Fukuyama, *Identity: The Demand for Dignity and the Politics of Resentment* (New York: Farrar, Straus and Giroux, 2018).
- ³ Mass communication presupposes that the same news is read and spread to an anonymous mass at the same time. However, social network service communication makes it possible to selectively view at one's chosen timing for an audience of a selected group of people without being bothered by other people. The latter can be called tribal communication.
- ⁴ On the contentious nature of politics, see Charles Tilly and Sidney Tarrow, *Contentious Politics* (Boulder: Paradigm Publishers, 2007).
- ⁵ On how interactions and feedback can define the nature of relations between nations, see Robert Jervis, *System Effects: Complexity in Political and Social Life* (Princeton, NJ: Princeton University Press, 1997).
- ⁶ Polarization was vividly visualized in October, 2019 when thousands of progressives repeatedly rallied in support of Cho Kuk, justice minister appointee, around the prosecutor's office in Seocho, while more than a million conservatives gathered together to protest against Cho Kuk's nomination in the Gwanghwamoon area in the center of Seoul.
- ⁷ From the conservative side, the evangelical church provided strong organizational initiative. Minister Chun Gwanhoon took the lead.
- ⁸ Sunghan Kim & Scott Snyder, "Denuclearizing North Korea: Time for Plan B," *Washington Quarterly* 42, no. 4 (Winter 2020): 75-90.
- ⁹ Moon Chung-in is reported to have said at a seminar at Keio University that there is no Japanese role in the process of North Korean denuclearization. *Chosun Ilbo*, February 11, 2019.
- ¹⁰ The Korean Council for Justice and Remembrance for the Issues of Military Sexual Slavery by Japan claims that Japan should first acknowledge its crimes, officially apologize, compensate victims legally, investigate the truth, and punish those who are responsible for the crimes, <http://womenandwar.net/kr/visionnmission>. (Accessed on April 5, 2020).
- ¹¹ Park Yuha, *제국의 위안부* (Seoul: Ppuri wa Epari, 2013).
- ¹² Park Yuha was indicted at the urging of the progressive civic movement on June 16, 2014, after she presented a summary of her argument at a symposium. She was indicted for reason of defamation of the victimized "comfort women." She revealed her life after being indicted by publishing another book, *Yuha Park, 제국의 위안부: 법정에서 1460일* (Seoul: Ppuri wa Epari, 2018).
- ¹³ Lee Young-hoon, et. al., *반일 종족주의* (Seoul: Miraesa, 2019)
- ¹⁴ *Monthly Joongang*, December 5, 2019, <http://news.joins.com/article/23649429>. (Accessed on April 5, 2020).

- ¹⁵ The following are representative columnists and translated titles of their articles. Sun Woojung, "Japan's Power as a Nobel Prize Winner," *Chosun Ilbo*, October 12, 2018; Sun Woojung, "Moon Jaein-style Anti-Japanism Has No Future," *Chosun Ilbo*, August 28, 2019; Lee Hakyung, "Is Japan Still an Enemy?" *JoongAng Ilbo*, April 8, 2019; Lee Hakyung, "Fear of Ruining Korea-Japan Relations Initiated by the Moon Government," *JoongAng Ilbo*, April 22, 2019; Lee Hakyung, "Old Bad Japanese in My Mind Is a Problem," *JoongAng Ilbo*, August 12, 2019; Park Jekyun, "Problem Is Not Abe But Kim Jungen," *DongA Ilbo*, August 12, 2019; Lee Misook, "Past Cannot Win the Future," *Munhwa Ilbo*, July 10, 2019; Lee Misook, "Retrieving GSOMIA Can Rescue Alliance," *Munhwa Ilbo*, October 2, 2019.
- ¹⁶ According to a joint survey conducted by Yomiuri and *Hankook Ilbo*, 71.6 percent of Korean respondents replied that they do not feel friendly to Japan, and 75.1 percent of Korean respondents answered that they do not trust Japan. *Hankook Ilbo*, June 10, 2019.
- ¹⁷ In an opinion survey conducted by the Cabinet Office of Japan in October 2018, 57.4 percent of the respondents in their 20s and 30s answered that they feel friendly with South Korea, while only 31.3 percent of the respondents in their 60s expressed a positive feeling toward South Korea. Yonhap News, August 9, 2019. *Mainichi* noted that Japanese youngsters continue to be attracted to the "Korean Wave" despite deterioration in Korea-Japan ties. *Mainichi Shimbun*, August 9, 2019.
- ¹⁸ Moon Jae-in delivered a speech with a strong anti-Japanese tone on March 1, 2019, Independence Day. He said, "Removing the legacy of pro-Japanese, which reconfirms that pro-Japanese should be something to be repented while the independence movement should be something to be respected, is to resurrect the very most basic value of the country. This simple truth is justice, and resurrecting justice is the beginning of a fair country." *Chosun Ilbo*, March 1, 2019.
- ¹⁹ The Moon government denounced Rhee Syngman, who laid the foundation for an independent South Korea, as a pro-Japanese political leader, while actively moving to confer a medal on Kim Won-bong, who led the armed opposition to Japanese imperialism but later worked for the establishment of the North Korean regime. *Chosun Ilbo*, February 16, 2019.
- ²⁰ Kan Kimura, *The Burden of the Past: Problems of Historical Perception in Japan-Korea Relations* (Ann Arbor: University of Michigan Press, 2018).
- ²¹ Suh Choo Suk, "Concerns about Weakening US-ROK Alliance?" *East Asia Foundation Policy Debate* No. 130 (January 14, 2020).
- ²² For Moon Chung-in's interview, see *Yomiuri Shimbun*, February 18, 2019.
- ²³ "Moon Chung-in Interview," *Atlantic*, May 17, 2018.
- ²⁴ Cheol Hee Park, "Three No Position toward China: Is It Sustainable?" *East Asia Foundation Policy Debate*, No. 86 (December 5, 2017).
- ²⁵ *Hankyoreh*, November 10, 2019.
- ²⁶ James Dehart, the chief U.S. negotiator in defense cost-sharing talks, visited Seoul on November 5, 2019. On the same day, David Stilwell, assistant secretary of state for East Asia and Pacific affairs arrived in Seoul. On November 13, 2019, General Mark Milley, chairman of the Joint Chiefs of Staff, made a visit to Seoul. On the next day, Mark Esper, secretary of defense, called on the Blue House to deliver U.S. messages of concern.
- ²⁷ Lee Won-Deog said in an interview that the South Korean Supreme Court might not have made a verdict like that if they fully took international reality into consideration. *Chosun Ilbo*, November 1, 2018.

- ²⁸ *Maeil Economy Daily*, November 2, 2018.
- ²⁹ Shin Gaksoo, Yonhap News. November 7, 2018.
- ³⁰ Park Hwirak, Kim Taewoo, Song Daesung, and Shin Wonsik, "Like it or not what we need is security cooperation between Korea and Japan," *Daylian*, January 14, 2019.
- ³¹ *Munhwa Ilbo*, July 16, 2019.
- ³² *Kukmin Ilbo*, July 23, 2019.
- ³³ *Kyunghyang Daily*, August 6, 2019.
- ³⁴ *Munhwa Ilbo*, August 6, 2019.
- ³⁵ Lee Chunkeun, "미국과 일본 등지는 문재인 외교가 화를 부른다," *Monthly Chosun*, November 2, 2019.
- ³⁶ *JoongAng Ilbo*. August 21, 2019.
- ³⁷ *Munhwa Ilbo*, November 12, 2019.
- ³⁸ *DongA Ilbo*, November 20, 2019.
- ³⁹ *JoongAng Ilbo*, April 17, 2019.
- ⁴⁰ *JoongAng Ilbo*, May 1, 2019.
- ⁴¹ *JoongAng Ilbo*, May 15, 2019.
- ⁴² *JoongAng Ilbo*, May 29, 2019.
- ⁴³ *JoongAng Ilbo*, June 26, 2019.
- ⁴⁴ *JoongAng Ilbo*, August 21, 2019.
- ⁴⁵ *JoongAng Ilbo*, August 9, 2019.
- ⁴⁶ *JoongAng Ilbo*, August 16, 2019.
- ⁴⁷ *JoongAng Ilbo*, September 11, 2019.
- ⁴⁸ *JoongAng Ilbo*, November 14, 2019.

Japanese Views of South Korea: Enough is Enough

Brad Glosserman

While the sources of contention are deep and enduring, relations between Japan and South Korea have been especially troubled in the last few years. The two countries are grappling with deeply entrenched, emotional legacies that have been inflamed by recent controversies, rendering history both immediate and real. This chapter explores Japan's perception of and reaction to those events. While it aims to provide an objective assessment of Japanese thinking, it does not purport to be even-handed or balanced. It is an analysis of the Japanese view of the relationship with South Korea.

To be brief and blunt, Japanese are frustrated with and angered by South Koreans. Frustrated because they have been unable to build a future with them that rests on a foundation of shared concerns and values; domestic politics continues to override strategic interests. Angry because Korean complaints deny the many changes that have occurred in Japan since the end of World War II. Japanese do not deny that atrocities took place, but they are offended when they are laid at the feet of current generations. A growing number of Japanese believe that Koreans prefer to occupy the moral high ground over building a mutually beneficial long-term partnership. This belief increasingly colors the way that Korean actions and statements are interpreted.

A Long and Tangled History

One of the paramount difficulties in understanding Japan-ROK relations is to ascertain at what point in time to start the analysis. The two governments are engaged in what can be described as either a *pas de deux* (by aesthetes) or (for the scientifically inclined) a geopolitical manifestation of Newton's Third Law, according to which every action generates an equal and opposite reaction. To put it more plainly, each insists that it is only responding to its counterpart, righting a wrong or defending national honor. Both are aggrieved, looking backward rather than forward, more focused on history than the future.

A modern assessment of the bilateral relationship could begin in 1965 when the two countries signed a treaty establishing diplomatic relations. That document provided a legal and diplomatic framework for engagement since Article II stipulates that "problems ... and interests ... and the claims between the High Contracting Parties and between their peoples ... have been settled completely and finally."¹ As the current dispute between the two countries has its origins in an argument over whether that treaty in fact settles those claims, a more useful starting point might be the Japan-Korea Annexation Treaty of 1910, by which Japan officially annexed the Korean Peninsula. That treaty is also disputed, however, with Koreans claiming that the Korean emperor was forced to sign and, lacking genuine consent, the document was not valid. Alternatively, the starting date could be pushed back to the Japan-Korea Treaty of 1905, which followed Japan's victory over Russia in the Russo-Japanese War (1904-05), ratified Moscow's withdrawal of all influence over the Korean Peninsula (to the victor go the spoils) and established a Japanese protectorate. That treaty was followed by the Taft-Katsura Agreement between Japan and the U.S., by which Washington acknowledged Tokyo's control over the peninsula in exchange for Japanese acquiescence to U.S. control over the Philippines. The consent of the Korean emperor was never in doubt: After signing the treaty, he sent entreaties to world leaders seeking their help, but they all rejected his pleas. While in almost all cases, scholars concede (sometimes

with regret) that the treaties comport with the legal and diplomatic realities of the time, they continue to be disputed by Koreans, which means that they have a power and meaning in contemporary politics and thus remain relevant.

Other experts insist that 100 years is not enough. They argue that the roots of conflict between the two countries were sown 430 years ago when the Japanese warlord Hideyoshi Toyotomi invaded Korea in 1592. The Imjin Wars, as they are known, were waged over six years and ended in 1598 with withdrawal of the Japanese forces. Those who roll their eyes at the notion that such ancient history could resonate in contemporary Korea must pause: President Moon and an aide both referred to General Yi Sun-sin, one of the national heroes in the fight against Hideyoshi, as they sought to rouse their nation to address challenges posed by recent Japanese actions.²

In both cases – Hideyoshi’s invasion and the 20th century annexation – Japan did great harm to Korea. The Imjin Wars were marked by atrocities and destruction, with some scholars claiming that more damage was done during that invasion than during the 1950-53 Korean War. During the imperial occupation, hundreds of thousands of Koreans were forced to work as unpaid labor, thousands of women were forced into sexual slavery, and Japanese authorities tried to obliterate Korean culture. That violence and devastation contributes to Korean anger today.

A still more encompassing history would journey back over 1,500 years and acknowledge the Korean roots of many of the Japanese clans that rose to prominence in the 4th and 5th centuries. The previous Japanese emperor drew attention to that heritage on his 68th birthday when he noted that “I, on my part, feel a certain kinship with Korea, given the fact that it is recorded in the Chronicles of Japan that the mother of Emperor Kammu was of the line of King Muryong of Paekche.”³ (Kammu ruled Japan from 781 to 806, and Muryong ruled the Paekche Kingdom in Korea from 501 to 523.) That lineage had long been discussed among academics and archeologists, but it remains little noted among the Japanese public. For Koreans, failure to acknowledge that history is another example of Japan’s readiness to marginalize their country and culture, and another source of grievance.

The key takeaway from this history is that the contemporary debate between Japanese and Koreans has deep roots, and some of the disputes cannot be resolved. The evidence is and will remain subject to interpretation. There will always be opportunities for those who wish to use history as a cudgel and score political points. Unfortunately, there have been politicians in both countries ready to do just that.

Conservative Disappointments and a Structural Shift

A Japanese government assessment of public views toward South Korea is revealing. It shows relative stagnation – with some ups and downs – from 1978 to 1996, at which point there is a steady climb to a near doubling – to 63.1% -- of those who say they feel “some affinity” toward South Korea.⁴ In 2012, the bottom drops out, however, and the number of those who say they feel “some affinity” toward the ROK plummets to previous lows before

dropping even further to an all-time low of 31.5% in 2014. Meanwhile, those who say they “do not feel affinity” toward South Korea climbs to new heights (66.4%), surpassing even the previous peak of those who felt favorably toward their neighbor. In 2014, momentum again shifted, and the relationship seemed to improve. By 2018, those claiming to have “some affinity” reached 39.4%, while those who said they have “no affinity” fell to 58%, in both cases an 8-percentage point shift in four years. Unfortunately, the most recent data show yet another reversal, with those claiming to have “some affinity” retreating to 26.7%, the lowest level ever, and those claiming “no affinity” climbing to 70.4%, a record high.⁵

The downturn in 2012 is generally attributed to President Lee Myung-bak’s decision in August of that year to visit the Dokdo islands, also claimed by Japan. Lee’s visit was the first by a South Korean president and came as a surprise to Koreans and Japanese alike. The consensus view is that the visit was designed to build on a nationalist wave triggered by the ROK’s strong performance at the London Olympic Games, which had just concluded, and sought to shore up Lee’s flagging domestic approval ratings.⁶ For Japanese, any assertion of Korean ownership over the disputed territory is anathema (even though South Korea controls the islands), but their anger was magnified by a sense of betrayal: Lee was a conservative and was supposed to understand the need to subordinate domestic politics to larger strategic concerns. His readiness to put politics before principle on this issue intimated that no Korean politician was above playing “the Japan card” to advance his (or her) fortunes.

The Lee administration strengthened Japanese skepticism toward Korea through inaction as well. Twice during his five years as president, the Seoul government tried and failed to conclude a General Security of Military Information Agreement (GSOMIA) with Japan. GSOMIA is an ordinary agreement that stipulates how governments can share information in an emergency. No matter how anodyne the document, the prospect of security cooperation with Japan was too much for opposition politicians and much of the Korean public. On two separate occasions – once at the last hour – South Korea backed away from signing an agreement with Japan. Failure to secure the GSOMIA was interpreted by Japanese as a refusal to recognize and value Tokyo as a security partner.⁷

The case of Liu Qiang also fed this sentiment. Liu was arrested and imprisoned in South Korea for 10 months for throwing Molotov cocktails at the Japanese embassy in Seoul. Prior to that attack, he had set fire to Yasukuni Shrine, and upon his release Japan sought his extradition. A Korean judge ruled instead that Liu should be allowed to go to China, as sending him to Japan would have punished him for political acts, which “would be tantamount to denying the political order and constitutional ideas of South Korea, as well as the universal values of most of the civilized nations.”⁸

Suspicion and ill will intensified when Park Geun-hye became president in 2013. Japanese anticipated that Park would prove to be a strong partner: As president of South Korea, her father, Park Chung-hee, was the driving force behind the 1965 normalization agreement. He saw Japan as a model for South Korea’s own industrialization and modernization. Japanese expected Park to defend her father’s legacy and restore trust and stability to the bilateral relationship. Yet when she took office, Park sought to build a new relationship with North Korea. To accomplish that goal, her government worked closely with China, reasoning that

the road to Pyongyang ran through Beijing. In conversations with South Korean officials and experts at the time, I was repeatedly told that South Korean efforts to cooperate with China were tactical in nature and did not represent a strategic shift: The Seoul government still valued the alliance with the U.S. and its partnership with Japan.

Strategists in Tokyo did not accept that narrative. They noted that China had assumed an outsize presence in the South Korean economy -- in 2012, China was Korea's number one trade partner, with bilateral trade totaling \$215 billion; nearly 700,000 people traveled between the two countries that year⁹ -- and asserted that Park's alignment with China reflected a broader shift in national interests. As proof, they pointed to Park's six trips to China during her first three years in office. Some argued that it was only a matter of time before South Korea ended its alliance with the U.S. and entered a new relationship with China. When Park was the only leader of a major Asian democracy to attend the September 2015 military parade that China held to mark the 70th anniversary of the end of World War II, that moment seemed imminent.

Beijing was eager to promote that narrative. It sought to drive a wedge between South Korea and the U.S. and Japan and used their shared history of Japanese invasion to assert that Chinese and South Koreans had a common interest that outweighed whatever linked South Korea and Japan. In 2014, China opened a memorial in Harbin to celebrate Ahn Jung-geun, the Korean independence activist who assassinated Ito Hirobumi, the first Japanese Resident-General of Korea. Beijing played up the image of Ahn as "freedom fighter," a man the Japanese considered a terrorist. While the Koreans were pleased to honor Ahn, Seoul was reportedly surprised and somewhat unnerved by the size of the memorial.

If the Japanese misread or exaggerated the shift in South Korean orientation or the degree to which Beijing had seduced Seoul, there was no mistaking a change in South Korean thinking about Japan. Once a benchmark for South Korea, the relationship was becoming more equal, with the two countries sharing levels of economic development and political maturation. That convergence should have encouraged the two governments to work more closely, but Japanese analysts observed a relative decline in interest among Koreans as their country became more developed and adopted a more global perspective.¹⁰ (Japan's economic difficulties contributed to this mentality.)

For all the suspicions and disappointments, Park did manage to address one especially poisonous legacy in the Japan-South Korea relationship: In December 2015, her government reached agreement with Japan to deal with the "comfort women" problem. The deal -- which consisted of parallel statements by the foreign ministers of each country -- included an explicit apology by the prime minister of Japan that acknowledged that the "comfort women" existed and noted "direct and indirect" military involvement; creation of a South Korean foundation that facilitated Japanese payments to victims; and a pledge by South Korea that this agreement "finally and irreversibly" puts the issue to rest.¹¹ This agreement is responsible for the shift in Japanese views of the trajectory of the bilateral relationship noted above. Unfortunately, the agreement did not survive the change in administration in Seoul -- many believe it was a contributor to Park's impeachment a year later -- and the unraveling of the deal was one of the main drivers of the downward spiral that marks the relationship today.

Moon Jae-in Accelerates the Slide

Moon Jae-in succeeded Park, riding a wave of intense popular anger against a president who was perceived as elitist and out of touch. Japanese invariably worry whenever a progressive politician occupies the Blue House, fearing that bilateral relations will be subordinated to inter-Korean relations (the crude version of this charge is that they are North Korean sympathizers) and that such a president would embrace a social and political agenda that uses Japan as a scapegoat. Moon did not disappoint. He sought to improve relations with Pyongyang, and his engagement campaign – Sunshine 2.0 (derided by critics as “Moonshine”) – promoted economic cooperation that Japanese disparaged because it eased pressure on the North Korean regime, which would (in theory) compel it to negotiate over the future of its nuclear arsenal and the status of Japanese citizens abducted by the Kim regime.

During the campaign to succeed Park, Moon promised to renegotiate the 2015 “comfort women” agreement and, soon after his election win, he convened a task force to assess the deal. It concluded five months later that the agreement was flawed, an assessment with which Moon agreed. He said, “The agreement cannot solve the comfort women issue,” and called it a “political agreement that excludes victims and the public” and violates general principles in international society, according to a statement issued by his office. Japan’s then foreign minister Kono Taro responded by noting that any attempt to change the deal would be “unacceptable” and make relations “unmanageable.”¹²

Japanese were also angered by repeated comments by senior officials in the Moon administration, including the president himself, that called on Japan to reflect on history and make a sincere apology for its misdeeds, statements that undercut the pledge in the 2015 agreement to end public bashing over the “comfort women” issue.¹³ Nevertheless, despite growing unease, Prime Minister Abe Shinzo attended the 2018 Winter Olympic Games that South Korea hosted. Some attribute the visit to a desire by Abe to ensure that Moon would return the favor when Tokyo hosts the 2020 Summer Olympics; equally important, however, were consultations on security issues in the wake of the decision by President Donald Trump at his Singapore summit with North Korean leader Kim Jong-un to suspend U.S.-ROK joint military exercises.

In October, another issue emerged to shake the relationship: A South Korean court ruled that Nippon Steel & Sumitomo Metal Corp. could be held responsible for and was thus required to compensate Korean victims of forced labor during the colonial occupation of Korea. That holding ignored the Japanese argument that the 1965 normalization treaty foreclosed all such claims. A second, similar court ruling followed in November. Also, in November, the Korean government announced that it would dissolve the foundation established by the 2015 agreement to settle claims against Japan by Korean “comfort women.”

The year closed out with a particularly worrisome incident. On December 20, the Tokyo government complained that a South Korean destroyer allegedly locked its targeting radar on a Japanese patrol aircraft. South Korea denied the charge, and the two sides squabbled publicly over what happened, with each government releasing videos to make its case. Particularly troubling was the fact that the two militaries were causing bilateral friction; historically, they have served as shock absorbers for the relationship, arenas where the two countries could work together in important ways out of public view. Politicians might

choose to fight, but the two militaries were supposed to be promoting the long-term national interest of each country. In this case, however, military issues were intensifying discord, not overcoming it.

The year 2019 began with another gut punch for Japan. A former South Korean Supreme Court chief justice was arrested in January and charged with abusing his authority by impeding the forced labor compensation cases during Park's time in office. When the speaker of the National Assembly the very next month said that the Japanese emperor should apologize to the "comfort women," and a local court in March ordered the confiscation of assets of Mitsubishi Heavy Industries to compensate victims of the forced labor cases, Japanese may have been justified in feeling that the entire Korean state and society had been mobilized against them.

Over the summer, the deterioration of relations accelerated. On July 1, the Japanese government announced that it would restrict the export of certain "high-tech materials" to South Korea. Officially, the move reflected concern that Seoul could not ensure that sensitive products or materials would not end up in the hands of potential adversaries. Abe flatly denied that history and trade issues were intertwined. He explained that "The issue of former Korean laborers is not about a historical issue, but about whether to keep the promise between countries under international law ... and what to do when the promise is broken... if another country fails to keep its promise, we cannot give it preferential treatment like before."¹⁴ That rhetoric was undercut, however, by email from Japanese Foreign Ministry officials to reporters that announced the export curbs but also contained fact sheets about the forced labor dispute, intimating that the issues were linked. Three days later, the Seoul government followed through on its earlier statement and dissolved the "comfort women" foundation set up by the 2015 agreement.

The cycle of offense and response continued. The subsequent decision to remove South Korea from Japan's export "white list" – a status that allows the dispatch of products or materials without obtaining government approval prior to each shipment; it indicates trust in a trading partner's export control regime – prompted the ROK to remove Japan from its own export white list.

Then, Seoul dropped a bomb. It threatened to let the GSOMIA with Japan, finally secured in 2016, lapse when it was up for renewal in November. For Japanese, that was the final straw. With that move, Seoul crossed a line, mixing security and economic interests. The Japanese government was outraged by the decision, arguing that it undercut Japan's national security and indicated a devaluing of security ties and cooperation between the two countries.

The prospect of an end to security cooperation galvanized the United States; American officials called on both allies to reconsider and focus on larger strategic interests.¹⁶ Pressure mounted on Seoul until finally, hours before the GSOMIA was to expire, the Moon government announced that it would conditionally suspend its notice to end the information-sharing agreement with Japan subject to progress by the two countries on issues between them. Soon after Seoul reversed course, Japan announced that it was prepared to resume discussions on export controls, a step that could lead to South Korea's return to Japan's export white list. In a worrying sign, even the retreat was not without friction: South Korea's announcement of a deal to resume trade talks triggered recriminations, with Japan's media declaring victory while the Blue House complained about Tokyo's announcement, and the two governments then argued over whether Japan had apologized for those statements.¹⁷

Still, suspension of the GSOMIA termination appeared to put a floor on the relationship, at least temporarily. The two countries resumed talks over export controls after a three-year hiatus, the ROK Supreme Court dismissed an appeal by a group of “comfort women” who claimed that the 2015 agreement was unconstitutional, and both countries’ leaders signaled a desire to improve relations. During his New Year’s news conference, Moon did not criticize Japan, and he promised that South Korea would work with Japan to ensure that the 2020 Olympic Games are a success and hoped that the sporting event would provide an opportunity to improve ties. (Delivering on that pledge is another matter, as will be discussed below). Abe too, signaled his readiness to build on the political truce, as is discussed in the next section.¹⁸

Now You See Them, Now You Don’t

The deterioration of Japanese views of South Korea is evident in official Japanese government statements. Consider, for example, Abe’s references to South Korea in his policy speeches at the beginning of Diet sessions. In 2014, Abe referred to the ROK as “our most important neighboring country with which we share fundamental values and common interests. Good relations between Japan and the ROK are indispensable not only for our two countries but also for the peace and prosperity of East Asia.”¹⁹ The following year, sentiment had cooled, and Abe merely called South Korea “our most important neighboring country,” omitting the other important qualifiers.²⁰ In 2018, however, the tone shifted, and Abe called on Moon to “work to deepen the cooperative relationship between us for a new era with a future-oriented perspective, by building on the international agreements between our two nations and on our mutual trust.”²¹ A year later, South Korea was virtually omitted from the speech; the only reference was to working with Seoul to deal with North Korea. As the clock ticked down on the expiration of the GSOMIA in the fall of 2019, Abe offered an olive branch, acknowledging again that South Korea was “an important neighboring country,” but he also urged it “to honor the commitments between the two countries, in accordance with following international law.”²² By the beginning of 2020, South Korea had resumed its original role and importance. Addressing the Diet in January – after Seoul had suspended termination of the GSOMIA and the two governments worked to make the rapprochement more stable and enduring – Abe again referred to South Korea as “the most important neighbor that essentially shares basic values and strategic interests” with Japan and called on it to build “future-oriented” ties.²³

A similar trajectory is evident in the Foreign Ministry’s Diplomatic Blue Book, the annual assessment of Japanese foreign policy positions and views. In 2012, the ROK was described as “Japan’s most important neighboring country, which shares fundamental values such as democracy,” and the Japanese government promised to “continue to make an effort to build future-oriented and multi-layered relations with the ROK.”²⁴ Four years later, following conclusion of the “comfort women” agreement, relations were still good, and the Foreign Ministry was effusive, calling the ROK “Japan’s most important neighbor that shares strategic interests,” adding that “good Japan-ROK relations are essential in ensuring peace and stability of the Asia-Pacific region. Furthermore, Japan and the ROK have worked in partnership on a variety of regional and global issues.”²⁵ In 2019, however, the mood had darkened and “relations between Japan and the ROK faced an extremely severe situation amid a series of negative moves by the ROK.”²⁶

The Business Community Pays a Price

If there is a group in Japan that does not share this outlook, it is the business community. It is less inclined to see the bilateral relationship through a political or ideological prism, and instead focuses on hard numbers. From that perspective, Korea continues to be a valuable partner. Japan is South Korea's third largest trading partner, and bilateral trade has doubled in volume during the first two decades of this century. The two economies are increasingly complementary, with South Korean firms relying on imported Japanese intermediary goods and materials for production or assembly. Japanese companies benefit from working with Korean counterparts. According to one report, 85% of Japanese businesses operating in South Korea reported profits in 2018—the highest proportion of profitable Japanese firms in an Asian economy — and just 4.6% reported losses.²⁷

That relationship is under threat. Anger in South Korea has prompted boycotts of Japanese consumer goods. Sales of Japanese beer, for example, fell to zero in October 2019; the previous year, the ROK was the Japanese industry's biggest market, generating \$7.3 million in sales.²⁸ Japanese automakers endured a 19% fall in sales in the ROK in 2019.²⁹ A still greater decline was registered among South Korean visitors to Japan; the Japan National Tourism Organization estimates there was a 25.9% drop in ROK tourists in 2019 compared to the previous year.³⁰ Of course, these declines would be much greater if only the second half of the year was considered.

Troubling though these numbers are, Japanese companies are more worried about a permanent alteration of business relationships with South Korean customers. Japan has positioned itself as a source of critical parts, components, and machine tools: One reason Japan's July 2019 decision to restrict sales of certain high-tech components to the ROK was such a shock, was precisely because of the critical nature of those supplies. The volume of sales is only in the hundreds of millions of dollars, but they are components vital to ROK production lines. While Japan has continued to grant export licenses for those products, Korean companies are now alert to the possibility of a loss or disruption of supply. "South Korean companies cite quality and stable supply as reasons for choosing Japanese materials. But this has made them aware of the need for change and they are already taking action."³¹ Steps to remedy this vulnerability include the diversification of suppliers and the development of domestic capacity, so ROK companies could become self-sufficient.³² The Seoul government has also launched a \$6.5 billion fund to reduce the country's reliance on Japanese parts imports. With ROK companies accounting for as much as 81% of Japanese exports of some equipment, that is a worrying prospect.

Consistent with this pragmatic mindset, Japanese businesses in South Korea do their best to avoid political issues. The Seoul Japan Club, the largest community of Japanese nationals in South Korea, did not mention the forced labor issue in its 2018 recommendations to the Seoul government.³³ At the September 2019 Japan-Korea Economic Association meeting, some 300 representatives of the biggest businesses in each country called for calm, and one Japanese speaker argued that "businesses do not look into the past but to the future, and reality over ideology."³⁴

They may get their wish. By January 2020, in keeping with political efforts to put a floor on the relationship, there was a rebound in economic relations. Japanese beer sales in the ROK in December were reviving and etching gas exports, one of the three items affected

by the July 1 decision, increased substantially as well. In both cases, the numbers were low compared to a year ago -- 106 kiloliters of beer is a drop in the “keg” (albeit a big keg), and 793 tons of etching gas is still a 73% decrease from the previous year – but each constituted a significant rebound from the previous month.³⁵

Putting Japan on the Couch

For Japanese, the bilateral relationship with South Korea has been undermined by a lack of trust. Despite repeated statements by Japanese officials that make amends for the past and efforts to make those statements real, South Koreans prefer to question Japanese intentions and sincerity, and keep historical controversies alive. Abe’s statement (cited above) explaining the logic behind the export restrictions is illuminating. He explained that the issue is “about whether to keep the promise between countries under international law ... and what to do when the promise is broken...” It may be disingenuous, but it does reflect Japanese thinking about cause and effect. Especially galling is the contravening of the provision of the agreement that says the deal “finally and irreversibly” concludes this debate -- Japanese are dismayed to see that this vital stipulation has been ignored. It feeds the view, increasingly prevalent among Japanese, that South Koreans want to maintain the moral high ground and keep Japan on the defensive. To that end, Japanese believe that Seoul continues to move the goalposts when it comes to addressing historical issues, and Japan will never, in Korean eyes, do enough.³⁶

Japanese point to a series of official statements that leave no room to evade responsibility. In 1993, the Japanese government acknowledged its mistreatment of the “comfort women” and expressed “sincere apologies and remorse.”³⁷ In 2010, on the centenary of the annexation treaty, the prime minister and cabinet issued a statement that flatly stated that “the Korean people of that time were deprived of their country and culture ... by the colonial rule which was imposed against their will.”³⁸ The 2015 “comfort women” agreement confirmed the “involvement of the Japanese military authorities at the time,” and Abe expressed “his most sincere apologies and remorse to all the women who underwent immeasurable and painful experiences and suffered incurable physical and psychological wounds as comfort women.”³⁹ This backdrop helps to explain the Japanese belief that the chief problem in the bilateral relationship is the Koreans’ focus on the past.⁴⁰ Some cranks deny history, but revisionism is, sadly, inevitable in a country that practices freedom of speech. The overwhelming majority of Japanese admit historical wrongs but feel that they have apologized enough.⁴¹ Moreover, they are offended by the claim that they and their country have not evolved since the imperial era and that they bear responsibility for the crimes of previous generations. Finally, the claim that Japan is unchanging, aggressive, and unrepentant strikes at the heart of Japanese national identity: Japanese see themselves as a uniquely peaceful nation that stands atop a foundation of historical learning – especially with regard to the lessons of the crimes of the imperial era.⁴²

Japanese irritation is exacerbated by uncertainty over regional security. Tokyo is worried about the U.S. commitment to the region at a time of great flux. China is increasingly assertive and seems intent on resuming its traditional role as the preeminent power in the region. It has used its economic resources and its military modernization to backstop an aggressive diplomatic campaign to extend Beijing’s influence in Asia and beyond. Meanwhile, North Korea has proceeded with its own nuclear modernization program, and the maximum

pressure campaign that was supposed to force Pyongyang to negotiate security issues has ended. Both developments pose real concerns for Japan, and in both cases, Trump seems more intent on promoting his personal relationship with those countries' leaders than addressing those concerns. While Abe has forged a unique relationship with Trump, there is little confidence that those bonds are sufficient to protect Japanese interests. Tokyo views Trump as transactional, suspicious of U.S. alliance commitments, especially skeptical of Japan, and myopically focused on the economic bottom line.

Driving home Japanese concerns were intrusions last year by Chinese and Russian aircraft on a joint long-range patrol that took them around the Korean Peninsula into airspace claimed by both Japan and South Korea.⁴³ ROK and Japanese air forces responded, and South Korean jets fired hundreds of warning shots at a Russian plane. (Russian officials denied that the incursion took place and that shots were fired.) That incident followed seemingly coordinated action by the two countries in 2016 when they sailed warships through Japanese-claimed waters in the East China Sea around the Senkaku/Diaoyu islands. The prevailing interpretation is that the challenges are intended to demonstrate expanding military cooperation between Beijing and Moscow and to stress the two alliances.

In this environment, Japan and South Korea should be moving closer together. Japanese logic dictates that Tokyo and Seoul should be cooperating to address shared concerns – as democracies and market economies, it is assumed that their interests, and thus their policies, converge – and send a unified message to Washington to work with them to counter those challenges. Instead, the two governments are squabbling among themselves and urging the U.S. to intervene on their behalf. Japanese worry that Trump, given his predilections, would prefer to wash his hands of the situation.

A Long Road Ahead, Illuminated by an Olympic Torch

Events of early 2020 tested both governments' intention to put a floor on the relationship. Japan resumed its efforts to challenge South Korean government assistance to its shipbuilding industry by filing a petition with the World Trade Organization (WTO) over subsidies to Daewoo Shipbuilding & Marine Engineering. A suit was first filed in 2018 and bilateral talks made no progress. On February 22, Shimane Prefecture marked Takeshima Day, an event that has been held annually since 2006 to reiterate its claim to the contested islands Dokdo/Takeshima. The Abe administration sent a Cabinet Office parliamentary vice minister – a representative of that rank has attended since 2013 – as a sign of central government attention and a desire to not inflame the issue. South Korea made its usual response: It summoned an official of the Japanese embassy in Seoul to the Foreign Ministry to lodge a protest, but did not go further.⁴⁴ On March 1, South Korea celebrated the March 1 Independence Movement, the 1919 uprising against the Japanese occupation of the Korean Peninsula. The historical significance of this date affords the president an opportunity to focus on relations with Japan. This year, however, the coronavirus outbreak, which was hammering South Korea, was the primary issue, and combating the contagion was the focal point for national unity. While calling on Japan to join South Korea and reflect on the past, Moon called the country South Korea's "closest neighbor," and noted that "Patriotic martyr Ahn Jung-geun stood against Japan's aggression with the force of arms, but he clarified that

his true intention was to achieve peace together in the East, not to show hostility against Japan.” He added that “joining hands while reflecting on history is the path toward peace and prosperity in East Asia.”⁴⁵ Finally, on April 15, South Korea will hold a general election, the campaign for which promises to explore, probe, and likely incite relations between the two countries.

The coronavirus outbreak crescendoed through the first months of 2020, providing Japan and South Korea the opportunity to trade tit-for-tat quarantine threats. Japan launched the cycle after the number of cases in South Korea exploded, announcing on March 6 that all visitors from that country would undergo a mandatory two-week government monitored isolation period. Seoul reacted with anger; the Foreign Ministry denounced the move as “unreasonable and excessive,” undertaken without prior consultation, and speculated that “Japan has other motives than containing the outbreak.”⁴⁶ A day later, the ROK government announced that it would raise its travel advisory for Japan to Level 2, or “refrain from travel,” halt a visa-waiver program for Japanese, and introduce its own mandatory two-week quarantine period for visitors from Japan.⁴⁷ By the end of March, after both countries seemed to have the outbreak under control, experts feared that second and third waves of infection would be possible. If the economic hardship caused by the pandemic is severe, each may be quick to scapegoat the other for some of the difficulties that follow.

The biggest test for the bilateral relationship could have been the 2020 Summer Olympics that Tokyo was to host.⁴⁸ It is difficult to overstate the importance of this event for Japan. The Games are heralded as the symbol of the nation’s re-emergence after the stagnation of lost decades and proof of the Abe government’s ability to put the country back on track. Abe himself celebrated the event in his speech to the opening session of the Diet in 2020, saying “This will bring all the people of Japan together to walk forward together into a new age.”⁴⁹ Moon, in remarks noted earlier, said that he was ready to work with Japan to make the Games a success – reminded, no doubt, of Abe swallowing his own doubts and attending the 2018 Winter Games that the ROK hosted in Pyeongchang.

ROK government policy is not in line with that pledge, however. Seoul has been leading international efforts to focus attention on the threat posed by lingering radioactivity from the accident at the Fukushima nuclear power plant in March 2011. The ROK ban on seafood from waters near Fukushima prompted Japan to file a complaint at the WTO in 2015. Japan prevailed in the initial dispute settlement panel, but Seoul appealed the ruling and won in April 2019. The two governments engaged in bilateral discussions to see if they could reach a compromise, but those have proven unsuccessful.

In early January, posters appeared near the site of the new Japanese embassy in Seoul. They included the official emblem of the Olympics and depicted an individual clad in a full HAZMAT suit, running with the Olympic torch, intending to link the Games to radiation. Ever quick to defend national honor, the rightwing *Sankei* newspaper concluded that the posters – put up by a South Korean nonprofit organization – “seem to be part of the country’s effort to incite anti-Japan sentiment.”⁵⁰ ROK newspapers also sounded alarm bells, with the conservative *Chosun Ilbo* noting “growing apprehension regarding the radiation levels in Japan,” and charging that the Ministry of the Environment “has downplayed concerns regarding radiation.”⁵¹ The Korean press highlighted the fact that the Olympic venues

for baseball and softball are 97 km and 118 km from the plant, and the Korean Olympic Committee said that it was considering running its own cafeteria to provide food for Korean athletes, ostensibly to ensure that the ingredients are radiation free.

South Korea knows well the significance of the Olympic Games for Japan. An easy test of its intentions was its readiness to help ensure that the Games are a success; raising doubts about safety will do great damage to the ROK's image in Japan. For all the troubles that bedevil the bilateral relationship, still more harm can be done. It is a sign of the times that such a future can be contemplated and that such warnings must be made.

Scott Snyder and I argue that the foundational problem in the ROK-Japan relationship is competing notions of national identity.⁵² For South Koreans, the Japanese annexation of the Korean Peninsula during the first half of the 20th century defines their identity, the very sense of who they are as a people. That brutal experience is used as the rallying point for the Korean nation, a reminder of the price of weakness and disunity. Moon invoked that spirit in his March 1 speech, noting that the March 1 movement "reminded us of unity's tremendous force. ...that we can prevail over anything as long as we stand together."⁵³

Koreans' continuing association of imperial Japan with contemporary Japan is profoundly offensive to Japanese, who not only consider themselves to be victims of that imperial regime as well, but who also see themselves as a fundamentally different nation from that which inflicted those brutalities upon the rest of Asia. Japanese insist that there was a complete break at the end of World War II. The result is a contemporary Japanese national identity that emphasizes its "peace-loving" nature, one that rejects the use of force as an instrument of state policy, as is explicitly articulated in Article 9 of the Japanese constitution. To argue, as South Koreans do, that there is continuity between the two regimes or that there is a risk of similarly brutal behavior by contemporary Japanese governments denies not only core conceptions of national identity in Japan, but also the wrenching experience of the Pacific War and the subsequent occupation.

While these competing beliefs have long bedeviled the bilateral relationship, they seem to have assumed greater poignancy, and their clash a greater impact in recent years. This is likely the result of the current political dynamic in which a conservative governs in Tokyo and a progressive is in power in Seoul. (As a corollary, it should be noted that only this combination of administrations could put historical issues to rest.) Korean policy may assume still greater force and offensiveness for Abe.⁵⁴ He is a strategist who believes in prioritizing national interests over short-term political calculations; Seoul's readiness to jeopardize security cooperation to score domestic political points is anathema to that way of thinking and makes Abe's own pragmatism look pointless. At the same time, Abe has made the promotion of values a cornerstone of his diplomacy, especially as he has promoted the vision of a Free and Open Indo-Pacific. The Korean refusal to concede that contemporary Japan is different from its imperial predecessor implies that his rhetoric is empty and meaningless; nothing could be more damaging to his international credibility. Finally, Abe is a nationalist who, while acknowledging the brutalities of the Pacific War, is quick to ground the behavior of imperial Japan in the context of the time.⁵⁵ While this belief may not be shared by a majority of Japanese, it is a pillar of the prime minister's worldview. Korean claims that Japanese behavior was *sui generis* are even more troubling to him and other like-minded conservatives.

Abe has managed to swallow his reservations and tried to engage South Korean governments. His patience is running out, however – and opinion polls indicate that he is not alone. At this moment, there is an opportunity to begin the long and difficult process of rebuilding trust and confidence between the two countries. Both nations will have to fight their instincts to do so. To their credit, they are trying.

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**ECONOMIC CONCERNS WITH CHINA'S
RISE AND IMPLICATIONS FOR
RELATIONS WITH BEIJING**

Introduction

By late 2019, other stories about Northeast Asia were eclipsed by preoccupation with the U.S. targeting of China's economic policies in what many labelled a "trade war," "decoupling," or a battle over "5G." Third countries could not escape the fallout from the tariffs, accusations, and pressures that mounted in this struggle even when a truce in December 2019 offered a measure of calm. The analysis below begins with a look at the U.S. perspective and turns next to responses in Japan, South Korea, and Southeast Asia. China's slowdown and the far-reaching impact of the COVID-19 epidemic also altered the economic environment. This set of chapters concentrates on the impact of the Sino-U.S. clash over economic policy, while considering developments in early 2020 rattling economic forecasts.

As the epicenter of the ongoing epidemic struggling to revive the world's supply chains, China is no longer seen mostly as the dependable engine of global growth, in terms of its market growth and its export capacity. In the United States, political circles have become immersed in a debate on how to stop unfair practices, violations of intellectual property rights, and outright espionage. In Japan, the same themes were raised but with more emphasis on how to boost economic cooperation with China, given the improved atmosphere between Abe and Xi Jinping. In South Korea more stress was placed on the progress being made in China in technological innovation, casting doubt on whether the ROK's industries would maintain their technological edge. Finally, in Southeast Asia the impending RCEP agreement as well as changes to BRI and China's economic atmosphere left new uncertainty.

Three stages of concern in neighboring countries and the United States about China's rapid rise as an economic power have been extensively reported in Chinese sources in just the past several years. There was the Obama-era concern shared in Japan and elsewhere that the BRI and other Chinese initiatives threatened to create an exclusive, China-led regionalism, which had to be countered by a U.S.-led economic community based on different rules of integration. Then came the Trump-era, unilateral counterattack relying on protectionism and large tariffs to make China yield on important elements of its economic model. Finally, during the first months of 2020 in response to the coronavirus epidemic emanating from China, criticisms of China's model grew more far-reaching, attacking the very essence of the state-driven, hierarchical order built under the slogan a "socialist market economy." Some of these critiques were echoed outside the U.S., and Chinese publications responded, denouncing all but differing on the motives attributed to some countries' charges, on the degree of cooperation possible, and on the need for reform.

Chinese responses to Japan softened as Xi wooed Abe, but a harder tone was taken to the ROK. Chinese tolerance for Seoul's dual policies of economics prioritizing China and security giving precedence to the United States reached its limits by 2016. Rather than separating trade from the security decisions taken by South Korea, China's leaders decided that informal sanctions should be applied. It was not long before the message was unambiguously delivered: economics and security are two wheels of a chariot that must be steered in a single direction. By 2019 this theme had become more concrete in at least three respects. First, having proceeded with an FTA with China, the ROK now had to open further on a regional scale through RCEP, which was poised for signing in 2020 although India had withdrawn and Japan had begun to waver without it, and through support for a trilateral FTA including Japan, which was discussed at the CJK summit in late December

2019. Second, in response to Chinese charges against U.S. protectionism under Trump, Seoul had to stand with China in favor of continued openness along existing lines.

The third demand raised in Chinese writings about South Korea was to treat technology transfers as a win-win process and distance itself from U.S. pressure for decoupling in 5G technology as well as other areas. Criticisms of China's economic policies and warnings about China overtaking the South Korean economy in critical sectors drew harsh rebuttals as antithetical to mutual respect.

Warnings regarding South Korean economic behavior accompanied intensified threats about following THAAD deployment with other security measures deemed harmful to China and calls for joining China in a softer approach to North Korea, relaxing sanctions in opposition to the U.S. position. Not having withdrawn some of its informal sanctions over THAAD and declaring that the issue could again be raised if Seoul was seen as not cooperative, Beijing was wielding the economic cudgel more blatantly in pressuring Moon Jae-in to rethink the balance he pursued between China and the United States. It was more assertive about demands on Moon even in advance of the bad economic news from South Korea in early 2020 along with the COVID-19 epidemic. Deeply dependent on China's economy, the ROK held back in its criticisms, but the U.S. did not.

Charles W. Boustany, Jr., "China's Economic Rise amid Renewed Great Power Competition: America's Strategic Choices"

China's deepening economic relationship with the U.S. and integration into global markets would, according to once prevailing thought, promote abandonment of state-directed planning, subsidies for state-owned enterprises, and protectionist practices, and in turn, lead to adoption of greater reliance on market mechanisms and strengthened rule of law. The expectation was that accelerated economic growth and the emergence of a burgeoning middle class would give rise to demands for democratizing political reforms, much as in other Asian countries in the 1980s and 1990s. Yet China has not implemented expected substantive structural reforms consistent with the spirit, if not the letter, of its WTO obligations, argues Boustany. Instead, it has viewed economic policy as merely another means of enhancing the legitimacy of one-party rule in addition to strengthening the power of Party rule over all other Chinese actors. Xi has now arguably accelerated the trend away from reform, consistent with his predecessors in recognition that full economic liberalization would be incompatible with authoritarian rule.

Optimism in the United States has yielded to pessimism. During the second term of the Obama administration public opinion shifted to preponderantly negative and then a 13% increase in unfavorable opinion from 2018 to 2019 marked the largest 12-month shift since the Tiananmen Square massacre. The most avid supporters of engagement with China, American business and industry, have also become more pessimistic. Companies have grown more frustrated with market restrictions and intellectual property theft. The inability of the WTO to effectively address these concerns has resulted in an alignment of views that it is time to take a tougher approach to China; engagement and reliance on WTO dispute settlement alone are insufficient in dealing effectively with a non-market economy of this

size. This has led to escalating tariffs and targeted sanctions in hope of unilaterally coercing the CCP regime to commit to opening its market to fair competition, eliminating subsidies and preferential treatment of state-owned enterprises, and stopping the theft of intellectual property and the requirement of technology transfer as a condition for participation in the Chinese market. This approach was predicated on Beijing acquiescing quickly in the face of unilateral coercion. But these tactics do not appear to be politically sustainable for the U.S., nor are they likely to be successful, concludes Boustany.

It is unlikely that an agreement achieving a significant degree of structural reform is achievable solely through unilateral pressure by the United States. Limitations on this approach derive from slower global economic growth and the negative impact on key sectors of the American economy resulting from the tariff war. These limitations along with the lack of consensus within the Trump administration on whether to back away from the trade war to get a “great deal” or pursue it more vigorously have led to confusion and some division. A sustainable long-term strategy is needed to avoid, either merely accepting the status quo ante, or the alternative of worsening economic headwinds from escalation of the tariff war, but with neither approach achieving the goal of meaningful reform in China. The failure of the United States to properly consider this bilateral relationship within the context of the broader strategic environment emerging after the Cold War can only be viewed as a profound policy failure, especially with respect to formulation of foreign economic policy and steady application of economic statecraft.

Boustany sees China’s foreign policy as aimed at weakening the U.S. security alliances in the Asia-Pacific region, using all the tools of economic statecraft to assert Chinese power. The first element of this strategy is to retain control of the economy through a fusion of central planning with allowance for market forces under careful control by the CCP—a system of mercantilist Leninism. Building on past protectionist and mercantilist trade practices used to amass wealth, the party-state continues to make transfer of technology and intellectual property to Chinese state-owned enterprises a precondition for market entry. These enterprises are given preferential advantage in a market that remains restricted or closed to outside investment in a number of sectors. The goal of the regime is to create national champions in key sectors that monopolize the domestic market, seeking to build dominance in the international market.

Another element of Xi’s international strategy is the ambitious BRI, whereby China seeks to lead broad integration in Eurasia through infrastructure projects, development assistance, foreign aid, and expanded trade and investment. This long-term strategy is designed to build economic power and position China at the center of developing institutions, rules, and standards throughout Eurasia and along sea routes connecting Asia and Europe. The aim is to create an alternative or parallel economic order to the one constructed by the United States after WW11. Mercantilist-Leninism avoids Moscow’s mistakes and offers a model superior to the U.S. one.

The liberal international order was successful in promoting trade and investment worldwide, yet it has been under mounting strain since the 1970s due to the rise of nontariff barriers, newer forms of protectionism, and the rapid development of technology, all of which require consensus on standards among market economies. The order is at risk of devolution into

one dominated by economic nationalism, rising protectionism, and greater security risks. The size of China's market, its commitment to mercantilist-Leninism, and assertive actions to challenge international standards underpinning this economic order have accelerated the breakdown.

American foreign economic policy, as implemented by the Trump administration, has veered sharply toward economic nationalism in reaction to these developments, weakening the fabric of international consensus needed to effectively address all these challenges. Balance of power dynamics will likely determine the distribution of power for the foreseeable future, warns Boustany, calling on U.S. policymakers to recognize that isolationist policies or attempts to unilaterally coerce other market economies by means of indiscriminately broad use of tariffs and sanctions risk souring relations with advanced market economies, many of which also have China as a leading trade and investment partner. This would unnecessarily give the advantage to China, which is enhancing investment and trade with these countries while expanding influence through foreign aid, infrastructure investment, and trade relations with developing economies, with the purpose of shaping the balance of economic power away from the U.S.

The Trump administration's policy toward China can be described as escalatory decoupling. It imposes unilateral escalation of tariffs on Chinese goods, disrupting global value chains, with intent to separate or decouple the two economies. Combined with coercive protectionist policy directed toward other major economies, it impairs relations with allies or major trade partners, potentially damaging American prospects for future economic growth, diminishing relative power, and effectively isolating the U.S. In contrast to passive isolationism, these policies are more malignant and will begin to invoke a backlash of retaliation by countries naturally aligned with the United States. This only enhances China's power and leads to greater security risks.

The phase one agreement signed with China in January 2020 does not solve important concerns over cybertheft of intellectual property and the use of subsidies. It merely offers a tenuous reprieve from further escalation of the tariff war. The U.S. should complete high standard trade and investment agreements with as many market economies as possible, by setting high standards for shaping a favorable balance of economic power that either promotes reform in China or prepares it and other market economies for deepening great power competition. If the U.S. renegotiates entry into CPTPP with higher standards, momentum will develop for others to accede to the agreement, building an open-architecture agreement needed to shape the balance of economic power. Washington should also work with allies in a cooperative way to minimize vulnerabilities from theft of intellectual property and trade secrets, surveillance, and sabotage or disruption, and to slow the diffusion of critical technology. It aligns the incentives of other market-based democracies in Europe and Asia with the United States while jointly setting defined rules of engagement with China. If the choice is to continue with aggressive tariffs and sanctions applied to China and allies alike in attempts to coerce behavior, the U.S. will accelerate a descent into economic nationalism characterized by beggar-thy-neighbor policies that can only lead to global and domestic economic decline and heightened insecurity, serving to isolate the United States and weaken its legitimacy to lead, Boustany declares in conclusion.

Matthew Goodman, “Strategic Ambivalence: Japan’s Conflicted Response”

Tokyo is of two minds about the economic rise of China. On one hand, it offers Japan enormous economic opportunities: to serve a huge and growing consumer market, to provide technologies that China needs for its development, to create efficiencies in Japanese companies’ supply chains, and even to join Chinese SOEs in building infrastructure across the Indo-Pacific region. China is also an essential partner in addressing transnational challenges from health pandemics to climate change. And some Japanese feel drawn to China by wistful thoughts of a regional economic community involving the major powers of Asia – and not the United States. On the other hand, Tokyo is deeply troubled by the darker side of China’s rise as a formidable economic competitor that could overtake Japan in key industries of the future. Under Xi Jinping, China has veered off the path of reform and opening, reinforced the role of the state in the marketplace, and doubled down on industrial policies, from massive subsidies to forced technology transfers. A Sinocentric order based on Beijing’s rules and norms of economic behavior would be seriously detrimental.

Goodman finds that Japan has adopted a three-fold strategy: *enhanced diplomatic and economic engagement* with Beijing; *hedging and balancing activity*, deepening integration with other countries of the Indo-Pacific region and keeping the United States engaged there; and *leadership on regional and global economic rule-making*. Limiting economic engagement are territorial and historical tensions stemming from Japan’s prewar colonization of China that have clouded the relationship since normalization and periodically disrupted economic ties. Anti-Japanese nationalism, bringing uncertainty or harm to Japanese commercial interests in China, has had an impact on public opinion about China. Despite this, most Japanese have been able to compartmentalize bilateral political tensions while supporting deeper economic ties.

Abe has carefully cultivated a warmer relationship with Xi Jinping over the past several years. The two leaders met on the sidelines of the Osaka G20 summit in June 2019 and hailed “a new and historic starting line,” hoping to sign a “fifth political document” when Xi was to visit Japan as a state guest in the spring of 2020, codifying a common understanding of the benefits of economic cooperation, and setting parameters for a more stable relationship. The recent rapprochement derives not only from strategic calculations by Abe but also from deeper gravitational forces that pull Japan toward China. Japanese companies simply cannot afford to ignore the world’s most populous country and second-largest economy. They are better positioned than European or U.S. competitors to take advantage of Chinese growth, given their geographic proximity.

Despite the scars of the 2012 protests, Japanese multinationals have heavily invested in China by opening new facilities to serve the Chinese consumer market. In 2018, Japanese companies invested nearly \$11 billion, a 50 percent increase from 2010. Major companies now rely on China for nearly a fifth of their global profits. Beyond manufacturing and retail, financial titans are eager to break into China’s \$42 trillion financial industry. Japan is especially reliant on China in key industries: nearly half of Japan’s machinery and electronic

imports in 2018 came from China. Beijing's efforts to lower trade barriers, which Tokyo has encouraged, have facilitated deeper integration, which is likely to deepen in the short and medium term, albeit at a slower pace. First, as China's demographic woes come into focus, "Japan, Inc." can sell products and share expertise with an aging China. Chinese financial opening will likely continue, presenting a significant opportunity for Japanese firms. The U.S.-China "phase one" trade deal promised significant concessions in financial services, and Japanese banks will lobby to ensure they reap some of the benefits. Companies want to profit from China's infrastructure spending spree under the BRI. Tokyo views Beijing as an essential partner in addressing shared transnational challenges, including health crises, natural disasters, climate change, and security threats. The coronavirus outbreak underscores the importance of cooperation; Japan is hard hit and faces major supply-chain disruption. Finally, Goodman notes that Japan needs to engage to manage the security threat of North Korea and to hedge against a "Trump shock."

There is an impulse in parts of the Japanese elite for pan-Asian economic integration – not led by the United States or subject to Western norms. This feeling is generally suppressed but has occasionally revealed itself in Japanese foreign policy. Playing at least a co-equal role to China in regional affairs was always a dubious aspiration, given China's growing economic clout and lack of interest in sharing leadership with Japan. But various incidents expose the limits of Japan's ability to strike out on its own in regional affairs without the consent and active participation of the U.S. Japan resists the idea of a Sinocentric order in Asia, certainly if China acts coercively and tries to impose its values and norms on others. While Japanese officials bristle at the Trump administration's aggressive trade tactics against China, they largely agree with the diagnosis that some Chinese companies benefit from an uneven playing field.

Japanese anxieties about China's economic rise are especially acute in advanced technology sectors. Beijing's "Made in China 2025" industrial strategy targets 10 priority areas, several of which are dominated by Japanese companies. Japanese officials fear losing the commanding heights of emerging and foundational technologies that have fueled development and will be vital to future growth. Tokyo strengthened its investment screening regime and limited foreign students' access to certain research projects, modeled after similar U.S. rules. Tokyo is also one of the few countries to ban Chinese telecommunications companies Huawei and ZTE from building its fifth generation (5G) telecommunications network. Beneath the commercial competition lie major fault lines between Japanese and Chinese approaches to the rules and norms of economic activity. Even as it gets closer to Beijing, Tokyo is impelled to put a sharper edge on bilateral competition to prevent Chinese from prevailing in the Indo-Pacific region.

Some Japanese worry that Washington could view Abe's charm offensive with Beijing as undermining the U.S.-Japan alliance or the Trump administration's tough stance on China. This concern is largely misplaced. Most knowledgeable Japan watchers in Washington understand the balancing act Abe is trying to maintain and that a "*honne-tatemae*" approach of putting on a façade of friendly relations (*tatemae*) masks Abe's true feelings (*honne*) about the risks. Yet Tokyo needs to be careful not to run crosswise of Trump on China policy.

As Washington pursues an aggressive campaign to tighten controls on technology leakage to China, Tokyo does not want to be seen by national security decisionmakers in Washington as at all untrustworthy.

The Abe administration has been at pains to stress that values-based diplomacy is not aimed at China, but given the content of these initiatives and the geographic “arc” on which they are focused, these efforts appear to Beijing to be a deliberate form of hedging. Perhaps in part to reassure Beijing, the Abe administration has also embraced regional trade agreements that include China. Japan played a key role in driving to substantive conclusion an RCEP deal at the end of 2019 (although Tokyo later balked because of India’s withdrawal). Abe puts emphasis on pulling the United States more deeply into regional economic affairs. Recognizing the Trump administration’s limited appetite for multilateral trade initiatives, he has sought common cause on other regional endeavors and to align on efforts to mitigate risks from Beijing’s problematic policies. Rather than wait for Washington to lead, as in the past, Abe has reluctantly assumed the mantle of champion of a rules-based economic order. Beyond trade, Tokyo has taken the lead in promoting high standards in infrastructure investment and data governance.

Ambivalence about China’s rise is deep seated and likely to continue beyond Abe’s term. Any successor is likely to maintain at least the broad strands of Abe’s strategy: engaging where possible, hedging where necessary, and trying to uphold the international rules-based order.

Wonho Yeon, “Is China’s Innovation a Threat to the Korea-China Economic Relationship?”

Yeon examines the Korea-China economic relationship from the innovation productivity perspective, introducing the Korea-China economic relationship, describing the technological rise of China, developing a model to analyze the innovation productivity of China and report the estimation results, and presenting the conclusions. From 2015 to the present, as China pushed a strategy of import substitution industrialization and technological sophistication, the economic relationship was becoming more competitive rather than cooperative. The two countries opened a new era of trade and investment through the agreement (May 2015) and effectuation (December 2015) of an FTA. Recently they started negotiations to enhance the effectiveness of the ongoing bilateral FTA, expanding cooperation in the financial and monetary sectors.

China has shifted its growth strategy to domestic-led growth since 2008 and simultaneously promoted a qualitative development strategy that includes ambitious innovation-driven goals such as “Internet Plus,” “Made in 2025,” and “Mass Entrepreneurship and Mass Innovation.” Accordingly, as the share of high-technology manufactures in China’s exports grows, economic relations between Korea and China are shifting from a vertical to a horizontal division of labor, and from complementary to competitive relations, argues Yeon, adding that it is time to find a new model of cooperation. The key factor in this change is the technological innovation of China.

China has been gradually improving its national innovation capacity. In 2019, China announced “China Education Modernization 2035” (Education 2035) as a strategy for developing its higher education system. Associated with another ambitious strategic plan “Made in China 2025,” the “Education 2035” strategy addresses the labor market’s changing demands with the ongoing Fourth Industrial Revolution. The quality of China’s human capital, not the quantity, will be the backbone of the knowledge economy. If the “Education 2035” strategy succeeds, China will be able to establish the world’s leading talent pool by 2035.

R&D investments and the number of patent applications have risen rapidly, propelled in part by government policies, notes Yeon. Total spending on R&D accounts for around 20 percent of global spending on R&D. Some estimates see China overtaking the U.S. as the top R&D spender this year. Although their quality varies, China has the world’s largest number of domestic patents, with nearly 1.4 million applications in 2017. In 2018, it filed the world’s second-highest number of applications under the Patent Cooperation Treaty (PCT), with Huawei the most frequent filer in the world. During 2013-2018, the average application growth rate was -0.35 percent for the U.S. and 20.52 percent for China.

Advocates of increased R&D spending or researchers rarely explain how such inputs are related to outputs. It is meaningful to analyze innovation productivity as the link between R&D and R&D output when we conduct comparative studies on national technological rise. One country can produce more R&D output with a smaller amount of input than another country that spends a larger amount on inputs. Although the U.S. and China are staying ahead in PCT applications in recent years, Korea has been the most efficient in producing international patents. China’s innovation capacity is increasing more rapidly, suggesting Korea has reason to be concerned.

China announced “Made in China 2025” in 2015 to improve existing manufacturing and foster cutting-edge industries. It is intended to advance China’s manufacturing industry in three stages over 30 years, emphasizing 10 key technology industries that are closely related to the Fourth Industrial Revolution, including next-generation information technology (IT), aerospace, high-tech ships, advanced rail transit equipment, smart vehicles, agricultural machinery, new materials, biopharmaceuticals, and robotics. With the onset of the Fourth Industrial Revolution, China is rapidly closing the quality gap and technology gap in the major industries where Korea has a comparative advantage. Recently, Korea has been seriously concerned about the decline in competitiveness of its key industries as China rises. Some research asserts that China is even ahead of Korea in emerging industries such as artificial intelligence, robotics, machine learning, and aerospace equipment. As both face the Fourth Industrial Revolution, they are expected to intensify competition to secure technological advantages and make their voices heard in international standard-setting in these new industries. If Korea does not adequately respond to changes, it may be difficult to maintain a comparative advantage over China, warns Yeon, after showing that China’s innovation productivity is around 80 percent of Korea’s. Whether Korea decides to go head-to-head with China or cooperate, it urgently needs to secure its technological competitiveness: to

expand R&D investment, heighten innovation productivity, and supply core technologies. Yet given the fast-developing high-tech industries, demand for cooperation in technology and human resources, Yeon says, is likely to increase between Korea and China.

Kitti Prasirtsuk, “ASEAN’s Looming Anxiety”

While Southeast Asian ties with Beijing are, by and large, cordial, several signs reveal that the relations below the state level are increasingly worrisome. Chinese foreign direct investment (FDI) is not much oriented towards manufacturing industry. A considerable amount tends to be in non-real sectors, like real estate and casinos, which may not generate much employment and can be unhealthy to local economies. The way Chinese businesses expand tends to be predatory, as demonstrated in tourism-related businesses and the acquisitions of fruit businesses in Thailand.

Even business expansion through the Chinese government is far from smooth, including onerous loan terms, undue requests for land usage along the train lines, stringent technology transfers, and imported Chinese labor. Overall, relations at the level of business and the people are far from promising, argues Prasirtsuk. Disputes that gave rise to the "China Threat" theory in the 1990s, by and large, subsided from the late 1990s. Through frequent high-level meetings and various cooperation schemes, Southeast Asia, by and large, enjoyed cordial relations with China throughout the 2000s. Yet the 2010s witnessed resurgent tensions, particularly on South China Sea issues, which came back acutely with U.S. involvement and China’s more assertive policy. As such, the rise of China tends to be viewed in security terms, but it also came with quiet concerns and tensions in economic terms. Unlike earlier economic concerns, when countries feared competition in terms of exports to other countries and an influx of imports from China, attention has turned to the considerable amount of Chinese FDI in non-real sectors, e.g., real estate and casinos, unlike Japanese investment in automobiles and electronics, and predatory business practices, as Chinese enterprises tend to dominate the whole production process, from upstream to downstream. The fact that massive numbers of Chinese tourists visit Southeast Asia does not mean abundant business opportunities for local people. Tourism-related businesses are dominated by Chinese capital, whether in businesses such as travel agencies, tour buses, tour guides, restaurants, hotels, and souvenir shops, or in products popular to Chinese, which tend to be produced and marketed by Chinese-funded firms. New Chinese residents live in seclusion in their own community, not mingling with local people. This is in contrast with the earlier generations of Chinese migrants who tended to be part of their local communities, many involved in charity, setting up foundations at both the local and national levels. Accordingly, even local ethnic Chinese came to be wary about the increasing presence of new Chinese migrants and the demeanor of Chinese tourists. Beijing has to be serious about regulating predatory business practices, as most ASEAN countries have neither sufficient capability nor bargaining power to properly deal with its big capital.

China has also not succeeded in building soft power. China’s pop culture like movies, TV series, and celebrities, has yet to gain substantial popularity, owing to persisting censorship and less liberal contents. The Confucian Institutes, which sprang up in several ASEAN

countries, are not an answer. Many are not well managed, prone to misunderstanding and discord with host institutes. Talk of an “harmonious world” seems less convincing when considering territorial disputes and China’s increasing assertiveness. The “Beijing Consensus,” which refers to China’s development model that yields high growth, remains problematic, as it is accompanied by pollution and corruption, notes Prasirtsuk.

Train projects have garnered much of the attention. Many observers are concerned about Laos’s ability to repay China and a “debt trap,” which could force Vientiane to relinquish all rights to China on train management. Beijing insisted that interest rates could not be much different from the domestic rates in China, and it demands considerable usage rights for land at the train stations and along the line. The Laotian government could expropriate land from farmers easily, forcing them off their land. Also, China has brought in massive numbers of Chinese laborers, who settle down in Chinatowns in Laos. And there is no clear stipulation on technology transfer from China, a more serious matter for Thailand. As the Laos project began before the one in Thailand, Bangkok was aware of the situation and became very cautious in dealing with China. In tough negotiations, Thailand needed to bargain 19 rounds until both sides reached an agreement for a mere initial 3.5 km. Thailand still needs to iron out many items in the contracts, including on loan terms, the warranty period, and fines. China put tough conditions in the loan contract, demanding that the Chinese government could seize other assets of the Thai government in case of debt default. Bangkok thus decided to minimize the loan portion from China on this project, not more than 25%. It is also very cautious on bringing in Chinese labor. Even though Indonesia still has abundant labor, China opted to bring in Chinese labor on the grounds that they have more expertise and can carry out the project faster than using local labor alone. The project took off earlier than Thailand’s but has been much delayed by such concerns and the difficulties in expropriating land for railway construction. Problems over rail projects become more apparent in countries that have more bargaining power and democratic space like Indonesia and Thailand.

Most Chinese enterprises fail to establish themselves as good sources of employment and welfare. The situation is not helped by the fact that Chinese businesses tend to have fewer interactions with host countries, the local community, and the local population. The new emerging Chinatowns are secluded and different from the typical Chinatowns where local people like to go to shop or eat at Chinese restaurants. The China train projects also come with stringent conditions in regard to loan terms, technological transfer, parts purchases, and even labor. However, the recent flow of high-quality investment in automobile manufacturing and tech companies in the digital economy can help to alleviate the situation. Prasirtsuk concludes that Southeast Asians increasingly have come to view Chinese investment with considerable hesitation, if not outright antagonism. As of now, China-ASEAN relations at the level of business and the people are far from promising, which could become a risk factor in state-to-state relations. The asymmetry of size and power can be a source of anxiety and mistrust, which may negatively affect political relations as well. It is a matter of time before this time bomb could explode without improved management from both Beijing and the counterpart government.

China's Economic Rise amid
Renewed Great Power Competition,
America's Strategic Choices

Charles W. Boustany, Jr., MD

What are the economic concerns about China's rise and why do these concerns matter for the United States? Furthermore, what are the implications for relations with Beijing? These are timely, important questions now dominating public discourse in the United States, yet they are not new questions.¹ Similar questions were asked by Congress at the time of China's accession to the World Trade Organization (WTO). Then, objections largely centered on granting WTO accession to a communist, non-market economy with cheap subsidized labor that would presumably dump goods and commodities into the U.S. market, in addition to China's poor record on human rights. Yet, after much heated debate, China entered the WTO on December 11, 2001, and Congress granted China permanent normal trade relations with the United States.² This decision was consistent with the prevailing post-Cold War thinking.³

Economic engagement was part of the larger post-Cold War effort led by the United States to usher in a new era of globalization with expectations that engagement would spur transformation in China; that it would lead to liberalizing economic reforms. China's deepening economic relationship with the United States and integration into global markets would, according to prevailing thought at that time, promote China's abandonment of state-directed planning, subsidies for state-owned enterprises, and protectionist practices, and in turn, lead to adoption of greater reliance on market mechanisms and strengthened rule of law. The expectation was that accelerated economic growth and the emergence of a burgeoning middle class would give rise to demands for democratizing political reforms, much like what other Asian countries experienced in the 1980s and 1990s.

Michael Green, senior vice president for Asia at the Center for Strategic and International Studies (CSIS), describes the broader strategic context as conveyed to him by Joseph Nye, a Harvard professor and one of the architects of strategy in the Clinton administration. "The United States would 'engage and balance,'" Nye explained, bringing China into the World Trade Organization but discouraging revisionist behavior on China's part by revitalizing the U.S.-Japan alliance."⁴ Engagement was not a naïve or foolish blunder, nor was it in retrospect, a mistake. It was bold, optimistic, and consistent with American post-Cold War attitudes, and ultimately proved to be an important test of whether a policy of open engagement would induce the leadership of the Chinese Communist Party to embark on a path of substantive reform.⁵

American ideals coupled with the commercial self-interest of American business and industry drove the policy of engagement, and even after the 1989 massacre of student protesters at Tiananmen Square, sustained momentum for China's accession into the WTO. Despite China's known unfair trade practices, it was thought that problems would eventually disappear as China adopted rules and norms as conditions of its accession to the WTO while deepening its integration into the global trading system. Yet, despite this strategy of engagement, China has not implemented expected substantive structural reforms consistent with the spirit, if not the letter, of its WTO obligations.

Over the past 18 years, China has become much wealthier and more powerful by exploiting the open global system of trade and investment while adhering to a statist, mercantilist-Leninist⁶ approach to its economy and governance.⁷ Chinese Communist Party (CCP) leaders from Deng Xiaoping to Xi Jinping, allowed a greater role for market forces when perceived to be in the party's interest, but consistently viewed the primary purpose of economic policy and activity as merely another means of enhancing the legitimacy of one-

party rule under the CCP in addition to strengthening the power of the Party rule over and above all other Chinese actors. Maintaining a monopoly on domestic political power — by all means necessary — has been the primary imperative for CCP leaders since 1949. They have consistently sought to enhance CCP legitimacy through state-directed economic success while maintaining Party control of the military and suppressing any challenges or threats to Party primacy. At the opening of the 19th Party Congress in October 2017 this goal was explicitly stated by Xi Jinping: “government, the military, society and schools, north, south, east, and west — the party leads them all.”⁸ While there were reform efforts during the 1990s as China sought WTO accession, those efforts slowed following China’s accession into the WTO. Xi has now, arguably, accelerated the trend away from reform. Furthermore, Xi’s approach is entirely consistent with his predecessors’ in that there has always been unequivocal recognition that full economic liberalization would be incompatible with authoritarian, one-party rule.⁹

American optimism that engagement would drive structural economic reform in China has now clearly collided with the CCP regime’s strategy of reaping benefits from open access to markets and investment while keeping sectors of its economy relatively restricted or closed, in effect, a policy of partial disengagement. Over the past 18 years, optimism has yielded to pessimism. Initially, American public opinion of China following its accession to the WTO largely remained positive but never reached levels seen prior to the Tiananmen Square crackdown.¹⁰ However, during the second term of the Obama administration, public opinion shifted to preponderantly negative. Pew Research Center polling conducted August 13, 2019 found 60% of Americans have an unfavorable opinion of China. This is a 13% increase in unfavorable opinion from 2018 to 2019, marking the largest 12-month shift in public opinion since the Tiananmen Square massacre.¹¹ American business and industry, the most avid supporters of engagement with China, have also become more pessimistic. This growing pessimism is reflected in the annual surveys issued by the American Chamber of Commerce in China. These companies have grown more frustrated over time with China’s market restrictions and intellectual property theft.¹² In fact, prompted by the complaints from American business, the United States brought 23 cases to the WTO against China for dispute resolution from 2004-2018 — of these, 19 originated during the administrations of George W. Bush and Barack Obama.¹³

Yet, in the face of favorable rulings in nearly all the resolved cases, market distorting subsidies, theft of intellectual property, and unfair tax and regulatory treatment of foreign competitors in the Chinese market, have not abated. The inability of the WTO to effectively address these concerns has now resulted in a more general alignment of views in the United States that it is time to take a tougher approach to China, that engagement and reliance on WTO dispute settlement alone are insufficient in dealing effectively with a non-market economy of this size. The administration of Donald Trump, recognizing the growing consensus that a stronger approach to China was needed, began using escalating tariffs and targeted sanctions in hopes of unilaterally coercing the CCP regime to commit to opening its market to fair competition, eliminating subsidies and preferential treatment of state-owned enterprises, and stopping the theft of intellectual property and the requirement of technology transfer as a condition for participation in the Chinese market. This approach was predicated on Beijing acquiescing quickly in the face of unilateral coercion by the United States. But these tactics do not appear to be politically sustainable for the United States, nor are they likely to be successful in driving real change in China. Limits to this plan

became starkly evident in the aftermath of the breakdown in negotiations in May 2019. It remains unlikely that an agreement achieving a significant degree of structural reform is achievable solely through unilateral pressure by the United States, despite an agreement to resume negotiations made at the June 2019 G20 meeting in Osaka.¹⁴ Further limitations on this approach derive from slower global economic growth and the negative impact on key sectors of the American economy resulting from the tariff war.¹⁵ These limitations, along with the lack of consensus within the Trump administration on whether to back away from the trade war to get a “great deal” or pursue it more vigorously, have led to confusion and some division over American support for a tough stance on China. Members of Congress are concerned about the mounting economic damage resulting from tariffs and are seeking alternative, more effective means of keeping pressure on China. A sustainable long-term strategy is needed to avoid either merely accepting the status quo ante, or the alternative of worsening economic headwinds from escalation of the tariff war. But neither approach achieves the goal of meaningful reform in China.

The Growing Complexity of the Challenge

Prevailing pessimism and frustration over the trajectory of U.S.-China relations can be partly attributed to the fact that a succession of CCP leaders have carried out a consistent grand strategy in the face of American strategic intransigence, which now seems to border on strategic incoherence. The failure of the United States to properly consider this bilateral relationship within the context of the broader strategic environment emerging after the Cold War can be viewed only as a profound policy failure, especially with respect to formulation of foreign economic policy and steady application of economic statecraft. American policymakers, as with any great power competition in a time of transition, must fully assess the nature of the competition within the strategic environment, and the nature of primary competitors and their respective strategies.

Assessment of China as a Primary Competitor

Since 1949, the primary imperative for the Chinese Communist Party has been to maintain its monopoly on domestic power. It has sought to do so by seeking legitimacy through economic success, achievement of national aspirations, and suppression of any threats to the Party and its leadership hierarchy. Under the leadership of Deng Xiaoping, China began an intense period of industrial, technological, agricultural, and military development under the watchful eye of the CCP.¹⁶ For a quarter century, China focused mostly on internal economic development and military modernization under Deng’s original notion that the country would “hide its power and bide its time.” Deng and his immediate successors sought to extract the benefits of economic engagement while preventing changes they believed to be dangerous or destabilizing to the CCP’s monopoly of power.

Xi Jinping’s ascension to chairman of the Party and head of state has been marked by his consolidation of power, strengthened authoritarian reach of the Party, and more aggressive policies abroad. China’s foreign policy appears aimed at weakening the security alliances of the United States in the Asia-Pacific region and using all the tools of economic statecraft to assert Chinese power.¹⁷ Four basic elements of Chinese international strategy are now emerging in the Xi Jinping era.¹⁸

The first element of this strategy is to retain control of the economy through a fusion of central planning with allowance for market forces under careful control by the CCP. The CCP and the state apparatus that it controls, maintain dominance over the economy. Xi has made explicit and bolstered this system of mercantilist-Leninism¹⁹ by placing Party members in key positions in every important organization and business, whether foreign or domestic, to ensure Party control. Building off of past protectionist and mercantilist trade practices used to amass domestic wealth, the party-state continues to precondition market entry upon transfer of technology²⁰ and intellectual property to Chinese state-owned enterprises. These state-owned enterprises are also given preferential advantage in a Chinese market that remains restricted or closed to outside investment in a number of sectors. The goal of the regime is to create national champions in key sectors that monopolize the Chinese domestic market while seeking to build dominance in the international market. The CCP regime has persistently condoned the acquisition of intellectual property illicitly through a variety of traditional and cyber means. One recent report describes how eight of the world's biggest technology service providers were hacked by Chinese cyber spies connected to the Chinese Ministry of State Security in an elaborate multi-year invasion.²¹ The economic cost to the United States alone is thought to be hundreds of billions of dollars per year.²² To further bridge the innovation gap, Beijing is directing ever more resources into research and development in strategic sectors, seeking to create national champions that will play a dominant role in the global economy. The Chinese government's investment in R&D has been averaging 18% per year. If this trend persists it will likely exceed U.S. R&D expenditures by the year 2030.²³ Chinese investment in new advanced technologies including quantum computing, artificial intelligence, and 5G capabilities, coupled with the blurred lines between purely civilian or commercial use and military use, add to China's existing hard and sharp power capabilities.

The second element of China's new international strategy is the buildup of hard power. In recognition of the vulnerability associated with China's historical role as a continental power, CCP leaders have sought to enhance its air force, to build a blue water navy, and to develop joint operational capacity. China's space, cyber, and nuclear forces are world class. China's land reclamation in the South China Sea and construction of military facilities there are a well-known part of a broader strategy of hard power projection. To further its maritime power projection, China has been expanding port access along the Indian Ocean.

The third element of Xi's international strategy is the launch of the ambitious Belt and Road Initiative whereby China seeks to lead broad integration in Eurasia through infrastructure projects, development assistance, foreign aid, and expanded trade and investment.²⁴ This is a long-term strategy designed to further build Chinese economic power and position China at the center of developing institutions, rules, and standards throughout Eurasia and along sea routes connecting Asia and Europe. This strategy builds off of China's dominant position as the major trade partner with most countries in the Asia-Pacific region. Notwithstanding the challenge of implementation, other countries in the region will have difficulty gaining leverage because of the absence of significant alternative sources of capital.

In 2016, China opened the Asian Infrastructure Investment Bank (AIIB) to further its influence. This bank is, arguably, the first step by China to create an alternative to the Bretton Woods institutions developed under American leadership. This step, coupled with the Belt and Road Initiative, is part of China's carefully orchestrated attempt to create an expanded

platform for international transactions in *renminbi*. If successful, these new policies will give CCP leaders more monetary tools to manage their currency as they diversify from holdings of U.S. Treasuries. These initiatives further Beijing's strategy to create an alternative or parallel economic order to the one constructed by the United States after World War II.

The fourth element of Xi's international strategy involves the use of what has been described as "sharp power."²⁵ In contrast to soft power, sharp power is more intrusive and coercive, yet diffuse, making it less attributable to the state.²⁶ Sharp power has been used to soften and mold opposition to Chinese interests, often employing censorship and informal sanctions. Examples include cutting off exports of rare earth metals to Japan when Japan arrested a fishing boat captain, reducing Chinese tourism in Taiwan after the election of Tsai Ing-wen, and imposing unofficial sanctions against South Korea when it decided to deploy the U.S. Terminal High Altitude Area Defense (THAAD) missile defense system.²⁷ Beijing has also sought influence through foundations connected to the CCP that fund think tanks and academic programs.²⁸

Xi has used his anticorruption campaign to counter domestic opposition while playing upon nationalist sentiment in order to consolidate both his position as chairman of the CCP, and the Party's grip on all elements of Chinese society. The regime is intent on avoiding the fate of the Soviet Communist Party domestically and the Soviet Union internationally. Chinese strategists believe that adherence to mercantilist-Leninism avoids the economic and political mistakes made in Moscow, while offering a superior development model to that of the United States. Beijing appears determined to replace the United States as the dominant military, economic, and political power throughout the Indo-Pacific and to impose its influence globally using a coordinated strategy of economic statecraft combined with other instruments of power.

Nature of the Competition

The growing intensity of competition between the United States and China is not occurring in isolation from the respective economic relations these two major powers have with other countries. Reactions of these other countries to the rivalry will matter. Furthermore, this competition has been building within the existing international order and its institutions governing international trade, investment, and monetary affairs. These are institutions that are proving to be ill-equipped to deal with this divergence over standards for governance, dispute settlement and myriad other issues, an inevitability in a system designed for market economies that is now also dealing with nonmarket economies. This is one reason for the impasse over efforts to reform the WTO. The liberal international order, developed and guided by American leadership, was highly successful in promoting trade and investment worldwide, yet it has been under mounting strain since the 1970s due to the rise of a variety of nontariff barriers, newer forms of protectionism, and the rapid development of technology, all of which require consensus on standards among market economies. In the absence of such convergence on standards, the liberal economic order is at risk of devolution into one dominated by economic nationalism, rising protectionism, and greater security risks.²⁹

China's integration, along with other nonmarket economies, into a system poorly designed to accommodate countries committed to nonmarket practices, has compounded this problem, further eroding the consensus required to sustain the liberal economic order.

The size of China's market, its commitment to mercantilist-Leninism, and its assertive actions to challenge international standards underpinning the liberal economic order, have accelerated the breakdown of that order. It is now increasingly one characterized by rising economic nationalism and proliferation of protectionism. In the aftermath of two world wars and resulting economic devastation, the United States provided enlightened leadership and built a consensus that allowed for development of a rules-based liberal economic order.³⁰ The legitimacy of American leadership is closely linked to this rules-based liberal economic order, a system now at risk.³¹ Without American leadership, consensus around this liberal economic order risks lapsing into one of intensifying economic nationalism and protectionism.³² American foreign economic policy, as implemented by the Trump administration, has veered sharply toward economic nationalism in reaction to these developments in the international political economy, further weakening the fabric of international consensus needed to effectively address all these challenges.

In circumstances where persistent differences exist between major powers precluding the development of consensus on significant issues in international relations, the remaining mechanism to reconcile power and peaceful relations is balance of power.³³ China's status as a major power with the gravitational pull of its market, its commitment to a mercantilist-Leninist system, and its increasingly assertive challenge to established standards of the liberal economic order, is essentially a competing view with that of the United States and other liberal market democracies. It portends that balance of power dynamics will likely determine the distribution of power for the foreseeable future. American policymakers must recognize that either isolationist policies or attempts to unilaterally coerce other market economies by means of indiscriminately broad use of tariffs and sanctions, risks souring relations with advanced market economies in Europe and Asia, many of which also have China as a leading trade and investment partner. This would unnecessarily give advantage to China, as CCP leaders seek to enhance investment and trade with these countries while expanding influence through foreign aid, infrastructure investment, and trade relations with developing economies, with the ultimate purpose of shaping the balance of economic power away from the United States.

Great power competition driven by the rivalry between the United States and China is clearly underway as the balance of power is shifting. Paul Kennedy, in his review of great power competition over the past five hundred years, developed several observations relevant to circumstances now.³⁴ First, change in power is driven by economic and technological developments which then have bearing on social structures, military power, and the relative power of states. Economic power is the foundation of all other power, consequently affecting the balance of power. Second, different regions and societies experience faster or slowing growth depending not only on shifting patterns of technological innovation, trade, and production, but also on their receptivity to new modes of increasing output and wealth. Capital formation, investment, and technological innovation have direct bearing on relative power. Third, major shifts in military power follow alterations in economic growth, which in turn, are highly dependent on technological innovation. In summary, where no one power is hegemonic, the balance of economic power will be the dominant factor driving the overall balance of power. Since the United States is not in a position to exert hegemonic power over China, policies that shape a favorable balance of economic power are imperative elements of strategy for what will be a protracted challenge in managing relations with China for the foreseeable future.

The full effect of China's rapid economic rise must be understood from the vantage point of history as it applies to international relations and great power competition, as summarized in the preceding paragraphs. Failure to view it as such would be misguided. However, to fully understand the strategic nature of this emerging great power rivalry, other factors affecting the balance of power, that are unique to current circumstances, have to also be considered.

The first such factor to consider is the extent to which China's production is now networked into global value chains organized by individual firms and suppliers operating in the international economy. These proprietary cross-border production arrangements involve import and export of components, embedded intellectual property, and relevant services comprising the architecture of the modern integrated global economy. Advances in information technology, communications, and transportation facilitated the proliferation of global value chains under the umbrella of American security. These global value chains converge in three major production hubs: North America, Europe, and Asia. Chinese commercial entities are deeply integrated within global value chain networks through investment and direct participation. China's economic rise, especially since its WTO accession, is highly dependent upon this integrated web of trade and investment flow with other countries. As the United States veers toward greater protectionism and coercive economic measures aimed at other advanced market economies, reordering of global value chains away from the United States (as other advanced economies either hedge between the United States and China or consider retaliatory policies) might gradually create conditions for a less favorable balance of economic power for the United States. China's overtures in Europe, one of three major production and innovation hubs, if relatively successful, could present such a scenario. Worsening transatlantic relations play to Chinese aims.

The second factor to consider is the extent to which China is integrated into information technology networks. While there are potential benefits to the interdependence this connectivity provides, from a cybersecurity perspective it also creates significant vulnerabilities for sensitive defense networks, critical infrastructure, and intellectual property of private commercial entities. Beijing's ability and willingness to exploit these vulnerabilities have enhanced its relative power.

Third, consider that China is a member of major international organizations and a multitude of standard-setting bodies. Beijing is becoming increasingly assertive in trying to influence these organizations. For example, a recent review of documents pertaining to the UN's International Telecommunication Union, a body which has 200 member states and establishes common global specifications for technology, found that Chinese companies have made every submission to that body on surveillance technology for the past three years.³⁵ Half of the standards submitted have already been approved, according to that review. More investigation and analysis are needed regarding how Beijing is influencing the adoption of standards for emerging and foundational technology. Broad adoption of standards incompatible with the liberal economic order would negatively alter the balance of economic power in the direction of China.

The extent to which the lines have now become blurred between commercial and military use of technology – so-called civil-military fusion – and the race for relative advantage in the development of emerging and foundational technology, are certainly factors that will affect the balance of economic power. If Beijing, with its authoritarian worldview, sets standards that are adopted widely by countries whose leaders are attracted by authoritarian ideology, the United States and other liberal democracies will most probably find themselves in an unfavorable balance of power scenario.

Implications for Future Relations

Great power competition has now evolved in a highly networked international political economy. Hopes for an open international economy at the end of the Cold War characterized by expanding free trade and cross-border investment, have been met with declining consensus over rules underpinning that order. Beijing's exploitation of the open international economy is the outward manifestation of the CCP regime's adherence to mercantilist-Leninism, and it is this philosophy that drives deep-seated resistance to structural changes for the purpose of protecting the Party's monopoly on power. The failure of open-ended American engagement and reliance on the WTO dispute settlement process, and most importantly, the high use of the Appellate Body to drive a steady trajectory of structural reform, have culminated in widely held views in the United States that this status quo is unacceptable. Boustany and Friedberg presented a simple way of thinking about economic relations between the United States and China before introducing the complexities of relations of the rest of the global economy.³⁶ The spectrum of possibilities ranges from circumstances in which both countries are open to investment and trade, to the status quo whereby the United States is open and China is partially closed, to partial disengagement where both are partially closed, to the extreme circumstances in which both are closed. The latter would be a Cold War containment situation which would have a significant negative impact on both countries as well as the global economy. Since China's accession to the WTO, relations between the two powers have fallen between the two ends of this spectrum. However, economic relations with other countries matter in any escalating dispute between these two powers.

The Trump administration's policy toward China can be described as escalatory decoupling. It imposes unilateral escalation of tariffs on Chinese goods, which disrupts global value chains, with intent to separate or decouple the two economies. But this policy is one part of a broader protectionist policy that has included a wide range of tariffs, secondary sanctions, and restrictive trade practices targeting important democratic market economies in Europe and Asia. These other economies all have strong trade and investment ties with China, which they are reluctant to relinquish. For these countries, abrupt disruption of economic ties without alternatives would be potentially damaging. Most of these countries have rising security concerns with China, yet they are unwilling or unable to curtail economic relations with China. An American policy of escalated decoupling combined with coercive protectionist policy directed toward other major economies will likely impair relations

with allies and major trade partners, potentially damaging American prospects for future economic growth, diminishing relative power, and effectively isolating the United States. In contrast to passive isolationism, these current policies are more malignant, and will begin to invoke a backlash of retaliation by countries naturally aligned with the United States. This would only enhance China's relative power and lead to greater security risks for the United States. Escalatory decoupling from China, without allies, would likely hasten a rising wave of economic nationalism, diminish American legitimacy as leader of the liberal international order, and potentially harm the United States' position in a system driven by balance of economic power.

American policymakers should not be deluded into thinking that unilateral coercive measures will change Beijing's fundamental economic strategy. The so-called Phase One agreement signed with China in January 2020 does not solve important concerns over cybertheft of intellectual property and the use of subsidies. The agreement merely offers a tenuous reprieve from further escalation of the tariff war but does nothing to address the fundamental differences driving this great power rivalry. Enforcement of this agreement depends on further tariffs, which have already demonstrated their limits. Achieving a more comprehensive agreement between the United States and China suggests that more than U.S. pressure alone will be needed given the difficulties encountered in reaching this superficial agreement with China. American strategy must take into account that balance of power dynamics are now driving great power relations for the foreseeable future. Since economic growth and technological innovation are the foundations of power, American strategy and economic statecraft must reflect the need to shape a favorable balance of economic power in this highly integrated international economy, hence the need for allies.

Preserving or enhancing the relative power advantage of the United States along with the widest array of countries committed to the liberal economic order based on shared interests, values, high standards, and enforceable rule of law, is the primary objective needed to address the challenge presented by Chinese mercantilist economic policies. Such cooperation between rule-abiding market economies would facilitate the acceleration of sustainable and equitable economic growth and promote investment in research and development needed for technological innovation. To achieve this end the United States should expand efforts to complete high-standard trade and investment agreements with as many market economies as possible in Asia and in the EU. Building more formalized networks around enforceable high standards that link the major production hubs in North America, Europe, and Asia could then be expanded to willing market economies in other regions. By setting high standards for participation in global value chains and investment in such open-architecture networks, rule-abiding market economies would be maximizing aggregate leverage to test Beijing's will and capacity for reform to meet international norms and standards. Lacking such capacity, Beijing would face the prospect of being at a disadvantage in the international economy by its own volition. In other words, if the CCP regime chooses to resist structural reforms, Chinese commercial entities would be facing less favorable terms for participation in global value chains and investment opportunities. Beijing would be actively selecting a pathway for deeper disengagement and the negative consequences of self-isolation. This would serve to further test the intentions of the CCP

leadership toward reform. In this way, the United States along with rule-abiding market economies, would be shaping a favorable balance of economic power that either promotes reform in China or prepares the United States and other market economies for deepening great power competition.

The economic statecraft and diplomacy required of the United States to achieve consensus in negotiations with the EU and other market economies in Asia-Pacific region will not be easy, but addressing the challenge posed by Beijing's mercantilism should be a significant incentive. For example, the United States should build on the negotiations with Japan to consider a pathway into the Transpacific Partnership, or what is now the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). The digital trade agreement that has been agreed upon between the United States and Japan is an example of high standards that could be applied more widely. If the United States renegotiates entry into CPTPP with higher standards, momentum will develop for other countries to accede to the agreement, effectively building an open-architecture agreement needed to shape the balance of economic power. The United States announced a trilateral arrangement called the "Blue Dot Network" on the sidelines of the 35th ASEAN summit in Thailand in November 2019. The purpose is to develop trust standards for infrastructure investment. This nascent program should be expanded to cover other disciplines, and should be incorporated into a more formal structure such as the CPTPP in order to have greater international impact. This formal plurilateral trade and investment agreement with enforceable high standards would yield more substantive impact on global value chain development and investment in a wide range of disciplines, and ultimately help to shape the balance of economic power.

While a number of impediments remain with the EU, a strong transatlantic relationship built on consensus is indispensable to shaping a favorable balance of economic power and addressing the impact of emerging technology on security. Washington should start discussions with the EU on how to achieve convergence on standards for emerging and foundational technology while putting aside legacy disputes. In the absence of a formal trade and investment agreement with the EU, the United States should work to develop cooperative strategies in the various standard-setting bodies in multilateral, regional, and industry organizations. Convergence of American and European efforts to set standards along with other market economies would help and certainly augment what might be instituted in the event of a high-standard trade and investment agreement. Cooperation, at the very least, could counter ongoing Chinese efforts to have these organizations adopt standards inconsistent with broad international norms.

Washington should also cooperate with allies to minimize vulnerabilities from theft of intellectual property and trade secrets, surveillance, and sabotage or disruption, and to slow the diffusion of critical technology.³⁷ The United States has recently enhanced its foreign investment screening program. Efforts should be made to expand information sharing between the United States, EU, and Japan as well as other democratic market economies, to more effectively exclude malign actors seeking to extract intellectual property and trade secrets. More formalized approaches could include setting up a shared database or a registry of malign actors, and developing coordinated foreign investment

screening policies. Similarly, cooperation with partners will be necessary to establish a more effective export control regime. Cooperation in these areas might also lead to greater cooperation in trade negotiations and convergence of views on standards. These defensive measures in conjunction with allies also enhance multinational leverage needed to confront Chinese abuses.

Expanding networks of high-standard trade and investment agreements with strong enforcement, targeted investment screening in cooperation with allies, and coordinating with allies to set standards in international organizations, would be less disruptive to global value chains and economic growth, and more effective than unilateral coercive efforts. The pressure on Beijing would be greater than unilateral tariffs and sanctions imposed on China, as well as other market economies, without the collateral economic damage that has been inflicted on the U.S. and the international economy. The added benefit of this approach is that it aligns the incentives of other market-based democracies in Europe and Asia with the United States while jointly setting defined rules of engagement with China. Furthermore, private sector commercial actors are more likely to accept this strategy rather than the broad use of tariffs and sanctions by the United States. Aligning private sector interests with national strategy is vital to the conduct of sustainable policy. Finally, the broadest aim of strengthening what is now a partial liberal economic order, might be advanced rather than policies that weaken it, the purpose being to shape the balance of economic power to favor countries choosing to adhere to rule of law and high standards. In effect, the United States, along with countries committed to a rules-based liberal order, would be using and directing a strategy of partial disengagement³⁸ to defend that order from those who choose not to meet the international standards while maintaining a pathway for them to participate if they truly reform.

Conclusion

The United States has a strategic imperative to constructively address the erosion of consensus underpinning the liberal economic order. China, with its economic rise, adherence to mercantilist-Leninism, and exploitative behavior inconsistent with WTO commitments and international norms, has compounded mounting problems confronting the order that emerged after 1945. Consensus that has been the foundation for peaceful relations among great powers, is now devolving into a system driven by balance of power. Balance of power will be driven primarily by economic growth and technological innovation in a highly networked political economy. Maintaining peaceful relations with China in a rules-based order in which the United States and other market-based democracies can preserve their values and thrive, is a grave challenge.

American policymakers must make a choice with profound strategic implications. If the choice is to continue with aggressive tariffs and sanctions applied to China and allies alike in an attempt to coerce behavior, the United States will accelerate a descent into economic nationalism characterized by beggar-thy-neighbor policies that can only lead to global and domestic economic decline and heightened insecurity. These policies will merely serve to isolate the United States and weaken its legitimacy to lead – a very dangerous prospect in an international environment driven by balance of power dynamics.

The alternative is for American policymakers to recognize the strategic context, conduct economic diplomacy with other countries committed to strengthening the liberal economic order, and coordinate with allies to build targeted defense against vulnerabilities. The trajectory of relations between the United States and China, with implications for widespread economic prosperity and international security, will depend on which approach to strategy is chosen.

Endnotes

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² See House Report 106-632, “Permanent Normal Trade Relations with China,” 106th Congress (1999-2000), <https://www.congress.gov/congressional-report/106th-congress/house-report/632/1>, the committee report accompanying H.R. 4444, the legislation granting PNTR to the PRC for a thorough explanation of the reasons for granting this nondiscriminatory treatment of economic relations with China at that time. Also, the report describes an amendment in H.R. 4444 which replaces section 406 of the Trade Act of 1974 to create a trade remedy to address Chinese dumping into the U.S. market in recognition of some of the risks of granting PNTR.

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⁴ Michael J. Green, *By More than Providence: Grand Strategy in the Asia Pacific Since 1783* (New York: Columbia University Press, 2017), 427.

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- ¹³ This is information provided by the WTO on its website.
- ¹⁴ For the most direct statement of the CCP's decision to resist unilateral pressure from the Trump administration, see the English translation of a paper issued by the State Council Information Office of the People's Republic of China on June 2, 2019, "China's Position on the China-U.S. Economic and Trade Consultation," Xinhua, http://www.xinhuanet.com/english/2019-06/02/c_138110404.htm.
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communications and informal administrative guidance to pressure foreign firms to transfer technology." See the updated 301 report: "Update Concerning China's Acts, Policies, And Practices Related To Technology Transfer, Intellectual Property, And Innovation," Office of the United States Trade Representative (USTR), November 20, 2018, <https://ustr.gov/sites/default/files/enforcement/301Investigations/301%20Report%20Update.pdf>.

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growth of market relations; the hegemon can encourage but cannot compel other powerful states to follow rules of the open economy. This, three prerequisites—hegemony, liberal ideology, and common interests—must exist for the emergence and expansion of the liberal market system.”

³⁰ Ibid.

³¹ Robert Kagan provides a spirited defense of the liberal international order and essential role of American leadership in *The Jungle Grows Back: America and Our Imperiled World* (New York: Penguin/ Random House, 2018). He also describes the factors that have eroded American legitimacy, putting this order at risk.

³² Gilpin, 75.

³³ Hans Morgenthau develops this argument in *Politics Among Nations: The Struggle for Power and Peace* (New York: Alfred A. Knopf, 4th edition, 1986), 22, saying. “in a world whose moving force is the aspiration of sovereign nations for power, peace can be maintained only by two devices. One is the self-regulatory mechanism of the social forces, which manifests itself in the struggle for power on the international scene, that is, the balance of power. The other consists of normative limitations upon that strength, in the form of international law, international morality, and public opinion.”

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Strategic Ambivalence: Japan's Conflicted Response

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On the night of December 16, 2012, a confident Abe Shinzo met with the Japanese press shortly after a convincing general election victory for his Liberal Democratic Party that would restore him to the role of prime minister after five years in the political wilderness. One remark by Abe, a noted foreign policy hawk, stood out: “China is an indispensable country for the Japanese economy to keep growing. We need to use some wisdom so that political problems will not develop and affect economic issues.”¹

Abe’s statement arose between two events that highlighted the “political problems” in Japan-China relations he was hinting at and the “wisdom” he intended to bring to those issues. In the summer of 2012, violent protests had broken out across China against Japanese commercial and diplomatic interests in response to an escalating tussle over disputed islands in the East China Sea.² Then, two months after his election-night remarks, Abe made his first trip to Washington as new prime minister and gave a seminal speech at the Center for Strategic and International Studies (CSIS) in which he declared, “Japan is back.” He laid out a set of policies for ensuring that Japan did not become a “tier-two country” in regional and global affairs.³

These events underscore both the ambivalence Japan feels as it contemplates the rise of China and the Abe administration’s determined strategy to address it. Tokyo is of two minds about the economic rise of China. On one hand, its large neighbor to the west offers Japan enormous economic opportunities: to serve the huge and growing Chinese consumer market, to provide technologies that China needs for its development, to create efficiencies in Japanese companies’ supply chains, and even to join Chinese state-owned enterprises (SOEs) in building infrastructure across the Indo-Pacific region. China is also an essential partner in addressing transnational challenges from health pandemics to climate change. And some Japanese feel drawn to China by wistful thoughts of regional economic community involving the major powers of Asia – and not the United States.

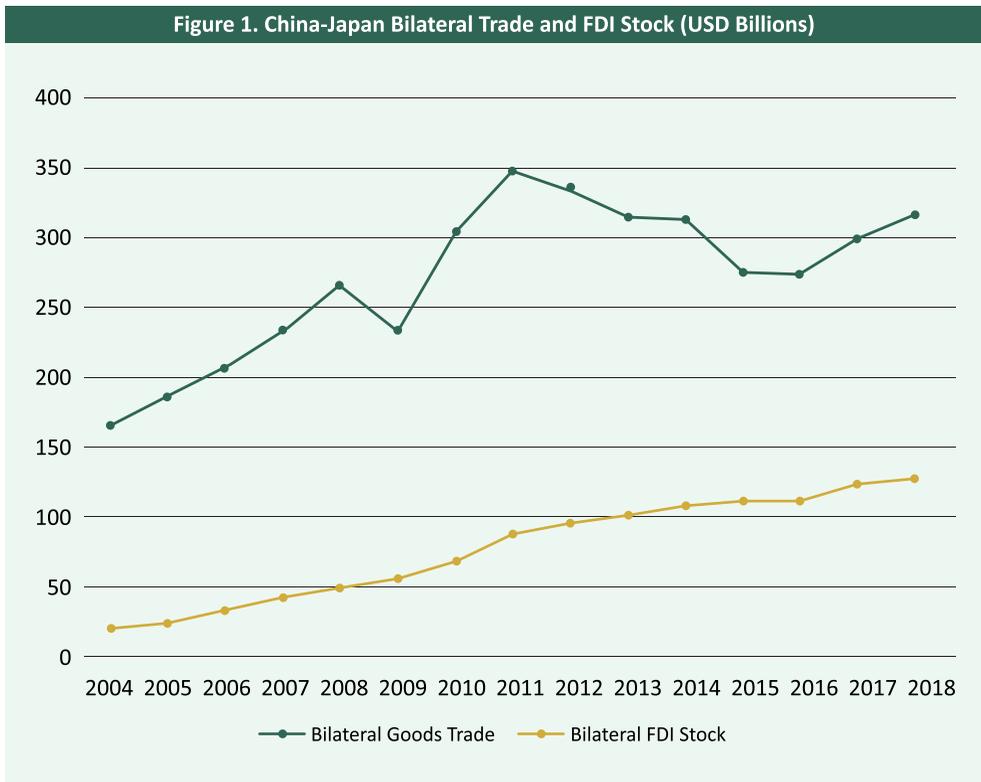
On the other hand, Tokyo is deeply troubled by the darker side of China’s rise. At a minimum, China is likely to be a formidable economic competitor that could overtake Japan in key industries of the future. Under President Xi Jinping, China has veered off the path of reform and opening, reinforced the role of the state in the marketplace, and doubled down on industrial policies, from massive subsidies to forced technology transfers. Beijing has used its growing economic clout to win influence in the Indo-Pacific region and beyond, and it has shown a troubling tendency to coerce its neighbors and trading partners. About one thing, Tokyo is clear: a Sinocentric order based on Beijing’s preferred rules and norms of economic behavior would be seriously detrimental to Japan’s interests.

Against these opportunities and risks, the Abe administration has adopted a strategy that combines three main lines of effort: *enhanced diplomatic and economic engagement* with Beijing; *hedging and balancing*, including deepening integration with other countries of the Indo-Pacific region and attempting to keep the United States engaged in the Indo-Pacific region; and *leadership on regional and global economic rule-making*. The main strands of this approach are likely to continue after Abe leaves office, though uncertainty surrounds them all.

Japan-China Relations since Normalization

Economic ties between China and Japan have broadened and deepened dramatically since normalization of diplomatic relations in 1972. In that year, bilateral trade amounted to just \$1 billion.⁴ By 2018, China was Japan's largest goods trading partner, with \$317 billion in two-way flows, representing over 21 percent of total Japanese merchandise trade.⁵ Japanese businesses are especially reliant on two-way flows; capital equipment represents nearly half of bilateral trade, with consumer goods accounting for 28 percent and intermediate goods representing 18 percent. By sector, machinery and electronics make up 43 percent of trade, with chemicals a distant second at 8 percent.⁶

Investment ties have also deepened. At the end of 2018, China was the fourth-largest destination for Japanese foreign direct investment (FDI),⁷ with \$124 billion in total FDI stock. As of May 2019, 42 years after Beijing granted the first business permit to a Japanese company, there were 13,685 Japanese companies doing business in China, up from 10,778 in 2010, according to survey data. Although this number has fallen slightly from a 2012 peak, large Japanese companies expanded their exposure to China between 2016 and 2019.⁸ One analyst estimates that 17 percent of the overseas profits of large, publicly traded Japanese firms come from China.⁹ Meanwhile, Chinese companies have quickly increased their investment in Japan, with total mainland Chinese FDI stock in Japan growing 42 times between 1998 and 2018, albeit from a very low base.¹⁰



Source: JETRO Balance of Payments Statistics

Yet beneath this story of economic integration lies a complicated history. Unresolved territorial and historical tensions stemming from Japan's prewar colonization of China have clouded the relationship since normalization and have periodically disrupted economic ties. In an effort to bolster its own legitimacy in the eyes of its own public, the Chinese Communist Party (CCP) has occasionally "turned up the dial" of anti-Japanese nationalism, bringing uncertainty or physical harm to Japanese commercial interests in China.

Despite these strains, Tokyo has generally been one step ahead of Washington regarding engagement with Beijing. Japanese political scientist Kokubun Ryosei observes that, "Postwar relations [between Japan and China] have consistently preceded U.S.-China relations."¹¹ Tokyo normalized relations with Beijing and encouraged China to join the global economy before Washington did. Yet Japan also grew skeptical about the impact of China's growing strength earlier than the United States.

Following World War II, Japan aligned with the United States in recognizing the Republic of China on Taiwan as the legitimate government of greater China. Still, Tokyo maintained contact with Beijing through occasional private and quasi-governmental exchanges.¹² The "Nixon shock" of 1971, when President Richard Nixon failed to notify Japan before announcing a surprise visit to China, convinced Tokyo to develop a more independent foreign policy.¹³ In September 1972, Japanese Prime Minister Tanaka Kakuei visited Chairman Mao Zedong and signed a joint communiqué normalizing relations, six-and-a-half years before Washington and Beijing formalized diplomatic ties.¹⁴ Six years later, Vice Premier Deng Xiaoping visited Japan, and the two countries signed the Japan-China Treaty of Peace and Friendship.¹⁵ While these documents set the framework for bilateral relations, they did not resolve sensitive political issues, such as Japanese wartime reparations or control of disputed islands in the East China Sea, known as the Senkaku Islands in Japan and as the Diaoyutai in China.¹⁶

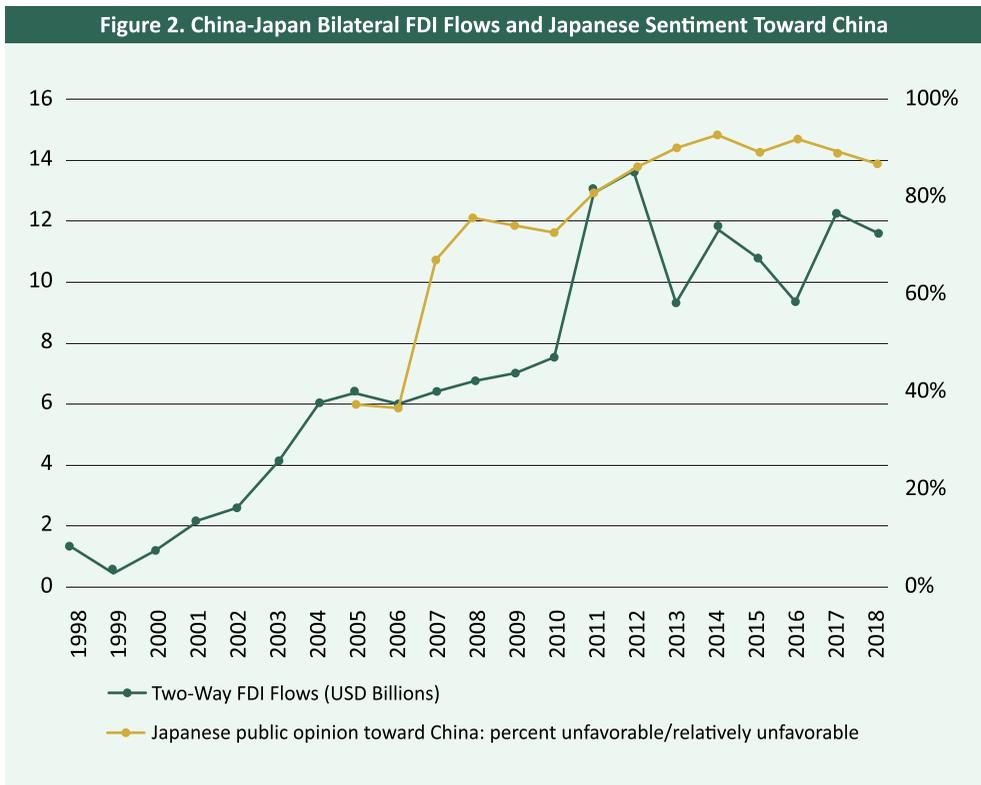
In the decades following normalization, Tokyo sought to accelerate China's transition to a market economy through development aid and capacity-building assistance. In a 1979 speech in Beijing heralding a "new era" in bilateral relations, Prime Minister Ohira Masayoshi announced Japan's intent to help modernize China and lauded Beijing's nascent policy of reform and opening. To support this effort, Ohira announced \$200 million in concessional loans to finance infrastructure projects across China, with further credit to come.¹⁷ This began a close aid relationship, with China ultimately becoming the largest recipient of Japanese official development assistance (ODA) despite the lack of Japanese public support for the policy.¹⁸ Early aid focused on large-scale modernization and traditional infrastructure projects to jump-start growth. Alongside this support, Chinese economic policymakers learned from and adopted elements of Japan's export-led economic development model. As China's economy grew, Japanese ODA shifted to focus on environmental protection, social development, and institutional capacity-building measures.¹⁹ When Japan ended its aid program to China in 2018, Tokyo had contributed approximately ¥3.6 trillion (\$33 billion) in total loan and grant aid.²⁰

Despite growing economic ties, diplomatic setbacks have been a recurrent feature of the Japan-China relationship since normalization. Over the past decade, tensions have flared up several times in the East China Sea. After Japan detained a Chinese trawler captain in

September 2010 for fishing in waters administered by Japan but claimed by China, Beijing briefly blocked exports of vital rare earth metals to Japan before the captain was released.²¹ During the 2012 crisis, mentioned earlier, Chinese protestors burned Japanese cars and vandalized Japanese businesses. As the situation deteriorated, Japanese factories in China were attacked and looted, forcing major companies, including Honda and Mazda, to temporarily halt production.²² Observers claim that Chinese authorities encouraged some of the protests, a similar tactic used by Beijing to pressure Tokyo in previous disputes.²³

While tensions have abated since 2012, Chinese vessels continue to operate off the islands with increasing frequency.²⁴ In addition, according to Japan’s Defense Ministry, Japanese jets were scrambled to intercept Chinese military aircraft approaching Japanese airspace 638 times in fiscal year 2018, an increase of 27.6 percent from the previous year.²⁵

Not surprisingly, these historical and territorial tensions have had an impact on Japanese public opinion about China. A spring 2019 Pew Research poll found Japanese public opinion was the most negative towards China out of 34 countries surveyed.²⁶ According to another poll released in October 2019, nearly 85 percent of Japanese had an “unfavorable” or “relatively unfavorable” opinion of China, down from 93 percent in 2014 but up from 36 percent in 2006.²⁷ Despite this, most Japanese have been able to compartmentalize bilateral political tensions while continuing to support deeper economic ties with China. There is an expression in Japanese that captures this bifurcated view: “*seirei, keinetsu*,” which roughly translates as “cold politics, hot economics.”



Source: JETRO Balance of Payments Statistics; Genron NPO

Against this backdrop, Abe has carefully cultivated a warmer relationship with Xi Jinping over the past several years. After an icy handshake on the margins of the 2014 APEC summit, he and Xi have since had a series of more cordial encounters.²⁸ The two leaders met on the sidelines of the Osaka G20 summit in June 2019 and hailed “a new and historic starting line” between the two nations.²⁹ They hope to sign a “fifth political document” when Xi visits Japan as a state guest sometime in 2020, codifying a common understanding of the benefits of economic cooperation and setting parameters for a more stable bilateral relationship.³⁰

The Pull of China

The recent rapprochement derives not only from strategic calculations by the current prime minister but also from deeper gravitational forces that pull Japan toward China. Japanese companies simply cannot afford to ignore the world's most populous country and second-largest economy. From 2013 to 2018, China accounted for 28 percent of world GDP growth, by far the largest contributor to growth and more than double the U.S. share.³¹ While China's economy is decelerating, it is still expected to account for a similar share of new global output over the next decade. Japanese companies are better positioned than European or U.S. competitors to take advantage of Chinese growth, given their geographic proximity.

Despite the scars of the 2012 protests, Japanese multinationals have heavily invested in China by opening new facilities to serve the Chinese consumer market. In 2018, Japanese companies invested nearly \$11 billion in China, a 50 percent increase from 2010.³² That figure included Toyota's announcement to increase production in China by 20 percent by expanding its Guangzhou and Tianjin facilities; similar investments had been cancelled in the wake of the 2012 protests.³³ As mentioned earlier, major Japanese companies now rely on China for nearly a fifth of their global profits.

Beyond manufacturing and retail, Japanese financial titans are eager to break into China's \$42 trillion financial industry. In November 2019, Nomura received the first securities-trading business license to operate in Mainland China granted to a foreign-controlled joint venture.³⁴ Nomura and other Japanese firms now view China as a vital growth market and plan to expand their operations, especially as profits elsewhere stagnate.³⁵

Not only is China a critical market, but it is also an indispensable part of global supply chains. Since Beijing joined the World Trade Organization (WTO) in 2001, Japanese companies have followed their global peers in sourcing more inputs from China. In 2018, China was Japan's largest source of intermediate goods, accounting for nearly 20 percent of total intermediate imports, up from 10 percent in 2001.³⁶ Japan is especially reliant on China in key industries; nearly half of Japan's machinery and electronic imports in 2018 came from China.³⁷ Similarly, Chinese goods were the largest origin of value added in Japan's gross imports in 2015 (the latest year available), surpassing the United States' share of value added in 2010.³⁸

Beijing's efforts to lower trade barriers, which Tokyo has encouraged, have facilitated deeper integration. China's weighted-average most-favored-nation (MFN) tariff on Japanese goods fell from 13.4 percent in 2011 to 6.1 percent in 2017.³⁹ In 2018, Beijing lifted a ban on rice from Niigata prefecture (imposed following the Fukushima disasters in 2011) and approved rice imports from facilities in Hyogo and Hokkaido; as a result, Japanese rice exports to

China rose 76 percent that year.⁴⁰ There is still room for growth, and Abe hopes to encourage Beijing to lift remaining Fukushima-era restrictions on Japanese agricultural goods during Xi's eventual state visit.⁴¹

Several factors suggest economic integration will deepen in the short and medium term, albeit at a slower pace. First, as China's demographic woes come into focus, "Japan, Inc." can sell products and share expertise with an aging China. Japanese companies in the mobility and elder-care industries will be especially eager to enter the critical Chinese market. Second, Chinese financial opening will likely continue, presenting a significant opportunity for Japanese firms. The U.S.-China "phase one" trade deal signed in January 2020 promised significant concessions in financial services, and Japanese banks will lobby to ensure they reap some of the benefits and keep pace with U.S. competitors.⁴² In addition, Japanese companies want to profit from China's infrastructure spending spree under the Belt and Road Initiative (BRI) and related projects. Political issues will surely weigh on further economic integration, but a successful visit from Xi would help to ease those concerns.

Apart from the commercial incentives for stronger ties, Tokyo views Beijing as an essential partner in addressing shared transnational challenges, including health crises, natural disasters, climate change, and security threats. Japan has often supported China to fight regional epidemics and limit transmission to the Japanese archipelago. In response to the 2002-2003 severe acute respiratory syndrome (SARS) epidemic, Japan sent medical teams to China and Vietnam and provided ¥387.8 million (\$3.5 million) in medicine and equipment to the region.⁴³ The novel coronavirus outbreak underscored the importance of cooperation, especially since Japan was initially one of the hardest-hit countries outside of China and faced major supply-chain disruptions. Following the outbreak in Wuhan, Tokyo quickly sent medical supplies to China, several Japanese businesses and municipalities donated facemasks, and lawmakers donated part of their salaries to help.⁴⁴ These actions won rare praise in China and stood in stark contrast to the war of words between Beijing and Washington over the origins and name of the virus.

Longer-term, Japan and China share similar demographic challenges: both countries have rapidly aging populations and declining labor forces. As rising dependency ratios and the associated economic challenges become more acute, both countries will have an incentive to discuss policy and technology solutions. During its 2019 G20 presidency, Tokyo highlighted its efforts to adapt to aging societies and championed a workstream to share best practices on inclusive productivity and mobility. Abe carried aging issues into the December 2019 China-Korea-Japan trilateral summit, and the Trilateral Cooperation Vision for the Next Decade signed at that meeting urges cooperative policies that "promote healthy and active ageing."⁴⁵

Tokyo has also worked with Beijing to respond to regional natural disasters. In the wake of the 2011 Great East Japan Earthquake and despite political tensions at the time, Japan, China, and South Korea agreed to enhance disaster prevention and relief coordination, including by conducting joint exercises and improving information-sharing procedures.⁴⁶ The three sides have met several times since to discuss preparedness. Notably, in 2017 the three adopted the Sendai Framework for Disaster Risk Reduction, a Japan-led, UN-endorsed document for shared disaster response.⁴⁷

China and Japan have similar incentives to collaborate on climate change. While the 2011 Fukushima disaster and the resulting shift towards coal and natural gas have complicated Japan's progress on reducing emissions, Tokyo remains committed to the Paris Agreement. Progress on climate change is impossible without buy-in from China, which emits more carbon dioxide than the United States and European Union combined, and the U.S. retreat from the Paris Agreement has underscored the urgency of cooperation with China.⁴⁸

Finally, Japan needs to engage with Beijing to manage shared security threats, primarily related to North Korea. Tokyo is especially concerned that the Trump administration will cut a deal with North Korea without notifying Japan first. To hedge against a "Trump shock," Tokyo has expanded lines of communication with Beijing and, until recent trade tensions, Seoul. Apart from North Korea, China and Japan have shared interests in fighting transnational terrorism. The two countries have held several counter-terrorism meetings, but cooperation has thus far been limited.⁴⁹

Beyond the commercial pull of the Chinese market and Tokyo's need for Beijing's cooperation on major transnational challenges, lies another factor that has periodically exerted a gravitational force on Japan-China relations. There is an impulse in parts of the Japanese elite for pan-Asian economic integration – not led by the United States or subject to Western norms. This feeling is generally suppressed but has occasionally revealed itself in Japanese foreign policy. One of the most telling examples was in 1997, in the wake of the Asian financial crisis. Tapping into a widespread view in Asia that the "Washington Consensus" of fiscal discipline and structural reform in the countries most affected had fueled and then exacerbated the crisis, Japan proposed establishment of an "Asian Monetary Fund" with looser lending conditions than those imposed by the International Monetary Fund.⁵⁰ The effort was quickly quashed by the Clinton Treasury Department, but the impulse for an Asian-led financial safety net survived in the form of the Chiang Mai Initiative, a network of currency swap lines among regional central banks – with Japan and China putting up the biggest shares.⁵¹

A little over a decade later, pan-Asian sentiments arose again when the first prime minister under the interregnum led by the Democratic Party of Japan (DPJ), Hatoyama Yukio, offered his vision for an "East Asia Community."⁵² Hatoyama's idea was to create a kind of European Union in Asia, based first on deeper economic integration then on enhanced political and even security ties. Hatoyama floated the idea in the fall of 2009 at the East Asia Summit, an annual regional gathering of the 10 members of the Association of Southeast Asian Nations (ASEAN) and, at the time, five other regional powers: China, South Korea, India, Australia, and New Zealand. Tokyo tried to reassure Washington that the goal was to pull China more deeply into regional affairs and not to distance Japan from its key treaty ally. However, the idea floundered in the face of opposition from the Obama administration as well as an unenthusiastic response from Asian partners, and by June 2010, Hatoyama was gone.

In both of these examples, Japan was clearly hoping to play at least a co-equal role to China in regional affairs. This was always a dubious aspiration, given China's growing economic clout and lack of interest in sharing leadership with Japan. But the incidents also revealed the limits of Japan's ability to strike out on its own in regional affairs without the consent and active participation of the United States. Hatoyama's successors would not make the same mistake.

The China Challenge

For all the incentives for partnership with China, Japan remains wary of its neighbor to the west. Competition has long been a feature of the bilateral relationship, but it has intensified with China's economic rise.

The new competition occurs on many levels, the highest of which is strategic. Just as it has for millennia, Japan resists the idea of a Sinocentric order in Asia. While most Japanese can accept that a country with a population 10 times the size of Japan's and with growing economic clout will inevitably play a more important role in regional affairs, Tokyo cannot accept playing second fiddle to Beijing. This is certainly true if China acts coercively and tries to impose its values and norms on others in the region. China's behavior in the 2010 and 2012 East China Sea incidents reinforced Japanese aversion to the idea of Chinese hegemony in the Indo-Pacific region. In a September 2013 speech, Abe said, "Japan should not be the weak link in the regional and global security framework where the U.S. plays a leading role."⁵³

More specifically, Tokyo is wary of a China that gets too close to other powers in the region. It looks with concern upon Beijing's efforts to strengthen ties with Russia.⁵⁴ It also worries about a China that coddles its only ally in the region, North Korea; there is no greater strategic threat to Japan than a North Korean regime armed with nuclear weapons and a short- and medium-range missile capability to deliver them.⁵⁵ Japan is also troubled by Chinese inroads in Southeast Asia, a region in which massive Japanese direct investment and active diplomacy over the past several decades have given Tokyo a favored position to date.⁵⁶

The competition between Japan and China extends to the economic realm. China is no longer simply an attractive market and factory floor for Japanese firms, it is also a fierce competitor. As many as 119 Chinese businesses made Fortune's 2019 Global 500 index of the largest companies, up from only 5 in the 1999 edition.⁵⁷ Over that time, Japan's share fell by more than half, from 107 in 1999 to 52 in 2019. While Japanese officials bristle at the Trump administration's aggressive trade tactics against China, they largely agree with the U.S. diagnosis that some Chinese companies benefit from an uneven playing field.

Working with the United States, Europe, and other likeminded partners within multilateral frameworks, Japan has supported efforts to curb Chinese unfair trading policies. Two weeks after the U.S. initiated a WTO action against China over alleged intellectual property theft, Japan filed to join as a third-party complainant, arguing that Chinese practices distort the competitive business environment.⁵⁸ Although that case has stalled, Japan is actively working with the United States and the European Union to address a broader set of issues related to China through trilateral cooperation. In January 2020, the group agreed to a proposal to strengthen WTO subsidy rules, ostensibly to discipline Chinese practices that violated the spirit, but not the letter, of the WTO disciplines.⁵⁹ The trilateral statement also reiterated the three sides' commitment to tackling forced technology transfer and establishing rules on electronic commerce, both with an eye to China.

Japanese anxieties about China's economic rise are especially acute in advanced technology sectors. Beijing's "Made in China 2025" industrial strategy targets 10 priority areas, several of which are dominated by Japanese companies: new advanced information technology,

automated machine tools and robotics, modern rail transport equipment, and new-energy vehicles.⁶⁰ Japanese officials fear losing the commanding heights of emerging and foundational technologies that have fueled development and will be vital to future growth.⁶¹ To address this concern, Japan's cabinet recently approved a bill that would give tax breaks to domestic firms investing in telecommunications and drone technology.⁶² To stem Chinese acquisition of sensitive technology, last year Tokyo strengthened its investment screening regime and limited foreign students' access to certain research projects, modeled after similar rules adopted in the United States.⁶³ Tokyo is also one of the few countries to ban Chinese telecommunications companies Huawei and ZTE from building its fifth generation (5G) telecommunications network.⁶⁴

Meanwhile, established Japanese infrastructure giants are often competing with upstart Chinese rivals for projects in regions where Japan was traditionally the primary source of infrastructure assistance, especially Southeast Asia. For example, in September 2015, the Indonesians awarded a high-speed rail project linking Jakarta and Bandung to a Chinese-led consortium, spurning a Japanese competitor and shocking Japanese officials.⁶⁵ In Africa, Beijing has used its Forum on China-Africa Cooperation to elevate big ticket infrastructure projects, stealing headlines from Japan's long-running Tokyo International Conference of African Development (TICAD). Not to be outdone by Xi, at the 2019 TICAD conference Abe vowed to surpass existing investment levels in Africa and stressed the benefits of sustainable lending and capacity building, an implicit contrast to Chinese financing.⁶⁶

Some Japanese officials also worry that Beijing could soon use BRI linkages to help spread a digital yuan at the expense of the use and influence of the yen.⁶⁷ In response, they are encouraging the Bank of Japan to roll out its own digital currency, although central bank officials have equivocated.

Beneath the commercial competition in the marketplace lie major fault lines between Japanese and Chinese approaches to the rules and norms of economic activity. These include differences over the role of the state in the economy. To be sure, Japan's path to development in the last century was paved in part by government interventions in the market, and SOEs remain a significant feature of the Japanese economy. But the past few decades of Japanese economic policy have been marked by widespread privatization and deregulation, from telecommunications to financial services, and Tokyo has become a champion of greater disciplines on SOEs in trade agreements. By contrast, China has strengthened the role of the state in its economy and has been reinforcing interventionist policies in other countries.⁶⁸

Sino-Japanese differences in approach to the economic rules of the road are also visible in the Abe administration's emphasis on high standards in infrastructure investment and on an open, market-based approach to digital governance. As discussed in the next section, Japan's international efforts in these areas are a thinly veiled effort to put a spotlight on the shortcomings of China's BRI practices and authoritarian tendencies in the digital realm.

Engaging, Hedging, Leading

The mix of gravitational and competitive elements in Japan-China relations poses a dilemma for Japanese diplomacy. On one hand, there is a strong incentive to maximize opportunities for cooperation and deepen economic integration; on the other hand, Tokyo wants to maintain a certain distance and manage downside risks in the relationship. In fact, even as it gets closer to Beijing, Tokyo is impelled to put a sharper edge on bilateral competition to prevent Chinese rules and norms from prevailing in the Indo-Pacific region and beyond.

Given these conflicting impulses, as mentioned above, Abe has adopted a three-pronged strategy toward China: first, stepped-up diplomatic engagement with Beijing, including more frequent exchanges of visits, launching of joint economic initiatives, and even increased confidence-building measures in the security arena; second, hedging and balancing, including active diplomacy with other democracies in the region and – critically – bending over backward to ensure continued U.S. engagement in Indo-Pacific affairs; and third, leading regional and global rulemaking efforts in the economic arena.

The diplomatic strand of the strategy got off to a slow start. Two years into Abe's second term as prime minister, he was able to muster only a half-smile during his chilly handshake with Xi Jinping at the 2014 APEC summit in Beijing. In the following five years, however, bilateral diplomacy has picked up substantially. Abe and Xi have met numerous times at international gatherings; Abe and his direct Chinese counterpart, Premier Li Keqiang, exchanged official visits in May and October 2018; and the two countries' foreign ministers have been frequent travelers to the other's capital. Although delayed by the novel coronavirus outbreak, Xi is scheduled to pay a much-anticipated state visit to Japan later in 2020, at which the two sides hope to sign a "fifth political document" strengthening the foundations of the bilateral relationship.

Several bilateral economic initiatives have already been launched during this period of increased diplomatic engagement. In April 2018, the two sides convened a High-Level Economic Dialogue for the first time in eight years.⁶⁹ Both capitals have engaged with each other through regional trade talks, including on-again-off-again trilateral talks with Seoul and the Regional Comprehensive Economic Partnership (RCEP).⁷⁰ Tokyo has also sought to capitalize on China's push to open financial markets. In December 2017, Japanese and Chinese financial authorities agreed to cooperate on audit oversight, which lowered renminbi (RMB)-denominated bond issuance barriers for Japanese companies.⁷¹ Almost a year later, China and Japan announced a \$30 billion currency swap line, the largest such deal conducted by Tokyo, and agreed on a host of other measures to further financial cooperation.⁷²

Despite its refusal to join the Asian Infrastructure Investment Bank (AIIB) and initial skepticism about Xi Jinping's signature international economic endeavor, the Belt and Road Initiative, Japan has also leaned into BRI over the past two years.⁷³ Abe signaled a thawing of Japan's approach during the May 2018 visit of Li Keqiang when he said,

“The possibility of cooperation will be explored on a case-by-case basis, under the proviso that openness, transparency, economic efficiency and financial soundness all accord to international standards.”⁷⁴ At their meeting in China that autumn, Abe and Xi agreed to jointly pursue about 50 third-country infrastructure investments, including a major project focused on smart city development in Thailand.⁷⁵ On the margins of the same meeting, the Japan Bank for International Cooperation (JBIC) and the China Development Bank (CDB) signed a memorandum of understanding to provide joint loans for infrastructure projects in third markets.⁷⁶ Several prominent Sino-Japanese collaborative projects were launched or announced in 2019.⁷⁷

The warming of bilateral ties has even extended to the security arena. In October 2019, Japan's Maritime Self-Defense Force and China's navy held their first joint military “goodwill exercises” in eight years.⁷⁸ Building on the cooperation, Japanese Defense Minister Kono Taro visited his Chinese counterpart, Wei Fenghe, in November 2019, the first visit to China by a Japanese defense minister since 2009. The two defense chiefs pledged to strengthen communication and accelerate efforts to launch a hotline to avoid accidental air and sea clashes.⁷⁹

Some Japanese officials and scholars worry that Washington could view Abe's charm offensive with Beijing as undermining the U.S.-Japan alliance or the Trump administration's tough stance on China.⁸⁰ This concern is largely misplaced. Most knowledgeable Japan watchers in Washington understand the balancing act Abe is trying to maintain toward China. It is generally understood that Abe's “*honne-tatemae*” approach of putting on a façade of friendly relations (*tatemae*) masks his true feelings (*honne*) about the risks that a strong and assertive China poses. As a retired Japanese ambassador said, “We are not leaning into them; we are just trying to get the relationship back from negative to zero.”⁸¹

Nevertheless, given Trump's 30-year concern about “ungrateful” allies – especially ones with large bilateral trade surpluses like Japan – Tokyo needs to be careful not to run crosswise of Trump on China policy. In addition, as Washington pursues an aggressive campaign to tighten controls on technology leakage to China (discussed below), Tokyo does not want to be seen by national security decisionmakers in Washington as at all untrustworthy because of its deepening economic and diplomatic ties with Beijing.

Abe's keen awareness of the risks of a rising China lies behind the second leg of his strategy: hedging. This has a number of dimensions. The first is frenetic diplomacy toward other countries in the Indo-Pacific region, especially democracies. Abe has traveled abroad more than any other Japanese prime minister, and a disproportionate number of these trips have been to other countries in the region. He has been to every Southeast Asian country – some multiple times – and has been a frequent visitor in Delhi and Canberra. Abe has a particular soft spot for India: in addition to frequent bear hugs with Prime Minister Narendra Modi, Abe has pursued a number of economic initiatives with the world's largest democracy, including Japanese funding for most of a \$19 billion high-speed rail connection between Ahmedabad and Mumbai.⁸²

The accent on regional democracies is not accidental. Values-based diplomacy has been a consistent feature of Abe's prime ministership since his first term in office.⁸³ In 2007, Abe's foreign minister, Aso Taro, spoke of an “arc of freedom and prosperity” in Asia.⁸⁴ A white paper on Japan's ODA released in March 2013 prioritized democracy promotion

over traditional Japanese aid priorities such as human security and hard infrastructure.⁸⁵ Then, in 2016, Abe announced his “free and open Indo-Pacific” vision, which is designed to promote rule of law, economic prosperity, and peace and stability in the region.⁸⁶ The Abe administration has been at pains to stress that this values-based diplomacy is not aimed at China, but given the content of these initiatives and the geographic “arc” on which they are focused, these efforts appear – certainly to Beijing – to be a deliberate form of hedging.

Perhaps in part to reassure Beijing, the Abe administration has also embraced regional trade agreements that include China. The most far-reaching has been RCEP, bringing together the 10 Southeast Asian countries plus Japan, China, and four other regional economic players. Even while leading a separate regional megadeal, the Comprehensive and Progressive Trans-Pacific Partnership (CPTPP, discussed below), Japan played a key role⁸⁷ in driving an RCEP deal to substantive conclusion at the end of 2019 (although Tokyo later balked because of India's withdrawal from the pact).⁸⁸

Another dimension of Abe's China hedging strategy has been to work assiduously to keep the United States engaged in Indo-Pacific affairs. Abe understands that Japan cannot constrain China's ambitions for regional hegemony without a rock-solid alliance with the United States and deep U.S. engagement in the region. Like other Asian leaders, Abe sees the U.S. military presence in the Indo-Pacific as necessary but insufficient; Washington must also be engaged in regional institution-building, particularly shaping the economic and trade architecture.

Abe signaled his emphasis on pulling the United States more deeply into regional economic affairs early in his new term as prime minister when he decided in early 2013 to push for Japanese inclusion in the Trans-Pacific Partnership (TPP) negotiations. (In this, he was following the lead of his two DPJ predecessors, Kan Naoto and Noda Yoshihiko, who wanted no part of Hatoyama's East Asia Community and were eager to regain Washington's trust.) The Obama administration had made TPP the economic centerpiece of its “rebalancing” strategy toward the Asia-Pacific region. The inclusion of Japan not only gave the grouping substantial new economic heft but also firmly linked Washington and Tokyo as negotiating partners in pushing for high-standard trade rules. It worked: the original 12 members of TPP signed the accord in February 2016.⁸⁹

The November 2016 election of Donald Trump, who had threatened on the campaign trail to walk away from TPP, forced Abe to rethink his strategy. He wasted no time traveling to New York even before the new president was inaugurated, to try to win Trump's favor, famously gifting him a golden golf driver. When Trump did in fact withdraw the United States from TPP on his third day in office, Abe initially tried to persuade the new president to rejoin but eventually realized that his appeals were falling on deaf – or even hostile – ears. Eventually, the Abe administration agreed to pursue a bilateral trade deal with the United States, the first phase of which was concluded in September 2019.⁹⁰

Recognizing the Trump administration's limited appetite for multilateral trade initiatives, the Abe administration has sought common cause with the White House on other regional endeavors. With Japanese encouragement, the Trump administration adopted wholesale the banner of a “free and open Indo-Pacific” (FOIP) as the framework for its regional strategy.⁹¹ In 2017, the two countries aligned with Australia and India to revive the “Quad” regional security cooperation arrangement that had been languishing for a decade.⁹²

In the economic realm, Tokyo and Washington have placed emphasis on joint work on infrastructure investment, notably linking up their development finance institutions with Australia's to launch the "Blue Dot Network," an initiative designed to certify projects that meet certain high standards of transparency, sustainability, and developmental impact.⁹³

A more pointed element of Tokyo's China hedging strategy has been to align with Washington on efforts to mitigate risks from Beijing's problematic policies. As mentioned earlier, trade ministers from the two countries have joined with their European counterpart to issue a series of trilateral statements over the past two years calling for a new, tougher approach to combatting excessive subsidies and support of SOEs by non-market economies; China is not mentioned explicitly but is the clear target of these efforts.⁹⁴ Tokyo has also followed the U.S. lead in tightening its domestic laws and procedures on foreign-investment screening and export controls – again a thinly veiled effort to prevent leakage of critical technologies to China.⁹⁵ And Japan has barred Chinese telecommunications giant Huawei from selling into its 5G network.⁹⁶

The third leg of Abe's China strategy is stepping up to leadership on regional and global rulemaking in the economic arena. The open, market-oriented, rules-based system that has governed the global economy for 75 years has worked spectacularly well for Japan, helping it rise from the devastation of World War II to become one of the largest and most prosperous economies in the world. It is now clear to all that this system is under severe stress, its rules out of date or incomplete and under assault by the United States and China alike. Rather than wait for Washington to lead, as it might have done in the past, Abe has reluctantly assumed the mantle of champion of a rules-based economic order.

Abe's plan had been to work with the United States and the 10 other members of TPP – a group representing roughly 40 percent of the global economy – to put a stake in the ground on the kind of high-standard rules it hoped to see prevail in the 21st century economy. TPP included pathbreaking disciplines in the areas of digital trade, SOEs, and regulatory transparency, among others.⁹⁷ When Trump withdrew the United States from the agreement in early 2017, Abe decided to preserve as many of the rules gains as possible by getting the remaining 11 members of TPP to sign onto an all-but-identical agreement, CPTPP.⁹⁸ (In the wake of the novel coronavirus outbreak in early 2020, Tokyo began a new effort to pull other Asian countries –from Thailand to Taiwan – into CPTPP to diversify its supply chains and lessen dependence on China.⁹⁹) Still hoping to pull the United States back into TPP eventually, Tokyo has been actively trying to extend the agreement's high-standard rules into other trade agreements, including one signed with the European Union in July 2018 and the bilateral deal with the United States.¹⁰⁰

Beyond trade, Tokyo has taken the lead in promoting high standards in two other key areas of global economic activity: infrastructure investment and data governance. In 2015, Abe announced a Partnership for Quality Infrastructure (PQI), a \$110 billion (later increased to \$200 billion) package of loans and guarantees for investment in Asian infrastructure.¹⁰¹ This was a thinly veiled response to China's launch of the AIIB that year with initial capital of \$100 billion. In PQI and related initiatives, Japan has underscored the high quality of its investments, as measured by their life-cycle-cost-based procurement procedures, social and environmental safeguards, and attention to debt sustainability. As host of the G20 in 2019, Abe won other leaders' endorsement of these and related standards in a document entitled the "G20 Principles for Quality Infrastructure Investment."¹⁰²

Abe has also championed open global rules for data governance. Some analysts have called data "the new oil" of the 21st century global economy.¹⁰³ There is a fierce contest among major economies – with the United States and Japan in one corner, the European Union in another, and China and India with their own approaches – over the appropriate balance between privacy protection and cybersecurity on one hand, and free data flows to enable commerce and other activities on the other. In a speech to the World Economic Forum in Davos in January 2019, Abe said he wanted the Osaka G20 summit "to be long remembered as the summit that started world-wide data governance."¹⁰⁴ As G20 host, Abe won endorsement of his concept of "data free flow with trust." The international debate over these issues has only just begun, but Japan is aiming to position itself as a leader in this arena.

Conclusion

The discussion of Japanese strategy toward China in this essay has largely focused on the approach of the current prime minister, Abe Shinzo. It is normally inappropriate for analysts to put so much weight on the policy of one leader, especially in Japan, where prime ministers in the postwar period have mostly come and gone without time to put their own stamp on foreign policy. But because of Abe's longevity and activism in foreign policy, the contours of his strategy are unusually well defined and worthy of exploration.

Still, after more than seven years in office – the longest tenure of any Japanese prime minister – Abe may well be nearing the end of his remarkable stint in office. There is great uncertainty about whether his successor will carry on his active and distinct approach to foreign policy, including his strategy toward China. But Japan's ambivalence about China's rise is deep seated and likely to continue beyond Abe's term. Any successor is likely to maintain at least the broad strands of Abe's strategy toward China: engaging where possible, hedging where necessary, and trying to uphold the international rules-based order. How effectively all of this will shape Beijing's behavior and tilt the balance in Japanese minds between enthusiasm and anxiety about China's economic rise, remains to be seen.

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Is China's Innovation a Threat to the South Korea-China Economic Relationship?

Wonho Yeon

This paper reviews China's technological rise and assesses whether it poses a threat to the South Korean economy. In terms of comparative advantage between the two countries, many experts have long believed that China's strength is low-cost labor and Korea's is technology and capital. However, this has changed as China's economy grows. Now China has enough capital to invest in its economy. Some scholars even argue that China has the potential to meet its "innovation imperative" and emerge as a driving force in innovation on a global level.¹ This paper examines the Korea-China economic relationship from the innovation productivity perspective, organized into sections: briefly introducing the Korea-China economic relationship; describing the technological rise of China, based on recent data; developing the model to analyze the innovation productivity of China and report the estimation results; evaluating the concern of the South Korean semiconductor industry; and presenting conclusions.

Korea-China Economic Cooperation and the Necessity for a New Relationship

Despite fewer than 30 years of formal diplomatic relations, Korea-China relations have dramatically deepened in various dimensions including diplomatic, economic, and social relationships due to geographical proximity, the mutually supportive structure of the two economies, and historical and cultural ties. The two established a formal diplomatic relationship on August 24, 1992. In 1998, they upgraded their relationship to a "collaborative partnership for the 21st century," and it further developed into a "comprehensive partnership" in 2003. In 2008, the diplomatic relationship was again upgraded to a "strategic cooperative partnership," which is the highest level except for a military alliance, strengthening cooperation in the international arena and also dealing with long-term issues (including the North Korea issue).²

Accompanying the development of diplomatic relations, the economic relationship has been strengthened. In global industrial value chains, the two countries have maintained close relations by China specializing in providing labor and land and Korea in supplying technology and capital. As a result, the amount of trade totaled \$268.6 billion in 2018, a 42-fold increase from \$6.4 billion in 1992. China became Korea's largest trade partner. Korea became China's largest source of imports and its third-largest trading partner. Human exchanges also increased steadily, from 130,000 people in 1992 to 8,990,000 in 2018.

Four stages of development of economic cooperation between the two countries can be discerned 1) the early period (1992-2000); 2) the growth period (2001-2008); 3) the expansion period (2008-2015); and 4) the transition period (2015-the present). In 1992-2000, the early stage of economic cooperation, China actively promoted reforms and an open market policy after Deng Xiaoping's 1992 Southern Tour speeches. China supplied low-wage labor, provided factory rent assistance, and offered various tax benefits to attract foreign firms. Korean companies made inroads in labor-intensive manufacturing industries such as textiles, apparel, leather, and accessories. In particular, most Korean companies entered into Northeast China (Liaoning, Jilin, Heilongjiang, and Shandong provinces), including areas where ethnic Koreans lived as well as those geographically close to Korea.

2001-2008 is the period when economic cooperation reached a high volume as China's accession to the WTO improved its external openness, infrastructure, and investment environment. Korean conglomerates invested in large cities, such as Beijing, Shanghai, and Tianjin, and China's east coast provinces including Jiangsu and Guangdong, which all have geographical advantages. Most Korean companies established local headquarters and sales and production bases in these areas. It was a period of active "fleet type" investments, which featured conglomerates and their small and medium-sized subcontractors simultaneously branching out into China's market. In terms of global value chains, Korean and Chinese manufacturers set up a complementary collaboration system. Korea increased its intermediary goods exports to China, which enlarged China's final goods exports toward developed markets such as the U.S. and Europe.

From 2008 to 2015, there was an expansion of trade and investment between Korea and China. Furthermore, both countries strengthened financial and monetary cooperation in coping with the global financial crisis triggered in the U.S. in 2008. During this period, the two governments responded jointly to the crisis by signing currency swaps, and initiated discussion on the Korea-China FTA to expand trade and investment. However, at the same time, the burden for labor-intensive and small and medium-sized businesses gradually increased since there was an increase in China's land and labor costs, and even change in Chinese government's foreign investment policy from attracting all types of foreign investments to inviting selective foreign investments that promote its technology-intensive industries and upgrade its industrial structure.

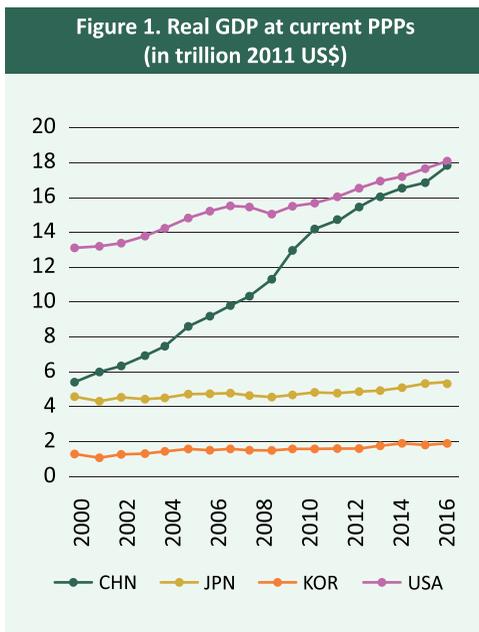
From 2015 to the present, as China pushed a strategy of import substitution industrialization and technological sophistication, the economic relationship between Korea and China was becoming more competitive rather than more cooperative. The two countries opened a new era of trade and investment through the agreement (May 2015) and effectuation (December 2015) of the Korea-China FTA. Moreover, recently the two parties started negotiations to enhance the effectiveness of the ongoing bilateral FTA, expanding cooperation in the financial and monetary sectors, such as Korea participating in the China-led Asian Infrastructure Investment Bank (AIIB). However, facing limitations of the quantity-oriented, export-led economic growth model that has continued for over 30 years, China has shifted its growth strategy to domestic-led growth since 2008 and has simultaneously promoted a qualitative development strategy that includes ambitious innovation-driven goals such as "Internet Plus," "Made in China 2025," and "Mass Entrepreneurship and Mass Innovation." Accordingly, as the share of high-technology manufactures in China's exports grows, economic relations between Korea and China are shifting from a vertical to a horizontal division of labor, and from complementary to competitive relations.

A long-standing formula of Korean companies exporting intermediary products to China and China exporting processed final goods to the world, is not working anymore in almost all areas: intermediate goods (system semiconductors), capital goods (liquid crystal devices), and low-priced consumer goods (home appliances and mobile phones). It is time to find a new model of cooperation, and the key factor that resulted in this change is the technological innovation of China. In the following section, I discuss China's rise, focusing on its technological capabilities.

The Rise of China

China sustained an annual growth rate of gross domestic product (GDP) that averaged about 10 percent for more than three decades, driven by reforms that unlocked China’s huge growth potential and created conditions for the country to catch up rapidly with higher-income economies. Figure 1 shows that China caught up to the U.S. in real GDP by 2017.

One of the key factors that explain the rise of China is its WTO entry in 2001, which accelerated reforms and productivity growth. It shows a remarkable example of how opening an economy and integrating into global value chains can strengthen competitiveness, enhance productivity, and facilitate the absorption of advanced technologies. Not only is China now the world’s largest exporting country, it also plays an increasingly important role in global value chains by exporting more and more sophisticated goods. Decades of high-speed economic growth have enabled the Chinese government to allocate more resources to research and development (R&D). Various international assessments indicate that China has been gradually improving its national innovation capacity. According to the Global Innovation Index, developed by the World Intellectual Property Organization (WIPO), INSEAD, and Cornell University, China’s innovation capacity has been improving rapidly since 2013 (Figure 2).



Source: Penn World Table v 9.1



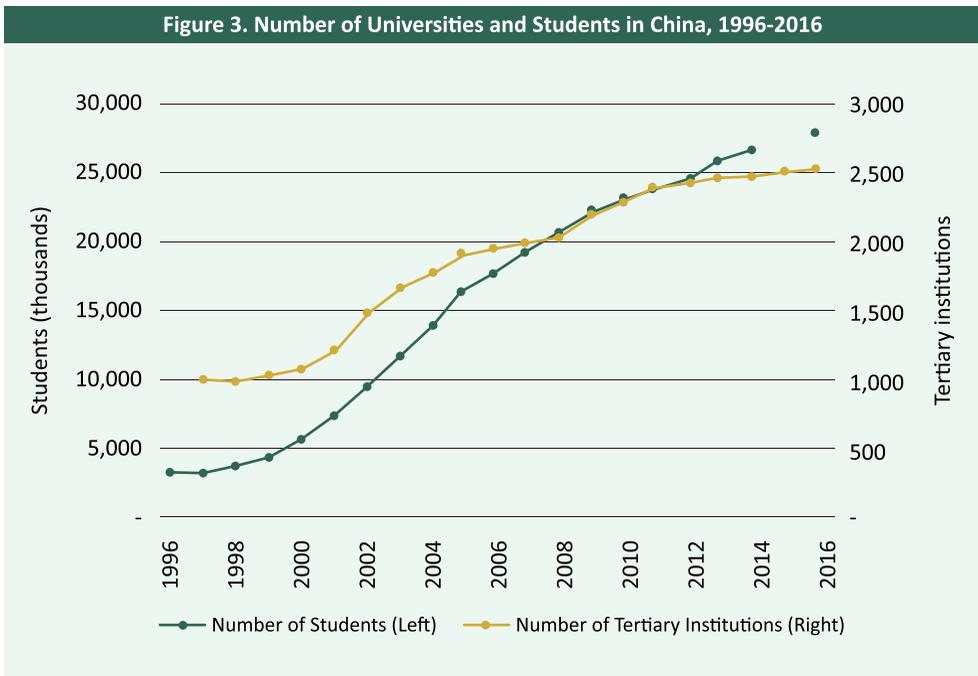
Source: Cornell, INSEAD, WIPO, globalinnovationindex.org.

Human Capital and Future Growth

China’s human capital capabilities are the foundation of its growing innovation capabilities. The quantitative and qualitative improvement of education raises the ability of ordinary workers to adapt to and use new technologies, which is related to the national dispersion

of technology. Furthermore, human capital investment promotes the discovery of high technology and innovations and strengthens the research capabilities of China's universities, research institutes, and businesses.

Its higher education system has undergone major expansion and transformation over the past two decades. Since Deng Xiaoping's 1992 Southern Tour and the establishment of a socialist market economic system, China has been upgrading university education through targeted programs. The 1995 "Project 211" and 1998 "Project 985" were launched to strengthen the country's top 100 tertiary education institutions, particularly their research capacity.³ The two projects focused on efficiently allocating limited government resources to achieve qualitative improvement of tertiary education. Since the announcement of "Project 985," the number of universities and students has surged (Figure 3).

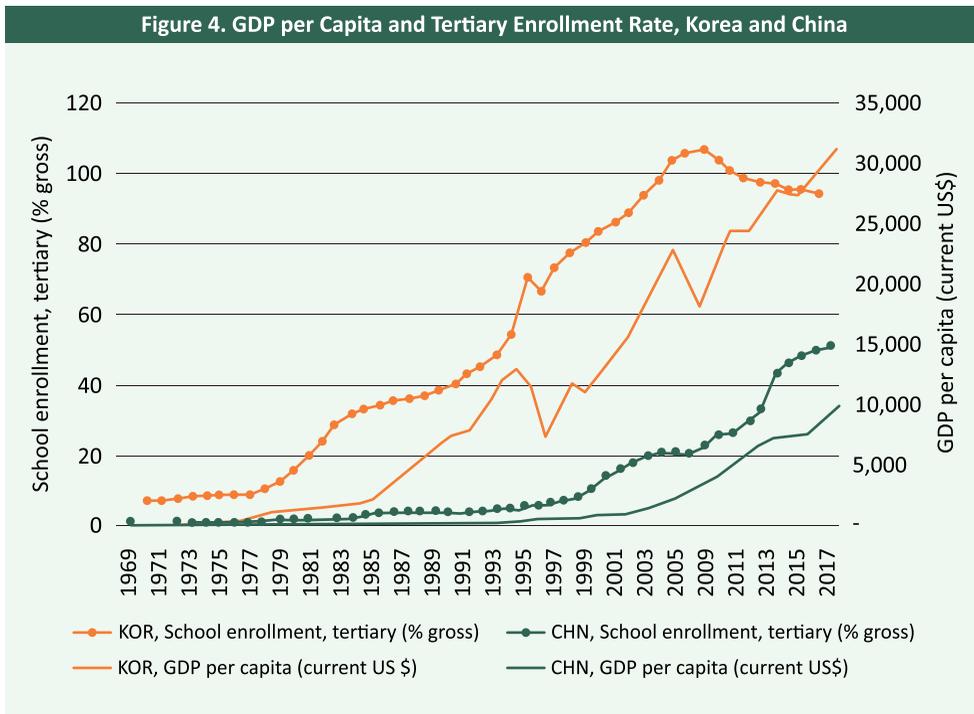


Source: CEIC

China announced the National Outline for Medium- and Long-Term Educational Reform and Development (2010-20) in 2008, and the "Double World Class Project"⁴ in 2015, to succeed earlier programs tasked with promoting the best universities to world class. A total of 42 universities and 456 disciplines in 95 universities were selected to receive funding from the central and local governments in order to improve facilities and infrastructure, to conduct research and development, and to attract high-level academics. Heavy emphasis was put on developing the hard sciences or practical disciplines. For example, among the 456 fields that were selected to become world-class, the humanities and social sciences only account for 11 percent and 18 percent, respectively. By contrast, science and engineering constitute the largest share of 49 percent, followed by medical science and agriculture

and forestry 22 percent.⁵ This meant that once again China entered a new stage of human capital development. In 2019, China announced “China Education Modernization 2035” (Education 2035) as another medium-term strategy for developing its higher education system. Associated with another ambitious strategic plan “Made in China 2025,” China probably launched the “Education 2035” strategy in order to address the labor market’s changing demands in light of the ongoing Fourth Industrial Revolution.

Currently, China runs one of the world’s largest education systems, with more than 270 million students enrolled at various levels. However, the quality of China’s human capital, not the quantity, will be the backbone of the knowledge economy. Enrollment in tertiary education still lags behind high-income countries in 2018. The current tertiary enrollment rate of 48.1 percent is similar to that of Korea in 1994 (Figure 4). Prioritizing human capital investments and reinforcing China’s education and training system will be essential for transforming to innovation- and productivity-led future development of China. If the “Education 2035” strategy succeeds, China will be able to establish the world’s leading talent pool by 2035.

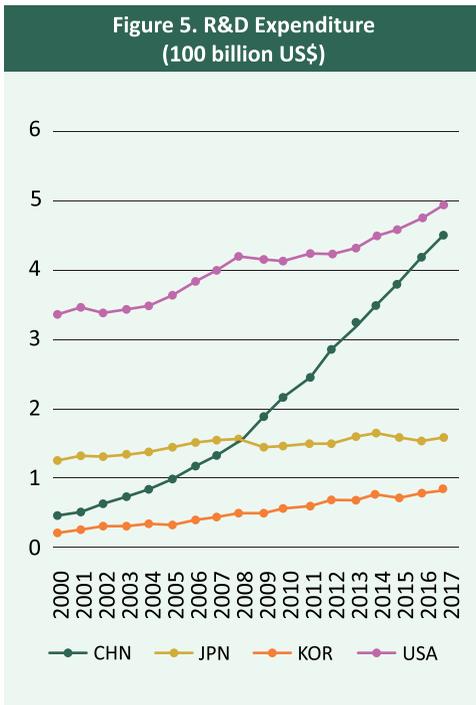


Source: World Bank, WDI

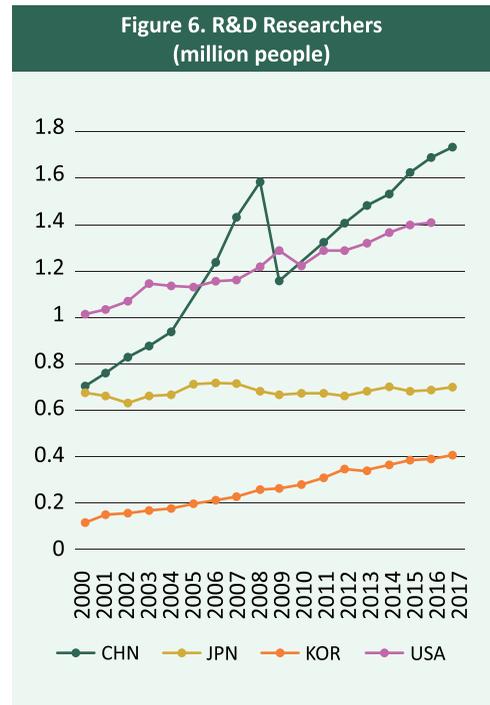
R&D

China has built a large and extensive national innovation system to accumulate and allocate resources that enable supplying the innovation and technologies required for productivity growth. Evaluations of China’s innovation capacity differ across various international assessments, but they all indicate that gaps have been steadily narrowed between China

and high-income countries. In particular, R&D investments and the number of patent applications have risen rapidly in recent years. This transition was propelled in part by government policies. For instance, the 12th Five-Year Plan (2010-2015) set an R&D spending target of 2.2 percent of GDP by 2015, which it only marginally missed by 0.13 percent. Since then, China has renewed its support through the 13th Five-Year Plan (2015-2020), whose goal is 2.5 percent by 2020. China is already making notable progress in pursuit of this goal. In 2018, it reached 2.18 percent of GDP, compared with the Organization for Economic Cooperation and Development (OECD) average of 2.4 percent. China's R&D expenditures increased almost 11-fold from 2000 to 2017 – from \$41 billion to \$445 billion (Figure 5). Presently, China spends more on R&D than Japan, Germany, and South Korea combined, and second only to the United States in terms of gross expenditure. Its total spending on R&D accounts for around 20 percent of global spending on R&D. According to some estimates, China will overtake the U.S. as the top R&D spender by 2020.⁶

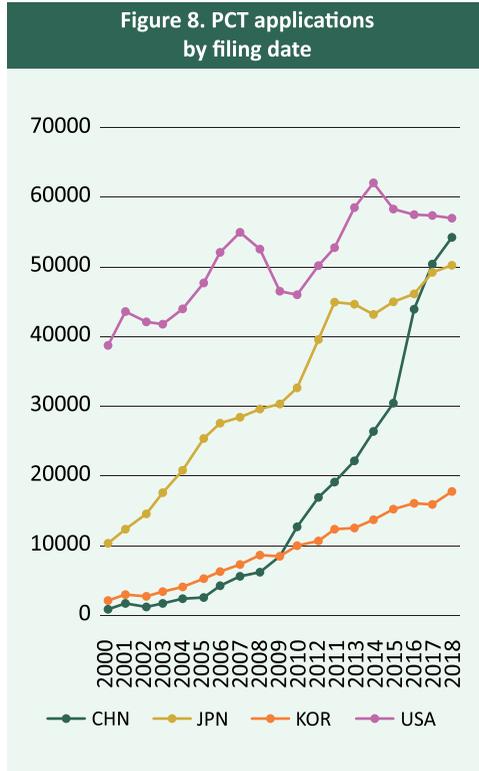
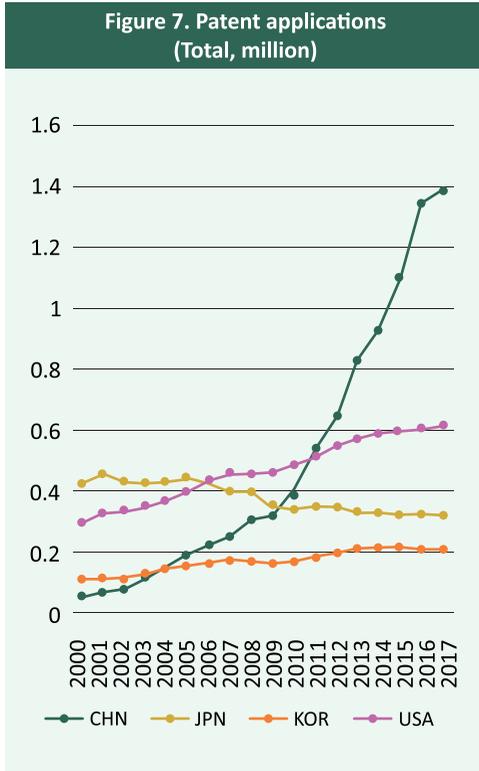


Source: OECD



Source: OECD

Some might argue that China has a small number of R&D researchers relative to its population size.⁷ However, technology has characteristics of a public good, as well as those of a private good. The proprietary aspect makes it profitable for firms to invest in its advance. The public aspect enables the community as a whole to benefit from technological advances.⁸ Once the innovation has occurred, all people share the outcome so that the aggregate number or the national capacity matters. China had about 1.7 million scientists working on R&D in 2017 (Figure 6), maintaining the world's largest pool of R&D personnel for the sixth year in a row.



In line with higher investment in R&D, China’s patenting has increased dramatically over the last half-decade (Figure 7 and Figure 8). Although their quality varies, China has the world’s largest number of domestic patents, with nearly 1.4 million applications in 2017. In 2018, China filed the world’s second-highest number of applications under the Patent Cooperation Treaty (PCT)⁹ with Huawei the most frequent PCT filer in the world (Table 1).

Ranking	Applicant	Origin	Published PCT applications		
			2016	2017	2018
1	HUAWEI TECHNOLOGIES CO., LTD.	China	3,692	4,024	5,405
2	MITSUBISHI ELECTRIC CORPORATION	Japan	2,053	2,521	2,812
3	INTEL CORPORATION	US	1,692	2,637	2,499
4	QUALCOMM INCORPORATED	US	2,466	2,163	2,404
5	ZTE CORPORATION	China	4,123	2,965	2,080
6	SAMSUNG ELECTRONICS CO., LTD	Korea	1,672	1,757	1,997
7	BOE TECHNOLOGY GROUP CO.,LTD	China	1,673	1,818	1,813
8	LG ELECTRONICS INC.	Korea	1,888	1,945	1,697
9	TELEFONAKTIEBOLAGET LM ERICSSON (PUBL)	Sweden	1,608	1,564	1,645
10	ROBERT BOSCH CORPORATION	Germany	1,274	1,354	1,524

Source: WIPO, Patent Cooperation Treaty Yearly Review 2019, <https://www.wipo.int/publications/en/details.jsp?id=4424>

Examining PCT patents is more important than looking into domestic patents since the current globalization of R&D activities is reflected in international patenting. An application filed under the PCT is commonly referred to as an international patent application. Also, we can conceive of the PCT patent application as a quality-adjusted measure that can be used when we compare R&D performance across countries. As Figure 8 indicates, China is likely to overtake the first-place U.S. soon. The U.S. made 56,142 PCT applications and China 53,345 in 2018. During 2013-2018, the average PCT application growth rate was -0.35 percent for the U.S. and 20.52 percent for China. In innovation capability, we can clearly see the rise of China with its national economic growth.

China's Innovation Productivity

Model

It is problematic, however, to evaluate China's innovation capability by just comparing the number of R&D researchers, the amount of R&D expenditures, or the number of patent applications with other countries. R&D capabilities can be divided into two main categories: input and output. R&D input includes the number of R&D researchers and the amount of R&D expenditures. R&D output includes the number of patents or the number of science and technology articles published. When discussing China's innovation capability, many experts tend to just focus on the R&D input or the R&D output as described in the previous section. Advocates of increased R&D spending, or researchers, rarely explain how such inputs are related to outputs.

In my view, however, it is more meaningful to analyze the link between the R&D input and R&D output, namely innovation productivity, when we conduct comparative studies on national technological rise. In reality, one country can produce more R&D output with a relatively smaller amount of inputs than another country that spends a larger amount on inputs. Also, one country can produce more output than others by devoting an inefficiently large amount of resources. Therefore, I analyze innovation productivity in this section, setting up a simple theoretical model to assess China's innovative capability and compare it with that of three major economies: the U.S., Japan, and Korea.

An enormous amount of work has been done in economics to elucidate the relationship between output (*GDP*), capital (*K*), labor (*L*), and the total factor productivity (*A*) that describes the influence of innovation on GDP growth.

$$GDP = A \cdot f(K, L) \quad (1)$$

This relationship is relevant to understanding the trends in innovation and output for nations. Making some adjustments to this simple model, I examine the relationship between R&D output and R&D input and innovation productivity. To understand China's technological innovation productivity, I construct:

$$Patent = A_{R\&D} \cdot f(N_{R\&D}, E_{R\&D}). \quad (2)$$

Specifically, I assume each country's patent production function in year t takes the form of Cobb-Douglas production function:

$$\begin{aligned} Patent_t &= A_t \cdot N_t^\alpha \cdot E_t^\beta \\ &= (\gamma + \epsilon_t) \cdot N_t^\alpha \cdot E_t^\beta. \end{aligned} \quad (3)$$

In year t , Each country's number of international patent applications ($Patent_t$) depends positively on the number of R&D researchers (N_t), the amount of R&D spending (E_t), and technological innovation productivity (A_t), which consists of each country's fundamental or time-invariant technological capability (γ) and the year-specific unobserved characteristics (E_t). Since it is natural to think the number of R&D researchers and the amount of R&D expenditures are positively related to the number of international patents, I assume that each input's elasticity of patent production α and β are both greater than zero ($\alpha > 0, \beta > 0$). However, I assume that the marginal product of each input is decreasing ($0 < \alpha < 1, 0 < \beta < 1$). In sum, the set of parameters to estimate includes:

$$\theta = (\alpha, \beta, \gamma, \sigma^2).$$

σ^2 is the variance of the error term ϵ_t . I assume that error terms are independent and identically distributed following normal distribution:

$$\epsilon_t \sim iidN(0, \sigma^2).$$

The set of data for each country ($n=KOR, CHN, JPN, USA$. The country subscript n is suppressed) is:

$$\{N_t, E_t, Patent_t\}$$

Regarding the time period t , I use monthly data from December 2000 to December 2017, which give me a total of 205 observations for each country.¹⁰ I use the number of R&D researchers (N_t) and the amount of R&D expenditures (E_t) which are reported in the World Bank's World Development Indicators data set. For the number of PCT patent applications ($Patent_t$), I use the World Intellectual Property Organization (WIPO) IP statistics data. Here I assume that the number of PCT patent applications is a quality-adjusted measure of innovative outcomes. Focusing on the PCT system simplifies international quality comparisons for a couple of reasons. First, selection bias is avoided as, irrespective of the applicant's home country, PCT filings are always pursuing international protection. Second, the PCT system provides a unified procedure for filing patent applications in each of its contracting states.

First, to estimate the set of parameters (θ), I take natural log to the Equation (3):

$$\ln(Patent_t) = \ln(\gamma + \epsilon_t) + \alpha \ln(N_t) + \beta \ln(E_t).$$

From Equation (4), I can derive the equation of as a function of parameters and variables as:

$$\epsilon_t = \exp \{ \ln(Patent_t) - \alpha \ln(N_t) - \beta \ln(E_t) \} - \gamma.$$

Using Equation (5), I can estimate the set of parameters that maximize the probability of observing the particular error terms linked to particular variables ($N_t, E_t, Patent_t$). Based on this model, I compute each year’s likelihood contribution to form the log-likelihood function as $LL(\theta)$:

$$LL(\theta) = \sum_{t=1}^{205} \ln(P_t).$$

P_t represents the probability density of observing the dependent variables:

$$P_t = \frac{1}{\sigma\sqrt{2\pi}} \exp\left[-\frac{\epsilon_t^2}{2\sigma^2}\right].$$

After estimating $\theta=(\alpha,\beta,\gamma,\sigma^2)$ that maximized $LL(\theta)$, I calculate A_t , which is the innovation productivity of each country in year t, by calculating the sum γ of and ϵ_t .

Empirical Results

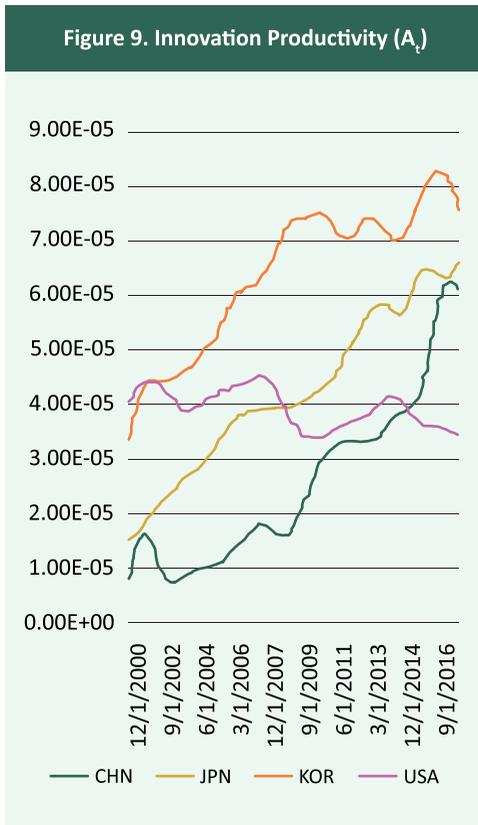
Table 2 presents the estimation results of the parameters. It suggests the following.

First, it is interesting to see that all four economies exhibit constant returns to scale ($\alpha+\beta=1$). However, each country has different R&D spending and researchers’ shares of output. China and Japan are more labor-intensive in producing PCT ($\alpha>\beta$). It is a better strategy for them to input more R&D researchers than R&D spending to produce international patents. By contrast, Korea and the U.S. are more capital-intensive in producing PCT ($\alpha<\beta$). For them, it is a superior strategy to incur more R&D expenditures than to hire more R&D researchers to produce international patents.

	Labor Elasticity of Innovation Production (α)	Capital Elasticity of Innovation Production (β)	Fundamental Innovation Productivity (γ)
China	0.528**	0.492**	2.46e-05**
Japan	0.533**	0.514**	4.14e-05**
Korea	0.487**	0.517**	6.41e-05**
US	0.496**	0.526**	3.89e-05**

Note: *p<0.1; **p<0.05.
Source: Author’s estimation

Second, in terms of fundamental (time-invariant) innovation capability during 2000-2017, Korea has the highest productivity ($\gamma=6.41e-05$), followed by Japan (4.14e-05), the U.S. (3.89e-05), and China (2.46e-05). This indicates that relative to its smaller number of researchers and spending, Korea has produced more PCT patents than other countries (Figure 8). Although the U.S. and China are making the most and second-most PCT applications in recent years, Korea has been the most efficient in producing international patents.



Source: Author's calculation



Source: Author's calculation

Figure 9 and Figure 10 provide a clear picture of the innovation productivity of China and the other three countries, beyond Table 2. Figure 9 calculates the innovation productivity (A_t) of each country from December 2000 to December 2017, and Figure 10 provides the innovation productivity of each country relative to that of Korea (Index, Korea=100%). Considering innovation productivity, we can observe the following.

We can observe that the innovation efficiency of Korea steadily increased entering the 21st century, although it stalled a little after the global financial crisis. Similarly, that of Japan steadily increased entering the century. Since the global financial crisis in 2008, China has rapidly increased its innovation productivity. However, the innovation productivity of the U.S. stagnated during the same period. The empirical results indicate that China's innovation productivity has surpassed that of the U.S. since the latter half of 2014, and recently it even threatened Japan's position. Figure 10 shows that China's innovation productivity is increasing more rapidly than that of Korea, suggesting Korea has reason to be concerned by its relatively low rate of increase in innovation productivity. Considering its fast pace, the innovation productivity of China is likely to soon exceed that of Korea.

South Korea's Concern: Semiconductors

If we examine the top 10 most exported products of Korea (Table 3) and those of China in 2019 (Table 4), we can easily find five items that appear to overlap: memories (HS 854232),¹¹ petroleum products (HS 271019), electronic integrated circuits (ICs, HS 854231),¹² parts

for telephone sets (HS 851770), and parts for computers (HS 847330). This suggests that the economic relationship between Korea and China has significantly shifted to an intra-industry division or competition.

Table 3. South Korea's Top 10 Exports, 2019

Rank	HS 6-digit	Products	Amount (Billion\$)	Share of Total Exports (%)
1	854232	Memories	53.2	9.8%
2	271019	Other, Petroleum products	29.8	5.5%
3	854231	Electronic integrated circuits	20.7	3.8%
4	870323	Motor cars	19.7	3.6%
5	890120	Tankers	12.4	2.3%
6	851770	Parts for telephone sets	12.2	2.2%
7	847330	Parts and accessories for Automatic data processing machines (computer)	11.3	2.1%
8	852990	Other electrical equipment and parts (radar, transmission, radio-broadcast apparatus)	10.0	1.9%
9	271012	Light oils and preparations	9.5	1.8%
10	870899	Other, Parts and accessories for motor vehicles	8.7	1.6%

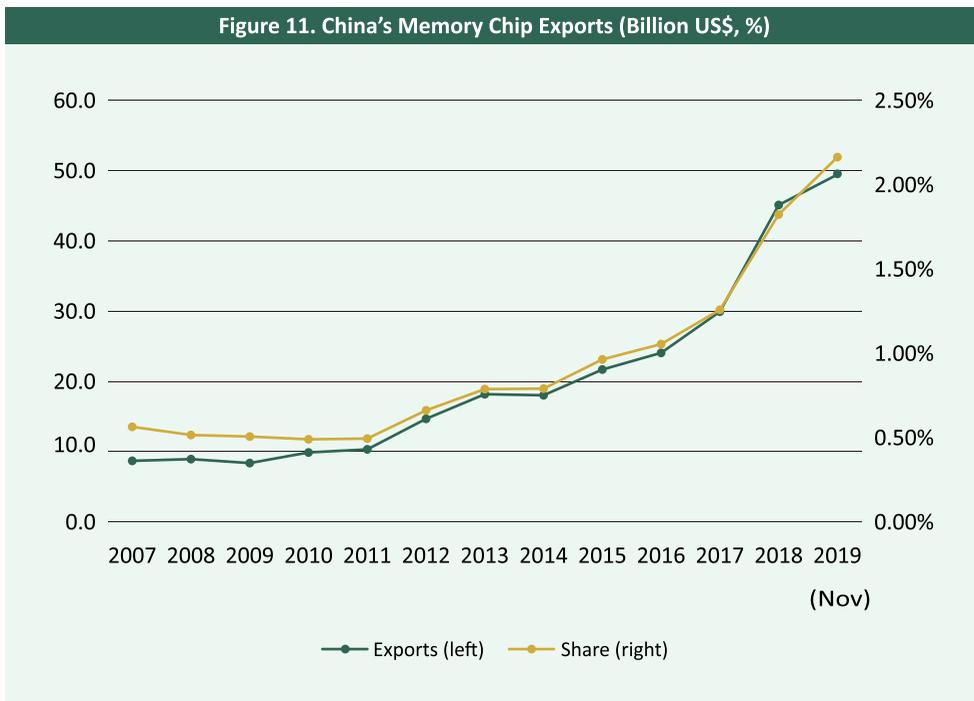
Source: Korea International Trade Association, K-Statistics

Table 4. China's Top 10 Exports, 2019

Rank	HS 6-digit	Products	Amount (Billion\$)	Share of Total Exports (%)
1	851712	Telephones for cellular networks or for other wireless networks	113.2	5.0%
2	847130	Portable digital automatic data processing machines (laptop computers)	87.8	3.9%
3	854232	Memories	48.2	2.1%
4	851770	Parts of telephone sets	43.7	1.9%
5	851762	Machines for the reception, conversion & transmission or regeneration of voice, images or other data, including switching & routing apparatus	42.1	1.9%
6	854231	Electronic integrated circuits	32.0	1.4%
7	950300	Tricycles, scooters, pedal cars & similar wheeled toys, dolls, other toys, puzzles of all kinds.	28.8	1.3%
8	847330	Parts and accessories for Automatic data processing machines (computer)	28.6	1.3%
9	271019	Other, Petroleum products	26.0	1.1%
10	854140	Photosensitive semiconductor devices, light emitting diodes	21.9	1.0%

Source: General Administration of Customs People's Republic of China, China Customs Statistics

Among these five products, semiconductors (memories and electronic ICs) are significantly important for the South Korean economy since not only are memory chips the top export item, but also semiconductors account for almost 14 percent of total exports. Thus, China’s technological advancement in the semiconductor industry is a great concern for South Korea. In terms of productivity, China is not yet a strong competitor to South Korea in the semiconductor market. Even though the competitiveness of Chinese semiconductor vendors has improved greatly in recent years (Figure 11), the industry still relies heavily on key components from other countries, resulting in a self-sufficiency rate of less than 20 percent.¹³ However, the Chinese government’s recent ambitious policies and the huge amount of total investments worry Seoul. South Koreans already observed the withering of their liquid crystal display (LCD) industry due to Chinese companies’ offensive low-cost supply backed by massive support from the Chinese government.



Source: Korea International Trade Association, K-Statistics

Note: Memories (HS 6-digit 854232) includes DRAM, SRAM, Flash memory and other memory ICs.

The Chinese government has been implementing various measures to end the country’s dependence on foreign production in key sectors. In particular, China is pursuing a plan to produce semiconductors on its own without relying on the U.S. and Korea. At the heart of its goals, the “Made in China 2025” sought to raise the domestic content of core components and materials, including IC chips, to 40 percent by 2020 and to 70 percent by 2025. In 2015, the Chinese government announced that it would invest \$161 billion over the next 10 years to localize semiconductors.¹⁴ Accordingly, “National Integrated Circuit Industry Investment Fund Phase I Co., Ltd.,” often referred to as the “National Big Fund Phase I,” was established, and invested \$19.6 billion in the semiconductor industry, making it the largest investment fund in China. National Big Fund Phase I funded about 80 semiconductor projects and 55 semiconductor companies. In October 2019, the Chinese government announced the

second phase of the project, the “National Big Fund Phase II,” which will invest \$28.9 billion in the industry. This second-stage national semiconductor fund is planning to carry out everything related to semiconductors from designing to manufacturing, assembling, and inspection in China.¹⁵

China's Motivations

There are multiple reasons why China is eager to secure the sovereignty of the semiconductors. First, China is concerned about the trade deficit incurred by importing semiconductors. Currently, China consumes more than 50 percent of global semiconductors, and about 90 percent of China's semiconductor consumption is supplied by foreign companies.¹⁶

Second, semiconductors are essential to power most fast-growing technologies such as 5G, artificial intelligence (AI), Internet of Things (IoT) and autonomous driving. In China, the state and domestic manufacturers are working closely together to develop a socialist market economy by utilizing enormous capital and a huge domestic market. China has not been successful in developing the semiconductor manufacturing industry in recent decades, but it may succeed this time because of demand expansion and technological innovation from the Fourth Industrial Revolution. In particular, the semiconductor industry is expected to grow robustly as the utilization of semiconductors increases in the emerging sectors such as IoT, 5G, AI, and autonomous driving. Recently semiconductor companies are increasing their investment in R&D. According to IC Insight, the global R&D expenditure of the semiconductor industry in 2018 was \$64 billion.¹⁷ Moreover, worldwide semiconductor sales increased 38.2 percent from \$339 billion in 2016 to \$468.8 billion in 2018, while sales increased only 13.6 percent from \$298 billion in 2010 to \$339 billion in 2016.¹⁸

Third, the U.S.-China trade conflicts push China to accelerate development of its own semiconductor industry. Since 2018, the U.S. has imposed additional tariffs on imported goods from China due to its unfair trade practices, its infringement of intellectual property rights, and protection of U.S. industries and national security. Recently, the U.S. government has issued strong regulations, such as sanctioning transactions with Chinese tech companies such as Huawei and ZTE and strengthening visa review. Such tensions between the U.S. and China are also becoming fierce over semiconductor hegemony. Whenever the Chinese government attempts to merge and acquire (M&A) American companies through semiconductor funds, the U.S. government blocks it. In 2015, Tsinghua Unigroup in China tried to acquire Micron, the world's third-largest DRAM company, for \$23 billion and failed because it was disallowed by the Committee on Foreign Investment in the U.S. (CFIUS). In 2016, Tsinghua Unigroup also pursued the acquisition of SanDisk but it had to withdraw from the negotiating table when the U.S. authorities announced it would investigate the deal.

Current Capability

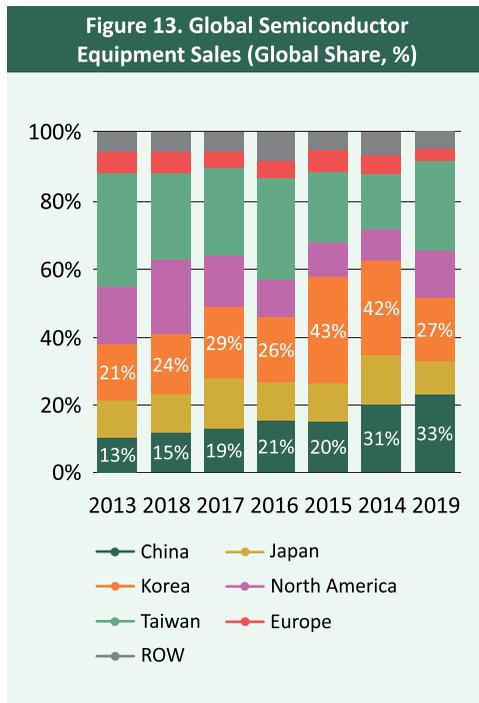
The industry estimates that China has little lag to catch up with South Korea's semiconductor technology. Regarding memory chip manufacturing, China has launched three active units: Yangtze Memory Technologies Co. (YMTC) for flash memories, ChangXin Memory Technologies (CXMT) for mobile device DRAMs, and Jinhua Integrated Circuit (JHICC) for entry-level DRAMs. The three companies alone have invested more than \$37.5 billion so far.¹⁹ Experts expect there is a five-year lag in DRAM manufacturing technology between

South Korea and China.²⁰ Also, the Chinese investment bank China Renaissance estimated that China is four years behind Korea in System IC manufacturing.²¹ However, with the full support of the Chinese government, the technological gap between Korea and China is rapidly narrowing. In September 2019, YMTC started mass producing China’s first 64-layer 3D NAND flash memory chips. Moreover, according to TechWeb, an IT media in China, CXMT recently announced that it officially began to sell DRAM memory. CXMT is the first Chinese company to mass-produce and sell DRAM. A couple of years ago, Tsinghua Unigroup announced it had a plan to mass-produce DRAMs, but there has never been a real product on the market. Although much remains to be done, China could become a global semiconductor powerhouse that threatens Korea and Taiwan soon.

Another way to conjecture the potential for future growth is by examining the semiconductor manufacturing equipment market. According to the International Semiconductor Equipment and Materials Association (SEMI), last year, China’s semiconductor equipment investment amounted to \$12.9 billion, surpassing Korea’s \$10.5 billion (Figure 12 and Figure 13). Before 2019, Korea was never outpaced by China in terms of investing in semiconductor equipment.



Source: SEMI, “Global Semiconductor Sales Forecast,” 2017, 2018, 2019.



Source: SEMI, “Global Semiconductor Sales Forecast,” 2017, 2018, 2019.

Given that the Korean semiconductor industry currently dominates 75 percent of the global DRAM market and 50 percent of the global NAND flash memory market, mass production of DRAM and flash memory by Chinese semiconductor companies is a threat to the South Korean economy. In the early stage, due to the technological gap, China is expected to increase its share little by little, focusing on low- and medium-end products used in domestic consumer products, making the most of the advantage of being the largest semiconductor

market in the world. China will improve the technical level of designing and manufacturing by meeting domestic demand. The U.S.-China trade tensions will also induce Chinese mid-end smartphone makers such as OPPO and Vivo to replace their memory chip suppliers from foreign firms to domestic firms. It will not happen right away, but if China replaces all of its DRAM imports from Korea with domestic products, Korea's annual semiconductor exports will decrease by 19.2 percent. If China replaces all Korean DRAMs and flash memories with its own, Korea's annual semiconductor exports will fall 25.6 percent. Furthermore, if we assume South Korea has to compete in the global market against China, the number will drop even further.

Conclusion

The future of the Korea-China economic relationship could not be explained without considering the advent of the Fourth Industrial Revolution and the technological development of China. This paper presents evidence that supports China's technological rise. Total R&D expenditures, R&D researchers, and the number of international patents are the indicators most frequently cited. Although not yet having reached the U.S. levels, China's total R&D expenditures and PCT patent applications are increasing more rapidly than those of the U.S. and are likely to outpace all countries in the near future. China already has the largest number of R&D researchers and real GDP in the world.

Besides the aforementioned indicators, this chapter provides an important first step towards building an understanding of China's innovation productivity, which I find has rapidly increased since the global financial crisis. This is in line with the recently implemented Chinese government's ambitious measures. China announced "Made in China 2025" in 2015 to improve existing manufacturing and to foster cutting-edge industries. "Made in China 2025" is intended to advance China's manufacturing industry in three stages over 30 years. The first stage (2015-2025) targets entering the group of global manufacturing powerhouses that includes the U.S., Germany, Japan, and Korea. The second stage (2026-2035) aims to secure middle-ranking among the powerhouses, and the third stage (2036-2045) plans to put China at the top of the manufacturing powerhouses. "Made in China 2025" particularly emphasizes 10 key technology industries that are closely related to the Fourth Industrial Revolution, including next-generation information technology (IT), aerospace, high-tech ships, advanced rail transit equipment, smart vehicles, agricultural machinery, new materials, biopharmaceuticals, and robotics.

Currently, China has a much lower tertiary enrollment rate than the advanced countries. Accordingly, institutions of higher education perform only a small portion of China's R&D, averaging just 9.3 percent between 1991 and 2016. This is significantly less than in Japan (13.5 percent) and Germany (17.3 percent).²² However, we can also conclude that if China fully develops academic R&D capacity with its newly initiated "Education 2035," it would be able to explosively boost its innovation capabilities.

The empirical results of this research show that China's innovation productivity is still around 80 percent of Korea's but it is increasing more rapidly. Furthermore, as illustrated in Figure 10, if Korea has reason to be concerned with this trend, the U.S. should have even greater concern. This is why we are observing the U.S.-China trade tensions and technology rivalry these days. Ironically, increasing pressure from the U.S. is expected to accelerate

China's domestic-market-oriented growth strategy, strengthen its R&D capabilities in advanced technology, enhance its own competitiveness in emerging industries, and expand its overseas investments.

With the onset of the Fourth Industrial Revolution, China is rapidly closing the quality gap and technology gap in the major industries in which Korea has a comparative advantage. Recently, Korea has been seriously concerned about the decline in competitiveness of its key industries including the semiconductor industry, as China rises. Some research asserts that China is even ahead of Korea in emerging industries such as artificial intelligence, robotics, machine learning, and aerospace equipment. As Korea and China both face the Fourth Industrial Revolution, they are expected to intensify competition to secure technological advantages and make their voices heard in international standard-setting in these new industries. If Korea does not adequately respond to changes, it may be difficult to maintain a comparative advantage over China. Korea should consider various countermeasures such as whether to go head-to-head in global market share, to collaborate in a horizontal division of labor, or to cooperate through equity participation.

Whether Korea decides to go head-to-head with China or cooperate with China, in any case, it urgently needs to secure its technological competitiveness through expanding R&D investment, intensifying innovation productivity, and supplying core technologies. Given the characteristics of fast-developing high-tech industries, demand for cooperation in technology and human resources is likely to increase between Korea and China. However, the cooperative partnership between the two will only be guaranteed when Korea maintains global competitiveness in innovation capacity.

Endnotes

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- ⁹ The Patent Cooperation Treaty ("PCT") is the international treaty that defines the patent rights granted between the contracting states. The PCT is an international treaty with more than 150 Contracting States; nearly all industrialized nations are signatories to the PCT. WIPO, "Protecting your Inventions Abroad: Frequently Asked Questions About the Patent Cooperation Treaty (PCT)," October 2017, <https://www.wipo.int/pct/en/faqs/faqs.html>.
- ¹⁰ World Development Indicators' R&D data set and WIPO's PCT data set report only yearly data; so I used the spline interpolation method to make the sample monthly, which gave me a much bigger sample size for the analysis. Spline interpolation is a form of interpolation where the interpolant is a special type of piecewise polynomial called a spline. Spline interpolation is often preferred over polynomial interpolation because the interpolation error can be made small even when using low-degree polynomials for the spline. Spline interpolation avoids the problem of Runge's phenomenon, in which oscillation can occur between points when interpolating using high-degree polynomials.
- ¹¹ HS 854232 includes DRAM (dynamic random access memory), SRAM (static random access memory), and flash memory.
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ASEAN's Looming Anxiety

Kitti Prasirtsuk

The rise of China generally presents both opportunities and challenges, particularly in economic terms. In the past several years, new kinds of challenges have been emerging and are looming larger in ASEAN countries. While ties with Beijing are, by and large, cordial, there are several signs that relations below the state level are increasingly worrisome. First, Chinese foreign direct investment (FDI) is largely not oriented towards manufacturing. A considerable amount tends to be in non-real sectors, such as real estate and casinos, which may not generate much employment and can be unhealthy to local economies. Second, the way Chinese businesses expand tends to be predatory, as demonstrated in tourism-related businesses and the acquisitions of fruit businesses in Thailand. As a consequence, new Chinatowns are emerging as more Chinese are moving into the region. Third, even business expansion through the Chinese government, e.g., the train projects, is far from smooth. ASEAN countries find themselves in uneasy deals – including onerous loan terms, undue requests for land usage along the train lines, stringent technology transfers, and imported Chinese labor. Moreover, the recent COVID-19 outbreak reveals not only the fragility of economic overdependence on China, but also public resentment towards the Chinese. Overall, the relations at the level of business and the people are far from promising, which can become a risk factor in state-to-state relations. The situation apparently demands good management from both Beijing and the counterpart governments.

For Southeast Asia, the rise of China since the mid-1990s has also come with the "China Threat" theory, particularly due to the reemergence of the South China Sea disputes between China and four claimant countries in ASEAN. The 1990s saw increasing armaments in some ASEAN countries such as Malaysia and Vietnam, while the Philippines signed the Visiting Forces Agreement with the United States in combination with the Balikatan military exercises. However, thanks to the efforts of both ASEAN and China, the disputes, by and large, subsided from the late 1990s to the 2000s. China not only became ASEAN's dialogue partner in 1992, but also joined the ASEAN Regional Forum (ARF) from its beginning in 1994. Later on, China-ASEAN relations significantly improved through a few developments, ranging from the ASEAN+3 process and subsequent regional architecture in the wake of the Asian Financial Crisis, the China-ASEAN FTA signed in 2001, and the Declaration on the Conduct of Parties in the South China Sea (DoC), issued in 2002.

Overall, during the 2000s China came up with the "policy of reassurance" represented by the discourse on "peaceful rise" and "peaceful development" under the Hu Jintao government.¹ Through frequent high-level meetings and various cooperation schemes, Southeast Asia, by and large, enjoyed cordial relations with China throughout the decade.² Yet, the 2010s onwards witnessed resurgent tensions, particularly on South China Sea issues, which came back acutely with U.S. involvement and China's more assertive policy. As such, the rise of China tends to be viewed and discussed in security terms. In fact, the rise of China also came with quiet concerns and tensions in economic terms as well. The concerns, if not yet tensions, are increasing, as China is expanding its economic presence in the region, particularly through investment, tourism, and train projects. China's Belt and Road Initiative (BRI) is indeed the grand project of the century that has both economic and security aspects.

Thus, this chapter focuses on economic concern with the rise of China in the region, emphasizing the case of Thailand, which is important for at least two reasons. First, Thailand is not only the second largest economy in ASEAN, but also usually plays a leading role in

the regional grouping. Second, it is one of the ASEAN countries with the closest relations with China. If one wants to check concerns towards China, it is worth looking at a country that has good relations with China, since a hostile country tends to have a pessimistic view towards China anyway.

ASEAN's economic concerns towards China have been diversifying over the past three decades. During the 1990s, ASEAN feared competition from China in terms of investment attraction, given low wages at that time and the sheer size of the Chinese market. As a response to this concern, the ASEAN Free Trade Area (AFTA), signed in 1992, aimed to integrate the market to keep appealing to foreign direct investment (FDI). In any case, FDI was continually being massively poured into China, making China a formidable ASEAN rival in terms of exports to other countries. From the 2000s onwards, an influx of imports from China has also been threatening to ASEAN economies, following the ASEAN-China Free Trade Agreement (ACFTA) which was signed in 2001. Trade deficits became even more severe after the ACFTA took full effect in 2010. This is particularly true for Indonesia, rendering a larger trade deficit for the Southeast Asian giant. In 2017, ASEAN's total trade deficit to China reached as high as \$43.4 billion.³

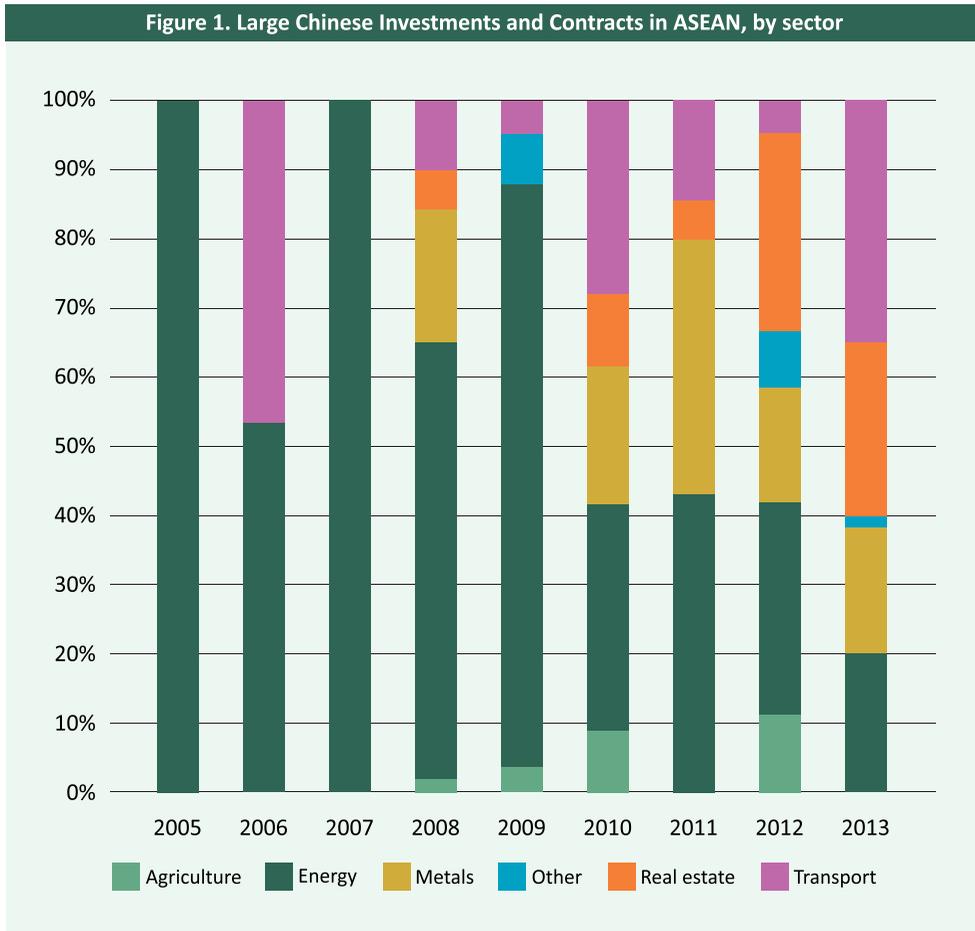
Although the concerns on trade deficits and export competition remain for most ASEAN countries, from the 2010s there emerged a different kind of economic concern towards China, which has embarked on a variety of new economic interactions with ASEAN. If the race for FDI and exports represents concern 1.0 towards China, while trade deficits epitomize 2.0, now ASEAN is having concern 3.0, which is not purely economic but also involves socio-cultural aspects.

Below, in four parts, I cover current key economic interactions between China and Southeast Asia. The first section deals with China's FDI in Southeast Asia, which tends to have distinct characteristics. The second portrays Chinese business practices, which have not only economic implications, but also socio-cultural ones. The third takes a closer look at the train projects in the region, which are under way in Laos, Thailand, and Indonesia. The last section gives an initial assessment on the impact of the novel coronavirus (COVID-19) pandemic on China-ASEAN relations. All of the issues have ramifications for relations with China, both bilaterally in Southeast Asian countries, and with ASEAN.

Characteristics of Chinese FDI

China's investment in ASEAN used to be very small, with the total at less than \$5 billion as of 2001.⁴ FDI started to increase in Southeast Asia in the 2000s after China's accession to the WTO. As China had to open up its economy while wages were rising, there emerged a demand for production-base relocation in some labor-intensive industries. Cambodia represents a major recipient country of Chinese FDI in ASEAN, particularly in garments and other light industries. As Cambodia is still eligible for the Generalized System of Preferences (GSP), China could take advantage of cheaper tariff rates upon exporting from the country to developed nations. The majority of this investment went into small- and medium-sized enterprises (SMEs).⁵

As shown in Figure 1, during the 2000s, large-scale investment from China concentrated in energy, transport, and metals. Towards the 2010s, China's FDI diversified to agriculture and real estate.

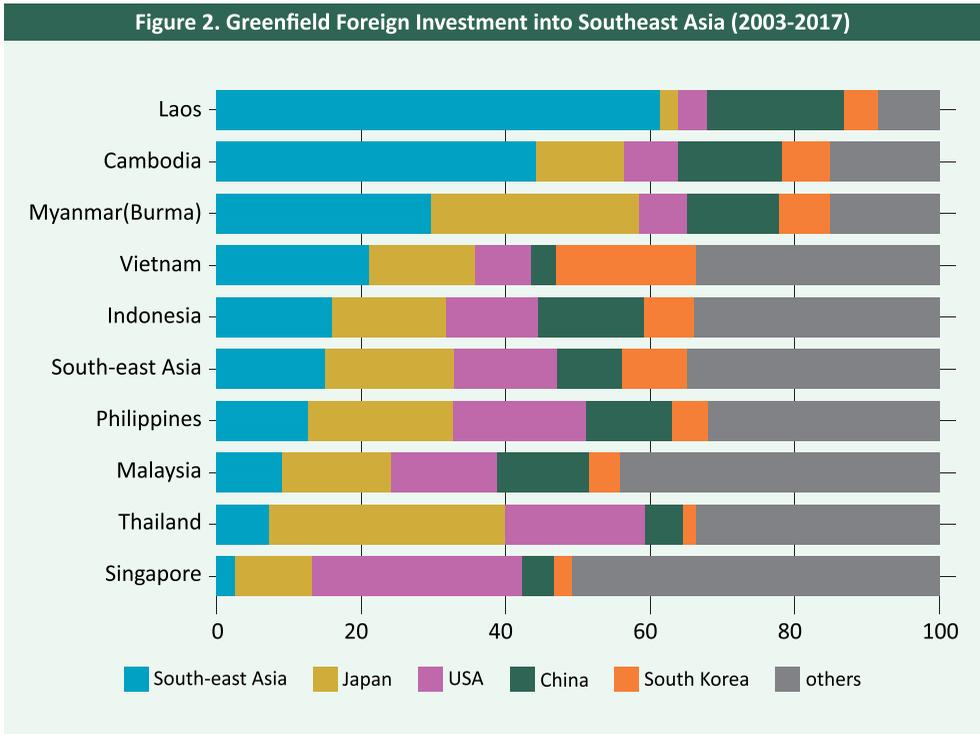


Source: Heritage Foundation, American Enterprise Institute⁶

Later, Chinese investment expanded to tourism-related businesses following the increase in the number of Chinese tourists to the region. In the early stage, China invested in casinos along the Laos border and the Golden Triangle (the border area adjacent to Myanmar, Laos, and Thailand) to attract both Chinese and Southeast Asians. Then, several casinos sprang up in Cambodia, even in the capital of Phnom Penh. By the late 2000s, the number of Chinese tourists was steadily increasing, bringing about investment in travel agencies, restaurants, souvenir shops, services catering to those Chinese personnel, and related businesses. Accordingly, new Chinatowns are emerging, as these Chinese tend to live in the same area.

Overall, the considerable amount of Chinese FDI tends to be in non-real sectors, e.g., real estate and casinos.⁷ According to the ASEAN Investment Report 2018, Chinese investment is high in construction and real estate.⁸ The picture is clearer when compared with other investing countries like Japan, whose FDI has been prevalent in Southeast Asia since the late 1980s. In the real sector, while Japan has been investing extensively in manufacturing industries, particularly automobiles and electronics, China tends to invest in low-tech industries, agricultural plantations and mining. Laos represents a major host country for mining and agricultural plantations, particularly rubber following the boom in Chinese

automobile industries in the past two decades. Japanese FDI has generated massive employment with quite decent conditions, thus creating a sense of interdependence between Japan and the host country. Chinese FDI, meanwhile, has yet to deliver substantial employment, not to mention good conditions. This is inevitable because the early generation investors from China tend to be SMEs and less-established firms.



Source: The Financial Times⁹

As displayed in Figure 2, although China's greenfield FDI to Southeast Asia during 2003-2017 was increasing, the amount was still far less than that from Japan. It is also obvious that China's FDI concentrated in less developed countries such as Cambodia, Laos, Myanmar, and Indonesia, except for Vietnam, which received a relatively small amount.

Towards the end of the 2010s, however, China came to invest more in the manufacturing industry, such as in automobiles, which can generate considerable employment. MG passenger cars and Dongfeng light trucks represent the first genre of this investment in Thailand. Recently, the Great Wall Group has completed a deal to take over a Chevrolet plant in Thailand, so as to make inroads into the Southeast Asian market for its SUVs and electric cars. Huawei, meanwhile, has established its Southeast Asian headquarters in Thailand. CGTN (China Global Television Network) also set up a news studio in Bangkok. Xiaomi, which produces multiple hi-tech products, is stepping up its marketing activities in Southeast Asia. In the digital economy, Alibaba, JD.com, and Tencent have been actively investing and expanding in the region. Alibaba took over Lazada, the largest e-commerce in Southeast Asia, in 2016. JD.com and the Central Group, Thailand's largest retail conglomerate, have established a joint venture, JD Central, to provide online shopping with the guarantee of authentic products. Moreover, the protracted trade war between the United States and

China is pressuring many Chinese manufacturing companies to relocate overseas, including in ASEAN countries, to evade high U.S. tariffs and also to save on costs. A larger amount of higher quality FDI is, therefore, expected in the near future.

Table 1: China's Investment in ASEAN by Sector (2019)		
	Sector	Value (\$ million)
1	Energy	8,380
2	Transport	7,060
3	Metals	3,200
4	Real estate	1,740
5	Technology	1,240
6	Entertainment	1,080
7	Others	900
8	Agriculture	461
9	Tourism	200
10	Utilities	200
	Total	24,460

Source: American Enterprise Institute's China Global Investment Tracker¹⁰

Table 1 displays the most recent data on Chinese FDI in ASEAN. Energy remains the largest sector (34%), followed by transport equipment (29%) which is represented by the train projects (discussed below). Metals (13%), real estate (7%), and entertainment (4%) occupy quite a considerable share. Interestingly, technology emerged as a sizable share of Chinese FDI at 5%. ASEAN, of course, hopes for an increase of FDI in technology, which would benefit the regional countries.

In any case, ASEAN relies on China more than China relies on ASEAN, both in trade and investment. China has become the number one trade partner and largest export market for most ASEAN countries, surpassing the United States for more than a decade now. The less developed the country in ASEAN, the more dependent on China. This is also true for aid.¹¹ High dependence on China has political ramifications as well. In the 2012 ASEAN summit in Phnom Penh, the organization failed to issue a declaration for the first time, due to the disagreement between Cambodia and the Philippines on whether to incorporate the South China Sea issues into the communique. By that time, Cambodia had relied substantially on China's aid, trade, and investment, thus choosing to side closely with Beijing.

Chinese Business Practices

Since most Chinese investment to date is in either the non-real sector or less advanced manufacturing industries, business practices tend to have distinct characteristics. As SMEs represent a large proportion of Chinese FDI in the region, it is hard to expect a well-established work system, organization, or labor standards. Their remuneration also cannot match large and established local and international firms. Though there have not been many complaints yet, most Chinese companies are not ranked high as popular employers. Many Thai university graduates majoring in the Chinese language or Chinese studies struggle to find a good job. Conditions and welfare at Chinese companies are less favorable.

Moreover, a large number of Chinese companies tend to hire Chinese who can speak Thai, rather than Thais who can speak Chinese, particularly in services catering to Chinese tourists and customers.¹²

A prominent feature of Chinese enterprises, unfortunately, is predatory business practices, as they tend to dominate the whole production process, from upstream to downstream. In the case of durian, a popular tropical fruit among Chinese, Chinese capital came to take over the whole business and supply chain in Thailand. Chinese entrepreneurs are penetrating deeply into the durian production process, using Thai surrogates to drive purchase orders, set prices and harvest times, and even buy out many orchards. Though this has been a boon for many small-scale farmers, China's dominance over supply chains has made farmers nervous about the potential to fix prices and reduce incomes.¹³ A similar trend can also be seen in longan, another popular fruit. In this manner, Chinese capital dominates the production, order, wholesaling, distribution, and even marketing, in Chinese markets. It is easier for Chinese agents to export fruit to China, rather than local firms.

Likewise, the fact that massive numbers of Chinese tourists visit Southeast Asia does not translate into abundant business opportunities for local people. Tourism-related businesses are dominated by Chinese capital, whether in businesses such as travel agencies, tour buses, tour guides, restaurants, hotels, or souvenir shops. Chinese capital also organizes cultural shows, particularly Thai classical dance and Muay Thai (kickboxing), which invite local complaints that the shows might be inauthentic. Moreover, products popular to Chinese tend to be produced and marketed by Chinese-funded firms. Such products are widely available at convenience stores in tourist areas. Even for popular local products, the Chinese are quick to produce similar ones. Chinese capital has also poured into the real estate business to accommodate Chinese tourists and long-term vacationers. Chinese demand for condominiums caused prices to bloat, which could lead to a real estate bubble. The TC-Green condominium complex in Thailand is representative. Located in the new central business district in the Rama IX area, the cluster of some 10 skyscraper condominiums is practically not for sale to Thais. The fact that the complex is sited close to the new Chinatown, accounts for alienation and uneasy feelings among the local people.

In Cambodia, meanwhile, some Chinese investment in real estate fails to meet construction standards. There are quite a few cases of buildings collapsing, rendering a considerable number of casualties. During a period of only eight months leading up to and including June of 2019, there were as many as three tragic cases: in Sihanoukville, Siem Reap, and Kep Province. The total death toll was 67, with more than 100 injured.¹⁴ Five Chinese were charged in the building disaster case in Sihanoukville last June.¹⁵

In some cases, Chinese investment penetrates into the host country with Chinese labor and long-term land leases. The investment in Laos for mining, agricultural plantations, and a train project, is a case in point. Since Laos has a small population, local labor is far from sufficient. Chinese investment thus brings in its own Chinese labor. The lease of land for 99 years made it easy for Chinese settlements, which created new Chinatowns. Predictably, a concentrated Chinese population alienated local people. In an interesting episode, a shopping center in Vientiane's Chinatown was allegedly burned down by arson so as to be replaced by a new building, while neighborhood residents were helpless.¹⁶ Similar antagonism has happened in Cambodia, as the Chinese are allowed to settle in many areas.¹⁷ Given less leverage and

bargaining power than China, the less developed countries in ASEAN have no choice but to keep quiet. The frustration among the local people is only kept under the surface. This can become a bigger problem in the future, when additional ASEAN countries perceive a Chinese presence as threatening.

In Bangkok, a new Chinatown is emerging in Huaykwang District, close to the Chinese embassy. According to Haiqiu Yu, there were approximately 5,000 Chinese living there in 2015, constituting 6% of the local population. About 2,000 persons worked in 100 travel agencies, while 500 worked in restaurants and other services which served the needs of the travel agencies. Meanwhile, 800 persons provided language training, Thai language for Chinese people and Chinese language for Thai people. About 1,000 persons worked as either purchasing agents or in logistics services for e-commerce, while 500-700 persons were long-time dwellers, who were either relatives of the groups mentioned above or might not have a permanent job.¹⁸

The number was estimated in 2015 when around 8 million Chinese tourists visited Thailand.¹⁹ As the number rose to almost 11 million in 2019, the current size of the new Chinatown could be something like 8,000 people. New Chinese residents live in seclusion in their own community, not mingling with local people. This is in contrast with the earlier generations of Chinese migrants, who tended to be part of their local communities, many involved in charity, setting up foundations at both the local and national levels. Accordingly, even local ethnic Chinese came to be wary about the increasing presence of new Chinese migrants and the demeanor of Chinese tourists.

This tendency is not unique to Chinese investment. Earlier Japanese FDI also had a similar shortcoming, which partially led to anti-Japanese movements in the 1970s. The Japanese, however, were swift to respond with the Fukuda Doctrine, which emphasized cultural exchange and economic assistance in the heart-to-heart policy. By the mid-1990s, Japan managed to win the hearts of Southeast Asians by its strong soft power through cultural attractions such as manga, anime, games, fashion, J-Pop, and food. Japan's soft power, in combination with interdependence through massive employment, helped to improve the Japanese image and reputation. Here, China still lacks a clear direction or even sufficient awareness to resolve existing and potential antagonism, as well as to prevent the problems from worsening.

From the ASEAN perspective, in fact, China has both strengths and weaknesses in its pursuit of soft power. Though the degree of receptivity differs due to the diversity in ASEAN countries, it can be said that China is strong in terms of traditional culture (e.g. traditions, art, Chinese medicine, and *fengshui*). However, China's pop culture such as movies, TV series, and celebrities, has yet to gain substantial popularity, owing to persisting censorship and less liberal contents. The Confucian Institutes (CI), which sprang up in several ASEAN countries, are still not an answer. It is not unusual that CIs are poorly managed, prone to misunderstanding and discord with host institutes. The situation is not helped by a high number of inexperienced Chinese language teachers, who have just graduated from university.

According to Joseph Nye, soft power is about not only cultural resources, but also values and foreign policy posture.²⁰ China's values, meanwhile, are far from outstanding. Talk of a "harmonious world" seems less convincing when considering territorial disputes and China's increasing assertiveness. The "Beijing Consensus," which refers to China's development model that yields high growth, remains problematic, as it is accompanied by pollution and corruption.²¹ For foreign policy, China has had a strong profile with various initiatives and active engagement with ASEAN countries, e.g. the BRI, the Asian Infrastructure Investment Bank (AIIB), and the Lancang-Mekong Cooperation (LMC). Yet, challenges remain prevalent, owing to how China deals with territorial disputes, which is perceived as very assertive, if not always aggressive. China has to overcome the above-mentioned weaknesses in order to tap into its soft power potential augmented by economic and political influence. Fundamentally, Beijing has to be serious about regulating predatory business practices, as most ASEAN countries have neither sufficient capability nor bargaining power to properly deal with its big capital.

The Train Projects

Since the latter half of the 2010s, China has been proposing medium- and high-speed train projects to countries in the region, namely Laos, Thailand, and Indonesia. The train line that runs through Laos and Thailand is aimed to connect southern China with Southeast Asia. The one in Indonesia is of shorter distance, linking Jakarta and Bandung. The Laos case seems to be going most smoothly, at least on the surface. As part of BRI, the 414-km train project links the Yunnan capital, Kunming, and the Laos capital, Vientiane. By the end of 2019, 80% of the line had been completed, and it is expected to be operational in 2021. The costly project estimated at \$5.95 billion has been carried out with little public consultation, as the country has no independent media, and limited civil society groups. Internationally, questions are being raised about the necessity and profitability of the project.²² Many observers are concerned about Laos's ability to repay China, and a "debt trap," which could force Vientiane to relinquish all rights to China on train management.

There are many criticisms over how the project is being carried out. First, the interest rates and terms of payment are not that friendly. Beijing insisted that interest rates could not be much different from the domestic rates in China. Second, the Chinese side demands considerable usage rights for land at the train stations and along the line. The Laotian government could easily expropriate land from farmers, forcing them off their land. Third, China has brought in massive numbers of Chinese laborers, who settle down in Chinatowns in Laos. Fourth, there is no clear stipulation on technology transfer from China, understandable in Laos which still lacks the capability to absorb technology. Yet, this is different in the case of Thailand where technology and human capabilities are more advanced.

As the Laos project began before the one in Thailand, Bangkok was aware of the situation and became very cautious in dealing with China. In tough negotiations, Thailand needed to bargain 19 rounds until both sides reached an agreement for a mere initial 3.5 km.

The proposed total distance is about 600 km connecting Bangkok to Nong Khai in the far Northeast bordering Vientiane. The first phase of the train is expected to run to Korat, 252 km from Bangkok. The \$5.7 billion value of the project was split into 14 separate contracts.²³ There were considerable delays and protracted debates exactly on the concerns facing the train project in Laos. That Thailand had to go through so many rounds of negotiations with China is surprising indeed. China proposed the project in the early years of the military junta government, which was boycotted by most advanced countries and had many reasons to be close with China. In fact, since the 1980s, Thailand has long positioned itself as a brotherly state with China.

Apparently unhappy with the delays, China punished Thailand by not inviting the Thai prime minister to the BRI summit in Beijing in May 2017, while leaders from most ASEAN countries were welcomed. General Prayut Chan-ocha, the Thai prime minister, needed to call on the super authority clause in the interim constitution to overrule legal and other obstructions in order to proceed with the project. Shortly afterwards, both sides managed to conclude the contract to build the initial railway of 3.5 km. After that, Beijing offered a carrot to Bangkok by inviting the Thai leader to the BRICS summit in Xiamen a few months later. Yet, Thailand still needs to iron out many items in the contracts, including on loan terms, the warranty period, and fines. China put tough conditions in the loan contract, demanding that the Chinese government could seize other assets of the Thai government in case of debt default. China's negotiators argued that it would apply the conditions accepted by the Lao government, which agreed that the Chinese government would be able to seize five mine assets if Vientiane failed to repay the debt. China's government is also demanding a high interest rate from Thailand, higher than it granted Indonesia for a similar project, despite the fact that Thailand has a higher sovereign credit rating. Bangkok thus decided to minimize the loan portion from China on this project, not more than 25%.²⁴ It is also very cautious on bringing in Chinese labor.

The Indonesian case is also problematic and invites antagonism from locals. Most of the concerns mentioned above are prevalent in Indonesia as well. Even though Indonesia still has abundant labor, China opted to bring in Chinese labor on the grounds that they have more expertise and can carry out the project faster than using local labor alone. The project took off earlier than Thailand's, but has been much delayed by such concerns, as well as the difficulties in expropriating land for railway construction. The 150-km rail project was supposed to be operational in 2018, but by the middle of 2019, the land necessary for the railway and stations had been only 54% acquired.²⁵ The completion date was moved to 2020, but with no certainty. Overall, the problems over rail projects become more apparent in countries such as Indonesia and Thailand, that have more bargaining power and more democratic space.

Japanese infrastructure projects in the region tend to proceed more smoothly. Japanese companies were reluctant to proceed on several inter-city lines, worrying about unclear profitability and the feasibility. They pay more attention to city trains and subway lines, like those in Jakarta and Bangkok, which promise to have abundant daily commuters. Soft loans from Japan International Cooperation Agency (JICA) and Japan Bank of International Cooperation (JBIC), in combination with the consortiums led by Japanese big companies such as Mitsubishi, Mitsui, and Tokyu, are instrumental in such projects. In fact, Japan, not China, is the biggest investor in Southeast Asia's infrastructure, with projects valued at

\$367 billion, while China's account for \$255 billion.²⁶ Japan is now bidding on long-distance train projects as well. Therefore, regional countries seem to place higher hope and trust on Japan's technology and funding, which come with more lenient conditions.

The Impact of COVID-19

The year 2020 harshly rocked the world with the global outbreak of COVID-19, originating from China. Although at the time of this writing, the spread is still severely intensifying, some impact can be observed as far as China-ASEAN relations are concerned, both in economic vulnerability, particularly in terms of tourism, and in socio-political relations with China.

First, the outbreak reveals ASEAN's economic overdependence on China, which can be fragile and unhealthy for each country's economy. Many countries in ASEAN are increasingly relying on tourism income. Among nearly 130 million tourist arrivals to ASEAN in 2018, around 25 million were Chinese.²⁷ Thailand, Vietnam, and Indonesia represent the top three destinations for Chinese tourists. The number of Chinese tourists has also been continuously rising in the Philippines, Malaysia, Singapore, Myanmar, Cambodia, and Laos. Thailand's economy is highly dependent on Chinese tourists, as almost 11 million traveled there in 2019. While tourism accounts for 18% of the country's GDP, almost one-third of inbound arrivals are Chinese, whose spending is crucial for the Thai economy.²⁸ Following the outbreak, as the number of foreign tourists dropped by over 60%, the number of Chinese tourists dropped as much as 90% in February 2020.²⁹

Even though the number of tourists from elsewhere also fell, the data still reveal the vulnerability of overdependence on Chinese tourists. A Korean case is indicative in this regard. In 2017, after Seoul decided to install the U.S.-made anti-missile system known as Terminal High Altitude Area Defense (THAAD), Beijing ordered Chinese travel companies to stop selling popular group trips to South Korea, in protest. The ban saw Chinese visits to South Korea drop 48% in one year to 4.2 million, which was a major blow to the country's tourism industry.³⁰ A similar situation can happen with ASEAN countries that have territorial disputes with China, in case tensions are heightened.

Another vulnerability appears in terms of trade. The initial spread of COVID-19 in China made it difficult for imports and exports with China, as logistics and value chains were disrupted. Both production and consumption were scaled back. Fruit growers in Thailand were among the first casualties. As China represents almost 14% of ASEAN's merchandise exports, ASEAN manufacturers would be negatively affected soon. On ASEAN's imports, China constitutes 20.5%, the second largest source.³¹ Accordingly, ASEAN countries would inevitably suffer from shrinking trade with China. All of the above signify that business diversification, particularly in tourism and trade, is a necessary strategy for ASEAN countries.

Furthermore, COVID-19 has caused considerable delay in the train projects mentioned above. The outbreak continues to curb the supply of raw materials from China. In the cases of Indonesia and Laos, the pandemic stops workers from returning to the projects. Chinese workers who had returned to the mainland for the Chinese New Year celebration are yet to come back. For Indonesia, there is no certainty when they can do so since the country has closed its borders to all travelers from China. It is highly likely that the train projects in the three ASEAN nations will face a significant delay, not in months but in years.

Second, there seems to be a mixed impact on socio-political relations between China and ASEAN. Once the outbreak hit China, there was a debate in most ASEAN countries on whether the entry of Chinese nationals should be banned. Concerned with tourism income and relations with Beijing, most ASEAN countries refrained from a ban. Although some later came to prohibit entry, they did so towards several foreign nationals, not Chinese alone. ASEAN, by and large, unwaveringly poses a friendly posture towards China, in contrast to the United States and Australia, which adopted strong measures against Chinese entry outright. In late February 2020, ASEAN and China held a Special Foreign Ministers' Meeting on Coronavirus Disease (COVID-19) in Vientiane, in which they firmly agreed to work together closely and support each other to overcome difficulties with strong confidence. Modeled on the special meeting over the SARS (Severe Acute Respiratory Syndrome) outbreak in 2003, ASEAN and China showed their strong solidarity. Singapore leaders also wrote a letter to their Chinese counterparts to give moral support, together with sending medical equipment, supplies, and diagnostic test kits.

The public, meanwhile, was increasingly alarmed and criticized their government for not imposing a ban on Chinese visitors. Importantly, many had Chinese-phobia, trying to avoid Chinese for fear of infection. Yet, many segments of society gave encouragement to China to overcome the epidemic. There were fund-raising activities in several ASEAN countries to help China. On Valentine's Day, 3,000 Thai students gathered in Ayutthaya, Thailand, to send best wishes to the Chinese people. A Thai musician composed a song to cheer up China. Earlier in January, the CP conglomerate swiftly donated \$7 million to China to fight the epidemic.³²

In short, while government ties between ASEAN states and China are mostly proceeding well, people-to-people relations can be challenging, but are perhaps a bit improved by awareness of the increasing number of bullying incidents against Asians in a number of Western countries, which may help boost sympathy and "we-feeling" towards "comrades." As the outbreak eventually encroached more into ASEAN, China became a key source of support through its accumulated experience in fighting the disease, apart from possible contributions of equipment and funding. China managed to control the epidemic quite well, compared to several Western nations, though with draconian closure rules which were proven necessary in time of crisis. By late March 2020, the number of infections in the United States had already exceeded that in China. China is likely to come up with some packages and projects to help ASEAN recover from economic recession. This is not surprising, considering that ASEAN has now surpassed the United States as China's second largest trade partner, partly as a consequence of the U.S.-China trade war.³³ Beijing is also clever in regularly emphasizing ASEAN centrality, while giving due attention to the organization. Thus, the pandemic is a crisis that can help cement the bond between China and ASEAN, similar to the 1997-98 Asian Financial Crisis, which gave rise to the ASEAN+3 process, the China-ASEAN FTA, and various cooperation schemes. It remains to be seen, however, to what extent the goodwill among states will trickle down to popular sentiment towards Chinese people, given the overall concerns mentioned above.

Conclusion

The rise of China presents both opportunities and challenges for ASEAN in economic terms. While state-to-state relations between ASEAN and China are, by and large, cordial, several signs reveal that relations below the state level are increasingly worrisome. The challenges have been pronounced in ASEAN's trade deficit to China and the export competition between China and ASEAN to other countries. A number of dams constructed on the upper Mekong pose grave concerns to downstream countries in ASEAN in terms of drought and flood, which would affect agriculture and fishery in the region. In the past several years, new challenges have been revealed in different forms.

Chinese FDI tends to have distinct characteristics, that focus on construction, real estate, and casinos, which are not so healthy to the host economy, and do not involve hi-tech manufacturing, while concentrated in less developed ASEAN countries. Moreover, Chinese FDI tends to be mercantilist, prioritizing the benefits of China, while demanding many things at the expense of host countries and local people. Chinese tourism-related investment, by and large, is dominated by Chinese interests, offering few benefits to locals. Accordingly, most Chinese enterprises fail to establish themselves as good sources of employment and welfare. The situation is not helped by the fact that Chinese businesses tend to have fewer interactions with host countries, the local community, and the local population. The emerging Chinatowns are secluded and different from typical Chinatowns, where local people go to shop or eat at Chinese restaurants. The China train projects also come with stringent conditions in regard to loan terms, technological transfer, parts purchases, and even labor. However, the recent flow of high-quality investment in automobile manufacturing and tech companies into the digital economy can help to alleviate the situation.

This less than win-win phenomenon is attributable to China prioritizing the well-being of a vast Chinese population and their businesses. Accordingly, Southeast Asians increasingly have come to view Chinese investment with considerable hesitation, if not outright antagonism. As of now, China-ASEAN relations at the level of business and the people, are far from promising, which could become a risk factor in state-to-state relations. The COVID-19 pandemic also exposed the serious vulnerability of economic overreliance on China. The asymmetry of size and power can be a source of anxiety and mistrust, which may negatively affect political relations as well. Without improved management from both Beijing and the counterpart government, it is a matter of time before this time bomb could explode. Control measures are needed to avoid negative consequences to China-ASEAN relations as well as to promote the role of China as a responsible great power. China will need to combine positive economic power with augmented soft power to turn the situation around. Although the pandemic may come with a blessing, as far as relations between Beijing and ASEAN are concerned, China has yet to win the heart of Southeast Asians.

Endnotes

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