
PACIFIC FORUM

COMPARATIVE

CONNECTIONS

A TRIANNUAL E-JOURNAL OF BILATERAL
RELATIONS IN THE INDO-PACIFIC

EDITED BY
CARL BAKER
BRAD GLOSSERMAN

CREATIVE DIRECTOR
NICHOLAS CIUFFETELLI

MAY – AUGUST 2019
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PACIFIC FORUM

Founded in 1975, the Pacific Forum is a non-profit, foreign policy research institute based in Honolulu, Hawaii. The Forum's programs encompass current and emerging political, security, economic and business issues and works to help stimulate cooperative policies in the Asia Pacific region through analysis and dialogue undertaken with the region's leaders in the academic, government, and corporate areas.

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C O N N E C T I O N S

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HONOLULU, HAWAII

COMPARATIVE CONNECTIONS

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Bilateral relationships in East Asia have long been important to regional peace and stability, but in the post-Cold War environment, these relationships have taken on a new strategic rationale as countries pursue multiple ties, beyond those with the US, to realize complex political, economic, and security interests. How one set of bilateral interests affects a country's other key relations is becoming more fluid and complex, and at the same time is becoming more central to the region's overall strategic compass. *Comparative Connections*, Pacific Forum's triannual e-journal of bilateral relations in the Indo-Pacific, edited by Carl Baker and Brad Glosserman, with Carl Baker as senior editor, was created in response to this unique environment. *Comparative Connections* provides timely and insightful analyses on key bilateral relationships in the region, including those involving the US.

We regularly cover the key bilateral relationships that are critical for the region. While we recognize the importance of other states in the region, our intention is to keep the core of the e-journal to a manageable and readable length. Because our project cannot give full attention to each of the relationships in Asia, coverage of US-Southeast Asia and China-Southeast Asia countries consists of a summary of individual bilateral relationships, and may shift focus from country to country as events warrant. Other bilateral relationships may be tracked periodically (such as various bilateral relationships with Australia, India, and Russia) as events dictate. Our Occasional Analyses also periodically cover functional areas of interest.

Our aim is to inform and interpret the significant issues driving political, economic, and security affairs of the US and East Asian relations by an ongoing analysis of events in each key bilateral relationship. The reports, written by a variety of experts in Asian affairs, focus on political/security developments, but economic issues are also addressed. Each essay is accompanied by a chronology of significant events occurring between the states in question during the reporting period. A regional overview section places bilateral relationships in a broader context of regional relations. By providing value-added interpretative analyses, as well as factual accounts of key events, the e-journal illuminates patterns in Asian bilateral relations that may appear as isolated events and better defines the impact bilateral relationships have upon one another and on regional security.

The online version of *Comparative Connections* is available at <https://cc.pacforum.org>.

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For the past two years, US officials have made reference to a new Indo-Pacific Strategy. The June 1 release of the Defense Department’s *Indo-Pacific Strategy Report* provides some clarification and contains many familiar themes, including the need for a credible forward presence and strengthened alliances and partnerships “to preserve a free and open Indo-Pacific where sovereignty, independence, and territorial integrity are safeguarded.” The Report further notes “the critical linkages between economics, governance, and security.” Not to be outdone, ASEAN introduced its own Outlook on the Indo-Pacific, with “inclusivity” as the central theme. The G20 meeting in Osaka was probably as successful as was possible, but the group offered little more than rhetorical support for efforts to quell the US-China trade war. Finally, the Japan, South Korea, China trilateral provided some reason for hope –but just a little.

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BY SHEILA A. SMITH, COUNCIL ON FOREIGN RELATIONS & CHARLES T. MCCLEAN,
UNIVERSITY OF CALIFORNIA, SAN DIEGO

Relations between the United States and Japan were active over the summer with two visits by President Donald Trump to Japan. The first was for Trump and First Lady Melania Trump to be the first state guests of the new Reiwa Era. The second was to participate in the G20 Summit in Osaka. Meanwhile, the two countries engaged in a series of trade talks that produced the broad outline of an agreement that is expected to be signed in late September. Throughout, domestic politics played an important role with upper house elections in Japan and Trump’s threat of tariffs influencing the pace of trade negotiations. In coming months, the US presidential election campaign will likely continue to shape alliance management.

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US-China trade talks collapsed after China reneged on a significant portion of a draft agreement that had been painstakingly written by US and Chinese negotiators. After Donald Trump and Xi Jinping met on the sidelines of the G20 in Osaka, talks resumed but failed to make progress. Acting Secretary of Defense Patrick Shanahan met Defense Minister Wei Fenghe and both delivered speeches at the Shangri-La Dialogue in Singapore. The US sold two arms packages to Taiwan totaling over \$10 billion, which included *M1A2T Abrams* tanks, 250 *Stinger* missiles, and 66 *F16V* fighter jets. The 26th ASEAN Regional Forum (ARF) provided an opportunity for Secretary of State Mike Pompeo and Foreign Minister Wang Yi to meet. The navies of both the US and China conducted drills in the South China Sea, and US Navy ships conducted three freedom of navigation operations (FONOPs) in the Spratlys. Pro-democracy demonstrations in Hong Kong began in early June and continued throughout the summer with spasms of violence by Hong Kong police and protesters. Beijing accused the US of being behind the protests, a charge that Washington adamantly denied.

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BY STEPHEN NOERPER, COLUMBIA UNIVERSITY

Despite the renewal of limited US-ROK joint exercises on the Korean Peninsula, the United States and South Korea saw friction on other fronts. This includes the lack of progress in US-DPRK talks and by extension South Korea's engagement with the North, renewed focus on host-nation support during the new US defense secretary's visit, the suggestion that the US would place intermediate-range missiles in South Korea, Seoul's decision to withdraw from a defense intelligence-sharing pact with Japan, and President Trump's perceived lack of sensitivity toward South Korean interests. The ROK's economic slowdown complicated its growing strategic frustration, and the flareup in South Korea's relations with Japan left the US pondering its role as tensions worsened between its two Northeast Asia allies. North Korea condemned the US-ROK military exercises, tested multiple new short-range missiles, praised Trump while berating his subordinates, and stalled on working-level talks, despite Kim Jong Un's commitment to Trump in Panmunjom, following Trump's historic step across the military demarcation line.

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BY CATHARIN DALPINO, GEORGETOWN UNIVERSITY

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BY ROBERT SUTTER, GEORGE WASHINGTON UNIVERSITY & CHIN-HAO HUANG, YALE-NUS COLLEGE

Chinese officials and authoritative commentary continued their positive portrayal of China-Southeast Asia relations. Routine public assessments avowed confidence that differences over the South China Sea and challenges posed by the United States were manageable while China’s economic attraction for the region would grow. Against this favorable background, Chinese maritime forces, in moves Beijing did not publicize, challenged Vietnam and Malaysia over oil and gas drilling rights in the South China Sea. They also continued to use maritime force to challenge Manila’s efforts to construct modest infrastructure upgrades at Philippine-occupied Thitu Island.

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BY DAVID G. BROWN, JOHNS HOPKINS SCHOOL OF ADVANCED INTERNATIONAL STUDIES & KYLE CHURCHMAN, JOHNS HOPKINS SCHOOL OF ADVANCED INTERNATIONAL STUDIES

The coming elections in Taiwan have shaped cross-strait relations. To a surprising degree, Hong Kong demonstrations have influenced the early campaign, helping President Tsai Ing-wen win her party’s nomination and requiring opposition candidates to reject Beijing’s “one country, two systems” more firmly than they would have otherwise. In the midst of US-China tensions, Washington has approved two major arms sales to Taiwan and taken other steps to improve US-Taiwan relations. Beijing opposes Tsai and has taken steps publicly and behind the scenes to boost the KMT’s populist candidate, Kaohsiung Mayor Han Kuo-yu. Beijing’s hardline response to Hong Kong demonstrations will likely continue to benefit Tsai as the election approaches in January.

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North Korea continued to freeze out the South over the summer months. Kim Jong Un did meet Moon Jae-in once, very briefly, but only on the sidelines of his third summit (also brief) with Donald Trump at Panmunjom on June 30. He also sent his sister, Kim Yo Jong, to the same venue with a wreath and condolences for a former ROK first lady – but with no message for Moon, whom in August DPRK media derided as “an impudent guy.” Meanwhile Pyongyang was deaf to Seoul’s entreaties on all fronts, including their agreed joint teams for the 2020 Tokyo Olympics. It also reverted to missile tests, specifically of new short-range weapons that could target the South. Despite all this Moon remained publicly upbeat. John Bolton’s departure from the White House may improve prospects, if Trump now offers some sanctions relief. But as this shows, inter-Korean relations are now (by Kim’s choice) subordinate to US-DPRK ties, not important in their own right.

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BY SCOTT SNYDER, COUNCIL ON FOREIGN RELATIONS & SEE-WON BYUN, SAN FRANCISCO STATE UNIVERSITY

Beijing and Pyongyang celebrate 70 years of diplomatic relations this year. Xi Jinping traveled to Pyongyang in June for a fifth summit with Kim Jong Un, the first visit to North Korea by China's top leader in 14 years. The meeting aimed to advance the bilateral friendship to a new phase of comprehensive development and drive regional coordination on the Korean Peninsula. In contrast, Xi's 40-minute meeting with South Korean President Moon Jae-in on the sidelines of the G20 Summit in Osaka seemed to marginalize Moon, subordinate the relationship with South Korea, and place Xi as an intermediary between North Korea and the rest of world. Pyongyang's missile tests, however, showed the limited effects of such diplomacy, even after surprise exchanges between US, North Korean, and South Korean leaders in Panmunjom on June 30. The current expansion of China-DPRK political, military, economic, and cultural exchanges also presents challenges to sanctions implementation and human rights promotion.

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BY JI-YOUNG LEE, AMERICAN UNIVERSITY & MINTARO OBA, WEST WING WRITERS

It is hard to find anything truly unprecedented in a South Korea-Japan relationship that has long seen periods of elevated tension. That is what makes the recent escalation of disputes into the economic relationship a moment of outsize significance in the history of the relationship. As recently as the last update for *Comparative Connections* in May, we concluded that "South Korea-Japan economic and trade relations have remained ... largely unrelated to political developments and driven by practical considerations." That assessment reflected the fact that, however high the political tensions, there have been two unwritten red lines: first, allowing political tensions to harm existing, mutually beneficial security cooperation for deterring North Korean provocations, especially when working jointly with the US; second, bringing those tensions into the economic relationship. Over the last four months, those red lines have been blurred in a series of escalating retaliatory moves with direct consequences for both countries and the regional economic and security order as a whole.

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China-Russia summit diplomacy was in overdrive this June when Chairman Xi Jinping and President Vladimir Putin met on four separate occasions. In early June, they declared that the Russian-Chinese strategic partnership relationship entered a “new age,” while celebrating the 70th anniversary of diplomatic relations. Barely a week later, Putin and Xi attended the 19th SCO Summit in Bishkek. From there, they joined [fifth](#) Interaction and Confidence-Building Measures in Asia (CICA) Summit in Dushanbe. At the end of June, they were part of the G20 Summit in Osaka, where they joined in a mini Russia-India-China (RIC) gathering with Indian PM Narendra Modi before meeting separately with US President Donald [Trump](#). There was also a significant upgrade in joint activity by the militaries. It began with the maritime stage of the annual *Joint Sea* naval drill in the Yellow Sea in early May and ended with China’s participation in Russia’s *Center-2019* exercises on Sept. 16-21. In between, Russian and Chinese bombers conducted the first-ever joint patrol over the Sea of Japan and the East China Sea. Meanwhile, Chinese analysts actively deliberated the nature, scale, depth and limits of China’s “best-ever” relationship with Russia. The consensus seemed to move ahead with closer ties across board.

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BY GRAEME DOBELL, AUSTRALIAN STRATEGIC POLICY INSTITUTE

Echoing uncertain geopolitical times, Australian politics confounded opinion polls and pundits at the May 18 federal election. Re-election of the Liberal-National coalition government was a “miracle” result, according to Prime Minister Scott Morrison. The surprise victory transformed Morrison’s authority within his party and the country – and burnished his relationship with US President Donald Trump. Morrison says the shift in the US-China relationship from engagement to competition is “inevitable,” calling for the Indo-Pacific to deepen patterns of cooperation so the competition does not become adversarial. Australia was an early adopter of the Indo-Pacific concept, describing it as a useful geographic construct. Now Australia is embracing the Indo-Pacific not merely as construct, but as a US strategy – the Free and Open Indo-Pacific.

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REGIONAL OVERVIEW

DEFINING AND REFINING THE INDO-PACIFIC CONCEPT

RALPH A. COSSA, PACIFIC FORUM

BRAD GLOSSERMAN, TAMA UNIVERSITY CRS/PACIFIC FORUM

For the past two years, US officials have made reference to a new Indo-Pacific Strategy. The June 1 release of the Defense Department's *Indo-Pacific Strategy Report* provides some clarification and contains many familiar themes, including the need for a credible forward presence and strengthened alliances and partnerships "to preserve a free and open Indo-Pacific where sovereignty, independence, and territorial integrity are safeguarded." The Report further notes "the critical linkages between economics, governance, and security." Not to be outdone, ASEAN introduced its own Outlook on the Indo-Pacific, with "inclusivity" as the central theme. The G20 meeting in Osaka was probably as successful as was possible, but the group offered little more than rhetorical support for efforts to quell the US-China trade war. Finally, the Japan, South Korea, China trilateral provided some reason for hope –but just a little.

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For the past two years, US defense officials have made reference to a new Indo-Pacific Strategy. We have tracked its emergence while arguing that there was more continuity than change in this administration's approach to this "priority" region. For the most part, we were right, at least as far as its military dimension was concerned. The June 1 release of the Defense Department's *Indo-Pacific Strategy Report*, subtitled "Preparedness, Partnerships, and Promoting a Networked Region," contains many familiar themes, including the need for a credible combat-forward presence and strengthened alliances and partnerships "to preserve a free and open Indo-Pacific where sovereignty, independence, and territorial integrity are safeguarded."

The Report further notes that "advancing this Indo-Pacific vision requires an integrated effort that recognizes the critical linkages between economics, governance, and security – all fundamental components that shape the region's competitive landscape." The security aspects were addressed by then-Acting Defense Secretary Mike Shanahan at this year's Shangri-La Dialogue; rule of law and economic cooperation were central themes stressed by Secretary of State Mike Pompeo at the ASEAN Regional Forum and the US-ASEAN ministerial; and economic priorities (the major divergence from prior administrations) were clearly in evidence at the G20 meeting in Japan.

Not to be outdone, ASEAN introduced its own Outlook on the Indo-Pacific. If "free and open" was the buzzword of the US report, "inclusivity" was ASEAN's central theme. Japanese Prime Minister Abe Shinzo hosted a G20 meeting that was probably as successful as was possible given seeming US hostility to economic multilateralism, but the group offered little more than rhetorical support for efforts to quell the US-China trade war. Finally, the Japan, South Korea, China trilateral provided some reason for hope – but just a little.

Preparedness, partnerships, and promoting a networked region

Those who have been following our commentaries on the emerging strategy will find few surprises in the DoD *Indo-Pacific Strategy Report*. As expected, it stresses both the importance of US alliances and partnerships and the need for these allies and partners to do more. It also minces no words in describing the

primary challenges: the PRC as a "revisionist power," Russia as a "revitalized malign actor," and North Korea as a "rogue state." Somewhat surprising – and disconcerting – was Acting Secretary Shanahan's accusation, in his opening message, that the People's Republic of China (PRC), "under the leadership of the Chinese Communist Party [emphasis added], seeks to reorder the region to its advantage by leveraging military modernization, influence operations, and predatory economics to coerce other nations." Previous administration complaints had focused on China's behavior, this one seemed to aim at its ideology as well, leading to Chinese counter-accusations that Washington is really seeking fundamental changes in China's political system.

Nonetheless, the word "enemy" appears nowhere in the China section of the Report, and it further reminds the reader that "one of the most far-reaching objectives of the National Defense Strategy is to set the military relationship between the United States and China on a long-term path of transparency and non-aggression." To this end, it further notes that "pursuit of a constructive, results-oriented relationship between our two countries is an important part of US strategy in the Indo-Pacific."

Preparedness. The focus here, as expected, is on "peace through strength," "effective deterrence," and "combat-credible . . . forward-postured" forces. This section also stresses the need to "prioritize investments that ensure lethality against high-end adversaries."

Partnerships. While President Trump's tweets have raised anxiety levels among traditional US allies, the Report reaffirms the official view that "our unique network of allies and partners is a force multiplier" while reinforcing the Defense Department's "commitment to established alliances and partnerships," even while seeking new ones with countries who "share our respect for sovereignty, fair and reciprocal trade, and the rule of law."

Networking. Countering the argument that "America first" means "America alone," the Indo-Pacific Strategy calls for "strengthening and evolving US alliances and partnerships into a networked security architecture to uphold the international rules-based order," while also continuing "to cultivate intra-Asian security relationships capable of deterring aggression,

maintaining stability, and ensuring free access to common domains.” Specific references are made to trilateral cooperation (US-ROK-Japan, US-Japan-Australia, and US-India-Japan) and to the various ASEAN-led multilateral forums (while tipping its hat to “ASEAN centrality”). The DoD also “supports the recent re-establishment of the *diplomatic* quadrilateral consultations – or Quad – between the United States, Australia, India, and Japan.” Note the emphasis on the Quad as a “diplomatic” vice security mechanism.

Shanahan in Singapore

It was no accident that the *Indo-Pacific Strategy Report* was released the day prior to Acting Secretary Shanahan’s debut at this year’s Shangri-La annual gathering. In his prepared [remarks](#), he made all the above points, while also stressing the administration’s commitment to enduring principles of international cooperation: respect for sovereignty and independence of all nations, large and small; peaceful resolution of disputes; free, fair, and reciprocal trade and investment, which includes protections for intellectual property; and adherence to international rules and norms, including freedom of navigation and overflight – further noting that “these are not American principles; they are broadly accepted across this region and the world.”



Figure 1 Acting US Defense Secretary Patrick Shanahan speaks at the Shangri-La Dialogue. Photo: Reuters

Taking a page from the Chinese playbook, Shanahan did not criticize China by name in his prepared remarks, instead noting that “some seem to want a future where power determines place and debt determines destiny,” that “some in our region are choosing to act contrary to the principles and norms that have benefitted us all,” and that the greatest threat comes from

“actors who seek to undermine, rather than uphold, the rules-based international order.” He did however talk about the need and desire for US-China cooperation, stressing that “China could still have a cooperative relationship with the United States,” and that “it is in China’s interests to do so.”

Esper doubles down and adds a dimension

Those who might be concerned that the change in DoD leadership – Secretary of the Army Mark Esper replaced Shanahan as acting defense secretary in early July and was officially confirmed as the 27th US secretary of Defense on July 23 – might impact the new Strategy can rest easy. Esper’s first trip as defense secretary was to the Indo-Pacific region – Australia, New Zealand, Japan, South Korea, and Mongolia – where he [reaffirmed](#) his and Washington’s commitment to a free and open Indo-Pacific: “I want to go out to the theater, visit with some of our longest standing allies, and new partners, and to affirm our commitment to the region to reassure our allies and our partners, and to make sure they understand that it’s not just the department’s commitment, but my personal commitment and the United States’ commitment to this region.”

Speaking to students at the Naval War College in late August, he went even further, [stating](#) “we must be present in the region. Not everywhere, but in the key locations. This means looking at how we expand our basing locations, investing more time and resources in certain regions we haven’t been to in the past.” Just where those new locations will be is open to speculation. Esper also repeated the favorite mantra of his several most recent predecessors: “we have to continue to fly, to sail and to operate wherever international rules allow to preserve freedom of navigation for both military and commercial operations.”

Pompeo at the ARF/ASEAN Ministerial

Secretary of State Mike Pompeo also made a high-profile visit to the region during this reporting period to participate in the annual ASEAN Regional Forum and US-ASEAN Ministerial, along with a number of bilateral and broader meetings. A constant theme was adherence to the rule of law. As he stated during brief [opening remarks](#) at the US-ASEAN Ministerial, “American diplomacy with ASEAN has been consistently guided by our desire for a

partnership of respect towards the sovereignty of each of our nations, and a shared commitment to the fundamental rules of law, human rights, and sustainable economic growth.” But he further stressed that “we don’t ever ask any Indo-Pacific nation to choose between countries. Our engagement in this region has not been and will not be a zero-sum exercise. Our interests simply naturally converge with yours to our mutual benefit.”



Figure 2 Secretary Pompeo poses with the Foreign Ministers of Thailand, Vietnam, Malaysia and Laos during the US-ASEAN Ministerial Meeting on the sidelines of the ASEAN Foreign Ministers Meeting. Photo: US Department of State

[Speaking](#) to the Siam Society in Bangkok the next day, he returned to the same themes: “We want a free and open Indo-Pacific that’s marked by the core tenants of the rule of law, of openness, of transparency, of good governance, of respect for sovereignty of each and every nation, true partnerships.” Washington’s respect for sovereignty was mentioned no less than seven times in his remarks and Q&A session.

While one would think this term would resonate with ASEAN, it appeared nowhere in the ARF Chairman’s [Statement](#); nor did openness or good governance. Transparency was mentioned once (in praising the ARF’s unspecified efforts to promote it) as was, ironically, the rule of law (in supporting Myanmar’s efforts to bring peace, harmony, and the rule of law in Rakhine State).

As an aside, the Thai Chairman’s Statement “noted with satisfaction that the number of ARF activities on preventive diplomacy continued to increase, while confidence-building measures continued to be strengthened.” For an alternative view on the ARF’s progress (or lack thereof) toward preventive diplomacy, we call your attention to the following [PacNet](#) and more extensive [Issues & Insights](#) report on *The ASEAN*

Regional Forum at 25: Moving Forward or Standing Still?

ASEAN Outlook on the Indo-Pacific

After stressing the Trump administration’s support for ASEAN centrality at the US-ASEAN Ministerial, Secretary Pompeo also noted that he was “heartened to see ASEAN recently released its outlook on the Indo-Pacific, which also supports sovereignty, transparency, good governance, a rules-based order, among many other things.”

This is true – to a point. The [ASEAN Outlook on the Indo-Pacific](#), issued on June 23 in advance of the ARF, states that it is “based on the principles of strengthening ASEAN Centrality, openness, transparency, inclusivity, a rules-based framework, good governance, respect for sovereignty, non-intervention, complementarity with existing cooperation frameworks, equality, mutual respect, mutual trust, mutual benefit and respect for international law.”

Pompeo had every reason to be heartened and was wise to stress the complementarity of the two approaches. Others have chosen to stress the differences instead. Long-time ASEAN watcher Amitav Acharya [argues](#) that the differences are captured in the terminology used by the two countries: “the United States wants a ‘free’ and ‘open’ Indo-Pacific, echoing the wording used by Japan’s Prime Minister Shinzo Abe, but with a more overt military-strategic orientation. In comparison, Indonesia [which he cites as the primary author of the document] seeks an ‘open’ and ‘inclusive’ Indo-Pacific. The United States does not use ‘inclusive’ while Indonesia does not use ‘free’.” To Acharya, *free* denotes “domestic political openness and good governance as key ingredients, putting it at odds with China” while *inclusivity* “implies that its policy is not meant to isolate China.” Regardless of your interpretation of the ASEAN document – and we see more similarities than fundamental differences – both the US and ASEAN concepts agree on one central point: ASEAN centrality lies at its heart.

Abe’s G20 ends with a whimper, not a bang

Japanese Prime Minister Abe hosted the other big multilateral get-together of this reporting period, the annual G20 Summit. Abe had hoped

the Osaka meeting would address pressing global issues and reinvigorate multilateral diplomacy. He, like all other world leaders who harbor similar ambitions – are you listening, Emmanuel Macron? – was frustrated and was forced to settle for a lengthy [declaration](#) that was marked by platitudes and vague statements.

The statement noted that “Global growth appears to be stabilizing and is generally projected to pick up moderately” but warned that “risks remain tilted to the downside.” The leaders pledged to promote “free, fair and non-discriminatory” trade and to “keep our markets open.” Pressure from Washington scratched any mention of protectionism, which would have prompted scrutiny and criticism of unilateral US tariffs. The group also provided “support for the necessary reform of the World Trade Organization”; failure to identify what constitutes “necessary” is diplomacy at its best or worst, depending on your point of view.

Abe should take pride in the statement’s endorsement of “quality infrastructure,” a Japanese concept that is intended to be a counterpoint to Chinese aid diplomacy and its risk of putting recipients in a “debt trap.” The G20 statement built on the G20 finance ministers’ [communiqué](#), issued June 9, which highlighted the importance of “quality infrastructure” and endorsed the “G20 Principles for Quality Infrastructure Investment as our common strategic direction and high aspiration.” They also emphasized the need to improve debt transparency and secure debt sustainability.

The leaders statement also mentioned climate change. The leaders “recognize the urgent need for addressing complex and pressing global issues and challenges, including climate change...” and “stress the importance of accelerating the virtuous cycle and leading transformations to a resilient, inclusive, and sustainable future. We emphasize the importance of taking concrete and practical actions and collecting international best practices and wisdom from around the world, mobilizing public and private finance, technology and investment and improving business environments.” Another entire paragraph is devoted to ways to proceed. It concludes, however, with a third paragraph that is a paean to US policy and Washington’s decision to go its own way. It is a remarkable

concession to the US and an indication of how much of an outlier Trump’s climate policies are.

As always, much of the substantive work at the G20 occurred during bilateral meetings on the sidelines. The most important of those (for our purposes) was the dinner between US President Donald Trump and Chinese Chairman Xi Jinping, at which they declared a truce in their escalating trade war. Trump agreed to halt the imposition of additional tariffs, and the two sides agreed to continue negotiations on a final deal. Trump also said that China had agreed to purchase more agricultural products, a point disputed by the Chinese. (For more, see the chapter on US-China relations in Comparative Connections.)



Figure 3 President Trump and President Xi at the G20 Summit in Osaka on June 29, 2019. Photo: Getty Images

Another notable development during the meeting was Trump’s tweeted invitation to North Korean leader Kim Jong Un to join him in the Joint Security Area at Panmunjom, when the US president visited South Korea after the Osaka summit. Kim obliged. (For more see the chapter on US-Korea relations in this issue of Comparative Connections.)

Ripples and tidal waves

The outcome of the Trump-Xi dinner had implications for all the leaders gathered in Osaka (and many who weren’t present as well). Assessments of the global economy increasingly identified the US-China trade dispute as the chief danger. In her remarks to the G20 finance ministers, Christine Lagarde, managing director of the International Monetary Fund, [warned](#) that “The principal threat stems from continuing trade tensions,” noting that the IMF estimated that the trade war could reduce global GDP by 0.5% in 2020, or about \$455 billion. In July, IMF economists lowered their estimate of global growth by 0.1 percentage points to 3.2%.

Analysts have warned of the risks to smaller regional economies – “[innocent bystanders](#)” in one formulation – that could be upended by the trade spat. Already, the “Asia tiger” economies – Taiwan, Hong Kong, Singapore, and South Korea – are [feeling](#) the impact. Japan, too, is affected, as its exports to China have tumbled, falling 8.2% in the first half of 2019, a decrease that well outpaced the deceleration of the Chinese economy (which still managed to post 6.25% growth from April to June).

Not all the regional economies are suffering, however. [Australia's](#) nominal exports to China have increased by 30% since early 2018, the time that US tariffs were first imposed. In addition, uncertainty has prompted investors to buy gold, another one of the country's big exports. [Vietnam](#) is another beneficiary, with its economy picking up speed as international businesses look for other places to invest as Trump focuses on China. The Vietnamese economy is projected to grow between 6.6–6.8% in 2019; a good part of the boost is a result of the US trade war with China. US imports from the country were [up](#) 36%. This is a mixed blessing: President Trump has since [denounced](#) Vietnam as “almost the single worst abuser of everybody.”

Might the “plus Three” matter?

One other multilateral meeting of note occurred this reporting period: the ASEAN Plus Three Foreign Ministers Meeting, which was held in Bangkok, Thailand on Aug. 2. Its [statement](#) was the usual mix of diplomatic boilerplate reiterating the importance of ASEAN centrality, concern about trade and economic prospects, calls for more cooperation on nontraditional security threats, and the general desire to promote and pursue greater Asian connectivity and integration. It also “urged all concerned parties to resume and continue peaceful dialogue and work together towards progress in the realisation of lasting peace, security, and stability in a denuclearised Korean Peninsula...”

The “plus Three” component – Japan, South Korea and China – has always been an interesting if not undervalued element of the ASEAN process. On Aug. 21, Chinese Foreign Minister Wang Yi hosted his counterparts, Kono Taro from Japan and Kang Kyung-wha from South Korea, for a trilateral discussion in Beijing. The meeting was preceded by [commentary](#) by Chen Youjun, a senior research

fellow and director of regional economics office with the Shanghai Institutes for International Studies, who argued that China should assume its traditional regional role and help Seoul and Tokyo overcome their differences. “China has always played an active role in regional economic integration, which is why China could act as a mediator to help Japan and South Korea reach a compromise.” He went on to note that “easing their tense relationship under a trilateral FTA framework could be a way to avoid nationalist pressure inside the two countries.”

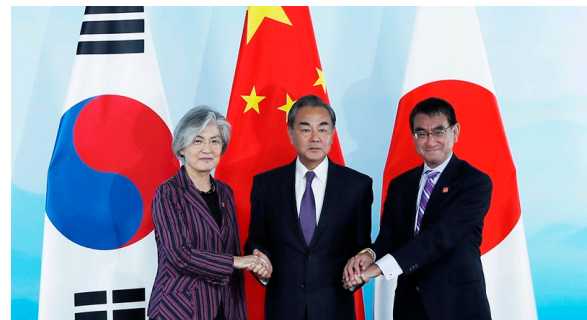


Figure 4 Chinese Foreign Minister Wang Yi hosts his counterparts, Kono Taro from Japan and Kang Kyung-wha from South Korea, for a trilateral discussion in Beijing. Photo: Yonhap News

After the meeting, Wang Yi was not as forward leaning, merely [noting](#) at a press conference with Kono and Kang that “I would like Japan and South Korea to find a way to solve the issue.” Kono was also reserved, adding that the three countries should “strengthen cooperation,” since their economies combined account for 20% of the global GDP. “East Asia has a responsibility for global stability and prosperity,” he said.

At the end of August, culture and tourism ministers from the three countries met in Incheon and [agreed](#) to enhance cultural, sports, and people-to-people exchanges despite the mounting tensions over trade and history. The mood was cordial, in contrast to meetings between trade and foreign policy officials, and cultural cooperation seems to have survived the bilateral feuds. Given signs that tourism among the three is tapering off – blame history and faltering economies – that happy state of affairs may not persist. Indeed, there is little reason for optimism regarding any of the issues we identified in this period's report. Uncertainty is likely to intensify as headwinds – political and economic – pick up strength.

REGIONAL CHRONOLOGY

MAY – AUGUST 2019

May 2-4, 2019: Japanese Defense Minister Iwaya Takeshi [visits](#) Vietnam and meets Defense Minister Ngo Xuan Lich and Prime Minister Nguyen Xuan Phuc in Hanoi. They agree to strengthen defense cooperation and sign an MOU to promote defense industry exchanges.

May 2-8, 2019: Six naval vessels from the US, Japan, the Philippines, and India [conduct](#) a military exercise in the South China Sea including “formation exercises, communication drills, passenger transfers” and a leadership exchange on board the JS *Izumo* helicopter destroyer.

May 6, 2019: China [protests](#) the passage of the *USS Preble* and *USS Chung-Hoon* near the Spratly Islands the same day, claiming the ships traveled within 12 nm of its territory without permission. Officials also [denounce](#) the Pentagon’s 2019 report on China’s military power, saying it aims to “distort our strategic intentions and paint China as a threat.”

May 7-10, 2019: US Special Representative for North Korea Stephen Biegun [visits](#) Tokyo and Seoul to meet South Korean and Japanese officials.

May 8, 2019: China’s Ministry of Foreign Affairs [issues](#) “stern representations” against the US in response to the unanimous passing of a non-binding resolution reaffirming support for Taiwan and the Taiwan Assurance Act of 2019 in the House of Representatives.

May 8-10, 2019: Chinese Vice Premier Liu He meets US Special Representative Robert Lighthizer and Treasury Secretary Steve Mnuchin for the 11th round of trade talks in Washington DC. The talks conclude without a formal agreement and the Trump administration [increases](#) tariffs on \$200 billion of Chinese imports from 10 to 25%.

May 9, 2019: North Korea [test-launches](#) two short-range ballistic missiles that land in the East Sea. They are the first ballistic weapons the country has tested since November 2017.

May 9, 2019: US [seizes](#) the *Wise Honest*, North Korea’s second largest cargo ship, which is accused of violating international sanctions by transporting coal and heavy machinery to North Korea.

May 9, 2019: The 11th round of US, Japan, South Korea Defense Trilateral Talks (DTT) [is held](#) in Seoul to discuss regional security issues.

May 13, 2019: China [announces](#) that it will raise tariffs on \$60 billion of US goods currently taxed between 5 and 10% up to 25% beginning on June 1. This includes commodities like “animal products, frozen fruits and vegetables,” as well as “baking condiments, chemicals and vodka.”

May 14, 2019: US Coast Guard cutter *Bertholf* [practices](#) search-and-rescue exercises with Philippines Coast Guard vessels BRP *Batangas* and BRP *Kalanggaman* near Scarborough Shoal.

May 15, 2019: President Trump [issues](#) an executive order, banning the transfer of technology with “foreign adversaries.” US Department of Commerce [adds](#) Huawei and its affiliates to the “Entity List,” banning the purchase of “parts and components from US companies without US government approval.”

May 16, 2019: *USS William P. Lawrence* [participates](#) in naval exercise *La Perouse* with five other vessels from France, Japan, and Australia in the Bay of Bengal. The exercise includes “sailing in formation, live-fire drills, communications, search and rescue, damage control and personnel transfers.”

May 18, 2019: *USS William P. Lawrence* [joins](#) JS *Izumo* and JS *Marusame* for a “cooperative naval deployment” in the Malacca Strait to improve communication and interoperability between the US Navy and Japan’s Maritime Self-Defense Force (MSDF).

May 20, 2019: USS *Preble* [conducts](#) a freedom of navigation operation (FONOP) near Scarborough Shoal in the South China Sea “to challenge excessive maritime claims and preserve access to the waterways as governed by international law.”

May 22, 2019: USS *Preble* and USNS *Walter S. Diehl* [transit](#) the Taiwan Strait to demonstrate “the U.S. commitment to a free and open Indo-Pacific.” China issues “stern representations” against the US in reaction.

May 23-28, 2019: Navies from the US, Japan, South Korea, and Australia [launch](#) the inaugural *Pacific Vanguard* exercise off Guam “to conduct cooperative maritime training.” Over 3,000 sailors take part in drills including “combined maneuvers, live fire exercises, defense counter-air operations, anti-submarine warfare, and replenishment at sea.”

May 25-28, 2019: President Trump [visits](#) Japan and meets Prime Minister Abe Shinzo, is presented as the first foreign guest of Japan’s new emperor, [confirms](#) Japan’s purchase of 105 F-35 fighter jets, and visits US service members on the *USS Wasp* at Yokosuka naval base.

May 27, 2019: Taiwan [confirms](#) that its National Security Council Secretary General David Lee met US national security adviser John Bolton during Lee’s May 13-21 visit to the US. It’s the first exchange between top security officials of both governments since 1979.

May 28-June 4, 2019: Philippine President Rodrigo Duterte visits Tokyo to deliver a keynote address at the [25th International Conference on The Future of Asia](#). Duterte also [meets](#) Prime Minister Abe to discuss “trade, investment and growing Chinese activity in disputed regional seas.”

May 29, 2019: Amnesty International [releases](#) report that chronicles seven unlawful attacks by the Tatmadaw against civilians in Rakhine state since the Jan. 4 attacks by the Arakan Army (AA) on police.

May 30, 2019: Narendra Modi [is sworn](#) in for a second term as India’s prime minister following a general election in which his Bharatiya Janata Party (BJP) won 303 of 542 parliamentary seats.

May 31-June 2, 2019: US Acting Secretary of Defense Patrick Shanahan [presents](#) the Indo-Pacific Strategy Report at Shangri-La Dialogue in Singapore and identifies the region as the “priority theater” for the US.

June 2, 2019: China’s Defense Minister Wei Fenghe [defends](#) the use of force against protesters in Tiananmen Square in 1989 and its “vocational training centres” in Xinjiang as integral to ensuring that Chinese citizens “enjoy secure and stable lives” in his speech at the Shangri-La Dialogue.

June 2, 2019: China releases a [white paper](#) on economic and trade talks with the US, refuting the efficacy of the US tariffs and blaming the dissolution of the negotiation process on it.

June 3, 2019: Acting Secretary of Defense Shanahan and South Korean Minister of National Defense Jeong Kyeong Doo formally [terminate](#) the *Freedom Guardian* joint military exercises that were first suspended last year to reduce military tensions on the Korean Peninsula.

June 5, 2019: Thailand’s Parliament [elects](#) PM Prayut Chan-o-cha to remain in office.

June 5-7, 2019: Chinese Chairman Xi Jinping visits Russia to attend the 23rd St. Petersburg International Economic Forum. The two sides agree to upgrade bilateral ties to a “comprehensive strategic partnership,” [sign](#) more than \$20 billion of deals in technology and energy to boost economic ties, and [present](#) themselves as champions of free trade and globalization.

June 9-10, 2019: Chinese vessel [sinks](#) a Filipino fishing boat near Reed Bank and leaves the 22 Filipino crewmen stranded until they are rescued by a Vietnamese fishing boat.

June 9-15, 2019: Two million people [protest](#) a bill that would allow China to extradite Hong Kong citizens and foreign nationals. On June 15 Hong Kong’s Chief Executive Carrie Lam [suspends](#) the bill after pushing for its approval.

June 10, 2019: US Coast Guard (USCG) [announces](#) the deployment of cutters *Bertholf* and *Stratton* with the Navy's Seventh Fleet in Yokosuka on the rationale that they will aid "law enforcement and capacity-building in the fisheries enforcement realm" in the Western Pacific.

June 12, 2019: US [submits](#) report to the UN Security Council's North Korea Sanctions Committee blaming North Korea for breaching a UN-imposed cap on fuel imports through illicit ship-to-ship transfers.

June 13, 2019: US Senate [confirms](#) David Stilwell to be the assistant secretary of state for East Asia and the Pacific. The position had been vacant since 2017.

June 16-28, 2019: Protesters demand Chief Executive Carrie Lam's resignation. Lam [apologizes](#) for "deficiencies in the Government's work" regarding the extradition bill that spurred the largest protests in Hong Kong since 1997.

June 17, 2019: President Rodrigo Duterte [calls](#) the sinking of a Philippine fishing boat by a Chinese vessel "just a collision," warning against military action toward China.

June 19, 2019: South Korea's Special Representative for Korean Peninsula Peace and Security Affairs Lee Do-hoon [meets](#) US Special Representative for North Korea Stephen Biegun in Washington DC to discuss ways to facilitate the resumption of US-North Korea dialogue.

June 19, 2019: US Department of Treasury [blacklists](#) Russian Financial Society for allegedly aiding North Korea in sanctions evasion.

June 20, 2019: Japan's Ministry of Defense and South Korea's Air Force each [cite](#) two Russian military aircraft violating their air defense identification zones (ADIZ).

June 20-21, 2019: Chairman Xi [travels](#) to Pyongyang to meet Chairman Kim Jong Un. Xi promises to play a "positive and constructive role" in denuclearization and urges the continuation of US-DPRK talks, while Kim states that North Korea will "remain patient" despite "parties that have failed to respond positively" to negotiations.

June 20-23, 2019: Southeast Asian leaders [meet](#) in Bangkok for the 34th ASEAN summit. They adopt a joint declaration to combat plastic pollution in oceans and release statements regarding regional economic and security collaboration, the de-escalation of tensions in the South China Sea, and investigations into human rights violations in Myanmar.

June 21, 2019: US State Department [condemns](#) China's "intense persecution" of religious faiths, particularly in Xinjiang, in its 2018 Annual Report on International Religious Freedom.

June 24, 2019: US, Japan, and Australia announce jointly [financed](#) \$1 billion LNG project in Papua New Guinea.

June 27, 2019: Prime Minister Abe and Chairman Xi Jinping [meet](#) ahead of the G20 summit and agree to collaborate on "free, fair trade," elevate their countries' relationship "to the next level," and confirm Xi's state visit to Japan next spring. President Moon Jae-in also [meets](#) Xi to discuss denuclearization of the Korean Peninsula, Xi's recent visit to Pyongyang, and bilateral cooperation. President Trump and Xi [agree](#) to a tentative truce ahead of negotiations during the G20 Summit.

June 28-29, 2019: The 14th meeting of the [G20](#) convenes in Osaka, where leaders discuss trade tensions, WTO reforms, information security, climate change and migration.

June 29-30, 2019: President Trump [visits](#) South Korea. He and President Moon "reaffirm" the US-ROK alliance, describing it as "the linchpin of peace and security in the Indo-Pacific." Trump [shakes](#) hands with North Korean Chairman Kim Jong Un at the Demilitarized Zone and agrees to continue negotiations with North Korea.

July 1, 2019: Japan's Ministry of Economy, Trade and Industry [announces](#) it will restrict the export of "high-tech materials" to South Korea beginning July 4. South Korea's Ministry of Trade [seeks](#) "stern measures" against Japan in response.

July 3, 2019: *JS Izumo* [returns](#) to Japan following a two-month extended naval deployment in the Indo-Pacific that included joint cooperation exercises with the US and other allies.

July 4, 2019: China's Defense Ministry [denies](#) launching anti-ship missiles during recent exercise in the South China Sea, claiming drills "involved the firing of live ammunition." Vietnam's Foreign Ministry spokesperson [responds](#) to China's exercises by referencing the UN Convention of the Law of the Sea (UNCLOS), and that any activities should serve "regional peace, security, stability and cooperation."

July 8, 2019: US Department of State approves \$2.2 billion arms sale to Taiwan including 108 Abrams tanks and 250 Stinger missiles. China's Ministry of Foreign Affairs [calls](#) on the US to "immediately cancel" the sale and cease undermining "China's sovereignty and security interests."

July 10-21, 2019: Assistant Secretary of State for East Asian and Pacific Affairs Stilwell [makes](#) his first official trip to Asia. He stops first in Japan before continuing to the Philippines where he leads the US delegation in the Bilateral Strategic Dialogue. He stops in South Korea on July 17 and concludes his tour in Thailand.

July 11-22, 2019: Taiwan President Tsai Ing-wen [tours](#) the US and Caribbean on her "Journey of Freedom, Democracy and Sustainability." Tsai stops in New York City for two nights on her way to visit Caribbean allies Haiti, St. Christopher and Nevis, St. Vincent and the Grenadines, and St. Lucia. She stops in Denver on her way back to Taiwan.

July 19, 2019: Vietnam's Foreign Ministry [accuses](#) Chinese oil survey vessel, Haiyang Dizhi 8, of having undertaken activities that "violated Vietnam's exclusive economic zone and continental shelf," in the South China Sea.

July 20, 2019: US Department of State [calls](#) on China to "cease its bullying behavior" in coercing ASEAN members from pursuing oil and gas activities in the South China Sea.

July 21, 2019: China's State Council Information Office [publishes](#) a white paper to justify its treatment of Uighurs in Xinjiang, positing that they became Muslim by force of "religious wars and the ruling class."

July 23, 2019: US Department of Justice [indicts](#) Dandong Industrial Development Co., its owner Ma Xiaohong, and three managers on charges of conspiracy to evade US sanctions in engaging with North Korean companies developing nuclear weapons.

July 23, 2019: Russia and China [fly](#) a joint patrol over the East China Sea. South Korea fires warning shots at two Russian Tu-95 strategic bombers, two Chinese H-6 bombers, a Russia A-50 early warning plane, and a Chinese KJ-2000 after they enter the Korean Air Defense Identification Zone. Japan lodges official complaints against Russia and China for violating its airspace.

July 24, 2019: China's State Council Information Office [releases](#) the 10th defense white paper, *China's National Defense in the New Era*.

July 24, 2019: USS *Antietam* [conducts](#) "a routine Taiwan Strait transit" to demonstrate "the US commitment to a free and open Indo-Pacific."

July 25, 2019: North Korea [test-fires](#) two short-range ballistic missiles into the East Sea.

July 29, 2019: Cambodian Prime Minister Hun Sen [commits](#) \$40 million to weapons purchases from China "to strengthen the army."

July 31, 2019: North Korea [test-fires](#) two short-range ballistic missiles into the East Sea.

July 31, 2019: Philippines Foreign Affairs Secretary Teodoro Locsin [files](#) a diplomatic protest against China after over 100 Chinese fishing vessels were recorded around Philippines' claimed Pag-asa (Thitu) Island.

Aug. 2, 2019: The 26th ASEAN Regional Forum is held in Bangkok.

Aug. 2, 2019: The 20th ASEAN Plus Three Foreign Ministers Meeting is held in Bangkok.

Aug. 2, 2019: South Korea's military [detects](#) two short-range missiles fired from North Korea's East Coast into the East Sea.

Aug. 2, 2019: Japan's Cabinet [votes](#) to remove South Korea from its export "white list." President Moon threatens countermeasures, including [reconsidering](#) renewal of its military information-sharing deal with Japan.

Aug. 2, 2019: US formally [withdraws](#) from the Intermediate-range Nuclear Forces Treaty.

Aug. 2, 2019: Japan's Foreign Ministry [calls](#) Russian Prime Minister Dmitry Medvedev's visit to Iturup island in the South Kurils "extremely regrettable."

Aug. 2-9, 2019: US Defense Secretary Esper makes his first official trip to Asia with stops in Australia, New Zealand, Japan, Mongolia, and South Korea.

Aug. 4, 2019: Secretary of State Pompeo and Defense Secretary Esper [meet](#) Australian Foreign Affairs Minister Marise Payne and Defense Minister Linda Reynolds in Sydney for the 29th Australia-United States Ministerial Consultations "to deepen economic, security, and strategic cooperation in the Indo-Pacific region and globally."

Aug. 5-20, 2019: US and South Korea [hold](#) joint-military exercises *Dong Maeng 19-2*, a "scaled-back combined command post exercise" that is executed primarily through computer simulations.

Aug. 5, 2019: India's Home Minister [announces](#) the decision to abolish Article 370 of the constitution, removing Kashmir's special status.

Aug. 5, 2019: US Treasury Department formally [accuses](#) China of "manipulating its currency."

Aug. 5, 2019: Secretary of State Pompeo [visits](#) Pohnpei, the first official visit by a sitting secretary of State to the Federated States of Micronesia.

Aug. 6, 2019: South Korea's military [reports](#) that two "short-range ballistic missiles" were launched by North Korea into the Sea of Japan.

Aug. 7, 2019: UN sanctions committee on North Korea [releases](#) a report showing DPRK-directed cyberattacks have raised to date \$2 billion in funds to support its WMD programs.

Aug. 10, 2019: North Korea [launches](#) "the fifth round of launches by Pyongyang in just over two week," sending two short-range ballistic missiles into the Sea of Japan.

Aug. 12, 2019: South Korea [downgrades](#) Japan from "most trusted status" to a newly established category, citing Tokyo's violations of "the basic principles of the international export control regime."

Aug. 13-16, 2019: Leaders of the 18 member countries [convene](#) in Tuvalu for the 50th meeting of the Pacific Islands Forum and issue the *Kainaki II Declaration for Urgent Climate Change Action Now* immediately following the session.

Aug. 16, 2019: North Korea [test-fires](#) two short-range ballistic missiles into the Sea of Japan, "the sixth launch of projectiles by the country since July 25."

Aug. 20, 2019: US State Department [approves](#) \$8 billion arms sale comprising 66 F-16 fighter jets to Taiwan.

Aug. 23, 2019: South Korea [notifies](#) Japan that it will withdraw from the General Security of Military Information Agreement (GSOMIA).

Aug. 24, 2019: North Korea [launches](#) its seventh projectile test since July 25. *Korean Central News Agency* reports the successful test of a "super-large multiple rocket launcher."

Aug. 26, 2019: Indonesian President Joko Widodo [announces](#) that Indonesia will relocate its capital from Jakarta to East Kalimantan on the island of Borneo.

Aug. 28, 2019: *USS Wayne E. Meyer* [sails](#) near Fiery Cross and Mischieff Reef "to challenge excessive maritime claims and preserve access to the waterways governed by international law."

Aug. 29, 2019: In a meeting with China's Chairman Xi in Beijing, Philippine President Duterte [raises](#) the 2016 ruling on China's 9-dash line in the South China Sea. Xi reiterates "China's refusal to recognize the arbitral ruling."

Aug. 30, 2019: Culture and tourism ministers of South Korea, Japan and China meet in Incheon and agree to increase cultural, sports and people-to-people exchanges despite tensions over trade and their shared history.

Chronology by Ariel Stenek, Pacific Forum

PACIFIC FORUM

COMPARATIVE

CONNECTIONS

A TRIANNUAL E-JOURNAL OF BILATERAL
RELATIONS IN THE INDO-PACIFIC

US-JAPAN RELATIONS

A BUSY SUMMER OF BILATERALISM

SHEILA A. SMITH, COUNCIL ON FOREIGN RELATIONS
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Relations between the United States and Japan were active over the summer with two visits by President Donald Trump to Japan. The first was for Trump and First Lady Melania Trump to be the first state guests of the new Reiwa Era. The second was to participate in the G20 Summit in Osaka. Meanwhile, the two countries engaged in a series of trade talks that produced the broad outline of an agreement that is expected to be signed in late September. Throughout, domestic politics played an important role with upper house elections in Japan and Trump's threat of tariffs influencing the pace of trade negotiations. In coming months, the US presidential election campaign will likely continue to shape alliance management.

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Introduction

The US-Japan relationship was in high gear over the summer, with two visits by President Donald Trump to Japan. The first trip was all about Trump, and was designed to highlight the importance to Tokyo of its relationship with Washington. The second visit was to the G20 in Osaka alongside other Asian heavyweights, including China's Chairman Xi Jinping, India's Prime Minister Narendra Modi, and Russia's President Vladimir Putin. Prime Minister Abe Shinzo put forward a full agenda, but bilateral meetings alongside the multilateral conversation stole the spotlight.

US-Japan trade talks consumed most of the summer. After agreeing to postpone the agreement until after Japan's upper house election, President Trump was anxious to accelerate negotiations. Access to Japan's market for US agricultural products seems assured, but there remains uncertainty about whether the Trump administration will end its threat to apply tariffs on auto and auto parts imports to the United States. The clock is ticking, however, with an agreement expected to be announced at the UN General Assembly meeting in late September.

Domestic politics have shaped much of the alliance dynamics lately. Prime Minister Abe faced an upper house election on July 21, and the Liberal Democratic Party (LDP) continued to campaign on its ability to manage the complexity of Japan's foreign relations. The ruling coalition of the LDP and Komeito lost the two-thirds majority needed to enact constitutional reform in the election, although they managed to maintain a majority of seats in the upper house. While the outcome otherwise had little impact on the government's agenda, a [new Cabinet](#) was formed on Sept. 11.

The 2020 US presidential election is also likely to shape alliance management. President Trump has his eye on Japan for two of his favorite alliance complaints: its trade deficit with the US and the lack of alliance reciprocity. He has been signaling that he would like to see significant changes in Japan's burden sharing, and with the five-year Host Nation Support Agreement between Tokyo and Washington up for renewal, expect increasing pressure on defense talks.

A state visit for President Trump

President Trump arrived in Japan on May 26 for a four-day visit that included [meeting](#) Emperor Naruhito and Empress Masako. Prime Minister Abe designed this [high-profile visit](#) to include a full agenda of pageantry and fun, but it was also intended to demonstrate the importance of the US-Japan alliance.

Coming just weeks after the announcement of the [new Reiwa Era](#), the meeting with Japan's new emperor and empress was important to the Japanese people, who got to see their new imperial couple manage international relations with grace and ease. No interpreters were visible in the public coverage of the meeting, as both the emperor and empress speak English. The meeting was relaxed and informal, at least compared to previous Imperial Household arrangements. The state visit included a military viewing by President Trump across a red-carpeted path within the Imperial grounds, as the emperor and empress as well as Prime Minister Abe and Mrs. Abe looked on.



Figure 1 Emperor Naruhito and Empress Masako welcome President Trump to the Imperial Palace. Photo: Reuters

Trump's visit to Japan included other events. There was, of course, a round of golf with the prime minister, but also the president was invited to [present](#) a trophy at a sumo tournament. Seated in a chair and wearing slippers, Trump was given a prime seat at one of Japan's traditional sports contests. Finally, Trump was invited to [tour](#) one of Japan's newest naval destroyers, the *JS Kaga*, which will eventually be outfitted to allow the *F-35B* aircraft ordered by the Abe Cabinet to land on its deck. (It was not clear whether the president was informed that this ship was named after one of the ships involved in the Pearl Harbor attack.)

For all this ceremony, there were also [alliance issues on the agenda](#) for Trump and Abe. Two difficult topics in particular framed their talks. The first was trade. The president continued to argue that Japanese companies had an unfair advantage in their access to the US market, and to decry the trade deficit. Abe pointed out that foreign direct investment by Japanese companies in the last two years have added 45,000 jobs to the US economy. In a [remark](#) to the press, Trump noted that Abe had an election coming up, and so the trade agreement his administration was seeking with Japan could wait until the end of the summer.

A second issue was the North Korean short-range missile tests. President Trump repeatedly dismissed their significance, noting that they were not part of his talks with Kim Jong Un. Trump also [suggested](#) the tests were only about “getting attention” and not a real threat. They did, however, violate UN sanctions, and the Abe Cabinet watched with concern as the president repeatedly suggested that [only ICBM launches](#) would matter to Washington. National Security Adviser John Bolton sought to [assure](#) Tokyo that the US recognized these missile tests were a violation of UN sanctions, but the president continued to dismiss them. This disconnect between the Trump administration and Tokyo continued throughout the summer as Pyongyang continued its missile launches, and demonstrated a far more capable multiple-launch missile system.

One of the most interesting policy outcomes of the Trump visit to Japan was Abe’s offer to serve as an [intermediary with Iran](#). With tensions flaring between Washington and Tehran over attacks on tankers in the Strait of Hormuz, Trump seemed uncomfortable with the increasingly likely prospect of a military conflict with Iran. He reportedly [called off](#) a military strike in retaliation at the very last minute, and publicly stated that he [did not want a war](#). Abe’s offer to carry his message to Tehran during an upcoming visit, the first by a Japanese prime minister in 14 years, was publicly welcomed by Trump as an attempt to de-escalate tensions.

A trade deal in principle

Apart from the two leaders, trade negotiators in Tokyo and Washington also had a busy summer. After the first round of US-Japan trade talks officially kicked off on April 15-16, some US officials expressed hope that the two allies could

reach a [quick agreement](#) ahead of President Trump’s visit to Japan in May. When no deal was concluded, Trump instead threatened Japan with the prospect of [higher tariffs](#) on automobiles if a deal could not be finished within six months. With the threat of costly tariffs looming over the Japanese side, negotiations picked up steam after the Upper House election on July 21, just as the [trade war with China](#) was heating up for the US. By the end of August, the United States and Japan announced that they had agreed to a trade deal in principle that would cover issues pertaining to industry, agriculture, and digital trade – leaving the conclusion of a more comprehensive trade agreement for future talks.

Trump’s threat to increase tariffs on imports of automobiles and related parts, particularly from Japan and the EU, came in the wake of an [investigation](#) by the Department of Commerce that identified these goods as a threat to US national security. The administration’s decision to cite security threats to justify restrictions on certain foreign imports, under [Section 232](#) of the Trade Expansion Act (1962), followed a [similar policy](#) enacted in March 2018 that imposed tariffs on steel and aluminum. Notably, while Japan has strongly opposed these tariffs, which remain in place, it [has not retaliated](#) against them in the same way as the EU and China. However, the tariffs this time around are potentially much more harmful to Japan’s economy, as they cover [\\$50 billion](#) in annual auto-related exports to the United States compared to existing tariffs on steel and aluminum, which apply to roughly \$2 billion in annual exports.

When Trump announced the Commerce Department’s report, he directed US Trade Representative (USTR) Robert Lighthizer to find an agreement with Japan to address this threat within 180 days, in part to allow Abe to wait until after the upper house election on July 21 to focus on negotiations. From July to August, trade delegations led by Lighthizer and Economic Revitalization Minister Motegi Toshimitsu met several times. From the beginning, the goal seemed to be to first reach a short-term deal on less contentious goods that could offer a win to both sides, and then to focus on a more comprehensive trade agreement that would cover other goods and services.

On Aug. 23, Motegi and Lighthizer announced that Japan and the US had agreed to this “[early harvest](#)” deal in principle. While details of the agreement have yet to be released, comments by Motegi and Lighthizer to the press suggest that there are [three main components](#). First, Japan will open its agricultural market to the US on products such as beef, pork, and wheat to the same levels as the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). Second, the US will reduce tariffs on industry and agriculture as well as keep its tariff on Japanese automobiles at 2.5% as opposed to the threatened 25%. Finally, the deal includes new “[gold standard](#)” rules on digital trade, which reportedly go beyond CPTPP rules in certain areas.



Figure 2 US Trade Representative Robert Lighthizer and Japanese Economic Revitalization Minister Motegi Toshimitsu meet to discuss a short-term trade deal. Photo: Washington Examiner

The new deal has been [welcomed](#) by US farmers, who are upset about losing market share to competitors on certain goods in the wake of Japan concluding the CPTPP and the even larger Japan-EU trade deal. For example, while Japanese consumers already purchase roughly \$2 billion of US beef per year, making up about a quarter of US exports, these numbers should increase under the new deal as Japan gradually lowers its tariff on beef from 38.5% to 9%. As part of the deal, Japan also agreed to [buy](#) around 2.5 million tons of excess corn to help US farmers.

Trump and Abe are expected to share further details ahead of officially signing the agreement at a meeting on the sidelines of the UN General Assembly at the end of September. The deal is reportedly structured so that Trump will [not need](#) to secure congressional approval, thanks to a provision in US law that allows him to reduce tariffs when they are below 5%. The agreement will need to be approved by the Japanese Diet, however, which could happen as

soon as October during the parliament’s extraordinary session. While the deal should offer a win for both Trump and Abe sometime this fall, there remains much work to be done to close the gaps between the two sides on thornier trade issues such as services, currency, and intellectual property protection if the two leaders hope to conclude a broader agreement ahead of next year’s presidential election.

An election about stability

Japan held an election for the upper house (House of Councillors) on July 21. Voters went to the polls to elect 124 of the 245 members in the chamber, who will serve a term of six years. In the run-up to the election, Prime Minister Abe emphasized that a vote for the ruling LDP and Komeito coalition would be a [vote for stability](#). Abe is set to become the country’s [longest serving prime minister](#) in November, and his current term as head of the LDP does not end until 2021.

Of the 124 seats up for grabs, the ruling coalition secured 71 (57 for the LDP, and 14 for Komeito), and now controls 141 of the 245 total seats. The victory by Abe’s coalition means that it continues to maintain a majority in both houses of Japan’s parliament, including a two-thirds majority in the lower house following a landslide victory in the 2017 election. However, Abe’s coalition fell short of securing the two-thirds majority in the upper house needed to pass constitutional reform. Abe needs approval by a two-thirds majority in both houses to propose a revision to the constitution and seek a national referendum. In the wake of the vote, Abe said that he would [seek cooperation](#) from members of opposition parties who may be favorable to constitutional reform.



Figure 3 Japanese Prime Minister Shinzo Abe smiles as he puts a rosette on a name of a candidate at the Liberal Democratic Party’s headquarters in Tokyo on July 21. Photo: Nikkei Asian Review

While the LDP lost a few seats in the election, the overall sense of Abe's administration is that voters continue to support his government, and there is unlikely to be much policy change. For example, Abe noted that his party's win in the election [showed the public's support](#) both for a continued constitutional debate and his plans to raise the consumption tax from 8% to 10% in October. Voters for the most part did not seem particularly excited about the election, as turnout (48.8%) was the [second lowest](#) in postwar history.

One positive takeaway from the election was that it [increased diversity](#) in Japan's parliament. A record 28% of candidates who ran in the election were female and 28 women won seats, tying the record set by the previous upper house election in 2016. Notably, the number of female candidates varied significantly by party. While the opposition Constitutional Democratic Party offered a set of candidates that was nearly 50% female, women running for the ruling LDP made up only about one in six candidates. The election also saw [two candidates with physical disabilities](#) win seats for the first time; they are part of the new party Reiwa Shinsengumi led by former-actor-turned-politician Taro Yamamoto.

A full agenda for fall: A trade deal, more North Korea, and host nation support talks

The summer ended with speculation about the final outcome of US-Japan trade negotiations and continuing North Korean missile tests. Ahead, Tokyo and Washington will renegotiate their five-year Host Nation Support Agreement, a source of some concern as the Trump administration's talks with South Korea revealed the president's demand for considerable increases in allied spending for US bases. Rumors that the president might even suggest a new treaty with Japan were denied, but Trump has repeatedly criticized the lack of reciprocity in the security arrangement with Japan.

Prime Minister Abe [reshuffled his Cabinet](#) on Sept. 11, replacing his foreign and trade ministers. In an unusual move, Foreign Minister Kono Taro will move to the Ministry of Defense to assume that portfolio. Economic Revitalization Minister Motegi Toshimitsu, seemingly in a reward for his handling of trade talks with USTR Lighthizer, will become Japan's new foreign minister.

All eyes in Japan are also on the growing momentum of the 2020 US presidential campaign. The number of Democratic contenders is slowly being whittled down, although at least 10 remain on the debate stage. The president too is in full campaign mode. The [firing](#) of National Security Adviser John Bolton has thrown yet another wrench in Tokyo's ability to keep the US-Japan alliance steady and in lockstep as North Korea continues to test new weapons. The much-anticipated meeting between Trump and Abe at the UN General Assembly should bring some calm to the trade front. But defense ties could be rattled if host nation support talks go awry or if Kim Jong Un continues to test the assumptions of alliance cooperation.

CHRONOLOGY OF US-JAPAN RELATIONS

MAY – AUGUST 2019

May 2, 2019: The United States and Japan hold a Joint High-Level Committee Meeting on Science and Technology Cooperation. [Joint Statement](#)

May 6, 2019: President Donald Trump and Prime Minister Abe Shinzo speak by [telephone](#) about North Korea and Trump's upcoming visit to Japan.

May 9-12, 2019: Chief Cabinet Secretary Suga Yoshihide visits the United States and meets Secretary of State Mike Pompeo and Vice President Mike Pence.

May 11, 2019: Agriculture Secretary Sonny Perdue [meets](#) Agricultural Minister Yoshikawa Takimori to discuss the removal of tariffs on farm products in Niigata.

May 14, 2019: Foreign Minister Kono Taro [meets](#) Gen. Robert Abrams, commander of United Nations Command/Combined Forces Command/United States Forces Korea, in Tokyo.

May 17, 2019: President Trump [directs](#) US Trade Representative (USTR) Robert Lighthizer to explore raising tariffs on automobiles and related products, particularly from Japan and the EU, to 25% within six months.

May 20, 2019: FM Kono and Secretary Pompeo speak by [telephone](#) about President Trump's upcoming visit to Tokyo.

May 25-28, 2019: President Trump visits Japan and [meets](#) Prime Minister Abe and others.

May 25, 2019: Economic Revitalization Minister Motegi Toshimitsu and USTR Lighthizer [hold](#) talks on a bilateral trade deal in Tokyo.

May 31, 2019: Senior officials from Japan, the United States, Australia, and India [meet](#) for consultations in Bangkok on a free and open Indo-Pacific.

June 4, 2019: Acting Secretary of Defense Patrick Shanahan [meets](#) Prime Minister Abe, Defense Minister Iwaya, Foreign Minister Kono, and Chief Cabinet Secretary Suga in Tokyo.

June 9, 2019: Finance Minister Taro Aso Taro and Treasury Secretary Steven Mnuchin [meet](#) to discuss the global economy and trade tensions between the US and China.

June 10-12, 2019: Japan-US Extended Deterrence Dialogue is [held](#) in Minot Air Force Base, North Dakota.

June 11, 2019: President Trump and PM Abe speak by [telephone](#) about the upcoming G20 Summit and Iran.

June 25, 2019: FM Kono [meets](#) Lt. Gen. Kevin Schneider, Commander of US Forces Japan and Fifth Air Force, in Tokyo.

June 25, 2019: Newspaper reports [suggest](#) that President Trump has discussed withdrawing from the US-Japan Security treaty with advisers. Chief Cabinet Secretary Suga later says that the White House [denied](#) any such considerations took place.

June 28, 2019: Prime Minister Abe, President Trump, and Indian Prime Minister Narendra Modi [hold](#) the second Trilateral Summit Meeting on the sidelines of the G20 Summit in Osaka.

June 28, 2019: FM Kono and Secretary Pompeo [meet](#) on sidelines of G20 Summit in Osaka.

June 30, 2019: Secretary Pompeo and FM Kono speak by [telephone](#) about North Korea and Trump's meeting with Kim Jong Un.

July 11-14, 2019: Assistant Secretary of State for East Asian and Pacific Affairs David Stilwell [visits](#) Tokyo.

July 16, 2019: US Embassy in Tokyo [confirms](#) that Ambassador William Hagerty will step down later in July to prepare for a Senate run in 2020.

July 21, 2019: Japan holds election for the House of Councillors.

July 22, 2019: National Security Adviser John Bolton [visits](#) Tokyo and meets Foreign Minister Kono, Defense Minister Iwaya, and Yachi Shotaro, a security adviser to Prime Minister Abe.

July 24, 2019: Sixth meeting of US–Japan Comprehensive Dialogue on Space. [Joint Statement](#)

July 25, 2019: Japan and US agree to [revise](#) Guidelines Regarding Off-Base US Military Accidents in Japan.

July 27, 2019: FM Kono and Secretary Pompeo speak by [telephone](#) about North Korea and other issues.

July 31, 2019: Secretary Pompeo [calls](#) for a “standstill agreement” between Japan and South Korea to lessen tensions.

Aug. 1, 2019: Secretary Pompeo, FM Kono, and Minister for Foreign Affairs of Australia Marise Payne [hold](#) ninth US–Japan–Australia Trilateral Strategic Dialogue on the sidelines of the ASEAN-related meetings in Thailand. [Joint Statement](#)

Aug. 2, 2019: Secretary of State Pompeo, Foreign Minister Kono, and South Korean Foreign Minister Kang Kyung-wha [meet](#) on the sidelines of the ASEAN-related meetings in Thailand.

Aug. 2, 2019: US and Japan release a [joint statement](#) on Japan–United States Mekong Power Partnership (JUMPP).

Aug. 6–7, 2019: Seventh Japan–US Non-Proliferation Dialogue is [held](#) in Tokyo.

Aug. 8, 2019: Defense Secretary Mark Esper [urges](#) Prime Minister Abe and Defense Minister Iwaya to consider joining the US-led coalition to protect shipping in the Persian Gulf.

Aug. 9, 2019: Chief Cabinet Secretary Suga [suggests](#) that Japan may send Maritime Self-Defense Force ships to join the US in protecting shipping off the coast of Iran.

Aug. 19–20, 2019: US Special Representative for North Korea Stephen Biegun [travels](#) to Japan.

Aug. 21, 2019: US and Japan [propose](#) an amendment to the Open Skies air transport agreement to expand passenger service between Tokyo’s Haneda Airport and the US.

Aug. 23, 2019: Economic Revitalization Minister Motegi and USTR Lighthizer [announce](#) Japan and the US have agreed to the outlines of a trade agreement.

Aug. 25, 2019: President Trump and PM Abe [meet](#) on sidelines of G7 Summit in Biarritz, France.

COMPARATIVE

CONNECTIONS

A TRIANNUAL E-JOURNAL OF BILATERAL
RELATIONS IN THE INDO-PACIFIC

US-CHINA RELATIONS

THE TRADE DEAL FALLS THROUGH

BONNIE S. GLASER, CSIS
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US-China trade talks collapsed after China reneged on a significant portion of a draft agreement that had been painstakingly written by US and Chinese negotiators. After Donald Trump and Xi Jinping met on the sidelines of the G20 in Osaka, talks resumed but failed to make progress. Acting Secretary of Defense Patrick Shanahan met Defense Minister Wei Fenghe and both delivered speeches at the Shangri-La Dialogue in Singapore. The US sold two arms packages to Taiwan totaling over \$10 billion, which included *M1A2T Abrams* tanks, 250 *Stinger* missiles, and 66 *F16V* fighter jets. The 26th ASEAN Regional Forum (ARF) provided an opportunity for Secretary of State Mike Pompeo and Foreign Minister Wang Yi to meet. The navies of both the US and China conducted drills in the South China Sea, and US Navy ships conducted three freedom of navigation operations (FONOPs) in the Spratlys. Pro-democracy demonstrations in Hong Kong began in early June and continued throughout the summer with spasms of violence by Hong Kong police and protesters. Beijing accused the US of being behind the protests, a charge that Washington adamantly denied.

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China redlines the draft

There was much optimism in early May that a trade deal could be secured in the next round of negotiations, with US Department of Treasury Secretary Steven Mnuchin later [recalling](#) the deal as “90 percent of the way there” at that point in time. However, hopes for reaching a deal were dashed in one cable from Beijing, and US-China trade relations have yet to find stable ground.

After Washington sent a nearly 150-page draft agreement, the culmination of months of back-and-forth negotiations between both sides, Beijing allegedly [cabled](#) back a heavily redlined version that reneged on several key US demands. The US immediately responded with more tariffs, described in [tweets](#) by President Donald Trump as an increase from 10% to 25% on \$200 billion of Chinese goods that would take effect on May 10, followed by the threat of a new 25% tariff on an additional \$325 billion of imported Chinese goods. The tariff increase was [confirmed](#) via a notice on the Federal Register on May 9 and put into action the following day. Trump blamed the setback on China, [exclaiming](#) at a rally in Florida that Beijing “broke the deal” and would have to pay for its actions by way of the new tariffs. China was quick to [slap](#) retaliatory tariffs on \$60 billion of US products for implementation on June 1.

While China’s substantial editing of a potential deal was the final nail in the coffin for any near-term progress in the talks, there was plenty of speculation surrounding the root causes of the collapse. In Trump’s [words](#), “the reason for the China pullback & attempted renegotiation of the Trade Deal is the sincere HOPE that they will be able to ‘negotiate’ with Joe Biden or one of the very weak Democrats,” clearly conveying his opinion that China was pumping the breaks on a agreement until after the 2020 US presidential election. From China’s side, a *Xinhua* commentary [claimed](#) that “at the negotiating table, the US government presented a number of arrogant demands to China, including restricting the development of state-owned enterprises.” There had been rumors of opposition from SOEs to a trade deal that would in any way impact the subsidies and benefits they receive from the government. Some observers posited that the deal simply collapsed under the weight of too many vested interests on both sides.

While a Chinese delegation led by Vice Premier Liu He visited Washington on May 8 as scheduled, the brief negotiations amounted to little more than a half-hearted attempt to signal amiability and a willingness to keep talking. In an unusual break in pattern, Liu [shared](#) concrete details after the meeting about the three points of contention that remained and would need to be remedied before coming to any agreement. First, Liu stated, “if a deal is to be reached, the tariffs should all be eliminated.” Second, he maintained that there were significant differences regarding the amount of US goods China would purchase, which had supposedly been finalized during Trump’s meeting with Xi Jinping in Buenos Aires. Liu [noted](#) that this disagreement was “a very serious issue.” Third, he insisted that the text of any deal must be balanced and fair, as “any country needs its own dignity” and China “will not make concessions on matters of principle.” The post-mortem from the US side came directly from Trump in the form of a multi-day tweet storm, where he [reiterated](#) that “China felt they were being beaten so badly in the recent negotiation that they may as well wait around for the next election” while [insisting](#) that “[the US is] right where we want to be with China.”

One step forward...

US-China acrimony on trade continued into June with accusatory tweets by Trump and an occasional biting retort from Beijing, such as the [remark](#) by then Vice Foreign Minister Zhang Hanhui that the US was employing “naked economic terrorism” against China by “deliberately provoking trade disputes.” The G20 Osaka Summit at the end of June provided an opportunity for Trump and Xi to meet face-to-face, with many hoping that the meeting would resuscitate negotiations. Deputy-level conversations commenced in the weeks leading up to the G20, including a [visit](#) to Washington by Vice Foreign Minister Zheng Zeguang, and a [phone call](#) between Liu, Mnuchin, and US Trade Representative (USTR) Robert Lighthizer. The Trump-Xi meeting occurred on June 29 in Osaka, and [according](#) to Trump went “far better than expected.” The US [agreed](#) to not impose further tariffs on Chinese goods and to continue negotiations in pursuit of a trade deal. Trump also told reporters that China would buy “a tremendous amount of food and agricultural product ... almost immediately.” *Xinhua* echoed the stances on no further US tariffs and continued talks; however, China [refuted](#)

Trump's claim that they agreed to more farm product purchases. This contradiction overshadowed the points of agreement and cast doubt on whether there was a concrete basis for talks moving forward.



Figure 1 President Trump and President Xi meet for bilateral talks on the sidelines of the G20 Summit in Osaka, Japan. Photo: The White House

Liu, Mnuchin, and Lighthizer held a brief phone call on July 9 to “[exchange] views on the consensus reached by the heads of the two countries during their meeting in Osaka,” [according](#) to the Chinese Ministry of Commerce’s statement. The trio [spoke](#) again nine days later, for the purpose of “implementing the consensus reached by [Trump and Xi]” as well as discussing the next round of talks. The seemingly positive calls sandwiched another Trump tweet spree, in which he [accused](#) China of “wish[ing] it had not broken the original deal in the first place” and championed the efficacy of the latest tariffs. He also complained about the lack of agricultural purchases since the alleged agreement in Osaka, but optimistically mused that “hopefully they will start soon!”

On July 24, the White House [announced](#) that Lighthizer and Mnuchin would meet Liu on July 30 “to continue negotiations aimed at improving the trade relationship between the United States and China.” The talks were scheduled to take place in Shanghai, a change of scene from previous rounds alternating between Beijing and Washington. A pessimistic tweet from Trump on the day the talks were scheduled to begin [exclaimed](#) that China “always change[s] the deal in the end to their benefit.” The *Global Times*, a nationalist tabloid owned by the Communist Party mouthpiece *People’s Daily*, hit back in response to Trump’s harsh words, [writing](#) that “the US has to change its bad habit

of using tough talk to cheer on its negotiating team.” The swirling tensions outside of the negotiating room did little to combat the general consensus that nothing substantial would come from the conversations. Chinese experts and other sources with knowledge of the discussions [posited](#) that China no longer felt a rush to get a deal completed, though the image of continuing negotiations in earnest was still important to uphold. This was compounded by the impending Beidaihe meeting, an annual summer retreat for China’s top leaders to discuss policies and issues in a private, closed-door setting. Xi could not risk projecting weakness in the run-up to this important gathering, where his policies were certain to be debated by the senior leadership.

After talks in Shanghai, the White House press secretary’s [statement](#) highlighted China’s agreement to purchase more agricultural goods and the expectation that “negotiations on an enforceable trade deal” would continue in Washington in early September. China’s Ministry of Commerce [confirmed](#) the agreement on agricultural purchases this time, acknowledging that “China will increase its procurement of US agricultural products according to domestic needs.” Nevertheless, Mnuchin and Lighthizer effectively returned to Washington empty-handed, [reporting](#) that China made no new proposals for a trade deal and would not revisit the draft agreement from early May.

Likely out of frustration as well as a belief that he could pressure Beijing to make concessions, Trump doubled down on his tariff strategy. Despite the ongoing talks, he [tweeted](#) the US would place a “small additional Tariff of 10% on the remaining \$300 billion of Chinese imports to the US.” Predictably, China retaliated, this time by suspending the promised purchases of US agricultural products and devaluing the Renminbi to its lowest rate since 2008. Trump expressed his disappointment, [tweeting](#) on Aug. 13 that “China said they were going to be buying ‘big’ from our great American Farmers. So far they have not done what they said.” The US Department of the Treasury hit back against the devaluation, [releasing](#) a statement that “Secretary Mnuchin, under the auspices of President Trump, has today determined that China is a Currency Manipulator.” The People’s Bank of China [denied](#) the accusation and called the move an “arbitrary unilateral and protectionist practice.” Beijing moved to [stabilize](#) the yuan the following day. In a

potentially positive turn of events the next week, the Office of the USTR [announced](#) that the tariff hike scheduled for Sept. 1 would be postponed until Dec. 15 for certain products, including cell phones, laptops, and some clothing.

...Two steps backward

On Aug. 23, China's Ministry of Finance [announced](#) a batch of retaliatory tariffs on the US, mimicking the Sept. 1 and Dec. 15 effective dates on which the US scheduled its tariff increases. A predictably fiery response from Trump's phone soon followed. After an impassioned criticism of the Federal Reserve, he [tweeted](#) "My only question is, who is our bigger enemy, [Federal Reserve Chair] Jay Powell or Chairman Xi?" His subsequent eight tweets on the trade war [exclaimed](#) "we don't need China," [ordered](#) US companies to "immediately start looking for an alternative to China," and announced new tariffs. Trump [declared](#) that beginning Oct. 1, the Chinese goods currently taxed at 25% would increase to 30%, [followed](#) by an increase in the 10% tariffs still scheduled for Sept. 1 to 15%.

A measured response from Liu He came two days later, when he [stated](#) China's desire to continue consultations with a "calm attitude," eliciting a stunning reversal from Trump on his stance from 36 hours prior. The president [described](#) Xi as "a great leader ... representing a great country" and assured his Twitter followers that "talks are continuing." Speaking from the G7 Summit in France on Aug. 26, Trump [claimed](#) that the US had received two phone calls from China asking to revitalize trade negotiations in hopes of reaching a deal. What followed was yet another refutation, this time publicly from the Chinese Ministry of Foreign Affairs spokesperson Geng Shuang, who [stated](#) "I am not aware of the phone calls over the weekend." When questioned at a press conference the next day, Geng again [denied](#) knowing anything about a phone call taking place.

Trump's aides later privately admitted that the calls did not happen, and the president was simply looking to inject some optimism to boost the US stock market, which had plummeted after he referred to Xi Jinping as an enemy and announced another hike in tariffs. On Aug. 28, Trump [offered](#) reassurance that the US was still "doing very well with China." The next day, Chinese Ministry of Commerce spokesperson

Gao Feng [told](#) reporters that "the most important thing is to create the necessary conditions for continuing negotiations." In Beijing's view, that meant reaching an understanding on lifting the tariffs and negotiating with sincerity. Gao repeated that message on Aug. 30 and said the two countries are discussing whether the September round of negotiations will go forward as planned.

Huawei hardships

On May 15, the US Department of Commerce officially [added](#) China's Huawei Technologies Co. Ltd. to the Bureau of Industry and Security's Entity List. The list imposes strict limitations and regulations on foreign businesses, governments, people, and institutions that might pose a national security risk. US Secretary of Commerce Wilbur Ross explained that adding Huawei to the list "will prevent American technology from being used by foreign owned entities in ways that potentially undermine US national security or foreign policy interests." Chinese Foreign Ministry spokesperson Lu Kang [replied](#) shortly after, accusing the US of "hinder[ing] 5G development, application, and cooperation" and "politiciz[ing] this issue." A week later, President Trump [commented](#) to reporters that Huawei could be part of a trade deal with China, the [second](#) time he referenced such a possibility.

After a mildly favorable G20 summit in late June, the US relaxed its stance by [announcing](#) that "to implement [Trump's] G20 summit directive ... Commerce will issue licenses [for sales to Huawei] where there is no threat to US national security." This followed Trump's post-summit [tweet](#) detailing his conversation with Xi, which also noted that the agreement came "at the request of [US] High Tech companies."

By mid-August, the Department of Commerce [expanded](#) its Entity List to include an additional 46 Huawei affiliates, bringing the total to over 100 people and organizations with Huawei ties. At the same time, the department's press release announced that it would extend its licensing to "narrow exceptions" and authorize "specific, limited engagements in transactions" with Huawei for an additional 90 days to give US companies more time to adjust. Pursuant to the National Defense Authorization Act, the Trump administration also [moved](#) forward with restricting government agencies and contractors from working with Huawei. Despite

the lack of clarity in policy regarding Huawei, Secretary of State Pompeo confidently [stated](#) that “President Trump has been unambiguous” in his stance on working with Huawei, denying any “mixed messages.”

Dueling speeches at the Shangri-La Dialogue

Patrick Shanahan, who served briefly as acting US secretary of defense, delivered a [speech](#) at the annual IISS-hosted Shangri-La Dialogue in Singapore May 31 – June 2. Striking a more conciliatory tone toward China than expected, Shanahan recalled China’s cooperation with the West in the fight against “imperialism, fascism, and the Soviet domination in decades past,” noting that China “could still have a cooperative relationship with the US.” He maintained that competition between the two countries should be welcomed, not feared, and that “competition does not mean conflict.” At the same time, he called on China to cease behavior that “erodes other nations’ sovereignty and sows distrust of China’s intentions.”

The following day, State Councilor and Minister of National Defense Gen. Wei Fenghe took the podium, the first time since 2011 that a minister-level PLA officer has participated in the Asian security dialogue. Wei staunchly [defended](#) Chinese interests, pledging that the Chinese military would fight to preserve national unity in the face of any attempt to split Taiwan from China. Regarding the South China Sea, Wei charged that instability emanates from “large-scale force projection and offensive operations in the region,” not Chinese actions. He called for the US and China to implement the consensus reached by their presidents to promote a relationship of “coordination, cooperation, and stability,” to make the bilateral military relationship a “stabilizer” for overall ties.

Before the opening of the Shangri-La Dialogue, Shanahan and Wei had a brief bilateral meeting. Wei was reportedly rattled when Shanahan gave him a “gift” that was a photo album containing pictures of illegal “ship-to-ship transfers of oil” that allegedly took place in Chinese waters in violation of UN sanctions. In his formal speech, Wei characterized the interaction as “a candid and practical discussion,” noting that the two “reaffirmed the importance of maintaining communication” and agreed “to develop a constructive military-to-military relationship.”

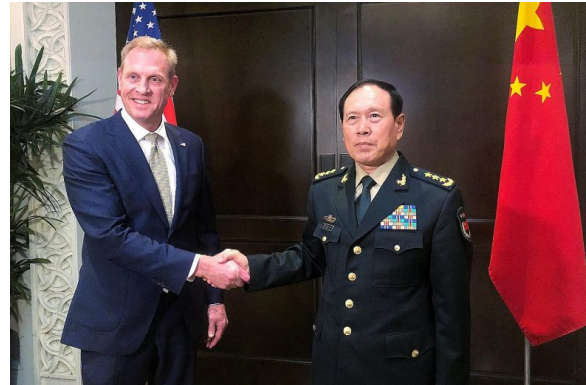


Figure 2 US Acting Defense Secretary Patrick Shanahan and Chinese Defense Minister Wei Fenghe meeting on the sidelines of the Shangri-La Dialogue. Photo: Reuters

US strengthens ties with Taiwan

The US Department of Defense timed the release of a new [Indo-Pacific Strategy Report](#) to coincide with the Shangri-La Dialogue. The report’s “message from the Secretary of Defense” asserted that “the People’s Republic of China, under the leadership of the Chinese Communist Party, seeks to reorder the region to its advantage by leveraging military modernization, influence operations, and predatory economics to coerce other nations.” A section of the report entitled “Strengthening Partnerships” lumped together Singapore, Taiwan, New Zealand, and Mongolia, describing those countries as “reliable, capable, and natural partners of the United States” that “contribute to US missions around the world and are actively taking steps to uphold a free and open international order.” It was the first time that Taiwan had been referred to as a country in a US government document.

In May, July, and August, US Navy ships sailed through the Taiwan Strait. On each occasion, a spokesman for the US Navy’s Seventh Fleet issued a statement asserting that the ships’ transit “demonstrates the US commitment to a free and open Indo-Pacific.” Consistent with prior practice, Beijing issued demarches to the United States, claiming that the US transits were provocative and “not conducive to peace and stability in the Taiwan Strait and US-China relations.” The US Navy sailings through the Strait had been conducted monthly beginning in October 2018, but no transit took place in June.

The Trump administration notified Congress in July of a possible sale to Taiwan of \$2.2 billion in weapons. The package included 108 *M1A2T*

Abrams [tanks](#), 250 *Stinger* [missiles](#), mounted machine guns, ammunition, *Hercules* armored vehicles for recovering inoperative tanks, heavy equipment transporters, and related support. There were [reports](#) that US approval of an \$8 billion sale of 66 F-16V fighter jets to Taiwan was delayed due to US-China trade talks. Members of Congress warned against using Taiwan as a bargaining chip to win concessions from Beijing.

The fighter jet sale was ultimately approved, and Congress was notified of the possible sale on Aug. 20. The Defense Security Cooperation Agency's news release [stated](#) that "This proposed sale will contribute to the recipient's capability to provide for the defense of its airspace, regional security, and interoperability with the United States." China protested both arms sales, insisting that they interfered with China's internal affairs and harmed Chinese sovereignty and security interests. China's Foreign Ministry spokesperson said Beijing would take all necessary measures to defend Chinese interests. and after the fighter jet sale was announced, the spokesman said that China would [impose](#) sanctions on US companies involved in the planned sales.

Taiwan's President Tsai Ing-wen transited two US cities in July as part of a visit to diplomatic partners in the Caribbean. In a departure from past practice, Tsai was permitted to spend two nights in both New York and Denver. In New York City, she met the permanent representatives to the United Nations from countries that have diplomatic ties with Taiwan, attended a meeting with US business leaders, and hosted a dinner that included leading members of Congress. China's Foreign Ministry spokesman [demanded](#) that the US "stop official exchanges with Taiwan." The Department of State [described](#) Tsai Ing-wen's transit as "private and unofficial."

An unprecedented visit to Washington DC in May by David Lee, the secretary general of Taiwan's National Security Council in May at the invitation of US National Security Adviser John Bolton, was also roundly condemned by Beijing. Foreign Ministry spokesperson Lu Kang [told](#) the media that "China is strongly dissatisfied with and resolutely opposed" to official contact between the US and Taiwan "in any form" and "under any excuse."

ASEAN Regional Forum and South China Sea activity

Senior diplomats from around the Asia-Pacific region assembled in Bangkok in early August for the 26th ASEAN Regional Forum (ARF). Secretary of State Pompeo met Foreign Minister Wang Yi on the sidelines and posted on Twitter that "When it advances US interests, we are ready to cooperate with China." After their meeting, Wang [told](#) the media that Pompeo conveyed that the US has no intention to contain China's development and does not seek to restrict people-to-people exchanges. *Xinhua* reported that Wang "made clear China's positions on the South China Sea, Xinjiang, Hong Kong and Taiwan, and urged the US side to choose its words to respect the core interests and major concerns of the Chinese side." In his speech to the ARF, Pompeo insisted that Washington was not pressing Indo-Pacific nations to "take sides" between the US and China.

The navies of both the United States and China conducted various operations in the South China Sea between May and August. The US Navy conducted back-to-back freedom of navigation operations (FONOPs) in May. On May 6, two *Arleigh-Burke*-class guided-missile destroyers, the *USS Preble* and *USS Chung Hoon*, sailed within 12 nm of Gaven and Johnson Reefs in the Spratly Islands. Both reefs were expanded into larger features by Chinese land reclamation and have since been militarized. Two weeks later, the *USS Preble* conducted a FONOP within 12 nm of Scarborough Shoal. Another FONOP took place at the end of August when the *Wayne E. Meyer*, a US Navy destroyer, sailed within 12 nm of Fiery Cross and Mischief Reefs. After each FONOP, the US Navy's Seventh Fleet spokesman maintained that the operations were intended to challenge excessive maritime claims and preserve access to the waterways as governed by international law, and to demonstrate that the US will fly, sail, and operation wherever international law allows.

Earlier in May, the destroyer *USS William P. Lawrence* joined ships from Japan, the Philippines, and India in a cruise through the South China Sea, conducting formation exercises and other low-profile drills. US Coast Guard Cutter *Bertholf* performed drills with two Philippine ships near Scarborough Shoal for the first time ever, just one week prior to the US Navy FONOP around that feature. The vessels were monitored closely by Chinese ships from

less than 3 nm away as they carried out search and rescue tactics.

A joint exercise involving two aircraft carrier strike groups (CSG) – the *USS Ronald Reagan* and Japan’s *Izumo* carrier group – was held in the South China Sea in mid-June. One month later, the *Ronald Reagan* CSG made a two-day port call in Manila, signaling US support for the Philippines in its territorial dispute with China.

China launched six anti-ship ballistic missiles into two zones in the South China Sea on July 1, in the first open sea test of what are sometimes referred to as “aircraft carrier killer” missiles that can maneuver to target moving ships at sea. China’s Ministry of Defense maintained that the firings were part of an annual training plan. Speaking at the Aspen Security Forum in mid-July, the head of Indo-Pacific Command Adm. Philip Davidson [revealed](#) that China also test-fired the *JL-3*, a new submarine-launched ballistic missile that can carry nuclear weapons. Davidson also said that he had requested the establishment of a crisis communication channel with China’s Southern Theater Command and Eastern Theater Command but had not received any response from the PLA.

Amid reports of Chinese interference with oil and gas activities in waters near Vanguard Bank in Vietnam’s Exclusive Economic Zone, the US Department of State [issued](#) a statement on July 20 calling on China to “cease its bullying behavior and refrain from engaging in ... provocative and destabilizing activity.” The statement also condemned Chinese pressure on ASEAN countries to accept code of conduct provisions aimed at restricting their right to partner with third party companies or countries, noting that such pressure reveals China’s “intent to assert control over oil and gas resources in the South China Sea.”

One month later, the Department of State [issued](#) another statement, criticizing China for taking “a series of aggressive steps to interfere with ASEAN claimants’ longstanding, well-established economic activities.” The statement asserted US commitment to “bolstering the energy security” of US partners and allies in the Indo-Pacific region. In a tweet, National Security Adviser Bolton called China’s “recent escalation of efforts to intimidate others out of developing resources in the South China Sea is disturbing.”

Hong Kong protests

On June 9, Hong Kong protesters held a huge demonstration to signal their opposition to a bill that would allow the city to extradite individuals accused of certain crimes to mainland China. Despite the announcement by Hong Kong’s Chief Executive Carrie Lam that the extradition bill was “dead,” demonstrations continued and confrontations between Hong Kong police and protesters escalated with many instances of violence involving protesters hurling objects toward police, and police using tear gas and, in some cases, excessive force to disperse protesters. Demonstrators demanded the resignation of Lam, greater democracy for Hong Kong, and an official inquiry into police brutality.

After weeks of editorials in state media blaming the US for the chaos, Beijing publicly accused the US in late July of being behind the unrest in Hong Kong. Referring to the protests, China’s Foreign Ministry spokeswoman Hua Chunying [said](#) at a press conference that “they are somehow the work of the US,” and warned that China would not allow foreign forces to interfere. “Those who play (with) fire will only get themselves burned,” she stated. The State Department denied the accusation, issuing a statement which said that “We categorically reject the charge of foreign forces as being behind the protests.”

China’s allegations of US interference in Hong Kong intensified in August when Chinese state media outlets circulated a photo of Julie Eadeh, the political division chief of the US Consulate General in Hong Kong, meeting in a hotel lobby with well-known members of the pro-democracy movement. Articles in authoritative newspapers such as the *China Daily* claimed that the meeting was evidence that the US “black hand” was behind the protests. A State Department spokesman condemned China for publishing personal information about Eadeh and called China a “thuggish regime.” US officials denied that Washington was backing the Hong Kong protests, insisting that the demonstrations reflected the concerns of the people of Hong Kong.

President Trump initially appeared disinterested in the Hong Kong protests as he focused on the trade negotiations. According to the *Financial Times*, Trump [told](#) Xi Jinping in a phone conversation in mid-June and reiterated

in a face-to-face meeting with Xi on the sidelines of the G20 in Osaka that the US would tamp down criticism of Beijing's handling of the Hong Kong protests if Xi would agree to revive the trade talks.

On July 22, in [remarks](#) to reporters, Trump appeared to side with Beijing: "I think President Xi of China has acted responsibly, very responsibly – they've been out there protesting for a long time," adding "I hope that President Xi will do the right thing." On Aug. 1, Trump doubled down on that approach, echoing language used by Chinese Communist Party officials, [referring](#) to the Hong Kong protests as "riots." "Somebody said that at some point they're going to want to stop that," he added. "But that's between Hong Kong and that's between China, because Hong Kong is a part of China."

As video appeared on the internet of Chinese People Armed Police conducting drills with anti-riot gear in Shenzhen, Trump tweeted on Aug. 13, that US intelligence had informed him that Chinese were moving troops to the border with Hong Kong, saying "Everyone should be calm and safe!" He was widely criticized for not calling for restraint.

The following day, in a remarkable about-face, Trump tweeted that if China wants to make a deal, it would have to "work humanely with Hong Kong first." Referring to Xi as a "great leader who very much has the respect of his people," he said he had "ZERO doubt" that Xi could quickly and humanely solve the Hong Kong problem, and proposed that Xi meet with the protesters. That morning, Commerce Secretary Ross [told](#) CNBC's "Squawk Box" that the dispute between China and Hong Kong was an internal matter, and said the US had no role to play.

A few days later, Trump appeared to link Hong Kong, human rights, and trade in an effort to gain leverage over Beijing in the trade talks. During an impromptu press conference at Morristown Airport in New Jersey, Donald Trump [said](#) reaching a trade deal with China would be "very hard" if the Chinese government responded to the protests in Hong Kong with violence, saying "if it's another Tiananmen Square, I think it's a very hard thing to do."

Pompeo-Yang meeting in New York

On short notice, member of the Political Bureau of the Central Committee of the Chinese Communist Party and Director of the Chinese Communist Party Foreign Affairs Office Yang Jiechi traveled to New York to meet Secretary of State Pompeo. A State Department spokesperson [indicated](#) that Pompeo briefed Yang on President Trump's meeting with North Korean leader Kim Jong Un and underscored the need to comply with UN sanctions. Other topics discussed included the protests in Hong Kong and US arms sales to Taiwan, but those topics were not reported. On the same day that the meeting took place, China [denied](#) requests for two US Navy ships to visit Hong Kong in mid-August and September. In late August, Beijing [turned down](#) another US Navy request to send a warship to China's eastern city of Qingdao.

Going forward

The Trump-Xi meeting at the G20 summit in Buenos Aires back in November 2018 opened a window of opportunity to reach a trade agreement. At the time, both Washington and Beijing appeared keen to strike a deal. However, this window is now likely closed as both sides have retreated to their bases, unwilling to compromise and preoccupied by the increasing buzz of domestic politics. After months of Trump's shenanigans, Beijing appears to have lost confidence in the negotiations and concluded that the US is not serious about closing a deal. Washington seems to believe that China will eventually cave under US pressure. Both sides have regressed to tit-for-tat tariffs, punitive language, and a dizzying array of flip-flopping attitudes toward one another. Without an about-face from either side, the trade war appears destined to drag on.

CHRONOLOGY OF US-CHINA RELATIONS

MAY – AUGUST 2019

May 1, 2019: China's [ban](#) on all Fentanyl products and variants of the drug enters into effect.

May 5, 2019: Donald Trump [tweets](#): "For 10 months, China has been paying Tariffs to the USA of 25% on 50 Billion Dollars of High Tech, and 10% on 200 Billion Dollars of other goods. These payments are partially responsible for our great economic results. The 10% will go up to 25% on Friday. 325 Billions Dollars ... [of](#) additional goods sent to us by China remain untaxed, but will be shortly, at a rate of 25%. The Tariffs paid to the USA have had little impact on product cost, mostly borne by China. The Trade Deal with China continues, but too slowly, as they attempt to renegotiate. No!"

May 6, 2019: Trump [tweets](#): "The United States has been losing, for many years, 600 to 800 Billion Dollars a year on Trade. With China we lose 500 Billion Dollars. Sorry, we're not going to be doing that anymore!"

May 6, 2019: US Secretary of State Mike Pompeo [issues](#) statement rejecting China's application to be a "near-Arctic state," saying Beijing's "pattern of aggressive behavior elsewhere should inform what we do and how it might treat the Arctic."

May 6, 2019: *USS Preble* and the *USS Chung-Hoon* [sail](#) within 12 nm of disputed Gaven and Johnson reefs in the South China Sea.

May 7, 2019: House of Representatives Committee on Foreign Affairs [holds](#) a hearing titled: China's Expanding Influence in Europe and Eurasia.

May 8, 2019: Trump [tweets](#): "The reason for the China pullback & attempted renegotiation of the Trade Deal is the sincere HOPE that they will be able to "negotiate" with Joe Biden or one of the very weak Democrats, and thereby continue to ripoff the United States ((\$500 Billion a year)) for years to come.... [Guess](#) what, that's not going to happen! China has just informed us that they (Vice-Premier) are now coming to the US to make a deal. We'll see, but I am very happy with over \$100 Billion a year in Tariffs filling US coffers...great for US, not good for China! The reality is, with the Tariffs, the economy has grown more rapidly in the United States and much more slowly in China."

May 8, 2019: House of Representatives Committee on Foreign Affairs [holds](#) a hearing titled: China's Growing Influence in Asia and the United States.

May 9, 2019: House of Representatives Committee on Foreign Affairs [holds](#) a hearing titled: Chinese and Russian Influence in the Middle East.

May 9, 2019: House of Representatives Committee on Foreign Affairs [holds](#) a hearing titled: Dollar Diplomacy or Debt Trap? Examining China's Role in the Western Hemisphere.

May 9, 2019: US Federal Communications Commission [votes](#) against China Mobile's application to provide phone service in the US, citing national security risks.

May 10, 2019: Trump [tweets](#): "Over the course of the past two days, the United States and China have held candid and constructive conversations on the status of the trade relationship between both countries. The relationship between President Xi and myself remains a very strong one, and conversations ... [into](#) the future will continue. In the meantime, the United States has imposed Tariffs on China, which may or may not be removed depending on what happens with respect to future negotiations!"

May 11, 2019: Trump [tweets](#): “I think that China felt they were being beaten so badly in the recent negotiation that they may as well wait around for the next election, 2020, to see if they could get lucky & have a Democrat win – in which case they would continue to rip-off the USA for \$500 Billion a year....”

May 12, 2019: Trump [tweets](#): “We are right where we want to be with China. Remember, they broke the deal with us & tried to renegotiate. We will be taking in Tens of Billions of Dollars in Tariffs from China. Buyers of product can make it themselves in the USA (ideal), or buy it from non-Tariffed countries.... [We](#) will then spend (match or better) the money that China may no longer be spending with our Great Patriot Farmers (Agriculture), which is a small percentage of total Tariffs received, and distribute the food to starving people in nations around the world! GREAT! #MAGA”

May 12, 2019: Trump [tweets](#): “China is DREAMING that Sleepy Joe Biden, or any of the others, gets elected in 2020. They LOVE ripping off America!”

May 13, 2019: Trump [tweets](#): “There is no reason for the US Consumer to pay the Tariffs, which take effect on China today. This has been proven recently when only 4 points were paid by the US, 21 points by China because China subsidizes product to such a large degree. Also, the Tariffs can be ... [completely](#) avoided if you buy from a non-Tariffed Country, or you buy the product inside the USA (the best idea). That’s Zero Tariffs. Many Tariffed companies will be leaving China for Vietnam and other such countries in Asia. That’s why China wants to make a deal so badly!... [There](#) will be nobody left in China to do business with. Very bad for China, very good for USA! But China has taken so advantage of the US for so many years, that they are way ahead (Our Presidents did not do the job). Therefore, China should not retaliate–will only get worse!”

May 13, 2019: Trump [tweets](#): “I say openly to President Xi & all of my many friends in China that China will be hurt very badly if you don’t make a deal because companies will be forced to leave China for other countries. Too expensive to buy in China. You had a great deal, almost completed, & you backed out!”

May 13, 2019: Trump [tweets](#): “The unexpectedly good first quarter 3.2% GDP was greatly helped by Tariffs from China. Some people just don’t get it!”

May 14, 2019: Trump [releases](#) an eight-part tweetstorm about raising tariffs on China, referencing the steel industry, farmers, his personal friendship with Xi Jinping, and the US Federal Reserve regarding more economic stimulus to match China’s own stimulus plans.

May 15, 2019: President Trump [issues](#) executive order titled “Executive on Securing the Information and Communications Technology and Services Supply Chain.”

May 15, 2019: Department of Commerce [announces](#) the addition of Huawei Technologies Co. Ltd. and its affiliates to the Entity List.

May 15, 2019: Congressional Executive Commission on China [holds](#) a hearing titled “Hong Kong’s Future in the Balance: Eroding Autonomy and Challenges to Human Rights.”

May 16, 2019: House of Representatives Permanent Select Committee on Intelligence [holds](#) a hearing titled: “China’s Digital Authoritarianism: Surveillance, Influence, and Political Control.”

May 19–25, 2019: US Ambassador to China Terry Branstad [travels](#) to Tibet for meetings and visits to religious and cultural heritage sites.

May 20, 2019: *USS Preble* [sails](#) within 12 nm of Scarborough Shoal in the South China Sea.

May 20, 2019: Trump [tweets](#): “Looks like Bernie Sanders is history. Sleepy Joe Biden is pulling ahead and think about it, I’m only here because of Sleepy Joe and the man who took him off the 1% trash heap, President O! China wants Sleepy Joe BADLY!”

May 21, 2019: Defense officials from the United States and China [meet](#) in Washington DC, for the third Asia-Pacific Security Dialogue.

May 24, 2019: President Trump [announces](#) that Chinese telecom company Huawei’s blacklisted status on the US could be part of a US-China trade deal.

May 24, 2019: Chinese Foreign Ministry spokesperson [addresses](#) the impact of the trade war on the US agricultural sector.

May 30, 2019: Chinese Vice Foreign Minister Zhang Hanhui [accuses](#) the United States of waging “naked economic terrorism” against Beijing.

May 31-June 2, 2019: Acting US Defense Secretary Patrick Shanahan and Chinese Defense Minister Wei Fenghe [meet](#) briefly on the margins of the 2019 Shangri-La Dialogue in Singapore. They both [deliver](#) speeches.

June 1, 2019: Trump [tweets](#): “Washington Post got it wrong, as usual. The US is charging 25% against 250 Billion Dollars of goods shipped from China, not 200 BD. Also, China is paying a heavy cost in that they will subsidize goods to keep them coming, devalue their currency, yet companies are moving to.....”

June 2, 2019: China's State Council Information Office publishes a white paper [titled](#) “China's Position on the Economic and Trade Consultations.”

June 3, 2019: Secretary of State Mike Pompeo [issues](#) a statement on the events of the 1989 Tiananmen Square protests.

June 3, 2019: Trump [tweets](#): “China is subsidizing its product in order that it can continue to be sold in the USA. Many firms are leaving China for other countries, including the United States, in order to avoid paying the Tariffs. No visible increase in costs or inflation, but US is taking Billions!”

June 4, 2019: Senate Committee on Banking, Housing, and Urban Affairs [holds](#) a hearing titled: “Confronting Threats From China: Assessing Controls on Technology and Investment, and Measures to Combat Opioid Trafficking.”

June 4, 2019: United States Congressional Executive Commission on China [holds](#) a hearing titled: “Tiananmen at 30: Examining the Evolution of Repression in China.”

June 4, 2019: Ministry of Culture and Tourism of China [issues](#) a travel alert for Chinese tourists traveling to the United States.

June 5, 2019: Senate Committee on Foreign Affairs [holds](#) a hearing titled: “Rule By Fear: 30 Years After Tiananmen Square.”

June 6, 2019: President Trump [says](#) he would make a decision about whether to impose a further series of tariffs on Chinese goods after meeting Chairman Xi Jinping at the G20 meeting in Japan later this month.

June 7, 2019: United States-China Economic and Security Review Commission [holds](#) a hearing titled: “Technology, Trade, and Military-Civil Fusion: China’s Pursuit of Artificial Intelligence, New Materials, and New Energy.”

June 9, 2019: Treasury Secretary Steven Mnuchin [meets](#) Yi Gang, the governor of the People’s Bank of China on the margins of the G20 Finance Ministers Meeting.

June 11, 2019: Trump [tweets](#): “...If Mexico produces (which I think they will). Biggest part of deal with Mexico has not yet been revealed! China is similar, except they devalue currency and subsidize companies to lessen effect of 25% Tariff. So far, little effect to consumer. Companies will relocate to US”

June 12, 2019: Trump [tweets](#): “Biden would be China’s Dream Candidate, because there would be no more Tariffs, no more demands that China stop stealing our IP, things would go back to the old days with America’s manufacturers & workers getting shafted. He has Zero Credibility!” @IngrahamAngle So true!”

June 14, 2019: Vice-Foreign Minister Zheng Zeguang [meets](#) White House officials to discuss trade issues and the upcoming meeting between Trump and Xi in Japan.

June 18, 2019: US Deputy Assistant for Defense Policy, Emerging Threats, and Outreach Thomas DiNanno [travels](#) to Beijing for meetings and events focused on outer space security, international security, and arms control.

June 18, 2019: Trump [tweets](#): “Mario Draghi just announced more stimulus could come, which immediately dropped the Euro against the Dollar, making it unfairly easier for them to compete against the USA. They have been getting away with this for years, along with China and others.”

June 18, 2019: Trump [tweets](#): “Had a very good telephone conversation with President Xi of China. We will be having an extended meeting next week at the G-20 in Japan. Our respective teams will begin talks prior to our meeting.”

June 20, 2019: United States–China Economic and Security Review Commission [holds](#) a hearing titled: “A ‘World-Class’ Military: Assessing China’s Global Military Ambitions.”

June 20, 2019: Trump [states](#) at a rally: “I spoke to President Xi, terrific president, great leader of China. I spoke to him this morning at length and we’ll see what happens. But we’re either going to have a good deal and a fair deal or we’re not going to have a deal at all and that’s OK, too.”..

June 21, 2019: US Department of Commerce [adds](#) four Chinese companies and a Chinese institute to the entity blacklist.

June 24, 2019: Trump [tweets](#): “China gets 91% of its Oil from the Strait, Japan 62%, & many other countries likewise. So why are we protecting the shipping lanes for other countries (many years) for zero compensation. All of these countries should be protecting their own ships on what has always been....”

June 25, 2019: Vice Premier Liu He [talks](#) by telephone with US Trade Representative (USTR) Robert Lighthizer and Treasury Secretary Steven Mnuchin to discuss economic and trade issues.

June 26, 2019: President Trump [states](#) his willingness to impose tariffs on \$300 billion worth of Chinese products if an agreement isn’t reach with Chairman Xi in Tokyo.

June 28, 2019: Trump [tweets](#): “After some very important meetings, including my meeting with President Xi of China, I will be leaving Japan for South Korea (with President Moon). While there, if Chairman Kim of North Korea sees this, I would meet him at the Border/DMZ just to shake his hand and say Hello(?)!”

June 29, 2019: President Trump and Chairman Xi [agree](#) to restart trade talks.

June 29, 2019: Trump [tweets](#): “I had a great meeting with President Xi of China yesterday, far better than expected. I agreed not to increase the already existing Tariffs that we charge China while we continue to negotiate. China has agreed that, during the negotiation, they will begin purchasing large ... [amounts](#) of agricultural product from our great Farmers. At the request of our High Tech companies, and President Xi, I agreed to allow Chinese company Huawei to buy product from them which will not impact our National Security. Importantly, we have opened up negotiations ... [again](#) with China as our relationship with them continues to be a very good one. The quality of the transaction is far more important to me than speed. I am in no hurry, but things look very good! There will be no reduction in the Tariffs currently being charged to China.”

July 2, 2019: Chinese Foreign Ministry spokesperson Geng Shuang [urges](#) the US and other countries “to act prudently and not interfere in Hong Kong’s internal affairs.”

July 3, 2019: Trump [tweets](#): “China and Europe playing big currency manipulation game and pumping money into their system in order to compete with USA. We should MATCH, or continue being the dummies who sit back and politely watch as other countries continue to play their games - as they have for many years!”

July 6, 2019: Trump [tweets](#): “Joe Biden is a reclamation project. Some things are just not salvageable. China and other countries that ripped us off for years are begging for him. He deserted our military, our law enforcement and our healthcare. Added more debt than all other Presidents combined. Won’t win!”

July 8, 2019: Pentagon's Defense Security Cooperation Agency (DSCA) [says](#) that the possible sale to Taiwan of \$2.2 billion in weapons serves “US national, economic, and security interests by supporting Taiwan's “continuing efforts to modernize its armed forces and to maintain a credible defensive capability.”

July 9, 2019: USTR Lighthizer and Treasury Secretary Mnuchin [talk](#) by phone with Chinese Vice Premier Liu He and Commerce Minister Zhong Shan.

July 9, 2019: US Chief of Naval Operations (CNO) Adm. John Richardson [holds](#) a video teleconference with Vice Adm. Shen Jinlong, commander of the People's Liberation Army (Navy).

July 11, 2019: US peace envoy to Afghanistan Zalmay Khalilzad [arrives](#) in Beijing to engage in Afghan peace talks.

July 12, 2019: Trump [tweets](#): "Mexico is doing great at the Border, but China is letting us down in that they have not been buying the agricultural products from our great Farmers that they said they would. Hopefully they will start soon!"

July 15, 2019: Trump [tweets](#): "China's 2nd Quarter growth is the slowest it has been in more than 27 years. The United States Tariffs are having a major effect on companies wanting to leave China for non-tariffed countries. Thousands of companies are leaving. This is why China wants to make a deal ... with the US, and wishes it had not broken the original deal in the first place. In the meantime, we are receiving Billions of Dollars in Tariffs from China, with possibly much more to come. These Tariffs are paid for by China devaluing & pumping, not by the US taxpayer!"

July 15, 2019: Secretary of Defense nominee Mark Esper [says](#) the US needs more bases "throughout the Indo-Pacific region" to counter China's significant technological advancements.

July 15, 2019: President Trump tells [reporters](#) at the White House that, in reference to Xi: "I used to say he's a good friend of mine, probably not quite as close now," ... "But I have to be for our country. He's for China and I'm for the USA., and that's the way it's gotta be."

July 16, 2019: Trump [tweets](#): "Billionaire Tech Investor Peter Thiel believes Google should be investigated for treason. He accuses Google of working with the Chinese Government." @foxandfriends A great and brilliant guy who knows this subject better than anyone! The Trump Administration will take a look!"

July 17, 2019: President Trump holds a public [meeting](#) with victims of religious persecution from around the world including one Uyghur woman and three other people from China.

July 18, 2019: Secretary of State Pompeo [states](#) that "China is home to one of the worst human rights crises of our time; it is truly the stain of the century."

July 18, 2019: Vice Premier Liu He has a telephone [conversation](#) with USTR Lighthizer and Treasury Secretary Mnuchin.

July 22, 2019: Referring to Hong Kong, President Trump [tells](#) reporters that "I think President Xi of China has acted responsibly, very responsibly – they've been out there protesting for a long time," "I hope that President Xi will do the right thing."

July 23, 2019: Four Chinese nationals and a Chinese company are [indicted](#) for conspiracy to defraud the United States and evade sanctions.

July 23, 2019: Trump [tweets](#): "Farmers are starting to do great again, after 15 years of a downward spiral. The 16 Billion Dollar China "replacement" money didn't exactly hurt!"

July 24, 2019: USS *Antietam* [sails](#) through the Taiwan Strait.

July 24, 2019: State Council Information Office of China [releases](#) a defense white paper titled "China's National Defense in the New Era."

July 26, 2019: President Trump says in a [proclamation](#) that the US will "use all available means" to change the provision of the WTO which allows countries to decide if they qualify as developing countries.

July 28, 2019: Foreign Minister Wang Yi in an interview with *El Mercurio* [states](#) Washington's "no-holds-barred use of pressure on China is untenable" and that "China must safeguard its own core interests on issues of China's sovereignty and dignity."

July 29, 2019: Trump [tweets](#): “The E.U. and China will further lower interest rates and pump money into their systems, making it much easier for their manufacturers to sell product. In the meantime, and with very low inflation, our Fed does nothing - and probably will do very little by comparison. Too bad! ... countries that know how to play the game against the US That’s actually why the E.U. was formed....and for China, until now, the US has been “easy pickens.” The Fed has made all of the wrong moves. A small rate cut is not enough, but we will win anyway!”

July 29, 2019: Secretary of State Pompeo [says](#) the US hopes “the Chinese will do the right thing with respect to respecting the agreements that are in place with respect to Hong Kong.”

July 30, 2019: Trump [tweets](#): “China is doing very badly, worst year in 27 - was supposed to start buying our agricultural product now - no signs that they are doing so. That is the problem with China, they just don’t come through. Our Economy has become MUCH larger than the Chinese Economy is last 3 years.... My [team](#) is negotiating with them now, but they always change the deal in the end to their benefit. They should probably wait out our Election to see if we get one of the Democrat stiffs like Sleepy Joe. Then they could make a GREAT deal, like in past 30 years, and continue ... to [ripoff](#) the USA, even bigger and better than ever before. The problem with them waiting, however, is that if & when I win, the deal that they get will be much tougher than what we are negotiating now...or no deal at all. We have all the cards, our past leaders never got it! ... [China](#) has lost 5 million jobs and two million manufacturing jobs due to the Trump Tariffs. Trumps got China back on its heels, and the United States is doing great. @AndyPuzder @MariaBartirromo”

July 30-31, 2019: USTR Lighthizer, and Treasury Secretary Mnuchin arrive in Shanghai and [meet](#) Vice Premier Liu to resume trade talks.

Aug. 1, 2019: Trump [tweets](#): “Our representatives have just returned from China where they had constructive talks having to do with a future Trade Deal. We thought we had a deal with China three months ago, but sadly, China decided to re-negotiate the deal prior to signing. More recently, China agreed to ... buy agricultural product from the US in large quantities, but did not do so. Additionally, my friend President Xi said that he would stop the sale of Fentanyl to the United States – this never happened, and many Americans continue to die! Trade talks are continuing, and... during the talks the US will start, on September 1st, putting a small additional Tariff of 10% on the remaining 300 Billion Dollars of goods and products coming from China into our Country. This does not include the 250 Billion Dollars already Tariffed at 25% ... [We](#) look forward to continuing our positive dialogue with China on a comprehensive Trade Deal, and feel that the future between our two countries will be a very bright one!”

Aug. 1, 2019: State Department [releases](#) a statement of concern regarding the sentencing of Huang Qi to 12 years in prison.

Aug. 1, 2019: Secretary Pompeo [meets](#) Chinese State Councilor and Foreign Minister Wang Yi in Bangkok to “address issues of bilateral and regional importance.”

Aug. 2, 2019: Foreign Ministry spokesperson [states](#) “The root cause of the fentanyl issue in the United States does not lie with China. To solve the problem, the United States should look harder for the cause at home.”

Aug. 2, 2019: Foreign Ministry spokesperson [says](#) China will take “necessary countermeasures” to defend its core interests if the US increases tariffs on Chinese goods on Sept. 1.

Aug. 3, 2019: Trump [tweets](#): “Things are going along very well with China. They are paying us Tens of Billions of Dollars, made possible by their monetary devaluations and pumping in massive amounts of cash to keep their system going. So far our consumer is paying nothing - and no inflation. No help from Fed!”

Aug. 5, 2019: Secretary Mnuchin [determines](#) that China is a currency manipulator after the China’s Central Bank allows the yuan to fall below seven yuan per dollar.

Aug. 5, 2019: Trump [tweets](#): “China dropped the price of their currency to an almost a historic low. It’s called “currency manipulation.” Are you listening Federal Reserve? This is a major violation which will greatly weaken China over time! ... [Massive](#) “Massive amounts of money from China and other parts of the world is pouring into the United States for reasons of safety, investment, and interest rates! We are in a very strong position. Companies are also coming to the US in big numbers. A beautiful thing to watch! ... [As](#) they have learned in the last two years, our great American Farmers know that China will not be able to hurt them in that their President has stood with them and done what no other president would do - And I’ll do it again next year if necessary!”

Aug. 5, 2019: China [asks](#) state-owned companies to suspend imports of US agricultural products.

Aug. 6, 2019: Deputy Governor of the People’s Bank of China Chen Yulu [states](#) that labeling China as a currency manipulator is wrong and that that US should “show respect for the truth and resolve the economic and trade disputes with China in a more reasonable and pragmatic way.”

Aug. 7, 2019: White House [releases](#) a congressionally mandated rule to prohibit government agencies from buying certain kinds of Huawei equipment. The rule goes into effect on Aug. 13.

Aug. 10, 2019: Trump [tweets](#): “China wants to make a deal so badly. Thousands of companies are leaving because of the Tariffs, they must stem the flow. At the same time China may be hoping for a Democrat to win so they could continue the great ripoff of America, & the theft of hundreds of Billions of \$’s!”

Aug. 12, 2019: Foreign Ministry spokesperson [remarks](#) that “some senior US politicians and diplomatic officials met and engaged with anti-China rabble-rousers in Hong Kong, criticized China unreasonably, propped up violent and illegal activities and undermined Hong Kong’s prosperity.”

Aug. 13, 2019: Trump [tweets](#): “Through massive devaluation of their currency and pumping vast sums of money into their system, the tens of billions of dollars that the US is receiving is a gift from China. Prices not up, no inflation. Farmers getting more than China would be spending. Fake News won’t report! ... [As](#) usual, China said they were going to be buying “big” from our great American Farmers. So far they have not done what they said. Maybe this will be different!”

Aug. 13, 2019: President Trump [tweets](#): “Many are blaming me, and the United States, for the problems going on in Hong Kong. I can’t imagine why?”

Aug. 13, 2019: President Trump [tweets](#): “Our Intelligence has informed us that the Chinese Government is moving troops to the Border with Hong Kong. Everyone should be calm and safe!”

Aug. 13, 2019: Chinese Ministry of Commerce [says](#) USTR Lighthizer, Treasury Secretary Mnuchin, and Vice Premier Liu agreed to commence trade talks within the next two weeks.

Aug. 13, 2019: Politburo member Yang Jiechi and Secretary Pompeo [meet](#) in New York City.

Aug. 13, 2019: USTR [announces](#) that it will delay and drop some of the [tariffs](#) set to go in effect on Sept. 1, 2019.

Aug. 13, 2019: China [denies](#) US requests for port visits to Hong Kong by the *USS Green Bay* and the *USS Lake Erie*.

Aug. 14, 2019: The State Department issues a travel [advisory](#) for Hong Kong due to the unrest, instructing travelers to exercise increased caution.

Aug. 14, 2019: Trump [tweets](#): “Good things were stated on the call with China the other day. They are eating the Tariffs with the devaluation of their currency and “pouring” money into their system. The American consumer is fine with or without the September date, but much good will come from the short ... [deferral](#) to December. It actually helps China more than us, but will be reciprocated. Millions of jobs are being lost in China to other non-Tariffed countries. Thousands of companies are leaving. Of course China wants to make a deal. Let them work humanely with Hong Kong first!”... [I know](#) “President Xi of China very well. He is a great leader who very much has the respect of his people. He is also a good man in a “tough business.” I have ZERO doubt that if President Xi wants to quickly and humanely solve the Hong Kong problem, he can do it. Personal meeting?”

Aug. 14, 2019: House Foreign Affairs Committee Chairman Eliot Engel and Lead Republican Michael McCaul [issue](#) a statement about China’s threats of military intervention against protesters in Hong Kong.

Aug. 15, 2019: Trump [tweets](#): ““If they don’t get this Trade Deal with the U.S. done, China could have it first recession (or worse!) in years. There’s disinvestment in China right now.”

Aug. 15, 2019: Trump [tweets](#): “If President Xi would meet directly and personally with the protesters, there would be a happy and enlightened ending to the Hong Kong problem. I have no doubt!”

Aug. 18, 2019: President Trump [says](#) reaching a trade deal with China would be “very hard” if the Chinese government responded to the protests in Hong Kong with violence.

Aug. 18, 2019: Trump [tells](#) reporters “Huawei is a company we may not do business with at all,” dismissing the notion that the Commerce Department was expecting to delay the implementation of its penalty on Huawei again.

Aug. 18, 2019: Trump [tweets](#): “We are doing very well with China, and talking!”

Aug. 21, 2019: US Department of the Treasury’s Office of Foreign Assets Control (OFAC) and Treasury’s Financial Crimes Enforcement Network [issue](#) a statement identifying two Chinese nationals as significant foreign narcotics traffickers.

Aug. 23, 2019: China’s Ministry of Finance State Council Tariff Commission [announces](#) new tariffs on US goods valued at \$75 billion. The first list will be implemented on Sept. 1 and the second Dec. 15.

Aug. 23, 2019: Trump announces via eight [tweets](#) that beginning Oct. 1, the \$250 billion of goods from China, currently being taxed at 25% will be taxed at 30% and the remaining \$300 billion of goods slated to be taxed at 10% beginning Sept. 1 will now be taxed at 15%.

Aug. 23, 2019: US Navy ship *USS Green Bay* [passes](#) through Taiwan Strait.

Aug. 26, 2019: Trump [tweets](#): “Great respect for the fact that President Xi & his Representatives want “calm resolution.” So impressed that they are willing to come out & state the facts so accurately. This is why he is a great leader & representing a great country. Talks are continuing!”

Aug. 27, 2019: Foreign Ministry spokesperson [says](#) he is not aware of the phone calls between US and Chinese officials President Trump claims occurred to restart trade talks.

Aug. 28, 2019: Trump [tweets](#): “So interesting to read and see all of the free and interesting advice I am getting on China, from people who have tried to handle it before and failed miserably - In fact, they got taken to the cleaners. We are doing very well with China. This has never happened to them before!”

Aug. 28, 2019: China [denies](#) a request by the US Navy to make a port visit in Qingdao.

Aug. 28, 2019: *USS Wayne E. Meyer* [sails](#) into adjacent waters of the Spratly Islands. The Chinese naval and air forces monitor the ship, according to the spokesperson for the Chinese PLA Southern Theater Command.

Aug 29, 2019: A US *MC-130J* aircraft [flies](#) along the line dividing the Taiwan Strait between mainland China and Taiwan, according to the Taiwan’s Defense Ministry.

Aug. 30, 2019: Trump [tweets](#): “Just watched Congresswoman Debbie Dingell, and many other Democrats, wanting to give up on our very successful Trade battle with China, which has had its worst Economic year in memory (and getting worse). We are taking in \$Billions. Will be big for Farmers and ALL!”

Chronology by CSIS Research Interns Kevin Dong, Caroline Wesson, and Sloane Rice

COMPARATIVE

C O N N E C T I O N S

A TRIANNUAL E-JOURNAL OF BILATERAL
RELATIONS IN THE INDO-PACIFIC

US-KOREA RELATIONS

FRICITION, IMPASSE, AND PROJECTILES

STEPHEN NOERPER, COLUMBIA UNIVERSITY

Despite the renewal of limited US-ROK joint exercises on the Korean Peninsula, the United States and South Korea saw friction on other fronts. This includes the lack of progress in US-DPRK talks and by extension South Korea's engagement with the North, renewed focus on host-nation support during the new US defense secretary's visit, the suggestion that the US would place intermediate-range missiles in South Korea, Seoul's decision to withdraw from a defense intelligence-sharing pact with Japan, and President Trump's perceived lack of sensitivity toward South Korean interests. The ROK's economic slowdown complicated its growing strategic frustration, and the flareup in South Korea's relations with Japan left the US pondering its role as tensions worsened between its two Northeast Asia allies. North Korea condemned the US-ROK military exercises, tested multiple new short-range missiles, praised Trump while berating his subordinates, and stalled on working-level talks, despite Kim Jong Un's commitment to Trump in Panmunjom, following Trump's historic step across the military demarcation line.

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Tense summer

US-DPRK tensions worsened as North Korea continued its post-Hanoi summit stall, perhaps to evaluate next-steps, perhaps to allow time for Kim Jong Un to regain face after the summit breakdown and Trump's walkaway. Either way, North Korea limited its diplomatic contacts with the US and provided a cold shoulder to Seoul, having failed to acknowledge the one-year anniversary of the historic Moon-Kim summit in late April, and more recently, dismissing any hope for progress in inter-Korean relations. The North Koreans marked the anniversary of the Singapore summit between Kim and Trump, but with a warning that the US needs to reevaluate its approach to realize talks on denuclearization.

Pyongyang added to its message with a series of missile tests, eight in total – one in May and seven more over the late summer. North Korea fired only short-range ballistic missiles, enough to allow Trump to continue hailing the long-range missile test moratorium as a foreign policy victory, but worrying Seoul (and Tokyo) with a display of enhanced short-range capabilities – Iskander-class models and at varying trajectories. Kim also showed off an enlarged submarine and a multiple rocket launcher, suggesting worrisome upticks in DPRK capabilities.



Figure 1 North Korea's short-range ballistic missile test on August 16, 2019. Photo: Korea Central News Agency

North Korea's sabre rattling aimed to show more than enhancements in hardware though; it sought to drive political wedges between Washington and Seoul (and again Tokyo) by way of their respective threat perceptions. The White House tried to mute concerns by repeatedly referring to the missiles as

“projectiles,” and Trump played down the missile tests in August.

To the delight of the White House and Blue House, Kim seized on Trump's tweet overture from the G20 Summit suggesting a meeting in Panmunjom. On June 30, Trump historically stepped across the military demarcation line alongside Kim – the first time a sitting US president “entered” the North. The move won applause worldwide, suggesting progress toward an end to hostilities at a time when the US-China trade dispute and South Korea-Japan discord highlighted growing regional tensions. Kim hailed the meeting as significant, and the post-stroll sit down reportedly led to a vocal commitment by Kim to working-level talks aimed at denuclearization.



Figure 2 Kim Jong Un shakes hands with President Trump at the DMZ. Photo: The National Interest

However, hopes that the meeting would yield results were dashed in subsequent weeks over North Korea's missile launches – pushback reportedly aimed at the resumption of US-ROK joint military exercises, despite their limited scope and duration. The US president and North Korean leader exchanged letters, described by Trump as “beautiful,” but with at least one expressing Kim's consternation over the resumption of drills.

Dissecting divides

The summer saw new fissures at several levels. For the North Koreans, there appeared to be a recalibration of its negotiating team away from former intelligence head Kim Yong Chol and toward the Foreign Ministry. The presence of Party Vice Chair and head of the International Division Ri Su Yong, Foreign Minister Ri Yong Ho, and Vice Foreign Minister Choe Son Hui (newly) on the all-powerful State Affairs

Commission (SAC) seemed to indicate enhanced sway for the diplomats post-Hanoi. South Korea's *Chosun Ilbo* reported that Kim Jong Un had banished Kim Myong Chol to a reeducation camp and ordered the execution of negotiator Kim Hyok Chol, though those reports were later discounted when the former intelligence chief appeared at a performance alongside Kim Jong Un and his wife; the diplomat, Kim Hyok Chol, reportedly was in state detention and under investigation. Regardless, the reports hinted at fissures among North Korea's elites.

North Korea seems to have tried to sow division in its statements toward President Trump and his national security team. Although the North early on appeared positive on Secretary of State Mike Pompeo – especially relative to the harder line National Security Adviser John Bolton – since February, North Korea has suggested that he should be “replaced” and savaged Pompeo in August (and in early September), with the foreign minister calling him “impudent” and the vice foreign minister questioning his sophistication. Pompeo's late August address to the American Legion, in which he referred to North Korea's “rogue behavior,” drew North Korea's condemnation. In contrast, Pyongyang several times hailed Trump and the personal relationship with Kim Jong Un. By the end of April, however, North Korea was calling into question its patience in resuming talks with the United States.

Divisions abound within the US policy community. The Defense Intelligence Agency chief broke from President Trump in describing the intelligence community assessment that Kim Jong Un is not committed to denuclearization. A preponderance of analysts both inside and outside of government scratch their heads at Trump's praise for Kim Jong Un relative to his disregard of ally South Korea – at the G7 meeting in Osaka Trump complaining about a lack of ROK burden-sharing and at a late-summer Hamptons fundraiser privately mimicked South Korean President Moon (and Japanese Prime Minister Abe). Many analysts speculate that North Korea is calibrating against denuclearization, taking courage in Trump's laudatory comments and thinking it a time to go for full recognition as a nuclear-capable state.

North Korea sees benefits in the growing divisions between South Korea and Japan. Kim Jong Un invoked ethnic nationalism (*uri minjok*

kkiri, or “by our nation itself”) in his New Year address. South Korea-Japan discord over export control – and subsequent checks – plays to Pyongyang's grand strategy, as does friction between the US and South Korea.

US-ROK cooperation and friction

The US and South Korea displayed their mutual and steadfast commitment at the operational level during the August military command post exercises. Despite DPRK objections, the US-ROK effort was limited to two weeks and a computer simulation, with an ensuing 10-day effort aimed at progress on South Korea's assuming wartime operational control (OPCON). However, friction emerged over both White House pressure for South Korea to increase burden-sharing at a time of increasing economic difficulty for Seoul, as well as the suggestion that the US wants to place intermediate-range missiles in South Korea.

South Korean sentiments remain raw after last year's bruising leadup to the agreement to increase host-nation support to just under \$1 billion annually. Renegotiation this year presents a new challenge. Trump made it clear in tweets and aside comments that he expects more from South Korea, which he regards as having become wealthy on the back of the US security guarantee. Trump surprised South Korean planners in early August by announcing via tweet that negotiations were already underway.



Figure 3 US Defense Secretary Mark Esper and South Korean Defense Minister Jeong Kyeong-doo during their meeting in Seoul on August 9, 2019. Photo: Reuters

New US Defense Secretary Mike Esper made an inaugural trip to South Korea to affirm the alliance the second week of August. Despite his message of solidarity in the face of North

Korea's threats, his visit came amid concern over the burden-sharing issue and discord between South Korea and Japan. His suggestion that the United States – free of obligations with the cancellation of its INF treaty with Russia – sees an advantage to placing intermediate-range missiles in South Korea rubbed many in Seoul the wrong way. South Korean planners quietly but firmly looked askance at the suggestion, save for a nationalist lobby on the right. ROK analysts feel any such disposition would make South Korea more vulnerable to North Korean attacks. The suggestion met immediate retort from Pyongyang, which rebuked it as “reckless.”

More worrying in the long-term, any such move would stoke Chinese and Russian ire. South Korea suffered through a year-and-a-half of harsh Chinese economic punishment aimed at South Korea after the THAAD (Terminal High Altitude Area Defense) deployment, and Seoul does not relish a new fight with Beijing over US intermediate-range missiles.

Capping the growing friction between the US and South Korea, Seoul's move to abandon the General Security of Military Information Agreement (GSOMIA) with Japan – implemented in 2016 – prompted a public split with Washington. Seoul defended the steps to curtail the agreement as appropriate after Japan's new export controls and (mutual) preferential trade de-listings. Seoul argued that the pact saw a limited exchange of information. US analysts cautioned that the DPRK's recent increase in missile tests makes it all the more necessary.

On Aug. 28, ROK First Vice Foreign Minister Cho Sei-young requested to US Ambassador Harry Harris that the US curtail its public statements of concern. A South Korean veterans group then canceled an appearance by the US ambassador, citing “rapidly changing security circumstances” and reflecting a concerning drift in public perceptions.

The United States has warned South Korea of the move's potential damage to trilateral cooperation and coordination, especially in the face of North Korea's nuclear and missile development. US analysts contend that the move benefits North Korea along with China and Russia. Russian fighter jets violated South Korea airspace in late July, drawing warning shots. Russian and Chinese joint maneuvers

appeared to be aimed at testing trilateral response and readiness – at the same time that Kim displayed a new, enlarged submarine. For the United States and South Korea, muting friction and establishing more common understanding upgrades, refines, and strengthens relations and stability on and around the Korean Peninsula.

CHRONOLOGY OF US-KOREA RELATIONS

MAY – AUGUST 2019

May 4, 2019: North Korea tests new missile similar to Russia's SS-26 *Iskander* from a mobile transporter erector launcher.

May 7-10, 2019: US Special Representative for North Korea Stephen Biegun [visits](#) Tokyo and Seoul to meet South Korean and Japanese officials.

May 8, 2019: Pentagon suspends efforts to recover POW/MIA remains as DPRK talks stall.

May 9, 2019: DPRK conducts second missile test of the month from a tracked vehicle.

May 9, 2019: US [seizes](#) the *Wise Honest*, North Korea's second largest cargo ship accused of violating international sanctions by transporting coal and heavy machinery back to North Korea.

May 9, 2019: The 11th round of US, Japan, South Korea Defense Trilateral Talks (DTT) [is held](#) in Seoul to discuss regional security issues.

May 14, 2019: DPRK demands the return of the seized tanker *Wise Honest*.

May 22, 2019: DPRK suggests "biggest issue" in relations with the US is the impounded ship.

May 24, 2019: DPRK warns that talks with the US will not resume without a "new calculation."

June 2, 2019: Acting Defense Secretary Patrick Shanahan suggests it is not necessary to resume major joint exercises with South Korea, allowing room for diplomacy with the North.

June 3, 2019: DPRK lead envoy Kim Yong Chol is seen with Kim Jong Un, despite reports of his demise.

June 4, 2019: Reports indicate diplomat Kim Hyok Chol is in detention and under investigation, but was not executed by firing squad as earlier reported.

June 6, 2019: US Ambassador to South Korea Harry Harris [urges](#) South Korean companies to avoid using Huawei equipment.

June 10, 2019: DPRK marks the one-year anniversary of the Singapore talks with a call for the US to change its "hostile policy."

June 11, 2019: National Security Adviser John Bolton suggests a third summit is possible and up to Kim Jong Un. Trump publicly opposes using CIA informants against Kim, and says he received a "beautiful letter" from Kim.

June 12, 2019: US [submits](#) report to the UN Security Council's North Korea Sanctions Committee blaming North Korea for breaching a UN-imposed cap on fuel imports through illicit ship-to-ship transfers.

June 19, 2019: South Korea's Special Representative for Korean Peninsula Peace and Security Affairs Lee Do-hoon [meets](#) US Special Representative for North Korea Stephen Biegun in Washington DC to discuss ways to facilitate the resumption of US-North Korea dialogue.

June 19, 2019: Kim Jong Un, alongside Chinese President Xi, calls for a US response to stalled nuclear talks.

June 22, 2019: Kim Jong Un receives letter from Trump with "excellent content."

June 24, 2019: US DIA Director Lt. Gen. Ashley states that the intelligence community assesses that Kim Jong Un "is not ready to denuclearize."

June 26, 2019: President Moon Jae-in says the US and DPRK are in talks over a third summit.

June 28, 2019: US Special Representative for North Korea Biegun [meets](#) South Korea's Special Representative for Korean Peninsula Peace and Security Affairs Lee Do-hoon in Seoul ahead of President Trump's visit to discuss resuming talks with Pyongyang.

June 29, 2019: DPRK's Vice Foreign Minister Choe Son Hui states that a Trump-Kim meeting at the DMZ "would serve as another meaningful occasion in further deepening the personal relations between the two leaders and advancing bilateral relations."

June 29–30, 2019: President Trump [visits](#) South Korea. He and President Moon “reaffirm” the US–ROK alliance, describing it as “the linchpin of peace and security in the Indo–Pacific.” Trump [shakes](#) hands with North Korean Chairman Kim Jong Un in Panmunjom and agrees to continue negotiations with North Korea.

July 10, 2019: ROK Foreign Minister Kang tells Secretary of State Pompeo that Japan’s export curbs are “undesirable.”

July 12, 2019: Assistant Secretary of State for East Asia and Pacific Affairs David Stilwell states that the US won’t seek to mediate the South Korea–Japan dispute, encouraging both to focus on key regional issues, including North Korea.

July 16, 2019: Secretary Pompeo expresses hope that the US and North Korea can be “more creative” in nuclear talks. DPRK says nuclear talks are at risk if US–ROK exercises take place.

July 17, 2019: Assistant Secretary of State Stilwell visits Seoul as the Korea–Japan dispute worsens. Trump bemoans the request by the two US allies to “get involved.”

July 19, 2019: Secretary Pompeo rejects North Korean charges that US–ROK exercises breach any Trump–Kim agreement.

July 23, 2019: Kim Jong Un inspects a newly built submarine with enhanced tactical abilities and weapons systems.

July 24, 2019: National Security Adviser Bolton meets ROK officials to discuss North Korea and the alliance.

July 25, 2019: DPRK launches two short-range missiles, traveling 690 km and 430 km, and describe its missile launches as a warning to ROK “warmongers.” Pompeo says he expects working-level talks with North Korea within weeks.

July 31, 2019: North Korea launches two missiles from the Wonsan area. ROK Defense Minister Jeong Kyeong-doo says the missiles, which flew 250 km and reached a height of 30 km.

Aug. 1, 2019: DPRK launches short-range missiles.

Aug. 2, 2019: Trump plays down the series of short-range missile launches. North Korean Foreign Minister Ri skips the ASEAN Regional Forum meeting.

Aug. 5–20, 2019: US and South Korea [hold](#) joint-military exercises *Dong Maeng 19-2*, a “scaled-back combined command post exercise” that is executed primarily through computer simulations.

Aug. 6, 2019: South Korea’s military [reports](#) that two “short-range ballistic missiles” were launched by North Korea into the Sea of Japan.

Aug. 6, 2019: National Security Adviser Bolton reminds Kim of his missile pledge following the DPRK warning that it may pursue a “new road.”

Aug. 7, 2019: Secretary Pompeo expresses hope that talks will resume within weeks.

Aug. 7, 2019: UN Sanctions Committee on North Korea [releases](#) a report showing DPRK-directed cyberattacks have raised to date \$2 billion in funds to support its WMD programs.

Aug. 8, 2019: Trump tweets that “talks have begun” on US–ROK defense burden-sharing.

Aug. 9, 2019: Lee Soo-hyuk is named new ROK ambassador to the US. Defense Secretary Mark Esper meets ROK leaders amid Korea–Japan dispute and burden sharing debate. Trump notes a letter from Kim Jong Un complaining of military exercises.

Aug. 10, 2019: North Korea [launches](#) “the fifth round of launches by Pyongyang in just over two week,” sending two short-range ballistic missiles into the Sea of Japan.

Aug. 10, 2019: Trump says Kim is open to more talks following US–ROK exercises.

Aug. 14, 2019: North Korea says any deployment of US intermediate-range missiles in the ROK would be a “reckless act.”

Aug. 16, 2019: North Korea [test-fires](#) two short-range ballistic missiles into the Sea of Japan, “the sixth launch of projectiles by the country since July 25.”

Aug. 17, 2019: KCNA reports Kim Jong Un oversaw the latest firing of missiles.

Aug. 21, 2019: North Korea describes a US mid-range cruise missile test and plans to deploy F-35 jets to South Korea as “dangerous” and possibly “triggering a new cold war.”

Aug. 22, 2019: South Korea scraps intelligence-sharing pact with Japan. North Korea Foreign Minister Ri Yong Ho describes Secretary Pompeo as a “diehard toxin” and “impudent” and says North Korea is ready for dialogue or a standoff.

Aug. 24, 2019: North Korea [launches](#) its seventh projectile test since July 25. *Korean Central News Agency* reports the successful test of a “super-large multiple rocket launcher.”

Aug. 26, 2019: US says the ROK decision to withdraw from intelligence-sharing pact endangers US troops.

Aug. 27, 2019: Secretary Pompeo says in an American Legion speech that “we recognized that North Korea’s rogue behavior could not be ignored.”

Aug. 28, 2019: ROK Vice Foreign Minister Cho cautions Ambassador Harris on US statements criticizing South Korea’s decision to withdraw from its intelligence-sharing pact with Japan.

Aug. 31, 2019: North Korea condemns Secretary Pompeo’s recent remarks and suggests that DPRK expectations for more US dialogue are “gradually disappearing.”

COMPARATIVE

C O N N E C T I O N S

A TRIANNUAL E-JOURNAL OF BILATERAL
RELATIONS IN THE INDO-PACIFIC

US-SOUTHEAST ASIA RELATIONS

ASEAN CENTRALITY UNDER SIEGE

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Two regional meetings in Southeast Asia over the summer – the Shangri-La Dialogue in Singapore and the ASEAN Regional Forum in Bangkok – revealed growing angst among Southeast Asian leaders over narrowing political space in which to balance relations in the context of US-China competition. More broadly, the relevance of ASEAN in these polarizing times has come into question and subregional arrangements, such as the Ayeyawady-Chaopraya-Mekong Economic Cooperation Strategy (ACMECS) are emerging. Recent incidents point to growing Chinese assertiveness in the South China Sea. A reported agreement with Cambodia to build a strategic outpost on the Gulf of Thailand has drawn sharp criticism from Washington. But it is unclear how able or willing Southeast Asian governments are to push back since they view China as a critical economic partner. As several Southeast Asian leaders contemplate retirement, economic security is a common element in the legacies they envision.

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Bipolar blues: choosing not to choose

The Shangri-La Dialogue has always been, to some extent, a contest between Washington and Beijing, but that rivalry was usually kept below the surface. To Southeast Asian leaders, the competition was all too apparent at the 2019 Dialogue. The anxiety that has grown over US-China tensions was a first order of business when Singaporean Prime Minister Lee Hsien-Loong delivered the keynote speech that laid out two bald truths: China's rise has irreversibly altered the region's economy and its strategic environment, and a new Cold War will not end with the collapse of one of the adversaries as the last one did. This, he said, would suggest that both sides should abandon their zero-sum approach and cooperate on formulating new rules for cooperation. Lee's diagnosis was a lack of "strategic trust."

Lee also called out each country for what he viewed as obstructionism. Beijing, he said, must prove that it is genuinely moving toward a rules-based view of foreign relations rather than relying upon easy rhetoric. He questioned whether China had really abandoned its transactional and mercantilist approach. Lee criticized Washington for excluding Beijing from setting terms for the evolving world order. Moreover, he said, the US has turned its back on multilateral institutions and, specifically, has lost faith in the World Trade Organization (WTO). Southeast Asians have long maintained that it is neither necessary nor wise to choose between the United States and China in regional affairs, but Lee allowed that this paradigm may be a luxury they can no longer afford.



Figure 1 Singapore Prime Minister Lee Hsien-Loong delivers the keynote address at the 2019 Shangri-La Dialogue. Photo: Office of the Prime Minister

Both Washington and Beijing routinely insist that they do not ask smaller nations in the region to side with them, but their actions and

rhetoric increasingly belie that claim. At the ASEAN Regional Forum (ARF) in Bangkok in August, Secretary of State Mike Pompeo and other senior US officials were outspoken in their criticisms of China, sometimes breaking precedent from previous US positions. In the face of Southeast Asian complaints that US-China trade tensions threaten economic stability in the region, Pompeo blamed Beijing for the dislocation, insisting that Washington had only shined a light on domestic Chinese problems and that China must adjust to a "new normal of slower growth."

Washington also took a more negative approach at the ARF to efforts between ASEAN and China to forge a code of conduct on the South China Sea. Previous administrations had expressed support for a code – in principle – but cautioned that it would be of little use without binding mechanisms for enforcement. At a press opportunity, US officials questioned the basic value of a separate code and urged ASEAN to rely instead on the UN Convention on the Law of the Sea (UNCLOS), despite the fact that the US has not acceded to the UNCLOS treaty.

Apart from current tensions between Washington and Beijing, Southeast Asian leaders continue to be disturbed by the implied challenge to ASEAN's role as a regional convener – so-called "ASEAN centrality" – posed by the introduction of the Indo-Pacific as a regional framework. The Department of Defense Indo-Pacific Strategy Paper furthered suspicions that the Indo-Pacific concept was largely intended to contain China, since China (and Russia) were specifically identified as security threats.

An early draft of the ASEAN white paper on the Indo-Pacific, later named the ASEAN Outlook on the Indo-Pacific, made specific reference to an anti-China angle, but that language was dropped when Singapore refused to clear the paper. The Outlook, released in Bangkok in August, took a more affirmative, if plaintive, approach by insisting that "ASEAN centrality" must be preserved. As a result, regional powers had no objection to including that phrase in their public statements at the ARF; Secretary Pompeo used "ASEAN" and "Indo-Pacific" interchangeably, which pleased some ASEAN members (Singapore and Thailand), while irritating others (Indonesia). But the ARF itself raised the possibility that ASEAN was losing some of its convening power: for the first time

in several years, North Korea did not send its foreign minister to participate.

Having made their point with the Outlook paper, ASEAN leaders will likely temper any further objections to the Indo-Pacific concept. They are increasingly inclined to view it as a rhetorical reinvention of the Obama administration's "pivot" to Asia that they assume will yield to yet another branding attempt if the 2020 US elections bring a change in White House. In addition, they observe that the Indo-Pacific paradigm is incomplete; it does not adequately explain India's role in the new regional order – indeed, both the DOD Indo-Pacific Strategy Paper and the ASEAN Outlook pay little, if any, attention to India.

The Cambodia challenge

In his Shangri-La keynote, Prime Minister Lee did not specify which power Southeast Asians would choose if they were forced to do so, but growing security concerns about China present new openings for the United States. The PLA Navy's attempts to interfere in Vietnam's oil and gas exploration efforts in Vietnam's Exclusive Economic Zone (EEZ) in recent months inspired two strong statements from the State Department, which broke precedent by publicly siding with Hanoi over Beijing. Vietnam will chair ASEAN in 2020, and will encourage Washington to maintain this higher level of attention to South China Sea issues, as it did in 2010 when it was successful in persuading then-Secretary of State Hillary Clinton to call out China in her remarks at the ARF meeting. The sinking of a Filipino fishing vessel by a Chinese trawler near Reed Bank in early June raised further alarm in the region. On a different plane, a dramatically low water level in the Mekong River this summer, which is believed to be caused by China's withholding water upstream, has heightened concern about water security in mainland Southeast Asia, including Thailand, which successfully eschews involvement in South China Sea issues.

The quantum leap in China's strategic ambitions in Southeast Asia is the reported agreement with Cambodia to repurpose Ream Naval Base near Sihanoukville as a facility for exclusive Chinese use. On Aug. 15, Gen. Joel Vowell, an official at the US Indo-Pacific Command, said publicly that China and Cambodia would commence work on the base in 2020. US officials had drawn attention to this possibility since late 2018 –

Vice President Mike Pence addressed the issue in a letter to Cambodian Prime Minister Hun Sen – but Vowell's announcement was the first definitive statement from the US government about an agreement that would provide China with a strategic outpost on the Gulf of Thailand. Included in this plan is the development of a Chinese airport in Koh Kong province, 70 km from the Ream base.

A naval base at Ream would provide China with ready access to the South China Sea and hold down the eastern end of China's aspirational "string of pearls," a line of prospective Chinese-held ports in South and Southeast Asia that would enable the PLA Navy to protect Chinese trade and project power in those regions. More immediately, it would be the first concrete result of China's campaign to strengthen security relations with the Southeast Asian nations.

An agreement to develop a Chinese-controlled naval base in Cambodia is arguably a logical step in the bilateral relationship. Beijing has provided Hun Sen with political cover as he has maneuvered to retain power through repressive means. In return, Phnom Penh has often acted as Beijing's agent in ASEAN on matters related to maritime security. Equally if not more important, is China's role in the Cambodian economy. Although the US is Cambodia's largest trading partner, China is by far its largest investor, accounting for 70% of foreign direct investment.

Beijing is also Phnom Penh's largest aid donor. For two decades after the 1993 UN-led elections, donor aid accounted for roughly half the budget of the central government, but that has dwindled in recent years. In 2016, when the World Bank upgraded Cambodia to the status of a lower-middle-income country, which made it ineligible for certain kinds of foreign assistance, donor aid comprised 40% of the national budget; by 2018, it had fallen to 20%. Maintaining Cambodia's economic growth rate, currently 7%, is now dependent on development of its private sector.

The Southeast Asian countries with claims in the South China Sea – particularly Vietnam and the Philippines – would oppose a Chinese base in Cambodia, as would Thailand, which still has unresolved overlapping energy claims with Cambodia in the Gulf of Thailand. However, it is not a given that other ASEAN states – or even

ASEAN collectively – can dissuade Cambodia from its agreement with China.

Given its role as a trading partner and an aid donor, the United States may have more leverage on this issue. However, democracy and human rights issues are an obvious sticking point. US-Cambodian relations have deteriorated since Hun Sen’s attempt to eradicate political opposition – particularly the Cambodia National Rescue Party (CNRP) – in 2017, in advance of general elections. Cambodia suspended joint military exercises following criticism from Washington, and in late 2018 Phnom Penh flatly turned down an offer from the US to help repair training facilities at Ream. Moreover, on July 15, the US House of Representatives passed the Cambodia Democracy Act of 2019, which would impose sanctions on Cambodian officials associated with the 2017 crackdown. The Senate has yet to act on the bill, but Majority Leader Mitch McConnell is a longstanding champion of the Cambodian political opposition and the prospects for its approval in that chamber are good.

External pressure on Hun Sen on the port issue has resulted in denials from both Beijing and Phnom Penh of intentions to build a Chinese naval outpost. US officials believe that work on Ream and the Koh Kong airport will continue nevertheless, as dual facilities that can serve both military and commercial purposes.



Figure 2 A Cambodian Navy sailor salutes on a Chinese naval patrol boat during a handover ceremony at a Cambodian naval base at Ream, November 7, 2007. Photo: Reuters

Economic issues

Although the uncertainty and dislocation of the US-China trade dispute unsettles Southeast Asia as a whole, some individual countries have benefitted economically while others are losing ground. One of the most disadvantaged is

Singapore, whose second-quarter GDP for 2019 fell by 3.3%. Although economists attribute this to a variety of factors, foremost is the China-US trade war, which has disrupted world supply chains. Because of its importance to international trade, Singapore is viewed as an indicator of global growth, and its economic reversal has raised alarm in the region.

On the other end of the spectrum, Vietnam risks being a victim of its own success in the US-China trade dispute. As one of the most preferred targets for investment relocation from China, Vietnam’s trade surplus with the US is rising as the new largesse increases exports to the US. In 2019, trade with the US has accounted for 26% of GDP, up from 20% in 2018. The trade surplus is up 39% over the same period. In June, President Trump accused Vietnam of being a worse trade predator than China, and threatened to levy new tariffs on Vietnamese imports. In a letter to the Senate Finance Committee in July, US Trade Representative Robert Lighthizer wrote that Washington has informed Hanoi that it must reduce its trade surplus.

In contrast to China, Vietnam has taken a conciliatory approach to threats from Washington. In late June, Prime Minister Nguyen Xuan Phuc promised to increase Vietnamese purchases of liquified natural gas (LNG), in a meeting with Trump on the margins of the G20 meeting in Osaka. Phuc has also directed officials to increase efforts to stem Chinese transshipment of goods to the US through Vietnam. In the meantime, Hanoi is opening new trade relationships to diversify its trade and reduce risk – it recently signed a free trade agreement with the European Union that would eliminate duties on nearly all Vietnamese goods entering the EU.

Regional or subregional?

However nervous Southeast Asian countries may be about China’s strategic ambitions and however disconcerted they are by the US-China trade war, they continue to view China as a critical, although not exclusive, partner for infrastructure development. The wealthier and more developed economies of Southeast Asia are wary of falling into Chinese “debt traps” – as Sri Lanka has done, and as they fear Laos and Cambodia will– and believe they have the leverage to negotiate more favorable terms with

Beijing and the ability to refuse or cancel deals with China if they cannot obtain those terms.

Malaysian Prime Minister Mahathir Mohamad helped spark this trend in May when he persuaded Beijing to cut the price of the Malaysia East Coast Rail Link project by one-third. Indonesian President Joko Widodo has built on this to propose that Beijing establish a separate fund for Indonesia in the Belt and Road Initiative, with a consistent interest rate across the board and adherence to standards of transparency and environmental impact for all projects. A potential \$9 billion in Indonesian funds is at stake in Indonesian-Chinese cooperation on infrastructure projects over the next decade. The ball is in Jakarta's court to provide Beijing with a draft agreement. China is likely to drag its heels in response, to avoid creating a precedent for other countries.

Beijing's willingness to standardize its loan and other policies and allow greater transparency in its infrastructure projects would place Washington in a dilemma. On the one hand, the US is critical of China for its lack of transparency in its investment practices; on the other hand, such a move on Beijing's part would draw more partners into its projects and help China realize the strategic aims of the Belt and Road Initiative.

Thai Prime Minister Prayut Chan-o-cha has taken a somewhat different approach and has reprised a Thaksin-era plan to give Thailand greater influence on infrastructure development on mainland Southeast Asia through the Ayeyawady-Chao Phraya-Mekong Economic Cooperation Strategy (ACMECS). Established in 2003, the subregional initiative encompasses all of mainland Southeast Asia by reference to its three main rivers. ACMECS will fund infrastructure projects, and Thailand contributed the first seed capital of \$200 million in June. The United States, Japan, and Australia have pledged to join the initiative with similar contributions.

In reviving ACMECS, Prayut hopes to take the edge off of great power competition over the Mekong, and to compensate for the assumption that the US will be a less reliable partner in the next few years. Although Secretary of State Pompeo claimed at the ARF that there is "more to come" with the Lower Mekong Initiative (LMI), there is a widespread perception in Southeast Asia that China's Lancang-Mekong framework is outpacing the LMI. More

generally, Thailand is hoping for a stronger shield against Chinese intrusion into mainland Southeast Asia. In recent months Prayut appears to have soured on the Kunming-to-Bangkok rail link, although this could be a negotiating strategy with Beijing.

Even if it succeeds, ACMECS will be a junior player in regional infrastructure at best, and has no possibility of countering – much less eclipsing – larger ones such as the Asian Infrastructure Investment Bank or the Asian Development Bank, or individual countries such as Japan or South Korea. However, Prayut intends to infuse infrastructure development on mainland Southeast Asia with more local perspective and more local control.

Incumbents look to their legacies

Two elections this spring – general elections in Indonesia (April 17) and midterm polls in the Philippines (May 13) – produced strong victories for incumbents. As President Joko Widodo (Jokowi) looks to his second term, and as President Rodrigo Duterte enters the second half of his six-year term, both are considering policy shifts that will help to determine their legacies.

In a speech in West Java on July 14, Jokowi left little doubt that he will double down on economic policy in his second term, although the emphasis will shift. In the second term, which will run until 2024, his administration will give slightly more attention to developing human resources – to increase Indonesia's economic competitiveness – although infrastructure development will remain a priority. Another high-profile objective is the removal of obstacles that hinder investment. Jakarta has long been under pressure from foreign investors who complain about bureaucratic obstacles to FDI. As an early gesture, Jokowi has promised to speed up the process for licensing fees.

The July 14 speech touched only lightly on foreign affairs, and there is little doubt that Jokowi intends to revert to his original focus on domestic policy over foreign affairs. He will not be able to do this completely since Indonesia (along with Malaysia and Vietnam) are increasingly challenged by Chinese naval assertiveness in their EEZs. Moreover, the ASEAN chair will rotate to Indonesia in 2023. Lastly, counter-terrorism in the face of a growing Islamic State presence and activity in

Southeast Asia will keep Indonesian ties to the US and Australia on the front burner for the duration of Jokowi's second term.



Figure 3 A traffic jam in Jakarta, one reason the Indonesian government has announced it will relocate the country's capital to Borneo. Photo: Getty Images

Jokowi's signature initiative, one he intends to have well on its way to completion by his last year in office, is to relocate Indonesia's capital from Jakarta to Borneo in East Kalimantan. Although Jakarta will remain an important commercial center, Jokowi intends to construct a new base for the central government – at the cost of \$33 billion – by 2024. His decision, announced Aug. 26, is based on Jakarta's increasing dysfunction – with notorious traffic jams and rising pollution – but also its vulnerability to rising seas: the capital is already 40% below sea level and is considered to be the fastest-sinking city in the world.

Public reaction is predictably mixed, with environmentalists claiming that the government will create a new environmental disaster in Borneo. In geostrategic terms, however, the move would place the Indonesian capital closer to both Malaysia and Brunei which Jokowi believes could improve coordination with Indonesia's neighbors.

Midterm elections in the Philippines, which were broadly considered to be a referendum on the administration of President Duterte, gave him an unexpected degree of support. Duterte went into the midterms with an 81% approval rating, a popularity level that was borne out at the polls. Pro-Duterte candidates swept all 12 Senate seats and three-quarters of the House seats. Duterte's supporters are expected to have a super-majority (3/4 of the vote) in each chamber of Congress. Also, Duterte's daughter Sara was re-elected as mayor of Davao City in

Mindanao and Ronald "Bato" del Rosa, the police chief who helped to engineer Duterte's campaign against drug dealers was elected to the Senate. Pro-Duterte candidates claimed a majority in provincial and local elections as well. Duterte believes his anti-drug campaign was responsible for his resounding support in midterm elections, but public opinion surveys indicate it was due primarily to the Philippines' robust economic growth.

There will likely be considerable continuity in the second half of Duterte's term: (1) continuation of the anti-drug campaign; (2) renewed pursuit of infrastructure projects with China; (3) a relationship with Washington that is still testy, and could become more so over the issue of Chinese companies developing facilities around Subic Bay; and (4) attempts to strengthen autonomy arrangements, particularly in Mindanao, which is Duterte's strongest base. Duterte will also use the next three years to build support to avoid prosecution for extra-judicial killings related to the drug campaign or other reprisals when he leaves office in 2022 and to build a role for his family in the Philippines' political oligarchy, most likely through his daughter.

Looking ahead

The tenor of US relations with Southeast Asia for the remainder of 2019 will depend in large part on US-China trade negotiations. Talks are scheduled to resume in October, but efforts to resolve trade tensions have been unsteady. In its remaining months as ASEAN chair, Bangkok will endeavor to persuade President Trump to attend the East Asia Summit (EAS) in the fall. Thailand and the United States will co-chair a major regional business forum on the margins of the EAS, which increases the chance that he will participate. A visit from Trump would also underscore the return of normal US-Thailand relations, since the completion of elections this year enabled Washington to lift the remaining sanctions applied after the 2014 coup.

With David Stilwell's confirmation as assistant secretary of state for East Asian and Pacific affairs, and the confirmation of Mark Esper as secretary of defense, Washington is poised to raise its diplomatic profile in Southeast Asia, despite the fact that there is still no US ambassador to ASEAN. If Secretary of State Pompeo leaves his position to run for the open Senate seat in Kansas, as he is believed to be

considering, that could slow diplomatic momentum for the remainder of the current presidential term.

CHRONOLOGY OF US-SOUTHEAST ASIA RELATIONS

MAY – AUGUST 2019

May 4–6, 2019: Thai King Maha Vajiralongkorn is crowned in Bangkok. Vajiralongkorn inherited the throne in 2016 when his father, Bhumibol Adulyadej, died after a 70-year reign.

May 9, 2019: Election Commission of Thailand announces official results of March 24 general elections. Since no party garnered a majority of votes, furious deal-making begins for a government coalition led by Prime Minister Prayut Chan-o-cha's Palang Pracharat Party and an opposition coalition under the pro-Thaksin Pheu Thai Party.

May 13, 2019: Philippines holds mid-term elections, which are widely viewed as a referendum on the administration and policies of President Rodrigo Duterte.

May 14, 2019: US Coast Guard cutter *Bertholf* [practices](#) search-and-rescue exercises with Philippines Coast Guard vessels BRP *Batangas* and BRP *Kalangaman* near Scarborough Shoal.

May 16, 2019: Secretary of State Mike Pompeo and Singapore Foreign Minister Vivian Balakrishnan meet in Washington to discuss the US-Singapore Strategic Partnership, with emphasis on reducing threats related to terrorism and proliferation.

May 20, 2019: USS *Preble* [conducts](#) a freedom of navigation operation (FONOP) near Scarborough Shoal in the South China Sea “to challenge excessive maritime claims and preserve access to the waterways as governed by international law.”

May 21, 2019: Indonesia's General Elections Commission officially [declares](#) incumbent Joko Widodo winner of the April 17 presidential election. Indonesian officials thwart an ISIS plot to launch bombing attacks on the day of the announcement. Six of the nine militants arrested had recently returned from Syria.

May 22, 2019: Secretary of State Pompeo meets Vietnamese Deputy Prime Minister and Foreign Minister Pham Binh Minh in Washington to discuss efforts to strengthen the US-Vietnam Comprehensive Partnership.

May 31–June 2, 2019: Shangri-La Dialogue is held in Singapore. Singapore Prime Minister Lee Hsien-Loong gives the keynote address.

May 31, 2019: Pentagon [announces](#) that it will sell 34 *ScanEagle* surveillance drones to Malaysia, Indonesia, the Philippines, and Vietnam to more closely monitor “destabilizing actors” in the South China Sea.

June 1, 2019: Pentagon releases the first Department of Defense Indo-Pacific Strategy Paper, which outlines a whole-of-government approach to US policy in the Indo-Pacific region.

June 5, 2019: Thai Prime Minister Prayut, leader of the junta National Council for Peace of Order (NCPO), is inaugurated as elected prime minister.

June 9, 2019: Philippine fishing vessel is rammed and sunk by a Chinese trawler in the South China Sea near Reed Bank, leaving 22 fishermen to be rescued by a passing Vietnamese ship.

June 14–21, 2019: Assistant Secretary of State for Energy Resources Francis Fannon visits Vietnam and Thailand to discuss energy security and regional cooperation on energy issues. His trip highlights Asia EDGE (Enlarging Development and Growth Through Energy), the energy component of the State Department's Indo-Pacific Strategy.

June 16, 2019: PM Prayut announces that his administration will provide \$200 million as seed capital for the Ayeyawady-Chaopraya-Mekong Economic Cooperation Strategy (ACMECS) Fund.

June 20–23, 2019: Southeast Asian leaders [meet](#) in Bangkok for 34th ASEAN summit. They adopt a declaration to combat plastic pollution in oceans and release statements regarding regional economic and security collaboration, de-escalation of tensions in the South China Sea, and investigations into human rights violations in Myanmar.

June 26, 2019: President Trump says that Hanoi “treats the United States even worse than China does” on trade and threatens to impose new tariffs on Vietnamese goods entering the US.

June 27, 2019: Indonesia’s Constitutional Court [rejects](#) Prabowo Subianto’s claim that he was the victim of voter fraud in the presidential election in May.

June 28, 2019: Vietnamese Prime Minister Nguyen Xuan Phuc promises that Vietnam will import more liquified natural gas (LNG) from the United States after meeting President Trump on the margins of the G20 Summit in Osaka,

June 29, 2019: State Department releases a statement criticizing the shutdown of mobile data services in violence-affected areas of Rakhine and Chin states in Myanmar.

July 14, 2019: Indonesian President Widodo delivers a major policy speech in West Java, laying out priorities for his second term, most of which focus on promoting economic growth.

July 15, 2019: Thailand PM Prayut [resigns](#) as head of the military government to return to “normal democracy” after five years of junta rule.

July 15–16, 2019: United States and the Philippines conduct eighth Bilateral Strategic Dialogue in Manila. Assistant Secretary of State Stilwell and Assistant Secretary of Defense Randall Schriver lead the US delegation; Foreign Affairs Undersecretary Enrique Manalo and National Defense Undersecretary Cesar Yano head the Philippine team.

July 16, 2019: State Department announces it will place visa sanctions on four high-ranking Myanmar military officers for their involvement in the 2017 crackdown against Muslim Rohingya in Rakhine State. Foremost among them is Ming Aung Hlaing, commander-in-chief of the Armed Forces.

July 20–23, 2019: With Thailand as chair, the first ASEAN Summit of 2019 is held in Bangkok.

July 20, 2019: State Department issues a statement of concern over China’s interference in oil and gas exploration in at the South China Sea, singling out Vietnam’s energy explorations in its own Exclusive Economic Zone (EEZ). It estimates that Chinese coercion prevents ASEAN members from accessing more than \$2.5 trillion in energy resources in the South China Sea.

July 22, 2019: The first elected Thai Parliament in over five years opens in Bangkok.

July 22, 2019: *Wall Street Journal* article describes a secret agreement between Cambodia and China to repurpose the Ream Naval Base on the Gulf of Thailand as a naval facility for the exclusive use of the Chinese Navy.

July 22, 2019: State Department releases a statement commemorating the 10th anniversary of the US accession to the ASEAN Treaty of Amity and Cooperation (TAC).

July 26, 2019: Thailand and the US announce agreement for Bangkok to purchase *Stryker* infantry-carrier vehicles under the US Foreign Military Sales (FMS) program, a signal that normal military-to-military relations have been restored.

Aug. 1, 2019: Six small bombs explode around Bangkok as US Secretary of State Pompeo delivers a speech at the Siam Society on Thailand’s “return to democracy.”

Aug. 2, 2019: The 26th ASEAN Regional Forum (ARF) is held in Bangkok. Several other regional meetings held in conjunction include the US-ASEAN Ministerial Meeting and the 10th anniversary meeting of the Lower Mekong Initiative (LMI). At the LMI meeting, the US and Japan announce a partnership to strengthen the regional electrical grid on mainland Southeast Asia. Assuming congressional approval, Washington will provide \$29.5 million for the project.

Aug. 15, 2019: Gen. Joel Vowell of the US Indo-Pacific Command says that Cambodia and China will begin construction on the Ream Naval Base in 2020.

Aug. 16, 2019: Indonesian police and military personnel storm a Papuan student dormitory in East Java, accusing the students of damaging the Indonesian flag on the 74th anniversary of the country's independence. The incident sparks riots in Papua.

Aug. 22, 2019: State Department issues a second statement of concern on Chinese interference with Vietnam's oil and gas activities in Vietnam's EEZ. The statement questions China's commitment to the ASEAN-China Declaration on the Conduct of Parties in the South China Sea.

Aug. 26, 2019: Indonesian government announces it will move the country's capital to Borneo. If Parliament approves, the \$33 billion relocation will commence in 2020 and conclude in 2024.

Aug. 27- Sept. 7, 2019: Assistant Secretary of State Stilwell visits Timor-Leste, Indonesia, Brunei, and Singapore.

Aug. 28, 2019: *USS Wayne E. Meyer* [sails](#) near Fiery Cross and Mischief Reef "to challenge excessive maritime claims and preserve access to the waterways governed by international law."

Aug. 28-Sept. 2, 2019: President Duterte visits China, his fifth official visit since assuming office. He is under domestic pressure to insist on the authority of the 2016 UNCLOS determination on Manila's petition against China which President Xi predictably downplays.

PACIFIC FORUM

COMPARATIVE

CONNECTIONS

A TRIANNUAL E-JOURNAL OF BILATERAL
RELATIONS IN THE INDO-PACIFIC

CHINA- SOUTHEAST ASIA

BROAD CONFIDENCE, COERCIVE ADVANCES, COMPLICATED REGIONAL RESPONSES

ROBERT SUTTER, GEORGE WASHINGTON UNIVERSITY
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Chinese officials and authoritative commentary continued their positive portrayal of China-Southeast Asia relations. Routine public assessments avowed confidence that differences over the South China Sea and challenges posed by the United States were manageable while China's economic attraction for the region would grow. Against this favorable background, Chinese maritime forces, in moves Beijing did not publicize, challenged Vietnam and Malaysia over oil and gas drilling rights in the South China Sea. They also continued to use maritime force to challenge Manila's efforts to construct modest infrastructure upgrades at Philippine-occupied Thitu Island.

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China plays offense

In the aftermath of Beijing's Second Belt and Road Forum attended by nine of the 10 ASEAN heads of government in late April, Beijing commentary [highlighted](#) growing economic ties with Southeast Asia despite the fallout from US-China trade war. The value of China-ASEAN trade in the first half of 2019 was up 4.2% over the previous year, with ASEAN surpassing the US to become China's second largest trading partner after the European Union. China-ASEAN investment was valued at \$205 billion.

For the first time in eight years, China sent its defense minister to the Shangri-La Dialogue in June. The minister, Gen. Wei Fenghe, highlighted progress with ASEAN in negotiating a code of conduct for the South China Sea, defended China's "limited" defense facilities on Chinese-controlled land features in the South China Sea, and rebutted criticisms of the US acting defense secretary, countering that US shows of force were the most serious destabilizing factor in the region.



Figure 1 Wei Fenghe attends the Shangri-La Dialogue in Singapore. Photo: The Straits Times

Low-level officials and media commentary criticized repeated US freedom of navigation operations, training exercises, and other military demonstrations involving US allies and partners. Recent Chinese military moves in the South China Sea included the deployment, reported in June, of *J-10* jet fighters to Woody Island in the Paracel Islands. Those planes followed the deployment of *J-11* fighters to the island over the past three years. In late June, China carried out tests of what some Western [reports](#) judged were anti-ship ballistic missiles in the South China Sea.

In July, the anniversary of the 2016 UNCLOS tribunal ruling against China's expansive claims to the South China Sea passed without official notice by Southeast Asian governments. The authoritative 2019 Chinese national defense [white paper](#) duly included Southeast Asia in assessing rising competition with the United States amid what it saw as the shift of world economic and strategic concerns to the Asia-Pacific region. The extensive coverage of Foreign Minister Wang Yi's participation in ASEAN-related meetings in Bangkok on July 30-Aug. 3 stressed incremental progress seen in completing the first reading of the draft text of the Code of Conduct for the South China Sea, and underlined the importance of completing the long delayed Regional Comprehensive Economic Partnership (RCEP) free-trade agreement involving 18 Asia-Pacific countries but excluding the United States.

Criticizing US policy

Some official Chinese [commentary](#) said the meeting between Wang and US Secretary of State Mike Pompeo in Bangkok on Aug. 1 was "surprisingly constructive." It cited Pompeo's remarks to Wang that the US was not asking Southeast Asian nations to choose sides between the US and China, and that the US did not intend to contain China. In contrast, Wang seemed defiant when he told the media after the meeting with Pompeo that China would not allow anyone to block its right to development in the South China Sea. Chinese media also strongly criticized Pompeo earlier for his public attacks on Chinese policies prior to his Asia-Pacific trip, including remarks in a State Department [statement](#) of July 20 targeting China's coercive measures to block the Philippines, Vietnam, and others from economic development involving the South China Sea. They responded in kind to the senior US envoy's repeated criticism of Chinese policies and practices during his extensive trip to the region, including Australia and the Pacific Islands. The Chinese Foreign Ministry spokesman and supporting official commentary rebuffed the State Department statement on Aug. 22, which took specific aim at Chinese intimidation of Vietnam's efforts to develop South China Sea energy resources clearly within Vietnam's EEZ, but also within the boundaries of China's nine-dash line.



Figure 2 Wang Yi meets Mike Pompeo in Bangkok. Photo: Reuters

[Experts](#) from the authoritative National Institute for South China Sea Studies in recent commentaries painted a sober outlook for US-China tension in the South China Sea. They made the case that differences between the two powers were not only the result of mutual distrust and strategic suspicion but were created by a clash of vital interests of the United States and China in the South China Sea that defied easy resolution. Against this background, they advised China to be wary of US efforts to bring allies and partners, notably India, to join the United States, Japan, and Australia to thwart Chinese ambitions in the South China Sea. They judged that Philippine President Rodrigo Duterte faced significant opposition in reconciliation with China from the Philippines military, which seeks closer ties with US counterparts and “the pro-America lobby” in Manila. They added that the recent involvement of US Coast Guard forces now deployed to the Asia-Pacific and involved in exercises with Philippine counterparts near Scarborough Shoal was emblematic of substantially strengthened recent efforts by the US to foster the ability of disputants in the South China Sea to defend maritime interests against Chinese Coast Guard and maritime militia forces. The experts also viewed with concern the US government’s continued involvement with the [Lower Mekong Initiative](#), with Secretary Pompeo attending the group’s second ministerial meeting in Bangkok on Aug. 1, judging that the US is attempting to turn Mekong River countries against Beijing on account of China’s controversial hydropower dams that impact downstream agriculture and fisheries.

The Philippines: coercive pressure and economic attraction prompt domestic disagreement

President Duterte and his close associates continued to seek economic benefit from Chinese trade and investment. The president endeavored to play down the months-long presence of over 100 Chinese vessels, assumed to be members of the Chinese maritime militia, intimidating Philippine efforts to modernize an air strip and other infrastructure on Thitu Island. The results of the mid-term Philippines congressional elections in May removed from the Senate many strong opponents of Duterte’s policies, but the continued Chinese pressure on Thitu, a dramatic incident reportedly involving a Chinese militia boat ramming and sinking a Philippines fishing boat in Reed Bank in June, and what was viewed in Manila as provocative passages of Chinese warships through Philippine waters put the president on the defensive. The US meanwhile followed Secretary Pompeo’s pledge in March of a willingness to come to the defense of Philippine forces under attack in the South China Sea with remarks by the US ambassador to the Philippines in June that indicated US support would come in the event of an armed attack by Chinese government militia. Against this background, Philippine Defense Secretary Delfin Lorenzana and other security experts became more vocal in criticizing Chinese actions and registering concerns over proposed Chinese investments in militarily sensitive areas of the country.

Meeting in Beijing at the Second Belt and Road forum in late April, President Duterte and Chairman Xi Jinping did not publicly refer to the Thitu Island standoff as they recalled commitments to peace in the South China Sea. Duterte [said](#) China was his country’s “longterm and reliable friend.” But the Thitu standoff resulted in public opinion turning against China and the Philippine military reportedly working more closely with US counterparts.

A Chinese militia ship reportedly rammed and sank a Philippine fishing boat at Reed Bank and left the 22 occupants in the water to be rescued by a Vietnamese fishing boat. The strong outcry in the Philippines saw the Foreign Affairs Department protest and Defense Secretary Lorenzana condemn the Chinese crew’s “cowardly action.” After several days of silence, Duterte downplayed the incident as a “little maritime accident.” He also disclosed that he had an agreement with Chairman Xi that allowed Chinese vessels to operate within the Reed Bank and other parts of the Philippines

Exclusive Economic Zone (EEZ). Public opposition to the president's China policy grew and the military reportedly sought closer security ties with the US as a hedge against China.

Subsequent comments by Duterte emphasized the futility of confronting China. Regularly scheduled dialogues between the two governments continued in an avowedly friendly atmosphere. Despite calls for improved relations with China, Defense Secretary Lorenzana in late July [pointed](#) to Chinese behavior in the South China as "bullying." In August, Duterte signed a multi-billion deal calling for Chinese firms to develop infrastructure and tourist facilities on islands near Subic Bay and other sensitive security areas of the country. Media reports seemed to confirm that defense officials had not yet been consulted about the agreements. It was reported in August that the Philippine government had protested the undeclared passage of five Chinese Navy vessels, including its aircraft carrier, through Philippine territorial waters since February 2019. The ships had shut off their automatic identification systems during the passage.

The highly anticipated Xi-Duterte summit in Beijing at the end of August produced limited substantive progress on the territorial dispute. In the lead-up to his visit, Duterte had [indicated](#) his resolve to defend the Philippines' territorial claims in the maritime dispute, citing the backing of the 2016 UNCLOS arbitral tribunal's ruling in Manila's favor. At their meeting, the two leaders broached the ruling, but did not settle on any agreement, with Xi stating China's position of not recognizing the outcomes of the tribunal. Instead, they confirmed their commitment to completing the Code of Conduct negotiations through ASEAN before 2021. On the bilateral front, they also agreed to form committees for joint oil exploration.



Figure 3 Rodrigo Duterte meets Xi Jinping. Photo: Kyodo

Vietnam and Malaysia face South China Sea coercion

Concurrent Chinese use of Coast Guard forces and related means to intimidate Vietnam and Malaysia demonstrated that recent Chinese coercion against the Philippines was part of a broader pattern of incremental Chinese advances at the expense of Southeast Asian neighbors. Maintaining a cordial and friendly public attitude in relations with both countries, Beijing eschewed publicity regarding its coercive tactics that sent clear negative messages to Kuala Lumpur and Hanoi. The intimidating Chinese behavior was well covered by the [Asia Maritime Transparency Initiative \(AMTI\)](#) and regarding Vietnam by the [Thayer Consultancy Background Briefs](#).

In July, AMTI reported the intimidation activities of two Chinese Coast Guard vessels in waters near Luconia Shoals off the coast of Malaysia's Sarawak State. AMTI recounted Chinese Coast Guard harassment of Malaysian ships supplying a Malaysian-sponsored rig drilling new gas wells in the area very close to Malaysia but nonetheless within China's nine-dash line claim. AMTI cited unverified reports that the harassment prevented the drilling rig from operating, but AMTI Director Gregory Polling and a colleague wrote in a commentary in late August that the main Chinese vessel involved in the harassment "gave up" and returned to Hainan Island in late May but soon after departed for similar harassment work against Vietnam.

The AMTI report went on to show that one of the Chinese Coast Guard vessels active in intimidating the Malaysian gas drilling operation became involved during June and July

in intimidating Vietnamese supply vessels supporting gas drilling being carried out for Vietnam by the Russian firm Rosneft. The report indicated that the drilling continued despite the harassment.

A more serious Chinese challenge to Vietnam occurred when a Chinese survey vessel on July 3 began surveying a large area of seabed close to the Vietnamese coast but within the boundaries of China's nine-dash line. The Chinese actions seemed particularly challenging as Vietnam in 2017 and 2018 had been forced by stern private Chinese warnings to suspend oil exploration activities in the area. Vietnamese Coast Guard vessels faced-off against the Chinese survey vessel and its Chinese Coast Guard escorts.

Beginning in mid-July, Vietnam began publicly reporting the standoff and publicly demanded the withdrawal of the Chinese survey ship from Vietnam's EEZ. The Thayer Consultancy Background Briefing reported that the issue was raised by two members of the Vietnamese Communist Party Politburo then making separate visits to China and the Vietnamese foreign minister raised the issue in a meeting with Foreign Minister Wang Yi during the ASEAN-related meetings in Bangkok. As noted above, Secretary Pompeo's criticism of Chinese coercion preventing others from developing oil and gas resources in the South China Sea came in a State Department statement of July 20, three days after the Vietnamese public demand for the withdrawal of the Chinese survey vessel.

Vietnam's Foreign Ministry promptly reported the departure of the survey vessel from the disputed area on Aug. 7, but the vessel was reported a week later to have returned to the controversial survey work, accompanied by several Chinese Coast Guard ships. The Chinese ships were faced by a number of Vietnamese Coast Guard ships and some reports said Vietnam sent a Navy warship to face the Chinese challenge.

Cambodia's reported secret agreement for Chinese naval outpost

The Wall Street Journal on July 22 [reported](#) that Cambodia, the Southeast Asian country most closely aligned with China and heavily dependent on Chinese economic, political, and military support, signed a secret agreement allowing Chinese armed forces to use a Cambodian Navy base near the port of

Sihanoukville on the Gulf of Thailand. An early draft of the agreement, seen by US officials, would allow China to use the base for 30 years, with automatic renewals every 10 years after that. China would be able to post military personnel, store weapons, and berth warships. The existence of an agreement was denied by the Chinese and Cambodian governments. US officials were concerned by the negative impact of a Chinese military facility capable of threatening neighbors and adding to Beijing's coercive expansion in the South China Sea. The report went on to disclose that US officials also were concerned with the possible Chinese military use of a new airport with a two-mile-long runway capable of serving the largest civilian and military aircraft built as part of an extensive 99-year land lease being developed by a Chinese company located along the coast 40 miles from the purported naval facility. In November, Cambodian Prime Minister Hun Sen replied to a letter from Vice President Mike Pence denying that there were any plans for a Chinese military base in Cambodia.

China's growing security partnerships in Southeast Asia

Discussion of expanding Chinese security cooperation in Southeast Asia through dialogues, exercises, arms sales, and related means figured prominently in the authoritative Chinese national defense white paper and in recent Chinese official media commentary. China held several days of naval exercises with seven ships from Southeast Asian navies in April. It sponsored the first ASEAN-China military exercise last year and it recently made significant arms sales to and engaged in institutional dialogues on security matters with Thailand and Malaysia. A [report](#) on the subject published by the Wilson Center in July by a prominent regional specialist saw four key trends driving ever closer Chinese-Southeast Asian security cooperation, adding to the already substantial economic and diplomatic influence China exerts in the region. The first is common security challenges, such as the need for stronger Chinese-Southeast Asia law enforcement curbing drug trade, piracy, and other illegal practices along the upper Mekong River. Second was China's increased involvement in institutions like the China-ASEAN Defense Minister Meeting, forums dealing with nontraditional security issues, and international naval demonstrations to advance closer security cooperation with Southeast

Asian countries. The third is the purported greater willingness of Southeast Asian states to develop closer economic and diplomatic ties with China to accommodate Beijing's drive to develop closer security ties as well. The fourth is Xi Jinping's strong desire to deepen and formalize security cooperation with Southeast Asia as part of the Chinese government's interest in shaping a China-centric Asian order less reliant on the United States and its alliances and partnerships.

ASEAN and intensified China-US regional rivalry

Against the background of seemingly passive and anxious Southeast Asian reactions to intensified China-US rivalry, [Amitav Acharya](#) and other commentators saw the ASEAN Outlook on the Indo-Pacific document released in June after a year of deliberation as a carefully crafted path forward for Southeast Asian nations to preserve their values and ASEAN centrality in difficult circumstances. The document avoided wording offensive to China or the United States and was seen as broadly consistent with ASEAN's main roles in regional security involving norm-setting and confidence-building, rather than exercising hard power or engaging in conflict resolution. Acharya saw the document as influenced by and broadly consistent with Indonesia's ASEAN centered Indo-Pacific strategy. Secretary of State Pompeo publicly endorsed the ASEAN outlook during talks with ASEAN leaders in Bangkok on Aug. 1.

Meanwhile, there is general agreement that uncertainty associated with the US-China tariffs, trade and investment restrictions, and related disruption of production chains important to Southeast Asian manufacturers will negatively impact regional economic prospects. The so-called silver lining of this new situation – the opportunity for trade and investment to be diverted from China to Southeast Asia – remains to be determined. Preliminary data [showed](#) Vietnam among those that have benefited from such diversion, but Malaysia, China's largest trading partner in Southeast Asia, has not.

Outlook

Beijing seems set on a course of private coercion over South China Sea disputes as a complement to its extensive economic, political, and security

engagement with Southeast Asian countries. The US interest in countering such aggressive Chinese expansion remains strong. The broader deterioration of US-China relations adds to the likelihood of intensified US-Chinese tensions in Southeast Asia.

CHRONOLOGY OF CHINA-SOUTHEAST ASIA RELATIONS

MAY – AUGUST 2019

May 1, 2019: China and Myanmar agree on a \$148 million grant to support economic and technical cooperation between the two governments. Under the agreement, China would provide support for socio-economic projects as well as humanitarian assistance in Myanmar. They also agreed on a Memorandum of Understanding on the China-Myanmar Economic Corridor Cooperation Plan (2019-2030) that would establish border economic cooperation zones in Myanmar's Shan and Kachin states.

May 5, 2019: Vietnam's Foreign Ministry [rejects](#) China's annual fishing ban in the South China Sea, citing sovereignty infringement. The annual ban, which runs from May 1 to Aug. 16 this year, affects the Paracel Islands, parts of the Gulf of Tonkin, and Scarborough Shoal.

May 16, 2019: Chinese Chairman Xi Jinping meets Cambodia's King Norodom Sihamoni in Beijing on the sidelines of the Conference on Dialogue of Asian Civilizations (CDAC). They pledge to increase cultural, educational, and people-to-people exchanges.

May 30, 2019: Chinese Defense Minister Gen. Wei Fenghe and Singaporean counterpart Ng Eng Hen agree to revise a defense pact that would allow for larger bilateral military exercises and an increase in high-level dialogue between defense officials.

June 9-10, 2019: Chinese vessel [sinks](#) a Filipino fishing boat near Reed Bank and leaves the 22 Filipino crewmen stranded.

June 11, 2019: Chinese Premier Li Keqiang sends a congratulatory message to the newly elected prime minister of Thailand, Prayut Chan-ocha. Li expresses interest in deepening comprehensive strategic cooperation in Sino-Thai relations.

June 13, 2019: Philippine government calls for an official investigation into the incident involving the Chinese boat sinking a Filipino fishing boat.

June 17, 2019: President Rodrigo Duterte [calls](#) the sinking of a Philippine fishing boat by a Chinese vessel "just a collision," warning against military action toward China.

June 20-23, 2019: Southeast Asian leaders [meet](#) in Bangkok for the 34th ASEAN Summit. They adopt a joint declaration to combat plastic pollution in oceans and release statements regarding regional economic and security collaboration, the de-escalation of tensions in the South China Sea, and investigations into human rights violations in Myanmar.

July 19, 2019: Vietnam's Foreign Ministry [accuses](#) Chinese oil survey vessel *Haiyang Dizhi 8* of activities that "violated Vietnam's exclusive economic zone and continental shelf," in the South China Sea.

July 20, 2019: US Department of State [calls](#) on China to "cease its bullying behavior" in coercing ASEAN members from pursuing oil and gas activities in the South China Sea.

July 22, 2019: *The Wall Street Journal* publishes report indicating that China and Cambodia signed an agreement to establish a Chinese naval base in Cambodia. The two governments publicly deny the report.

July 25, 2019: China and Malaysia agree to restart the East Coast Rail Link project. The rail project will be managed by a joint venture company of China and Malaysia to operate and maintain the rail line network.

July 26, 2019: Chinese ambassador to Myanmar visits Rakhine state to promote and support establishment of the Kyaukphyu Special Economic Zone, development of a deep sea port in the Bay of Bengal, and an offshore gas terminal.

July 29, 2019: Cambodian Prime Minister Hun Sen [commits](#) \$40 million to weapons purchases from China "to strengthen the army."

July 31, 2019: Philippines Foreign Affairs Secretary Teodoro Locsin [files](#) a diplomatic protest against China after over 100 Chinese fishing vessels were recorded around Philippines' claimed Pag-asa (Thitu) Island.

Aug. 6-7, 2019: China's Maritime Safety Administration [conducts](#) training near the Paracel Islands.

Aug. 15, 2019: Chinese survey ship *Haiyang Dizhi 8* returns to the Spratly Islands where it has been engaged in a month-long stand-off with the Vietnamese government.

Aug. 17, 2019: Ships from the People's Liberation Army (PLA) are spotted in waters south of the Philippines. Officials in Manila express deep concerns and note that the passage is not "an act of friendship."

Aug. 17, 2019: China and Laos launch a joint humanitarian rescue exercise near Vientiane. The drill includes medical rescue operations in response to natural disasters. More than 500 soldiers are involved.

Aug. 29, 2019: Chairman Xi and President Duterte meet in Beijing. The visit marks Duterte's fifth state visit to China since taking office in 2016, and his eighth meeting with Xi.

COMPARATIVE

CONNECTIONS

A TRIANNUAL E-JOURNAL OF BILATERAL
RELATIONS IN THE INDO-PACIFIC

CHINA- TAIWAN RELATIONS

HONG KONG IMPACTS TAIWAN ELECTIONS

DAVID G. BROWN, JOHNS HOPKINS SCHOOL OF ADVANCED INTERNATIONAL STUDIES
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The coming elections in Taiwan have shaped cross-strait relations. To a surprising degree, Hong Kong demonstrations have influenced the early campaign, helping President Tsai Ing-wen win her party's nomination and requiring opposition candidates to reject Beijing's "one country, two systems" more firmly than they would have otherwise. In the midst of US-China tensions, Washington has approved two major arms sales to Taiwan and taken other steps to improve US-Taiwan relations. Beijing opposes Tsai and has taken steps publicly and behind the scenes to boost the KMT's populist candidate, Kaohsiung Mayor Han Kuo-yu. Beijing's hardline response to Hong Kong demonstrations will likely continue to benefit Tsai as the election approaches in January.

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Presidential campaign

Much of what has occurred in cross-strait relations recently has been tied to the campaign in Taiwan for the presidential and legislative elections scheduled for Jan. 11, 2020. While each of the major parties has nominated its candidate, an important unknown is whether a third major candidate will enter the race. Although there are many issues in the presidential elections, cross-strait relations will again have a major influence.

DPP nominates Tsai

During May, Tsai Ing-wen and challenger Lai Ching-de maneuvered for advantage in the Democratic Progressive Party (DPP) primary. Tsai's supporters in the party leadership delayed the primary in hopes Lai would withdraw, in part because many polls indicated he was more likely to win. Finally, the rules for the primary polling were agreed to and a debate was held June 8. The debate showed that there was little difference between their positions. It was a matter of who had more support in the party and public. Beijing saw both as pro-independence separatists, with Lai perhaps the more dangerous.

The delay in the primary proved consequential. In May, a serious controversy was developing in Hong Kong where Chief Executive Carrie Lam was pressing for adoption of amendments to the extradition law that would permit extradition to China. Lam was using the need to prosecute a Hong Kong citizen accused of committing murder in Taiwan to justify changing the law to allow extradition to both Taiwan and China. Not wanting to become a justification for extraditions to China, the Tsai administration indicated it would not want the suspect sent to Taiwan under the proposed amendments. In a statement issued June 4, Tsai expressed concern about the erosion of democracy in Hong Kong. On June 9, four days before the DPP primary polls, the citizens of Hong Kong staged a massive and peaceful demonstration against the extradition amendments. Tsai promptly tweeted support for the demonstrators, and as did many others. In the following days, civic groups in Taiwan, particularly youth, demonstrated in support of Hong Kong, and Tsai took the opportunity to reiterate that Taiwan must reject the "one country, two systems" (1C2S) formula. Clashes in Hong Kong kept the issue on the front pages during the DPP primary. On June 15, the DPP announced the surprise result that Tsai had won by a substantial margin. Many commentators have since opined that Tsai's prompt and continuing support for the demonstrators was a major factor in her victory.

KMT nominates Han

It took the Kuomintang (KMT) longer to decide on its nominee. Han Kuo-yu, the populist mayor of Kaohsiung, who almost all polls said would beat Tsai by a large margin, delayed making a decision on whether he would

contest the nomination. It took over a month for Han and the other main contenders – Hon Hai Chairman Terry Gou (Kuo Tai-ming) and former Legislative Yuan (LY) speaker Wang Jin-pyng – to agree on ground rules for the primary. The campaign was bitter, particularly between Han and Gou. With enthusiastic support from party rank and file, Han won the primary by a substantial margin and was formally nominated at the KMT Congress on July 28. The loss was a bitter defeat for Gou, who nurses grievances against party leaders who had encouraged him to run but did not help him win.



Figure 1 Han Kuo-yu is described as "The Common Man's President" at a rally.

In January, Chairman Xi Jinping strongly asserted the One China principle (without separate interpretations), reaffirmed unification would be pursued under the 1C2S formula, and called for discussion on how the formula would apply to Taiwan. This represented a difficult challenge for the KMT, which seeks constructive relations with the Chinese Communist Party (CCP) but must operate within limits set by domestic politics. Han's desire has been to focus on economic ties with China. When he visited Hong Kong and Shenzhen early in the year, Han carefully sidestepped political issues. However, after the first major demonstration in Hong Kong, that approach became untenable. Within a week, Han made a strong statement rejecting 1C2S, saying that it would never be implemented while he is president. Later, in the KMT primary debate, Terry Gou also said 1C2S would never happen in Taiwan.

Nominees define core issues

Each of the two main candidates has described the election as a fundamental choice for Taiwan. On July 20, Tsai described the election as "a choice of values." She said Taiwan is a democratic society where voters are focused on the country's future, especially whether a democratic way of life can be sustained. On Aug. 21, she reiterated her determination to defend Taiwan's sovereignty against Beijing's oppression. In accepting the KMT nomination, Han described the election "as a choice between a peaceful Taiwan Strait and a Strait filled with crisis." He vowed to restore peace and revive the economy for the benefit of common people. On Aug.

12, he called for peaceful exchanges across the Taiwan Strait to facilitate the flow of people and goods, which would make Taiwanese rich. Once again, cross-strait issues will be central to a presidential campaign and Taiwan voters are being asked to make a sharp choice.

A third-party candidate?

Polls indicate that a two-way race would be close, but Han's support is waning and Tsai's rising. At the end of August, there was intense speculation about whether Ko, Gou and former speaker Wang Jin-pyng will somehow collaborate with Gou, or less likely Ko, becoming a candidate. A decision by one or the other to run would shake up the race.

When Terry Gou first entered the race, he was perceived as someone who would likely be heavily influenced by his extensive business interests on the mainland to take pro-China positions. Beijing's *Global Times* said that Gou's election could reduce cross-strait tensions. Although Gou's early public statements revealed his political inexperience, by the time of the KMT primary debates, he began to clarify his positions. He called on China to accept the existence of the Republic of China and described the 1992 Consensus as being One China with Taipei having its separate interpretation. He went on to say that Taipei's interpretation was the more important part of the formula – a stance clearly at odds with Xi's views. Since his loss, Gou has been considering whether to join the race and said he would decide by Sept. 17, the registration deadline.

Ko has had a consistent approach to cross-strait relations. In July, he traveled to Shanghai for a meeting of the Taipei-Shanghai Twin City Forum, and repeated his view that China and Taiwan are both part of one family – a vague statement that Beijing has found acceptable. On Aug. 1, Ko announced the registration of a new Taiwan People's Party (TPP). Ko said the TPP would be designed to appeal to independent voters who do not identify with the two main parties, a cohort that makes up about half the electorate. However, the new party, like its founder, has thus far avoided adopting a clearly articulated ideology or policy, especially regarding the issue of national identity that is at the heart of Taiwan politics. The new party plans to run candidates in the LY elections.

With speculation rife, Ko, Gou, and Wang had a brief but very public meeting at a concert in late August. Although nothing was announced, Ko described the meeting as a beginning. Should either join the race, they would not have the support of an established party network. Should Terry Gou run as an independent with support from Ko, the implications are unclear. On the one hand, many believe Gou's candidacy would split the pro-KMT vote to Tsai's advantage. That is why the KMT is working behind the scenes to persuade Gou not to run. However, polling indicates that Gou would draw many more independent voters and Ko supporters from Tsai than from Han. At

this point, the one part of this picture that seems clear is that Ko wants his new party to win a block of seats in the new LY that will make the TPP a swing caucus between the two main parties.

Campaign dynamics

Opinion polls show divergent support for candidates in a two-way race and in possible three-way races. Some things can be said about the developing campaign, however. Party cohesion is a perennial factor in elections, in Taiwan as elsewhere. When Lai Ching-te conceded the primary, he promised to support Tsai's re-election. About two months later, it is still not clear how Lai will provide that support and whether he will be Tsai's running mate, as the party hopes. As failure to support Tsai would seriously damage Lai's future standing in the DPP, this issue will likely be resolved amicably. Tsai has a campaign organization that supported her election in 2016 and good relations with Party Chair Cho Yung-tai, who will oversee the LY campaigns. Old-line independence supporters dissatisfied with Tsai's moderate stance have created new organizations, including the Taiwan Action Party Alliance, which is identified with former President Chen Shui-bian's idea that there are separate countries on either side of the strait. But these fringe groups are unlikely to draw much support from Tsai. So, it appears, Tsai will have the party quite well unified behind her.

By contrast, the KMT is hampered by more serious internal tensions. Traditional KMT leaders view populist Han Kuo-yu with suspicion and even disdain. Han relies on rallies and social media to appeal directly to the KMT rank and file and has not created a campaign organization nor settled on a running mate. Some of the KMT's local mayors and magistrates have thus far declined to lead local campaign chapters. Nevertheless, in some polls, Han is leading in a two-way race.

Continuing demonstrations and clashes with police have kept Hong Kong alive as an important factor in the campaign. The demonstrations resonate with Tsai's narrative of defending democracy, resisting Beijing's pressure on Hong Kong, and underlining that 1C2S is unacceptable to Taiwan. Tsai has been speaking regularly on these issues. However, when activists briefly occupied Hong Kong's Legislative Council building in July, Tsai expressed concern about the violence. When the demonstrations turned more violent, Tsai disavowed violence and urged restraint by the Hong Kong government. Opinion polls show that the public supports the demonstrations and approves of Tsai's handling of Hong Kong issues by about a three-to-one margin. Taiwan has quietly given refuge to an undisclosed number of Hong Kong activists who have come to Taiwan to avoid arrest and perhaps to apply for residence. Tsai has said that Taiwan will receive them out of humanitarian concern. With the exception of former presidential candidate Eric Chu, Han and other

KMT figures have generally chosen not to talk about Hong Kong.



Figure 2 A demonstration to support Hong Kong takes place in Taiwan.

Taiwanese, particularly the youth, have felt a strong sense of solidarity with Hong Kong's democratic activists. There have been some contacts between the DPP, including by Chairman Cho Yung-tai, and individual activists. Modest demonstrations supporting Hong Kong have been held frequently in Taiwan. Some supplies used by violent demonstrators have been purchased in Taiwan. As part of its narrative for explaining these massive demonstrations to domestic and foreign audiences, Beijing has retreated to the familiar gambit of blaming foreigners, particularly Americans and Taiwanese. When violence seemed to be in a dangerous downward cycle in early August, Beijing escalated criticism of the DPP and called on Taipei to withdraw its "black hands" that were allegedly stoking the violence. It is likely that some level of demonstration and tension will continue in Hong Kong. To the extent it does, Tsai will likely continue to use the issue to mobilize her supporters.

Han has focused on economic issues, with his talk of reviving the economy for the benefit of common people and his slogan "Get Rich" (發大財). Under the influence of a slowing global economy and US-China trade frictions, the Taiwan economy is facing headwinds. Tsai has emphasized her efforts to attract high-tech investment, the reshoring of firms leaving China, and the fact that Taiwan's current performance is the best of Asia's four tiger economies. However, Han's populist economic message has proven very appealing, and the ruling party is always blamed for a poor economy.

Beijing's approach

It is no secret that Beijing wants Tsai and the DPP to be defeated in January. The CCP is working publicly and behind the scenes to encourage this outcome. Beijing regularly criticizes the DPP, while inviting and cultivating many KMT leaders. In August, Taiwan Affairs Office (TAO) Director Liu Jieyi stated to a visiting legal delegation that, "only when cross-strait relations are good, can Taiwan be good and the broad mass of

Taiwanese enjoy greater prosperity." This is not a new message. However, in the election context, it closely parallels the core campaign message that Han Kuo-yu is voicing.

The CCP also seems to tailor specific actions for the influence they may have on Taiwan voters. In August, Beijing ended most individual tourist travel and reduced the number of group tours to Taiwan. The TAO blamed these actions on the DPP's support for independence. Implicit was the message that if a candidate that supports the 1992 Consensus on one China, like Han, were elected, tourism could resume. Beijing also banned mainland and Hong Kong film studios from participating in Taiwan's Golden Horse Awards ceremony to illustrate the cultural cost Taiwan pays for having an uncooperative government. Since June, Beijing has suspended provocative air and naval exercises around Taiwan to reduce Tsai's ability to use the military threat to mobilize her supporters.

Media manipulation

The election campaign has focused attention on how Beijing manipulates traditional and social media to influence opinion. In early May, Beijing hosted the Fourth Cross-Strait Media Summit. The Taiwan delegation, which was led by Chairman of the pro-China WantWant/China Times Group Tsai Eng-meng and former KMT Vice Chairman Hu Chih-chiang, brought about 70 representatives of pro-China and pro-KMT Taiwanese media to Beijing. Politburo Standing Committee (PBSC) Member Wang Yang addressed the meeting and called on participants to promote the ideas Xi enunciated in January. He acknowledged that it was difficult for the media to work for peaceful reunification in Taiwan, but stated that history would remember their efforts. The DPP believes the CCP uses such united front meetings to infiltrate the media. The KMT is not so concerned, believing that pro-KMT journalists and editors are exercising their freedom of the press and expression.

The WantWant/China Times Group backed Han in his Kaohsiung election campaign. During the primary campaign, Terry Gou accused the TAO of using the media to favor Han and called Tsai Eng-meng a TAO lackey. In July, the *Financial Times* published a report sourced to former *China Times* journalists who asserted that the paper's editors hold daily discussions with the TAO on reporting themes. The WantWant/China Times Group rejected those allegations and threatened to sue. In August, *Reuters* reported that Beijing was paying high prices to place favorable stories about mainland programs in the Taiwan press. Commentators say Beijing is able to find and pay journalists willing to write stories on their behalf.

There is also concern that Beijing will use social media to interfere in the campaign. President Tsai has warned that Beijing disinformation campaigns are a national

security threat that could undermine Taiwan's democracy. The National Police Agency and the Ministry of Justice Investigation Bureau have been conducting investigations of mainland involvement in social media attacks and influence operations. Sharing Tsai's concern, American Institute in Taiwan (AIT) Director Brent Christensen and State Department Deputy Assistant Secretary Jonathan Fritz have both expressed concern about Chinese election interference. In August, AIT arranged a TechCamp to connect Taipei with international disinformation experts for a discussion of ways to counter disinformation. The news that Twitter and Facebook had terminated Chinese accounts engaged in inaccurate and coordinated operations concerning Hong Kong demonstrations was welcomed in Taiwan and raised hope that social media companies would take similar action when mainland sites spread disinformation during the coming campaign. Taipei has been urging Facebook in particular to pay attention to the Taiwan election.

The Tsai administration has taken several steps to counter Chinese influence operations. The LY has adopted countermeasures, including amending the Criminal Code to define collusion with China as treason. The government has created a fact-check mechanism and encouraged private groups to create others. Government ministries have established rapid-response teams to quickly correct any media reports misrepresenting government policy. In July, the LY adopted amendments to ban former senior government officials and military officers from traveling to China to participate in united front political activities. As Taiwan does not have a law similar to the US Foreign Agents Registration Act, the DPP plans for the LY to adopt this fall a "Chinese agents" bill to require transparency concerning people working on behalf of China. The KMT has expressed serious concern that such legislation would violate people's freedom of association and expression. TAO Minister Liu has criticized the planned legislation as a restraint on exchanges.

Renewed proposals for a cross-strait peace treaty by KMT Chairman Wu Den-yih and Hung Hsiu-chu have led the DPP to move quickly to propose measures to assure the LY will control any future political agreement negotiations. In May, the LY adopted, over KMT opposition, a political agreements amendment to the statute governing cross-strait relations. The amendment requires that the LY approve any administration proposal to conduct negotiations by a 3/4ths majority, that the administration keep the LY informed regularly about negotiations and that a draft agreement must be approved both by the LY by a 3/4ths majority and by a public referendum before it can be signed. These requirements are so stringent that it is highly unlikely any negotiation of a political agreement will be undertaken.

Strengthening US-Taiwan Partnership

US-Taiwan ties, already in excellent shape, advanced further with the announcement of the two largest arms sales to Taiwan under the Trump administration. Concerns that President Trump might refrain from authorizing the sale of big-ticket weapons to Taiwan during a sensitive phase in US-China trade talks proved unfounded. Robust support for Taiwan across the highest levels of the Trump administration and within Congress appears to have influenced Trump's decisions. In addition, with little prospect of an early breakthrough in trade negotiations, August may have been seen as an opportune time for a decision on the *F-16* sale that would likely anger Beijing.

The Trump administration continued to uphold its commitment to "normalize" Taiwan arms sales by acting expeditiously on Taipei's requests, in contrast with the practice of previous administrations to approve bundled arms packages every few years. On July 8, the administration notified Congress of its intention to sell *Abrams* tanks and *Stinger* anti-aircraft missiles to Taiwan, a \$2.2 billion sale. The following month, the administration announced it will sell Taiwan 66 *F-16V Block 70* fighter jets and related parts, an \$8 billion deal. Given Taiwan's aging air force fleet and longstanding desire to acquire advanced fighters from the United States, the US-Taiwan Business Council hailed the latter as the most important proposed arms sale to Taiwan since 2001. Indeed, the *F-16V* is hailed as the most technologically advanced fourth-generation fighter on the global market.



Figure 3 The F-16 fighter jet.

Beijing's reaction was firm but not aggressively defiant. PRC spokespersons issued conventional statements claiming the proposed sales violate the one-China principle and demanded that they be cancelled. Beijing also threatened to sanction the US companies involved in the sale. Lockheed Martin, manufacturer of both the *Abrams* tanks and *F-16V* fighters, conducts little business in China, however. In August, China undertook military exercises in the Taiwan Strait area, which some observers interpreted as a reaction to the arms sales announcements. Still, Beijing's restrained reaction

reflects its confidence in its growing military capabilities relative to Taiwan, even when accounting for US arms sales of this nature.

The Tsai administration has requested the DPP-controlled LY to set aside a special budget to pay for the new weapons. It also announced on Aug. 15 an 8.3% increase in defense spending for 2020 to \$13.11 billion (NTD \$411.3 billion), the largest jump in the defense budget since 2000. Having sought to persuade Taiwan for over a decade to invest more in its own defense, Washington welcomed these decisions.

US Navy ships transited the Taiwan Strait in May, July, and August, in what has become a regular occurrence under the Trump administration. Beijing protested the transits; the US Defense Department each time said they demonstrated Washington's commitment to a free and open Indo-Pacific (FOIP). Additionally, on June 19, two Canadian Navy ships made a rare passage through the Taiwan Strait, in support of the freedom of navigation principle shared by the United States.

The Pentagon released its [Indo-Pacific Strategy Report](#) on June 1, which identifies Taiwan as a "reliable, capable, and natural" partner alongside Singapore, New Zealand, and Mongolia. The report proclaims that the United States "is pursuing a strong relationship with Taiwan and will faithfully implement the Taiwan Relations Act, as part of a broader commitment to security and stability of the Indo Pacific." Such definitive language embedding Taiwan inside the larger US strategy for the region differs from similar policy documents by previous administrations, where Taiwan assumed a less prominent role.

The following month in July, the PRC Ministry of Defense issued a new [defense white paper](#), which many observers interpreted as a response to the Trump administration's recent strategy documents that identify "strategic competition" with China as the primary concern of US national security. Unsurprisingly, the 2019 white paper includes new and expanded language on Taiwan compared with the 2015 version, reflecting the CCP's concerns regarding the trajectory of cross-strait relations and strengthening US support for Taipei. Specifically, the document rings alarm bell about the Tsai administration's efforts to promote "gradual independence" and in "borrowing the strength of foreign (i.e., US) influence." The PLA has thus sent a "stern warning" to "Taiwan independence separatist forces" through its air and naval exercises around the island. The white paper also boldly declares national reunification is "essential to realizing national rejuvenation." Beijing is likely to continue trumpeting these nationalistic themes in the lead-up to the 70th anniversary of the PRC's founding this Oct. 1.

In July, President Tsai transited New York en route to Taiwan's four Caribbean allies and also made a stop in Denver when returning to Taiwan. Tsai's two-day stay in

New York included a speech at Columbia University, a meeting with the UN representatives of Taiwan's diplomatic allies, and remarks at a US-Taiwan business summit. Compared with Tsai's previous stopovers in Houston, Los Angeles, and Hawaii under the Trump administration, this visit to the US financial capital had greater symbolic value both for its location and the relatively few restrictions placed on Tsai.

Contact between senior US and Taiwan officials also underscored the warm US-Taiwan political relationship. Most notably, US National Security Adviser John Bolton met Taiwan counterpart David Lee in Washington on May 25, the first such meeting between occupants of those two offices since 1979. A few weeks later, Taipei, with Washington's blessing, changed the name of the headquarters of AIT's counterpart in Taipei from the Coordination Council for North American Affairs (CCNAA) to the Taiwan Council for U.S. Affairs (TCUSA). This change did not affect the names of Taipei's representative offices across the United States.

These steps and others over the past three years have established a pattern of close cooperation between Washington and Tsai's administration. Tsai's roughly biannual transits through US cities and a number of video conferences she has held with US organizations mean that she is well known in Washington and beyond the beltway. By contrast, KMT leaders have had little exposure to the US and the party does not have an office in Washington. Wu Den-yih has not visited Washington during his tenure as KMT chairman; Han Kuo-yu visited the US earlier this year without stopping in Washington; Terry Gou has had two brief visits in which he met only with President Trump. The only consultative visits by KMT leaders to Washington in the past year have been by Eric Chu in August and Chiang Chi-chen in December and April. This contrast has led many to speculate that Washington favors Tsai's election. AIT has stated several times that the US is only interested in a fair democratic process and will work with whoever is elected.

Impact of US-China trade war on Taiwan

In recent years, rising wage costs and other factors have led many firms to consider diversifying some operations out of China. The US-China trade war has accelerated multinational companies' efforts to shift their supply chains out of China, with Taiwan firms proving no exception. New investment in China by Taiwan companies dropped 51% in the first six months of 2019 compared with 2018. Taiwan-invested firms in China that export heavily to the United States also have moved or expanded some production in Taiwan. As a result, Taiwan's exports to the United States grew at a rate of 18% between January and July of this year, double the rate of growth over the same period in 2018. Meanwhile, Taiwan exports to Mainland China and Hong Kong from January to July dropped 8.3% and 7.5%, respectively, from 2018 levels. Such developments are encouraging to

those in Taiwan who have long been concerned about the island's overdependence on the Chinese export market.

The marked escalation in the US-China trade war over the summer could significantly harm Taiwan's export-dependent economy over the near- to medium-terms. Before May, the US for several months maintained a 25% tariff on \$50 billion worth of Chinese imports and a 10% tariff on a separate batch of Chinese imports worth \$200 billion. Frustrated with Beijing's purported backpedaling in trade negotiations, the Trump administration on May 10 imposed new tariffs, reigniting the trade war. As a result of tit-for-tat retaliation running through August, \$250 billion worth of Chinese imports is slated to be tariffed at 30% on Oct. 1. In addition, \$300 billion worth of Chinese imports previously not subject to tariffs will face a 15% tax in two phases, on Sept. 1 and Dec. 15. This latter tranche of imports primarily consists of consumer goods, and is expected to be the most harmful to Taiwan suppliers given Taiwan's outsized role in the production of consumer electronics and semiconductors in China. Whether Taiwan firms are able and willing to pull out extensive factories and assembly plants in China and relocate to Taiwan or other parts of Asia by year's end to avoid tariff impact is unlikely. However, if the trade war continues through the 2020 US presidential election, a continuation of these recent developments could lead to a significant adjustment in the direction of Taiwan exports.

Meanwhile, the Tsai administration has introduced incentives over the past year to encourage Taiwan-invested firms in China to return home over the long haul. Some of the measures include subsidized loans and the ability to hire Southeast Asian and Mainland Chinese workers residing in Taiwan. Thanks to these incentives, the trade war, and Taiwan's low labor costs relative to other advanced economies in the region, investment commitments by offshore Taiwan investors reached \$17.1 billion through August.

International

Beijing has continued multifarious efforts to constrain Taiwan's international relations. The most significant recent developments have involved the World Health Assembly (WHA) and whether the Solomon Islands will be induced to switch relations to Beijing. In May, Beijing was again able to block Taipei's participation in the WHA, despite increased efforts by Washington and other Western countries to support Taiwan's participation.

After persuading El Salvador to sever ties with Taipei in August 2018, Beijing has not convinced another Taiwan ally to switch relations. An opening emerged in June, however, when the new government in the Solomon Islands announced that it would decide in 100 days whether to maintain diplomatic relations with Taiwan following consultations with Beijing, Taipei, and its South Pacific neighbors that have switched recognition to the PRC in recent years.

The announcement has led to diplomatic maneuverings by Beijing, Taipei, Washington, and even Canberra. As the deadline approaches, reports have emerged that Honiara remains torn and may take more time to decide. Nearly 60% of the Solomon Islands' exports go to China, consisting primarily of timber. Six ministers from the Solomon government also visited Beijing Aug. 15-19, as part of a trip funded by the Chinese People's Association for Friendship with Foreign Countries (CPAFFC).

Taipei, fearing the loss of the Solomons could cause its five remaining allies in the South Pacific to follow suit, has sprung into action. On July 11, Taipei signed an MOU with Honiara to build a sports stadium as the Solomon Islands prepares to host the 2023 Pacific Games. Taiwan Foreign Minister Joseph Wu also met Solomon Prime Minister Manasseh at the Pacific Islands Forum in Tuvalu in August. Afterward, Taipei and Honiara inked a visa waiver agreement.

At the same time, the US and Australia have weighed in to encourage the Solomon Islands government not to sever ties with Taipei. US Undersecretary of States for Political Affairs David Hale, placed a call to Prime Minister Manasseh in May to discuss the issue. In Canberra in May, Acting Deputy Assistant Secretary of State for Southeast Asia Patrick Murphy publicly called on Taiwan's South Pacific allies to maintain ties with Taipei. Meanwhile, Australian Prime Minister Scott Morrison visited the Solomon Islands in June, his first overseas trip since securing re-election the previous month, where he pledged \$168 million (A\$250 million) in aid.

In late August, Nauru President Waqa failed to get re-elected. As he has long been a supporter of Taipei, the new government's position on recognition has become an issue.

Looking ahead

Once Terry Gou has decided whether to run, the shape of the presidential race will become clearer and the campaign will move into gear and dominate cross-strait developments. The stark contrasts in personality, style, experience, and policy between the two main candidates will make for an intense race. Will defending democracy or promises of economic prosperity be the more compelling campaign message? How the confrontation in Hong Kong evolves and how Beijing reacts to it will have a significant influence. And the campaign will test the effectiveness of measures to counter CCP influence and disinformation.

CHRONOLOGY OF CHINA-TAIWAN RELATIONS

MAY – AUGUST 2019

May 6, 2019: Taipei announces it has not been invited to the World Health Assembly (WHA).

May 10, 2019: Politburo Standing Committee (PBSC) member Wang Yang addresses a Cross-Strait Media Summit in Beijing.

May 13, 2019: On a discreet visit to Washington, National Security Council Secretary General David Lee meets National Security Adviser John Bolton.

May 20, 2019: Health Minister Chen Shih-chung promotes Taiwan on the margins of the WHA meeting in Geneva.

May 22, 2019: Taipei Mayor Ko Wen-je visits Japan.

May 25, 2019: In Taipei, the Coordination Council for North American Affairs (CCNAA) Headquarters name is changed to Taiwan Council for US Affairs (TCUSA).

May 29, 2019: State Department Special Advisor for Children Suzanne Lawrence visits Taipei.

May 31, 2019: Legislative Yuan (LY) adopts stringent provisions for cross-strait political agreements.

June 1, 2019: US Defense Department releases Indo-Pacific Strategy Report.

June 2, 2019: Sen. Cory Gardner tours Taipei with President Tsai Ing-wen.

June 4, 2019: President Tsai criticizes Beijing for covering up Tiananmen.

June 9, 2019: Massive anti-extradition bill demonstration is held in Hong Kong.

June 13, 2019: President Tsai wins Democratic Progressive Party (DPP) primary.

June 16, 2019: PBSC member Wang Yang addresses opening session of Straits Forum.

June 17, 2019: LY adopts resolution supporting democracy and freedom in Hong Kong.

June 25, 2019: Liaoning carrier group transits Taiwan Strait.

July 1, 2019: Hong Kong demonstrators ransack Legco on Hong Kong Retrocession Day.

July 4, 2019: Taipei-Shanghai Twin City Forum held in Shanghai.

July 8, 2019: State Department announces foreign military sale to Taiwan of *MIA2T Abrams* tanks and *Stinger* missiles totaling \$2.2 billion

July 12, 2019: President Tsai transits New York.

July 15, 2019: Kaohsiung Mayor Han Guo-yu wins Kuomintang (KMT) primary.

July 19, 2019: President Tsai transits Denver.

July 24, 2019: China issues defense white paper with strong language on Taiwan.

July 28, 2019: KMT Congress nominates Han as presidential candidate.

July 31, 2019: Beijing announces ban on individual tourist travel to Taiwan.

Aug. 1, 2019: Taipei Mayor Ko registers new Taiwan People's Party.

Aug. 12, 2019: DPP expresses concern about police violence in Hong Kong and calls for supporting Hong Kong and defending Taiwan.

Aug. 15, 2019: KMT's Eric Chu visits Washington.

Aug. 15, 2019: State Department sends Congress pre-notification on foreign military sale to Taiwan of 66 *F-16V* aircraft for \$8 billion.

Aug. 20, 2019: Retired Taiwan generals participate in Cross-Strait Anti-Japanese War Symposium held in Nanning.

Aug. 22, 2019: Taiwan Affairs Office (TAO) Minister Liu Jieyi addresses cross-strait legal studies forum in Tianjin.

Aug. 22, 2019: US Navy research vessel *R/V Sally Ride* docks in Keelung.

Aug. 29, 2019: Mainland Affairs Council asks for Beijing's help in locating democracy activist Lee Meng-chu, who has been missing since leaving Hong Kong for Shenzhen.

COMPARATIVE

CONNECTIONS

A TRIANNUAL E-JOURNAL OF BILATERAL
RELATIONS IN THE INDO-PACIFIC

NORTH KOREA-SOUTH KOREA RELATIONS

PYONGYANG SHUNS AND SNARLS; SEOUL SEEMS IN DENIAL

AIDAN FOSTER-CARTER, LEEDS UNIVERSITY, UK

North Korea continued to freeze out the South over the summer months. Kim Jong Un did meet Moon Jae-in once, very briefly, but only on the sidelines of his third summit (also brief) with Donald Trump at Panmunjom on June 30. He also sent his sister, Kim Yo Jong, to the same venue with a wreath and condolences for a former ROK first lady – but with no message for Moon, whom in August DPRK media derided as “an impudent guy.” Meanwhile Pyongyang was deaf to Seoul’s entreaties on all fronts, including their agreed joint teams for the 2020 Tokyo Olympics. It also reverted to missile tests, specifically of new short-range weapons that could target the South. Despite all this Moon remained publicly upbeat. John Bolton’s departure from the White House may improve prospects, if Trump now offers some sanctions relief. But as this shows, inter-Korean relations are now (by Kim’s choice) subordinate to US-DPRK ties, not important in their own right.

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Introduction

“For those looking for signs of revival in inter-Korean relations, I have nothing for you. Seoul is still out in the cold.” That [tweet](#) by Christopher [Green](#) of the [International Crisis Group](#) is a crisply accurate summary of the state of play – or rather, no play – on the peninsula as of mid-September. Indeed this has been the position throughout 2019, as our [previous](#) article detailed in May. Back then, some optimists still spoke as if the North-South détente that had seemed to blossom so fast and fully in 2018 – three summits in one year! – was still alive in 2019. Yet Pyongyang had already backtracked on all fronts, and in April Kim Jong Un criticized Moon Jae-in for “meddling.” Four months later, not only has the freeze deepened, but Pyongyang has even stooped to insulting Moon – if not yet so crudely as the foul bile it hurled at his two conservative predecessors, Lee Myung-bak and Park Geun-hye.

Our task this month is therefore melancholy. We take the opportunity to not only record but also reflect; especially, asking whether the Moon administration’s relentlessly upbeat spin on almost everything that happens – or fails to happen – is warranted, or wise. As ever, even in a lean four months like these in mid-2019, the Chronology offers much more detail – supported by referencing via hyperlinks – than is feasible in the main text. Please do read that too!

Spy chiefs meet, but just to say hello

We begin with an event, not publicly confirmed, that occurred just before the period covered in this update – but not reported till August, hence its inclusion here. In August, *Yonhap* cited a government source, anonymous as usual, confirming that the two Koreas’ spy chiefs had held a secret meeting in April. It seems this was no more than a courtesy call – presumably at Panmunjom, though this was not revealed – so that Suh Hoon, director of the ROK National Intelligence Service (NIS) could meet his new DPRK counterpart, Jang Kum Chol. Jang was unknown until April, when DPRK media reported his appointment as a director at the Central Committee (CC) of the ruling Workers’ Party of Korea (WPK). Pyongyang has not confirmed that his specific position is head of the WPK’s United Front Department (UFD), as the NIS claims, but this seems plausible. Jang appeared for the first time accompanying Kim

Jong Un on June 30 when the North Korean leader met President Trump, along with President Moon, at Panmunjom. As UFD chief Jang succeeds Kim Yong Chol, whose originally inter-Korean focus in this post was overshadowed during the past two years by his additional remit as Pyongyang’s lead negotiator with the US. Kim was removed from that role and demoted after the failure of the second US-DPRK summit in Hanoi in February.



Figure 1 Moon Jae-in escorts Donald Trump to his meeting with Kim Jong Un at Panmunjom on June 30, 2019. Photo: Washington Times

In any bilateral relationship, including (or perhaps especially) when they appear publicly fraught, there is always the hope that more might be going on behind the scenes. This appears to be one such instance. Might there be others? The ROK government regularly refers to various matters as being under discussion with Pyongyang, although no talks are visible. One hopes this is true, although sometimes the suspicion must be that they are whistling in the wind, as discussed below.

Bad sports

The inter-Korean cooperation that burgeoned last year kicked off in the sports arena, when North Korea belatedly invited itself to the Pyeongchang Winter Olympics in February 2018 and the two Koreas hastily assembled a joint team in women’s ice hockey. Sports exchanges continued that year, and further joint teams were formed for a few events at the Asian Games held in Indonesia. In November, the two sides agreed to field unified squads in four sports – women’s field hockey, women’s basketball, judo and rowing – at the 2020 Summer Olympics to be held in Tokyo. As recently as February, as discussed in our last article, both Koreas’ sports ministers went to Lausanne in Switzerland to gain the approval of the International Olympic

Committee (IOC) for this, and for a joint bid to co-host the 2032 Summer Olympics.

The latter was always a very long shot. It will now be even longer, as the North has de facto reneged on the more immediate and practical issue of the 2020 Olympics. In May, on Chinese television, DPRK Vice Sports Minister Won Kil U reaffirmed North Korea's commitment to joint teams in Tokyo, if less than fulsomely: "We have a willingness to do (it), holding hands with South Korea." Yet on May 23, the deadline for the women's hockey qualifying event in Ireland, Seoul had no option but to submit an entry for the ROK alone, having had no reply from Pyongyang to its many entreaties to arrange joint training and other practicalities.

The same day, coincidentally, the organizers [appealed](#) to the DPRK to participate in the world swimming championships to be held in Gwangju, ROK in July. Gwangju's mayor pleaded: "1.5 million [Gwangju] citizens ... are sincerely expecting North Korea's participation in the World Championships. North Korea presence is crucial for the success of this event as the motto of the competition is 'Dive into Peace'." This too fell on deaf ears: the North did not show, nor even have the courtesy to reply. Diving into peace is clearly not Pyongyang's thing.

Brief encounters

June did see two high level North-South interactions, yet both were brief and insubstantial. Lee Hee-ho, widow of Kim Dae-jung and a noted activist in her own right, died on June 10 aged 96. Lee accompanied Kim to Pyongyang in 2000 for the first North-South summit, and had also returned since. In December 2011, she was one of the few South Koreans allowed by the conservative Lee Myung-bak administration to go to Pyongyang for Kim Jong Il's funeral – which made her one of the first to meet Kim Jong Un. The latter invited her to visit again, only to [diss](#) her by not showing up when she made the trip in 2015, aged 92 and despite health problems. Indeed, Lee met nobody senior, and was fobbed off with a standard tourist itinerary rather than the honor and respect she deserved. Despite these insults, her death could not go unmarked. On June 12, Kim sent his sister Kim Yo Jong to Panmunjom to deliver a wreath and letter of condolence – but no message for Moon Jae-in. Yo Jong – who as of September seems to have

been further [promoted](#) in the WKP hierarchy – met Moon's national security adviser Chung Eui-yong, for just 15 minutes. And that was all. Pyongyang media publicized this occasion, a fact which some in Seoul drew hope from.



Figure 2 At Panmunjom, Kim Jong Un's sister Kim Yo Jong delivers a wreath and letter of condolence from the DPRK leader over the death of Kim Dae-jung's widow. Photo: Hankyoreh

Shorter still was the fourth meeting between Kim Jong Un and Moon Jae-in, less than three weeks later and again at Panmunjom. This was little more than a handshake and a few words, for Moon was in effect a bit-player on his own turf – even though technically he was the host. We refer of course to the third Kim-Trump summit, itself very brief (an hour) and discussed elsewhere in this issue of *Comparative Connections*. Here, as always, Moon was a tireless facilitator; without him, there would be no Kim-Trump relationship for both to brag about. Yet as so often, he got scant thanks. In April, Kim had mocked his efforts as "meddling," and on June 30, he was not part of the main event. ([Media](#) who reported a "trilateral" meeting got it wrong.) Yet despite what some might consider the indignity of his position, Moon remained unflinchingly upbeat. On July 2, he told his Cabinet that the Kim-Trump meeting was a "de facto declaration of an end to hostile relations and the beginning of a full-fledged peace era." We consider below the wider pros and cons of such Panglossian optimism.

'Impudent guy'

This optimism also pervaded Moon's big [speech](#) on Aug. 15 – Liberation Day from Japanese rule in 1945, and a public holiday in both Koreas. Judging from this and other works, notably a long reflective [article](#) for a German newspaper published in May, the ROK president – or

whoever pens these for him – has quite a flair for the big picture and ‘the vision thing.’ In May and again in August he painted a bold vision of the peace and prosperity attainable on the peninsula, if only North and South join hands, bury the hatchet and work together.

Last year Kim Jong Un echoed such flowery sentiments, though never in depth or detail. Kim and Moon also signed two meaty accords, at Panmunjom and in Pyongyang, which seemed to take a real step towards those sunlit uplands. That was then. Subsequent events suggest that Kim never meant a word of it, but was just using Moon to get to Trump. That achieved, Moon and South Korea have been discarded. And now, not content with mocking the go-between as a meddler rather than thanking him, Pyongyang has sunk to nasty insults. A day after Moon’s speech, the official *Korean Central News Agency (KCNA)* published a [reply](#) by the inaptly-named Committee for the Peaceful Reunification of the Country (CPRC), under the headline: “S. Korean Chief Executive Blasted for His Anti-DPRK Remarks.” Here it is in full, so you can get the flavor. Readers are urged to first read Moon’s [speech](#), or at least the parts on inter-Korean relations, and ponder whether this in any sense warrants such an intemperate riposte:

S. Korean Chief Executive Blasted for His Anti-DPRK Remarks

Pyongyang, August 16 (KCNA) -- A spokesperson for the Committee for the Peaceful Reunification of the Country made public a statement on Aug. 16.

Its full text is as follows:

There is a proverb that the mountains have brought forth a mouse.

This is an appropriate comment on the “liberation day commemorative speech” by the south Korean chief executive.

In the speech, he failed to put forward any proper measures against the insult by the Japanese islanders and any ways to overcome the worsening economic situation, but only played with words. So, his speech deserves the comments “foolish commemorative speech” and “citation of spiritual slogans”.

What can not but be pointed out is that he said the dialogue atmosphere was not marred despite

some recent “worrisome acts” of north Korea and that things have changed from that in the past when the Korean Peninsula vibrated owing to a single “provocation” by north Korea – the reckless remarks which had nothing to do with the “liberation day.”

He meant that south Korea is making efforts to maintain the prevailing dialogue climate, build a peace economy through the north-south cooperation and establish a peace-keeping mechanism in the Korean Peninsula – remarks that make the boiled head of a cow provoke a side-splitting laughter.

Even at this moment, there go on in south Korea joint military exercises against the DPRK. Does he have any face to talk about dialogue atmosphere, peaceful economy and peace-keeping mechanism.

The joint military exercises are now at their full swing and their keynotes are “annihilating” the main force of our army within 90 days, removing the weapons of mass destruction and “stabilizing the life of inhabitants”. And what’s more, there go on the counter-strike drills. His open talk about “dialogue” between the north and the south under such situation raises a question as to whether he has proper thinking faculty.

He is, indeed, an impudent guy rare to be found.

He often calls for peace. Then is he going to make an excuse that the drones and fighters being purchased from the U.S. are just for spreading agrochemicals and for circus flights?

How can he explain the “mid-term defence plan” aiming at developing and securing the capabilities of precision guided weapon, electromagnetic impulse shell, multi-purpose large transport ship, etc. whose missions are to strike the entire region of the northern half of the Republic.

What is clear is that all of them are aimed at destroying the DPRK.

He may utter such to save his damaged face before the south Koreans. But how dare can he let out such remarks and how is going to give an account of it to us. (sic)

A sure thing is that the south Korean chief executive is so funny man as he just reads what was written by his juniors.

He used to get shocked into fright even at the sound of a sporting gun in the north. Yet, he, wearing a still look on his face, bluffs that he would help north Korea opt for economy and prosperity, not nukes. It is obvious that he is overcome with fright.

The implementation of the historic Panmunjom declaration is now at a deadlock and the power for the north-south dialogue is divested. This is the natural outcome of the wayward acts of the south Korean chief executive.

The south Korean authorities are snooping about to fish in troubled waters in the future DPRK-U.S. dialogue, dreaming that the phase of dialogue would naturally arrive after the joint military exercises just as the natural change of the time of the year. He had better drop that senseless lingering attachment.

They can clearly see what we feel now, i.e. we have nothing to talk any more with the south Korean authorities nor have any idea to sit with them again.

In a sense comment is superfluous. By adopting this tone, North Korea makes clear not only its disagreement but its utter contempt for the leader whom less than a year ago Kim Jong Un purported to treat as an equal partner in dialogue. Let us consider the substance first. It is true that joint US-ROK military exercises continue, yet these have been markedly scaled down. North Korea can hardly expect the South to ditch its founding alliance entirely, nor to disarm unilaterally while the North continues to test missiles (see below). One can argue chicken and egg ad infinitum, but all neutral observers stress how much Seoul (and indeed Washington) have conceded, with Pyongyang giving little in return. Equally unconvincing is the faux rage with which the CPRC attacks even the mild remonstrations that no ROK leader could avoid making, given the volleys of missiles the DPRK had been testing lately. Far from “reckless,” Moon’s whole approach – to a fault, critics would say – echoes a rediscovered World War Two slogan which has become a buzzword in the UK: “Keep Calm And Carry On.”

Notable too is how Pyongyang specifically sneers at the idea of “build[ing] a peace

economy through the north-south cooperation.” This longstanding theme of Moon’s has been revived in the context of the ROK’s worsening relations with Japan, discussed elsewhere in this issue. On Aug. 5, Moon went so far as to tell his Cabinet that “the Korean economy can catch up with Japan’s quickly if a peace economy is achieved on the peninsula through inter-Korean economic cooperation.” Whether or not the boiled head of a cow is capable of laughter, that view does seem a [stretch](#) both economically and politically, as I have argued [elsewhere](#). But it ill behooves Pyongyang – which last year was urging economic cooperation, and now berates Seoul for failing to implement accords on economic cooperation (while refusing to allow that UN sanctions are the reason) – to sneer at the idea of a ‘peace economy’ as such.

As to the tone, not for the first time one wonders if those who publish this stuff know or care how it makes the DPRK look. In similar vein, as the new US-ROK summer exercises kicked off on Aug. 11, a director general at the DPRK Ministry of Foreign Affairs (MFA) [mocked](#) the renaming of these maneuvers in blunt language: “Shit, though hard and dry, still stinks even if it is wrapped in a flowered cloth.” That was even [circulated](#), S-word and all, by the DPRK mission to the United Nations. This too is worth [reading](#) in full, as the whole tone is deeply undiplomatic: sheer puerile name-calling, and in poor English too. (“It already went wrong for Chongwadae to have a sound sleep at daybreak as it notoriously keeps security in good orders.” As we say in England, yer what?). More edifyingly, students of protocol may wonder why MFA rather than CPRC is commenting on South Korea, given that both Koreas formally agree that Korea is one country; so the other, whatever it is, is not foreign.

Missiles: more, newer, better

One baleful feature of the period under review is that Pyongyang ended its moratorium on missile testing. Twice in May, then in a veritable flurry on [eight](#) separate occasions (as of Sept.15) since July 25, North Korea tested a variety of short range ballistic missiles (SRBM) and multiple launch rocket systems (MLRS), many seemingly new. In many cases Kim Jong Un was present, described by DPRK media as guiding and applauding the launches. *38North* has a full and excellent [account](#) of this worrying trend. The worry is not shared by President Trump, for

whom anything that can't reach the continental US is apparently "routine stuff." He could not be more wrong. Not only does such complacency alarm allies like South Korea and Japan, where US troops and bases are also in the firing line, but actually the 'stuff' is by no means routine. All indications are that the DPRK is successfully developing a range of sophisticated new weapons, specifically designed to evade missile defense systems such as THAAD, whose installation in the ROK by Park Geun-hye caused wide-ranging controversy.

Bilaterally, as we noted last time the ROK military was at first reluctant – unlike everyone else – to call the first launches in May ballistic missiles; presumably for political reasons, as that would mean admitting a breach of UN sanctions which ban BM testing. 'Projectiles' was the preferred word in Seoul. Since July the Joint Chiefs of Staff (JCS) have overcome such squeamishness, as the extent of the threat has become clearer: it now calls a BM a BM. Yet Seoul (contra Pyongyang's criticisms) remains rather mild in its comments. What Moon on Aug. 15 called "a series of worrying actions" could be put much more strongly than that.

Cyberattacks: the great unspoken

Downplaying is one thing, silence another. In earlier articles here we more than once noted North Korea's constant cyberattacks on the South, and the latter's reluctance to complain – with ROK tech experts saying they were told not to spoil the peace process by raising this. A *Yonhap* [headline](#) in July 2018 embodied the contradiction: "N. Korean hackers suspected of continuing attacks amid friendly inter-Korean relations." Last year's inter-Korean accords, including the military one signed in September, did not mention the cyber domain.

In that context, the latest UN Panel of Experts (PoE) report on implementation of sanctions – and how Pyongyang gets around them – offers further evidence. Widely leaked in August ahead of its publication on Sept. 5, and focused on hacks designed to raise money (theft, in a word) rather than the direct DOS assaults that Seoul also fends off daily, this found the ROK to be the main single target of cyberattacks, in ten out of 35 incidents being probed. In such a situation official silence is hard to comprehend, while the attempted silencing of those who want to reveal the ugly truth is unconscionable. Both may, and should, become untenable.

Dr Pangloss proclaims peace in Korea

This links to a wider problem. While respecting the Moon administration's efforts for peace, there is a note of Dr Pangloss: the character in Voltaire's *Candide* who invariably claimed, even in dire adversity, that everything was for the best in the best of all possible worlds. The risk here is that the urge to be unfailingly optimistic may lead to situations being misjudged, or at least misrepresented. Consider President Moon's comments in his August 15 speech: "In spite of a series of worrying actions taken by North Korea recently, the momentum for dialogue remains unshaken – which is a significant result of my government's peace process on the Korean Peninsula. Compared to the past when the whole Peninsula experienced turbulence whenever North Korea engaged in a provocation, the situation has definitely changed."

We already noted that "worrying actions" is an understatement. Two further comments. In truth, inter-Korean dialogue has entirely halted; so what "momentum" now exists, and how can it be called "unshaken"? And what is that last sentence saying exactly? It seems to be a boast of stiff upper lip; yes, the North is provoking, but we're not losing our nerve. Yet apart from the real but limited CBMs at Panmunjom and elsewhere in the DMZ, discussed in our last article, the DPRK threat is undiminished; indeed, on the missile front it is growing by leaps and bounds. For that matter, in fairness, stripped of its insults the gist of the CPRC's Aug. 16 statement is that the South Korean military threat to the North is also undiminished. So what precisely has "definitely changed" on the peninsula? Not much, in all honesty.

This misleading optimism also colors specific issues. Readers of *Yonhap*, the quasi-official ROK news agency, might form the impression that inter-Korean dialogue is not dead. This trimester, as last, the agency issued regular updates on matters where in truth less is going on than meets the eye. Earlier this year it was video family reunions. Report after report detailed the decision, the buying of equipment, its distribution across the country, application to the UN for exemption from sanctions, and so on. Rarely if at all mentioned was that all this effort was in vain. North Korea was in no mood to accept this kit, so the hopes of separated families to see their long-lost loved ones – even

on an unhuggable screen – would be dashed yet again.

This time it is rice aid. Since at least June South Korea has been offering 50,000 tons of rice to the North, via the UN World Food Program (WFP). Successive reports have suggested that this is a work in progress, even though Pyongyang has consistently criticized Seoul for putting “non-core and secondary” humanitarian assistance ahead of resolving fundamental problems. Not until September did Seoul start to admit that in fact this aid may not be delivered at all.

Other cases can be found in the Chronology. Time and again, the default position of the Blue House and the Unification Ministry (MOU) is that discussions are under way on this or that; for instance, sports cooperation or a visit by ROK investors to their facilities at Kaesong. Yet it is quite unclear what is really happening – except that nothing is happening.

In sum, and I do not say this often or lightly or happily. At this moment, if you want to know what is happening between the two Koreas, then frankly Pyongyang’s barbed comments and sneers give a more accurate picture than the pollyannas in Seoul. *Pace* President Moon, there is no momentum any more; it has stalled. To kick-start the peace process requires, as a first step, being honest about the true state of play, not going through the motions or pretending.

Tragedy, comedy

Two specific incidents – one partly comic, the other wholly tragic – merit highlighting. In August, South Koreans were shocked by the fate of a Northern defector and her six-year-old son, who seem to have starved to death in their Seoul apartment, unnoticed for two months. This prompted much heart-searching as to how no safety net prevented such a tragedy.

Earlier, a report in June of a familiar kind – North Korean fishing boat found drifting in Southern waters, escorted into port, crew asked if they want to defect, two decide to stay – turned out to be much more intriguing, and not a little alarming. Far from drifting, this tiny vessel (1.8 tons), having set out from North Hamgyong in the northeastern DPRK, entered Southern waters and remained there undetected for four days, before cheekily sailing into the east coast port of Samcheok, again wholly

unchallenged. It was a passing civilian on the quay who found them, when they hailed him and asked to use his phone; one had an aunt in Seoul.

Heads rolled when the official cover-up was swiftly exposed as a pack of lies, and with it the fragility of South Korea’s defenses and vigilance. What if the Northern boat people had been armed KPA commandos, as in past incidents? Yet who they really were remains unclear. As the daily *JoongAng Ilbo* [reported](#), locals in Samcheok noted several puzzles. The boat had no fishing tackle. It carried plenty of food, but no cutlery to eat it. The crew wore neatly pressed clothes, and three were clean-shaven; they didn’t look to have just spent nearly a week at sea in an open boat. And after sailing all that distance, why did two return to the North? The two who remained will have some questions to answer, once the NIS is through with them.

Prospects: back on track?

Finally, where do inter-Korean relations go from here? They might conceivably improve, if only as a dependent variable. Trump’s ouster of John Bolton as his national security adviser suggests that the US President is now minded to cut deals than threaten war, as he initially did on North Korea in 2017. If US-DPRK dialogue resumes this fall, and if that leads to Pyongyang winning some relief from economic sanctions, that could in principle unblock the economic side of inter-Korean cooperation; road and rail reconnection and modernization, resumption of the Kaesong Industrial Complex and Mount Kumgang tourism, and more.

But is the will still there? The CPRC was unequivocal: “We have nothing to talk any more with the south Korean authorities nor have any idea to sit with them again.” Not that it is hard for Pyongyang to break a promise. As for Seoul, will the Moon administration wait patiently and turn the other cheek, even after those insults? Morally noble perhaps; but as we have seen also problematic. As parliamentary elections next April draw nearer, Moon and his party will be judged on results delivered. On the Northern front, they badly need early 2020 to resemble 2018, not 2019. It might, just; but at this stage there can be no guarantees.

CHRONOLOGY OF NORTH KOREA–SOUTH KOREA RELATIONS

MAY – AUGUST 2019

May 4, 2019: Ending a 17-month moratorium on such testing, North Korea fires a volley of projectiles into the East Sea from Hodo-ri, near Wonsan. Kim Jong Un [presides](#). After some initial [confusion](#) in Seoul, observers [conclude](#) that these involved two types of large-caliber multiple launch rocket systems (MLRS) and a new short-range ballistic missile (SRBM).

May 6, 2019: Blue House (Cheong Wa Dae, South Korea's presidential office) releases an English [text](#) of “The Greatness of the Ordinary”: a long op-ed by President Moon Jae-in for the German daily *Frankfurter Allgemeine Zeitung*, which [publishes](#) it on May 9. With unfortunate timing, this includes a claim that “the sounds of gunfire have disappeared in the air, on the sea and on the ground around the Korean Peninsula.”

May 8, 2019: *Yonhap*, the ROK's quasi-official news agency, [reports](#) that the UN Command (UNC) has approved partial opening of the Demilitarized Zone (DMZ, the de facto inter-Korean border) for two hiking trails, in Cheorwon and Paju. A third “peace trail,” in Goseong on the east coast, was opened on April 27 to mark the anniversary of 2018's Panmunjom Summit. (All this is on the South's side of the border; there is no North Korean involvement.)

May 8, 2019: Exactly one month after his confirmation as the new ROK Unification Minister (MOU), Kim Yeon-chul makes his first [visit](#) to North Korea – if only as far as the joint liaison office at Kaesong. Briefly meeting DPRK officials stationed there, he exchanges pleasantries but does not discuss any substantive issues, such as missiles or food aid.

May 9, 2019: Effectively confirming that its test moratorium is over, the DPRK [launches](#) two more apparent SRBMs from Kusong-ri, north of Pyongyang. Again Kim Jong Un is [present](#). The Blue House calls this “very worrisome” and unhelpful for efforts to reduce tensions.

May 9, 2019: Interviewed by the *Korean Broadcasting Service (KBS)* just after Pyongyang's latest missile launch, President Moon [says](#): “I'd like to warn North Korea that if such behavior ... is repeated, it could make the current dialogue and negotiation phase difficult.”

May 9, 2019: [Data](#) from South Korea's Ministry of Unification (MOU) show that inter-Korean contacts – measured by permissions the ministry grants to South Koreans to go North – are falling. From 6,689 in 2018 (full year), the number declined to 617 in 2019 so far.

May 10, 2019: Regarding potential ROK food aid to the DPRK in the light of the latter's recent missile tests, MOU deputy spokesperson [insists](#): “There is no change in [the Moon administration's] position that it is necessary to provide humanitarian assistance to the North from a humanitarian and compatriots' perspective.” However, “the government plans to sufficiently collect opinions from the public in the process.” (See also May 12.)

May 12, 2019: *Yonhap* [quotes](#) an unnamed military official as saying the ROK is still not in a position to confirm whether what the DPRK fired on May 9 were ballistic missiles, as almost all other expert sources – including the Pentagon – are claiming.

May 12, 2019: Korean-language DPRK propaganda website [Meari](#) (Echo) [criticizes](#) the South's emphasis on aiding the North: “It would be a deception of the public sentiment ... to make a fuss as if a few humanitarian projects, which are far from the demands of the nation, would lead to big progress in inter-Korean relations ... while putting fundamental issues ... on the back burner.” It urges Seoul to focus on implementing summit agreements instead.

May 12, 2019: [DPRK Today](#), a China-based North Korean website, [urges](#) South Korea to reopen the joint venture Kaesong Industrial Complex (KIC), abruptly shut by then-President Park Geun-hye in 2016. It claims that this “is not an issue that needs Washington's approval. The South is giving an excuse for foreign forces to intervene in cooperative projects.”

May 12, 2019: Won Hyung-joon, a South Korean violinist and orchestra director, and Kim Song Mi, a China-based North Korean soprano, give a joint [concert](#) in Shanghai. Won is a long-time advocate of inter-Korean musical [cooperation](#); this was his individual initiative. The duo had been due to perform together in Jeju last December, but that event was cancelled.

May 13, 2019: MND spokesperson [says](#) that Seoul “will continue to beef up [its missile defense] capabilities aimed at effectively fending off threats from all directions.” She also reveals that military communication channels with the North are operating normally. Another anonymous ROKG source confirms to *Yonhap* that the inter-Korean military hotlines are in use twice a day: “But exchanges of opinions via those hotlines on how to implement the inter-Korean military pact have come to a halt, which I believe will be temporary.”

May 13, 2019: Poll commissioned by the Korea Institute for National Unification (KINU), a state think-tank in Seoul, [finds](#) that for the first time since polling began in 2016 more than half of South Koreans (51.4 percent) say their government should pursue dialogue with North Korea. Yet although those regarding the North as a trustworthy partner rose from 8.8 percent in 2017 to 33.5 percent now, a larger proportion (39.2 percent) still distrust the Kim regime.

May 14, 2019: Radio Pyongyang [says](#) South Korea has no right to criticize what it calls a “normal ... strike drill” (see May 4). This launch “was not a violation of a promise as it was neither ... an intermediate range missile nor an intercontinental ballistic missile.” It calls Seoul’s (actually rather mild) remonstrations “a shameless complaint from the ones who lost the right to talk ... by recklessly infringing upon the North-South military agreement, sticking to secret hostile acts with the US.”

May 15, 2019: MOU [rebuffs](#) any [suggestion](#) that falling market prices for rice in North Korea mean that its food situation is not so serious after all, saying “We recognize the [assessment](#) compiled by the World Food Programme ([WFP](#)) and the Food and Agriculture Organization (FAO) as official and objective indicators.” The two UN bodies’ latest report, published on May 3, claims that (in WFP’s own [headline](#)) “After worst harvest in ten years, 10 million people in DPRK face imminent food shortages.”

May 17, 2019: MOU announces two [decisions](#). South Korea is to donate \$8 million via UN agencies for projects supporting nutrition and health of children and pregnant women in North Korea. It will also, at the ninth time of asking, allow Southern companies invested at Kaesong to visit the shuttered KIC, to check on the condition of their equipment and property there....

May 20, 2019: Unification Minister Kim Yeon-chul [says](#) “discussions are under way” with North Korea for Southern investors in the KIC to visit Kaesong (see May 17). He gives no details. As of mid-September no such visit has yet taken place. (See also July 4.)

May 20, 2019: North Korean website [Uriminzokkiri](#) [criticizes](#) South Korea for its recent bilateral working group talks with the US. Falsely calling that meeting “secret,” it says this proves that Seoul has “yet to break away from a policy of dependence on foreign forces.”

May 23, 2019: South Korea [submits](#) on the deadline its roster alone for the International Hockey Federation (FIH) Women’s Hockey Series Finals in Ireland: a qualifying event for the 2020 Tokyo Olympics. In February the two Koreas agreed to field joint teams in qualifiers for women’s field hockey, women’s basketball, judo and rowing. Despite this, North Korea has ignored all the South’s requests to arrange joint training and other practicalities.

May 24, 2019: Rebutting a [report](#) by Radio Free Asia (RFA) that North Korea has sold off equipment belonging to South Korean companies at the KIC, *Yonhap* [quotes](#) an unnamed official of one such investor as saying that ROK officials who visited Kaesong last year to set up the inter-Korean liaison office there found factory buildings locked and sealed. (But see also Aug. 9, below.)

May 26–27, 2019: In apparent reaction to the ROK's latest offer of aid (see May 17), though without citing that specifically, two second-tier DPRK websites, [Tongil Sinbo](#) and [DPRK Today](#), reiterate Pyongyang's position (see May 12) that humanitarian issues are “non-core and secondary.” They accuse Seoul of wanting to “show off ... and manipulate public opinion rather than improving inter-Korean relations.”

May 27, 2019: Citing “multiple” ROK government sources, the conservative Seoul daily *Dong-A Ilbo* [claims](#) that in January Seoul offered rice and other aid for Pyongyang to reopen the KIC and Mount Kumgang tourist resort. The North refused, demanding cash instead – which would breach UN sanctions. The South then offered twice as much rice (amount unspecified), but was again rebuffed. MOU [denies](#) this story, calling it “not true at all.”

May 28, 2019: The DPRK website [Uriminzokkiri denounces](#) South Korea's plan to buy *SM-2 Block IIIB* ship-to-air missiles and related equipment from the US, adding: “There is actually no end if we are to list all the sneaky acts done by the south Korean military that destroy the peace mood on the peninsula and heighten tensions.”

May 29, 2019: *Yonhap* [quotes](#) DPRK Vice Sports Minister Won Kil U as reaffirming, in a Chinese TV interview (date and channel unspecified), the North's readiness to form a joint team for the 2020 Tokyo Olympics: “We have a willingness to do (it), holding hands with South Korea.” That would need planning; but Pyongyang is not replying to Seoul's messages.

May 31, 2019: A propos an outbreak of highly contagious African swine fever in the northern DPRK, MOU [says](#): “We will soon launch discussions with North Korea through the joint liaison office.”

June 3, 2019: MOU [says](#) Pyongyang has not [replied](#) to its offer to jointly fight African swine fever. Nor has it even officially informed Seoul of its new outbreak, despite an inter-Korean agreement in November to share information on contagious diseases.

June 10, 2019: Speaking in Helsinki at the start of a visit to three Nordic nations, President Moon [sounds](#) upbeat: “I believe that we will be able to resume ...dialogue between the two Koreas and between the US and North Korea in the near future.”

June 11, 2019: Joint Chiefs of Staff (JCS) [report](#) that the ROK Navy towed a DPRK fishing boat, found drifting with engine trouble in Southern waters in the East Sea, back into Northern waters, having ascertained that all six crew wished to go home. Pyongyang used the inter-Korean military hotline to request their rescue and repatriation.

June 11, 2019: [Choson Sinbo](#), a newspaper published by pro-DPRK Koreans in Japan, [urges](#) Seoul to “make a courageous decision to take practical action, not just words, in tackling the current stalemate in lockstep with North Korean compatriots.” If it does this, “there will be an answer from the North.”

June 11, 2019: [Minju Joson](#), daily paper of the DPRK Cabinet, [calls](#) the recent meeting in Seoul between ROK Defense Minister Jeong Kyeong-doo and acting US Defense Secretary Patrick Shanahan a “clear manifestation of the ambition [to] militarily crush” North Korea.

June 11, 2019: ROK [sends](#) the \$8 million it pledged for aid to the DPRK (see May 17) to two UN agencies. WFP receives \$4.5 million and UNICEF \$3.5 million.

June 12, 2019: At Panmunjom, Kim Jong Un's sister Kim Yo Jong [delivers](#) a wreath and letter of condolence from the DPRK leader over the [death](#) of Kim Dae-jung's widow, Lee Hee-ho, who died on June 10 aged 96. There is no [message](#) for Moon Jae-in. DPRK media publicize all this, which [some](#) in Seoul see as encouraging.

June 12, 2019: Speaking in Oslo, President Moon [says](#): “I think it's desirable (for me) to meet Chairman Kim Jong Un, if possible” before US President Donald Trump visits Seoul at the end of June. He adds: “I am calling for an early meeting between Chairman Kim and President Trump.”

June 14, 2019: DPRK website [Uriminzokkiri denounces Ulchi Taegeuk](#) – the ROK’s new scaled-down civilian-military [drill](#), held from May 27-30 – as “a provocative military exercise explicitly targeting us as the main enemy.”

June 14, 2019: Suh Ho, who in May replaced Chun Hae-sung as vice unification minister, pays his first [visit](#) to the inter-Korean liaison office at Kaesong (he is its co-head ex officio). He meets ROK staff there, but not his DPRK counterpart Jon Jong Su, since Pyongyang once again cancels the supposedly weekly meeting of co-heads; none has been held since February.

June 15, 2019: DPRK media use the 19th anniversary of the first inter-Korean summit (which is not being celebrated jointly) to [praise](#) that event. They also laud 2018’s Kim-Moon summits as “milestones for peace, prosperity and unification.”

June 15, 2019: *Yonhap* [reports](#) that a North Korean fishing boat with four crew was “found adrift in South Korean waters off the east coast,” having “drifted [South] due to an engine problem”. This account later turns out to be [falsified](#). See also June 17, 18 and 20 below.

June 17, 2019: Seoul’s military [vows](#) to tighten vigilance, amid criticism that a DPRK fishing boat had entered ROK waters undetected (see June 15). Still claiming the vessel was “found adrift”, the JCS says that while overall coastal and maritime defense operations had proceeded “normally”, its radar operation system has “elements that need to be complemented.”

June 18, 2019: MOU [says](#) two of the four DPRK boat people, who wanted to go home, were returned via Panmunjom today. The other two expressed a wish to defect. In further details, it is now revealed that the tiny (1.8 ton) wooden boat was first spotted by a civilian, “quite close to a seawall” near the ROK port of Samcheok. But it is still claimed to have been adrift.

June 18, 2019: *Yonhap* [says](#), the Blue House “publicly tone[s] down its expectations for an early inter-Korean summit.” With China’s Xi Jinping now headed for Pyongyang, this is an admission that President Moon’s professed hopes last week (see June 12) are unrealistic.

June 20, 2019: ROK Defense Minister Jeong Kyeong-doo [apologizes](#), after the embarrassing truth emerges of military failure and cover-up. The small DPRK boat (see above) had neither drifted South nor been apprehended at sea. Actually it crossed the maritime border, spent three days in Southern waters, then entered and tied up in the South’s Samcheok port, where its crew hailed a passing civilian – all of this entirely undetected and unchallenged.

June 20, 2019: In a wide-ranging [interview](#), Vice Unification Minister Suh Ho says: “I think we need to find an exquisite procedure (sic) with regard to resumption of the Kaesong complex and Mount Kumgang tours in the process of denuclearization.”

June 22, 2019: ROK Coast Guard and Navy [see off](#) a small DPRK fishing boat that had entered Southern waters northeast of Dokdo. The North Korean Navy had requested its rescue via a military hotline, but the crew insisted their engine was working.

June 25, 2019: Fighters for a Free North Korea (FFNK), a group of defectors and their supporters, [says](#) it marked the 69th anniversary of the outbreak of the 1950-53 Korean War by launching 20 propaganda balloons across the DMZ from Incheon, west of Seoul.

June 26, 2019: In a joint written interview with *Yonhap* and six foreign news agencies, Moon Jae-in [anticipates](#) the two Koreas exchanging military information and observing each other’s exercises – if existing confidence-building accords are fully implemented.

June 27, 2019: In the same group interview, Unification Minister Kim Yeon-chul [suggests](#) that the KIC and the Mount Kumgang resort could be reopened even before sanctions relief, so as to advance denuclearization.

June 30, 2019: Moon Jae-in and Kim Jong Un [meet](#) for the first time since September 2018, at Panmunjom. They shake hands and speak briefly as Moon escorts Donald Trump to his slightly longer (50 minutes) third meeting with Kim, in which Moon does not participate.

July 2, 2019: President Moon [tells](#) his Cabinet that the Kim-Trump meeting at Panmunjom on June 30 was a “de facto declaration of an end to hostile relations and the beginning of a full-fledged peace era,” even though no new accord was signed.

July 3, 2019: Ministry of National Defense (MND) [says](#) it has sacked the commander of the ROK Army’s 8th Corps, referred two other senior military commanders to a disciplinary committee, and issued a warning to the JCS Chairman over the Samcheok boat incident.

July 4, 2019: More than a month after Seoul agreed to let its investors visit the KIC (see May 17, above), MOU [says](#) that “North Korea is a little passive on this in the current situation.” Pressed further, the ministry clarifies that Pyongyang has not replied at all.

July 4, 2019: President Moon’s approval rating [reaches](#) 52.4%, a seven-month high.

July 8, 2019: MOU [says](#) North Korea has not responded to an invitation to participate in the world’s largest swimming event: the biennial International Swimming Federation (FINA, in French), this year hosted by Gwangju and Yeosu cities in southwestern South Korea, which runs July 12–28.

July 9, 2019: Apologizing again for the Samcheok boat incident, ROK Defense Minister Jeong [says](#) he has asked President Moon to decide whether to fire him. He keeps his job.

July 9, 2019: MOU [rebuffs](#) as “absolutely not true” a claim by the *Chosun Ilbo* that government support for civic groups’ projects to help Northern defectors’ settlement has been halved. On the contrary, it “has been rather steadily on the rise”: from 383 million won (\$324,300) in 2015 to 430 million won in 2017, 500 million won in 2018 and 522 million won in 2019.

July 22, 2019: FFNK does it again (see June 25). The defector activist group [reveals](#) that on July 20 it launched 20 balloons carrying 500,000 leaflets, 2,000 dollar bills, 1,000 USB drives and 500 booklets across the DMZ from Yeoncheon, north of Seoul.

July 22, 2019: Opening what *Yonhap* calls “an exposition on the seas around North Korea,” Unification Minister Kim Yeon-chul [calls](#) for progress in stalled inter-Korean maritime cooperation, such as a joint fishing area: “If we can seize this opportunity and connect the seas of the South and North, the destiny of the Korean Peninsula will dramatically change.”

July 24, 2019: MOU [reveals](#) that North Korea is refusing to accept the South’s offer (made via the UN WFP) of 50,000 tons of rice, citing upcoming joint US-ROK military exercises.

July 25, 2019: ROK Joint Chiefs of Staff (JCS) [report](#) that the DPRK has launched two SRBMs, seemingly of a new type, from a presumed mobile launcher on Hodo Peninsula near Wonsan. They flew for some 690 and 430 km. Seoul [expresses](#) “strong concerns.”

July 26, 2019: Seoul [announces](#) that the third and last new hiking trail along the southern side of the DMZ, starting from Paju and including a demolished guardpost, will open on Aug. 10.)

Aug. 1, 2019: Korean People’s Army (KPA) soldier [crosses](#) the DMZ by swimming in the Imjin river near Paju to defect to South Korea.

Aug. 2, 2019: (South) Korea Football Association (KFA) [says](#) its Northern counterpart has told the Asian Football Confederation (AFC) it will host an inter-Korean soccer match in Pyongyang on Oct. 15.

Aug. 5, 2019: US-ROK joint military exercises commence. Scaled down and renamed from the [former](#) *Ulchi Freedom Guardian* summer maneuvers ([cancelled](#) in 2018), these [comprise](#) four days of “crisis management staff training” (Aug. 5–8), followed by a 10-day “Combined Command Post [Training](#)” (Aug. 11–20).” Both are largely computer simulations, rather than mobilization of actual troops and equipment.

Aug. 5, 2019: As ROK relations with Japan deteriorate after Tokyo imposes trade sanctions, President Moon [tells](#) his Cabinet that “the Korean economy can catch up with Japan’s quickly if a peace economy is achieved on the peninsula through inter-Korean economic cooperation.”

Aug. 5, 2019: MOU [says](#) that on July 24 South Korea proposed working-level talks with the North about forming unified teams for the 2020 Tokyo Summer Olympics in four sports, as agreed in February. Its spokesman adds that “discussions are under way”, but inter-Korean sports exchanges “have shown little progress due to the North's passive attitude.” Separately, the ministry says that the North has rejected a proposal by a South Korean civic group to hold a joint Liberation Day event on Aug. 15, to mark the end of Japanese occupation in 1945.

Aug. 9, 2019: Radio Free Asia (RFA) again [claims](#) North Korea is selling products pilfered from South Korean companies that invested in Kaesong, citing a large batch of rice cookers sent to China. (See also May 24.)

Aug. 11, 2019: A director general at the DPRK Ministry of Foreign Affairs [mocks](#) and insults “the south Korean authorities” for changing the name of US-ROK joint exercises, using startlingly undiplomatic language: “Shit, though hard and dry, still stinks even if it is wrapped in a flowered cloth.”

Aug. 12 2019: [Refuting](#) Pyongyang's criticisms of the US-ROK exercise, MOU says this is “not a field training aimed at the North, but a joint command post drill intended to prepare for the transfer of wartime operational control (from Washington to Seoul) ... It is not a violation of North-South military agreements.” The North's comments do “not help advance inter-Korean relations at all.”

Aug. 13, 2019: *Yonhap* [cites](#) an unnamed “government source” as confirming that the two Koreas' spy chiefs met secretly in April. National Intelligence Service (NIS) Director Suh Hoon met Jang Kum Chol, who Seoul says replaced Kim Yong Chol as head of the WPK United Front Department (UFD) after the failure of the second US-DPRK summit.

Aug. 13, 2019: Seoul police [reveal](#) that the bodies of a North Korean defector mother and son were found in their apartment on July 31. They may have starved to death two months earlier. This prompts an outpouring of [concern](#) as to how no safety net prevented such a tragedy.

Aug. 13, 2019: Citing a leaked text of the latest report of the UN Panel of Experts set up to monitor implementation of sanctions on the DPRK, *AP* [reports](#) that the ROK was the main victim (ten cases) of 35 DPRK cyberattacks, thought to have netted Pyongyang up to \$2 billion in total. (The [report](#) is officially [published](#) on Sept. 5; see section 57, page 26.)

Aug. 15, 2019: In a [speech](#) on Liberation Day (from Japan in 1945: a public holiday in both Koreas), President Moon renews his call to North Korea to build shared prosperity on the peninsula. But he also refers to “worrying actions,” and adds: “If there is dissatisfaction, it too should be raised and discussed at the negotiating table.”

Aug. 16, 2019: North Korea's Committee for the Peaceful Reunification of the Country (CPRC) [reacts](#) to Moon's Aug. 15 speech with derision and insults. Calling “the south Korean chief executive” “an impudent guy rare to be found,” the CPRC says: “[W]e have nothing to talk any more with the south Korean authorities nor have any idea to sit with them again.”

Aug. 16, 2019: [Calling](#) Pyongyang's insults against President Moon (see above) “a rude act” that “crossed the line”, MOU says, rather mildly: “We express deep regret over North Korea's slander made one day after Liberation Day, the nation's biggest celebratory day.”

Aug. 16, 2019: North Korea [launches](#) two SRBMs from [Tongchon](#) in Kangwon province, the closest site yet this year to the DMZ and South Korea. Once again Kim Jong Un presides; As *KCNA* [puts](#) it, “Juche shells were fired in the presence of the Supreme Leader.”

Aug. 19, 2019: DPRK media [insult](#) Park Jie-won, a veteran ROK politician heavily involved in the late Kim Dae-jung's ‘Sunshine’ policy, as “a tramp and dirty man” who “wagged his ill-smelling tongue.” Park had criticized the North's Aug. 16 missile launch as (*inter alia*) irreverent to the memory of the late Chung Ju-yung, founder of the Hyundai conglomerate and a major funder of ‘Sunshine,’ who was born near Tongchon.

Aug. 20, 2019: Minister of Unification Kim Yeon-chul [restates](#) the Moon administration's commitment to building a 'peace economy' on the peninsula, despite Pyongyang [scorning](#) this notion as "remarks that make the boiled head of a cow provoke a side-splitting laughter."

Aug. 21, 2019: *Rodong Sinmun* [lambastes](#) the joint US-ROK exercises as "an open hostility to and unpardonable military provocation against the DPRK" and "a saber-rattling for making a preemptive attack on the DPRK from A to Z."

Aug. 22, 2019: KCNA weighs in on the US-ROK negotiations over cost-sharing for USFK. It [attacks](#) Washington as "greedy" and "gangster-like," and also Seoul for being "servile."

Aug. 23, 2019: MOU [says](#) it still hopes to send 50,000 tons of rice to North Korea via the UN World Food Programme (WFP) by end-September, despite Pyongyang's reported refusal to accept aid from the South.

Aug. 23, 2019: Quoting an unnamed official, *Yonhap* [says](#) South Korea is mulling whether to invite North Korea to the 8th vice-minister level Seoul Defense Dialogue (SDD), to be held on Sept. 4-6. In the event it decides [not](#) to.

Aug. 24, 2019: North Korea [test-fires](#) what the ROK Joint Chiefs of Staff (JCS) [presume](#) to be two more SRBMs, this time from [Sondok](#), south of Hamhung on the east coast. They travel some 235 miles, in the seventh such test in less than a month. A day later, DPRK media [report](#) this as being a "newly developed super-large multiple rocket launcher" system (MRLS), once again under Kim Jong Un's personal guidance.

Aug. 26, 2019: MOU [says](#) Pyongyang has not replied to its offer to return the body of a presumed North Korean, found in the Imjin river at Paju near the DMZ in Aug. 14.

Aug. 26, 2019: Ahead of the DPRK parliament's rare second session this year, MOU [calls](#) that "a good opportunity for it to announce inside and out its policy direction or an evaluation on the businesses it has carried out." This turns out to be quite mistaken (see Aug. 29).

Aug. 27, 2019: MOU [admits](#) that while "it would be great to hold joint events", South Korea will mark the first anniversary on Sept. 19 of the Pyongyang inter-Korean summit without North Korea's participation. Nor has the North been notified of the South's planned events.

Aug. 29, 2019: DPRK Supreme People's Assembly (SPA) [holds](#) a rare second session. Belying expectations in Seoul of fresh policy announcements (see Aug. 26), this is mainly devoted to constitutional changes further cementing Kim Jong Un's position as chief of the executive branch, as well as head of everything else.

Sept. 05, 2019: In Vladivostok to attend the [5th Eastern Economic Forum](#), DPRK Vice-Premier Ri Yong Nam [urges](#) Seoul to "implement issues specified in the [Pyongyang] joint declaration and Panmunjom declaration." Otherwise, "how can [inter-Korean talks] happen?"

COMPARATIVE

CONNECTIONS

A TRIANNUAL E-JOURNAL OF BILATERAL
RELATIONS IN THE INDO-PACIFIC

CHINA- KOREA RELATIONS

A NEW CHAPTER?

SCOTT SNYDER, COUNCIL ON FOREIGN RELATIONS
SEE-WON BYUN, SAN FRANCISCO STATE UNIVERSITY

Beijing and Pyongyang celebrate 70 years of diplomatic relations this year. Xi Jinping traveled to Pyongyang in June for a fifth summit with Kim Jong Un, the first visit to North Korea by China's top leader in 14 years. The meeting aimed to advance the bilateral friendship to a new phase of comprehensive development and drive regional coordination on the Korean Peninsula. In contrast, Xi's 40-minute meeting with South Korean President Moon Jae-in on the sidelines of the G20 Summit in Osaka seemed to marginalize Moon, subordinate the relationship with South Korea, and place Xi as an intermediary between North Korea and the rest of world. Pyongyang's missile tests, however, showed the limited effects of such diplomacy, even after surprise exchanges between US, North Korean, and South Korean leaders in Panmunjom on June 30. The current expansion of China-DPRK political, military, economic, and cultural exchanges also presents challenges to sanctions implementation and human rights promotion.

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Xi Jinping gets a grand welcome in Pyongyang

Xi Jinping sought to open a “new chapter” in China-DPRK relations after 70 years of diplomatic ties, as indicated in his front-page op-ed in North Korea’s party paper *Rodong Sinmum* on the eve of his visit. While the two leaders last met in Beijing this January, Xi’s visit on June 20-21 was the first visit to North Korea by China’s top leader since Hu Jintao made the trip in 2005, and the fifth such visit since the establishment of diplomatic relations in 1949. Xi was [accompanied](#) by Director of the Chinese Communist Party (CCP) General Office Ding Xuexiang, Director of the CCP Office of the Foreign Affairs Commission Yang Jiechi, Foreign Minister Wang Yi, National Development and Reform Commission Minister He Lifeng, and Xi’s wife, Peng Liyuan. He received a grand welcome from Kim Jong Un upon arrival at Pyongyang International Airport, and a special salutation at the Kumsusan Palace of the Sun or Kim Il Sung Mausoleum, a monument no other Chinese leader has visited. Accompanied by first ladies Peng Liyuan and Ri Sol Ju, Xi and Kim [watched](#) North Korea’s signature Mass Games performance and paid respects to the Chinese People’s Volunteer Army at the Friendship Tower in Pyongyang. Themed on the bilateral friendship, the Mass Games show involved more than 50,000 participants and featured Chinese cultural performances including songs hand-picked by Kim Jong Un.



Figure 1 Xi Jinping meets Kim Jong Un in North Korea. Photo: Xinhuanet

According to the state media, the summit produced master plans for bilateral ties and regional peace. Xi [called](#) for a “political settlement to the Korean Peninsula issue” and continued exchanges with Kim to build “political mutual trust.” In addition to praising Pyongyang’s denuclearization efforts, Xi expressed China’s willingness to “offer assistance that can guarantee DPRK’s appropriate internal security.” While Kim vowed to “learn more from China’s experience in developing the economy,” he also noted that Pyongyang’s efforts to avoid the escalation of peninsula tensions “were not positively welcomed by relevant parties.” Chinese scholars like Yanbian University

Professor Zhao Lixin [envisioned](#) the comprehensive development of friendship with North Korea no longer “confined to the nuclear issue,” which he identified as a “multilateral dispute.” Zhao’s *Global Times* op-ed at the start of Xi’s visit instead prioritized China’s support for promoting “socialist development with North Korean characteristics” without intervening in Pyongyang’s policy choices.

Xi’s North Korea visit came four months after the second Trump-Kim summit in Hanoi ended with a failure to reach an agreement on denuclearization. It also occurred a week before Xi’s talks with US President Donald Trump at the [G20](#) in Osaka on June 29 and surprise exchanges among Trump, Kim, and Moon at Panmunjom a day later that made international headlines. In response to the Panmunjom meeting, China’s Foreign Ministry affirmed Beijing’s commitment to denuclearization and peace via dialogue, and emphasized the driving force of Xi’s Pyongyang visit for regional diplomacy on Korea.

Beijing ties with Seoul subordinated to ties with Pyongyang

China’s relations with South Korea have remained relatively restrained since last year, especially when compared to China’s focus on reviving leadership ties with North Korea. Xi and Moon held a cordial meeting on the sidelines of the G20 Summit in Osaka, but Xi has not yet visited South Korea since Moon’s presidential inauguration in May 2017. Xi’s plans to visit Pyongyang had heightened speculation that he might also visit Seoul in conjunction with the G20, but instead highlighted his failure to do so. Despite Moon’s efforts to stabilize the South Korea-China relationship during his December 2017 visit to Beijing, the political relationship has not yet fully recovered from the controversy over THAAD and China’s economic retaliation.

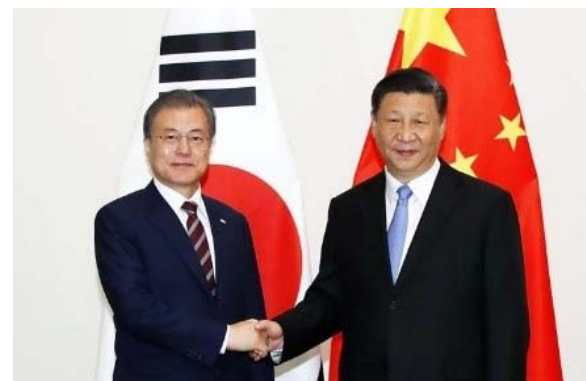


Figure 2 Xi Jinping meets Moon Jae-in on the sidelines of the G20 Summit. Photo: Yonhap News

A meeting between South Korean Defense Minister Jeong Kyeong-doo and Chinese Defense Minister Gen. Wei Fenghe on the sidelines of the Shangri-La Dialogue on June 1 yielded modest progress on “strategic communications” with an agreement to expand communications between the navies and air forces and

to develop clearer understandings on disaster relief and humanitarian assistance cooperation. These confidence-building measures are intended to reduce miscommunication or miscalculation and represent the first steps toward recovery of military relations following the THAAD dispute in 2016.



Figure 3 Jeong Kyeong-doo meets General Wei Fenghe on the sidelines of the Shangri-La Dialogue in Singapore. Photo: Yonhap

The June 27 Moon-Xi meeting on the sidelines of the G20 underscored China's prioritization of the relationship with North Korea, and Moon's seeming marginalization following the failed Hanoi summit. [During the 40-minute meeting](#), Xi briefed Moon on his visit to Pyongyang a week earlier, affirming Kim Jong Un's commitment to denuclearization and economic development, his willingness to continue dialogue on denuclearization, and his willingness to pursue cooperation with South Korea, while Moon expressed hope for renewed US-North Korea talks. [Chinese reports](#) on the meeting emphasized China's willingness to cooperate with "sincerity, strive to achieve win-win cooperation, push ahead the development of bilateral ties, and make contributions to the peace and stability of the Korean Peninsula and the region." Moon and Xi also discussed bilateral trade relations, China's cooperation to restore sites important to Korea's independence movement, and the need to cooperate to enhance environmental protection, among other issues, as well as to "consult with each other through their nations' diplomatic channels regarding a future visit to Korea by President Xi."

The recovery of the China-South Korea relationship has also been hobbled by more aggressive Chinese intrusions into South Korean-claimed air and naval jurisdictions. Chinese vessels have reportedly attempted to normalize their presence on the South Korean side of the equidistant line between China and South Korea in the Yellow Sea. In addition, Chinese air patrols have more actively entered portions of the Korean Air Defense Identification Zones (KADIZ) adjacent to Chinese-controlled zones and in the East Sea/Sea of Japan between Japan and South Korea. The most notable of these incidents involved a July 22 joint China-Russia air

patrol that entered both the southern and eastern portions of the KADIZ. South Korean fighter jets scrambled and fired warning flares and shots in response to an accompanying Russian intelligence plane that entered South Korean-claimed air space adjacent to the contested Dokdo/Takeshima Island. This development marks an expansion of the geographic scope of China-Russia military cooperation and an effort by Russia and China to probe and was seen by many as an effort to exploit growing tensions between US allies Japan and South Korea.

Security issues linger over Korean Peninsula dialogue

Pyongyang's missile tests on July 25 and Aug. 6 displayed the limited effects of regional diplomacy on addressing security issues on the Peninsula. While North Korea's state media concluded that the five Xi-Kim summits have produced a consensus on key issues, as a *China Daily* contributor [indicated](#) on June 20, "it is unrealistic to expect that Xi can solve all the peninsula issues with a two-day visit." South Korean media outlet *Yonhap* [questioned](#) the geopolitical aims surrounding Xi's pledges to promote peace, dialogue, and denuclearization. According to the *New York Times*, the latest Xi-Kim meeting's [unspoken](#) agenda was to send a message to Trump that yielded more leverage in their respective disputes with Washington over trade and denuclearization.

As State Councilor and Foreign Minister Wang Yi reminded ROK and Japanese counterparts in Beijing on Aug. 21, China's [consistent](#) position on North Korea is to address through dialogue the concerns of all parties, including "the DPRK's legitimate concerns in security guarantee and sanctions relief." Chinese leaders continue to push for a "dual track" denuclearization and peace approach on the Peninsula. Wang Yi affirmed this preference at the East Asia Summit (EAS) Foreign Ministers' Meeting in Bangkok on Aug. 2, where he noted remaining ["difficulties"](#) in advancing dialogue despite recent high-level diplomatic engagements on North Korea. Addressing regional defense leaders at the Shangri-La Dialogue in Singapore on June 2, State Councilor and Defense Minister Wei Fenghe [reiterated](#) China's core positions on the Korean Peninsula: US-DPRK dialogue, the lifting of sanctions, and steps toward formally ending the Korean War. Xi raised the sanctions issue with Trump during bilateral talks on the G20 sidelines in Osaka on June 29, and China's Foreign Ministry called for the continuation of US-DPRK dialogue after Pyongyang's latest missile tests.

China and North Korea reconsolidate political and military ties

[Chinese](#) and [North Korean](#) official media celebrated the development of bilateral ties in their special coverage in July of the 58th anniversary of the signing of the 1961 Treaty of Friendship, Cooperation, and Mutual Assistance. PRC Vice Premier Hu Chunhua and DPRK

Ambassador to China Chi Jae-ryong at a July 11 banquet in Beijing exchanged support for both “traditional friendship” and “pragmatic cooperation.”

China-DPRK contacts this summer indicated a clear revival in bilateral exchanges. Wang Yang, chairman of the Chinese People’s Political Consultative Conference National Committee, and Kim Wan-su, chairman of the Central Committee of the DPRK Democratic Front for National Reunification, met in Beijing on June 28 and pledged to advance the bilateral political relationship. DPRK delegations of the Ministry of People’s Security and Workers’ Party of Korea International Department, led by Councilor Ri Song Chol and First Vice Department Director Kim Song Nam respectively, visited China in July. Director General of the PRC Foreign Ministry’s Information Department Lu Kang went to Pyongyang that same month, where they were received by the DPRK Ministry of Foreign Affairs Department of Press and Information. According to the Chinese Foreign Ministry, these [visits](#) were part of an exchange mechanism promoting regular diplomatic exchanges between the CCP and WPK’s Foreign Affairs Departments. During his July trip to China, North Korea’s Central Court President Kang Yun Sok also signed a Memorandum of Understanding with China’s Supreme People’s Court President Zhou Qiang on judicial cooperation, and met Guo Shengkun, chief of the CCP Commission for Political and Legal Affairs.

China and North Korea are also showing signs of more active bilateral military dialogue and possible cooperation following Xi’s first visit to Pyongyang. Minister of the People’s Armed Forces, Army Gen. No Kwang Chol, Army Col. Gen. Ri Tu Song, and other military officials attended Chinese Embassy celebrations of the 92nd founding anniversary of the Chinese People’s Liberation Army in July. Director of the Korean People’s Army Political Bureau Kim Su Gil and China’s Central Military Commission (CMC) Vice Chairman Zhang Youxia met in Beijing on Aug. 17, where both sides [recognized](#) the driving momentum of Xi’s June visit for bilateral military ties. Kim Su Gil also met PRC counterpart Miao Hua, director of the CMC Political Affairs Department, who attended the Xi-Kim summit along with Kim Su Gil, and head of the CCP International Liaison Department Song Tao. Marking a “[new historic chapter](#)” in bilateral relations, these exchanges occurred amid Pyongyang’s angry reactions to US-ROK military exercises.

Affirmations of China-DPRK friendship were further reinforced by North Korean support for Beijing’s position on Hong Kong, where pro-democracy protests escalated from June. China’s Foreign Ministry [praised](#) *Rodong Sinmun* for extending such support in its July 30 article calling the Hong Kong issue China’s internal affair. A DPRK Foreign Ministry representative in a *Korean Central News Agency* interview on Aug. 11 again expressed Pyongyang’s opposition to any external intervention in Hong Kong. A *Rodong Sinmun* commentary on Aug. 13 reasserted North Korea’s

support for Beijing’s “one country, two systems” principle, while the *Minju Joson*, the daily of North Korea’s Cabinet, [accused](#) Washington of using the Hong Kong protests to pressure Beijing amid trade tensions.

China-DPRK economic and cultural relations

China led several Northeast Asian initiatives in August promoting North Korea’s regional economic integration. Jilin [hosted](#) the 12th China-Northeast Asia Expo and the 10th High-level Forum on Northeast Asia Cooperation in Changchun on Aug. 23, which were attended by PRC Vice-Premier Hu Chunhua, Vice Commerce Minister Wang Shouwen, Chairman of South Korea’s North Korea Economic Cooperation Commission Kwon Goo Hoon, Vice Minister of Japan’s Ministry of Economy, Trade and Industry Seki Yoshihiro, and Jilin Party Secretary Bayin Chaolu. North Korea’s Minister for External Economic Affairs Kim Yong Jae, who attended the forum on China’s Belt and Road Initiative in Beijing last April, affirmed Pyongyang’s active promotion of trade and investment with foreign partners. The Greater Tumen Initiative also held its 19th meeting in Changchun, where Chinese, South Korea, Russian, and Mongolian representatives urged North Korea to rejoin the regional development initiative, which it left in 2009. In a *China Daily* [commentary](#) in August, Tai Hwan Lee, president of ROK-China Think Net, argued that the lifting of UN sanctions on North Korea could facilitate China-ROK cooperation on regional infrastructure projects, including Moon’s proposed East Asia railway community linking Korea, China, and Russia.

Trade data shows that high-level regional diplomacy on North Korea has been accompanied by a sharp recovery in China-DPRK economic ties. According to the Korea International Trade Association, bilateral trade grew by 15% in January-June 2019 compared to the same period last year. North Korean exports to China grew by 14%, while imports from China increased by 15.5%, producing a \$1.04 billion trade deficit in the first half of 2019. Despite UN sanctions on North Korea, Chinese Customs data showed that Beijing provided about \$1 million in rice and \$55 million in fertilizer to the North in May-October last year, following the first Xi-Kim summit in March 2018. Chinese reports to the UN Sanctions Committee put China’s total supply of refined oil products to North Korea at 5,730 tons in January-May 2019, slightly lower than figures during the same period last year, and about a quarter of the amount of Russia’s refined oil supplies to the North. UN Security Council Resolution 2397 from 2017 restricts the annual amount of refined oil supplies to North Korea to 60-65,000 tons.

Not included in China’s official trade data are extensive illicit ship-to-ship transfers of oil to North Korea conducted in international waters. Some of these transactions involve Chinese ships. The UN Panel of Experts has received reports from the United States and other countries that have comprehensively documented such transfers, estimating that North Korea may have

severely violated UN sanctions limiting the supply of oil to North Korea to less than 500,000 tons. The report alleges that due to over 70 illegal ship-to-ship transfers observed during the first four months of 2019, sanctions limits were likely breached within the first four months of 2019. If shipments were at full capacity, North Korean illicit imports of petroleum may have already doubled the annual cap within this time period. But Chinese and Russian governments have argued that the information necessary to make such a judgment is premature and inconclusive. The Panel of Experts report also estimates that North Korea has raised up to \$2 billion in support for its weapons of mass destruction programs through cyber theft, much of which has been conducted from China and other countries that provide access and serve as a base for North Korean hackers.

Debate continues over humanitarian aid, which may not be subject to UNSC sanctions restricting the supply of materials supporting North Korea's nuclear and missile programs. South Korea's Unification Ministry questioned Japanese media reports in late August claiming that China plans to send significant food aid to North Korea after Pyongyang refused to accept South Korean rice via the World Food Program in protest against US-ROK military exercises. A visit to China in May by North Korea's Red Cross Society raised speculation over North Korea's quest for Chinese aid. As [reported](#) by the World Food Program and Food and Agriculture Organization earlier that month, North Korea's crop output in 2018 reached the lowest levels in a decade, placing an estimated 40% (10 million) of the population in need of food.

A second issue drawing renewed attention is the expansion of Chinese tourism to North Korea, which lies outside UNSC restrictions. After Xi's visit to Pyongyang, North Korea's Air Koryo resumed Pyongyang-Dalian flights from July 19 and Pyongyang-Jinan flights from Aug. 13, expanding the number of flight connections to five, including those between Pyongyang and Beijing, Shanghai, and Shenyang. China's *Global Times* [reported](#) in June that 80% of the 100,000 annual foreign visitors in North Korea are Chinese, whose numbers reached record high levels last year according to South Korea's Korea Development Institute. Especially in [border regions](#), many cross the Yalu River from Dandong by bus or train, while others enjoy the visa-free, short-distance travel routes from Hunchun to Pyongyang, Rason, and Mount Kumgang. Ahead of the 2022 FIFA World Cup qualifications, Beijing-based Koryo Tours in July began promoting a tour package to Pyongyang for an inter-Korean match scheduled for October. In another indication of improving cultural ties, Pyongyang University of Science and Technology opened North Korea's first Chinese language test center in May, allowing North Koreans to take the HSK proficiency test in their home country.

Current indications of improving economic and cultural relations, however, mask a continuing problem of human

sex trafficking targeting DPRK defectors. A London-based civic group [reported](#) in May that about 60% of female defectors are believed to be trapped in China's multimillion-dollar sex trade, while the *South China Morning Post* in June shed light on an "[underground railroad](#)" linking an informal network of brokers, charities, and middlemen.

The limits of trilateral Japan-China-South Korea cooperation

After a three-year pause in contacts, China and South Korea's trilateral foreign ministers' talks with Japan on Aug. 21 marked 20 years of three-way cooperation. The [scope of such cooperation](#) potentially extends to a wide range of regional issues, including ASEAN, the Regional Comprehensive Economic Partnership (RCEP), and Greater Mekong cooperation. The meeting raised propositions for developing a China-Japan-ROK "Plus One" mechanism, but frictions among the three parties including Korea-Japan tensions, Beijing's opposition to US missile deployment, and history issues pose a challenge to such proposals.

Most notably, Chinese Foreign Minister Wang Yi was placed in the role of mediator between his Japanese and South Korean counterparts, urging both to work together trilaterally while taking overt jabs at the United States. Wang reaffirmed Chinese opposition to US deployment of land-based missiles in Asia and stressed that "having a cold war mentality will cause us to go backward in history, and seeking confrontation will result in a double loss."

Conclusion: China-Korea interdependence and US-China rivalry

Eyes are set on Beijing's Oct. 1 National Day celebrations and military parade commemorating the 70th anniversary of the People Republic of China's founding. The event will provide an opportunity to bring both Korean leaders, whose reliance on Chinese support is growing on a range of issues, to Beijing. Xi-Kim talks in Pyongyang sought to pave the path toward comprehensively developing the China-DPRK relationship after years of stagnation since Kim assumed power in 2011. Seoul's trade spat with Tokyo makes economic cooperation with China increasingly important in the aftermath of the THAAD dispute, in addition to continued coordination on peninsula denuclearization and unification.

Cooperation with China also contains risks for both Korean leaders, however. Kim Jong Un seeks to use North Korea's nuclear development to play the role of strategic pivot between two great powers, taking advantage of rising China-US rivalry to enhance North Korean independence, thwart US pressure, exploit the opening provided by the Kim-Trump relationship, and extort material benefits from each side. Moon seeks better relations with China as the way to secure peace and

denuclearization. But, China's desired price includes a weakening or even possible dissolution of the US-ROK alliance. At the same time, Xi appears to have usurped Moon's role as intermediary between North Korea and the world. Moreover, South Korea remains susceptible to economic and political fallout from rising China-US rivalry. Both Koreas will have to take careful account of China's interests and influence and manage their relationships with Beijing without allowing China to become an obstacle to the achievement of their respective security strategies.

CHRONOLOGY OF CHINA-KOREA RELATIONS

MAY – SEPTEMBER 2019

May 2, 2019: Finance ministers and central bank chiefs from China, South Korea, and Japan attend the 19th Trilateral Finance Ministers and Central Bank Governors' Meeting in Nadi, Fiji.

May 2, 2019: Chief of South Korea's National Council on Climate and Air Quality Ban Ki-moon calls for closer cooperation with China on improving air quality in both countries.

May 3, 2019: South Korean President Moon Jae-in grants credentials to newly-appointed ambassadors, including ROK Ambassador to China Jang Ha-sung.

May 3, 2019: South Korea's Ministry of Land, Infrastructure and Transport announces that it has granted low-cost carriers rights to increase the number of flights to China.

May 6-8, 2019: ROK National Assembly Speaker Moon Hee-sang leads a parliamentary delegation to China, where he meets CCP Political Bureau member Yang Jiechi, chief of the NPC Standing Committee Li Zhanshu, and Vice President Wang Qishan.

May 7, 2019: Gan Lin, vice minister of China's State Administration for Market Regulation, and Ji Chul-ho, vice chairman of South Korea's Fair Trade Commission, meet on the sidelines of the China competition policy forum in Hainan Province.

May 14, 2019: Delegation of North Korea's Red Cross Society, led by Executive Vice Chairman Paek Yong Ho, leaves Pyongyang for China.

May 15, 2019: Hyundai Transys Inc. announces that it has signed an MOU with BYD Co. Ltd, China's largest electronic vehicle maker, in Shenzhen, Guangdong province.

May 21, 2019: Seoul and Beijing municipal officials have a closed-door meeting on reducing fine dust particles on the sidelines of the 2019 Seoul International Forum on Air Quality Improvement.

May 23, 2019: Kim Sang-jo, head of South Korea's Fair Trade Commission, and Gan Lin, vice minister of China's State Administration for Market Regulation, sign an MOU in Seoul on antitrust cooperation.

May 23, 2019: Delegation of the DPRK's Institute of International Studies headed by President O Yong Ran leaves Pyongyang for China.

May 26-June 1, 2019: Wuxi Deputy Mayor Wang Jinjian and a Jiangsu provincial delegation visit South Korea and Japan to deepen trade and economic cooperation.

May 28, 2019: Delegation of the DPRK's General Administration of Civil Aviation led by General Director Rim Kwang Ung leaves Pyongyang for China.

May 30, 2019: Huawei Technologies Co. opens its first 5G lab in Seoul to expand its presence in the South Korean market.

May 31, 2019: Several Chinese TV series are scheduled to compete in the 14th Seoul International Drama Awards in August, following a two-year absence in protest against THAAD.

June 01, 2019: ROK Defense Minister Jeong Kyeong-doo and PRC Defense Minister Gen. Wei Fenghe meet on the sidelines of the Shangri-La Dialogue in Singapore.

June 4-5, 2019: Ban Ki-moon visits China for general meeting of the China Council for International Cooperation on Environment and Development and celebrations of 2019 World Environment Day in Hangzhou. Ban meets China's Minister of Ecology and Environment Li Ganjie and Zhejiang Provincial Party Secretary Che Jun.

June 7, 2019: South Korea's Presidential Office, Cheong Wa Dae, says Huawei's 5G poses no immediate threat to national security.

June 7, 2019: Beijing-based tour agency Koryo Tours launches a stamp design competition for Pyongyang's annual Mangyongdae Prize International Marathon to celebrate the April 15 birthday of DPRK founder Kim Il Sung.

June 10, 2019: Guangzhou and Gwangju representatives at a meeting in Seoul share experiences of 23 years of sister-city friendship and cooperation.

June 14, 2019: South Korean politicians, students, and netizens support anti-extradition bill protests in Hong Kong, according to a *South China Morning Post* [report](#).

June 18, 2019: ROK Ministry of Culture, Sports and Tourism and Korea Tourism Organization data shows that Chinese tourists were the national group that spent the most in South Korea in the first quarter of 2019, followed by Taiwanese and Americans.

June 19, 2019: Sixth China-Russia Expo concludes in Harbin, where North Korean artists display their work at an art exhibition on the sidelines.

June 19, 2019: ROK Vice Foreign Minister Lee Tae-ho and representative from other ministries meet a Chinese delegation led by PRC Assistant Commerce Minister Li Chenggang for the 23rd Joint Economic Committee session in Seoul.

June 19, 2019: Chinese Chairman Xi Jinping publishes article on China-DPRK ties in the DPRK's mainstream media.

June 20-21, 2019: Xi visits North Korea and meets Kim Jong-un.

June 21, 2019: South Korea, China, and Japan open a joint photo exhibition at the Seoul Metro Art Center featuring 20 years of trilateral cooperation.

June 24-26, 2019: China-Japan-ROK Youth Innovation and Entrepreneurship Forum is held in Yantai, Shandong province.

June 26, 2019: Conference held in Changchun to mark the 25th anniversary of the establishment of friendly relations between Jilin province and Gangwon-do in South Korea, where Jilin's Deputy Party Secretary Jing Junhai and Gangwon-do Governor Choi Moon-soon deliver speeches.

June 27, 2019: Presidents Xi and Moon meet in Osaka on the sidelines of the G20 Summit.

June 28, 2019: DPRK Ambassador to China Ji Jae Ryong presents a floral basket from the Workers' Party of Korea to deputy head of the CCP International Liaison Department Wang Yajun to mark the 98th founding anniversary of the CCP.

June 28, 2019: China's top political advisor Wang Yang and Kim Wan Su, chairman of the Central Committee of the Democratic Front for National Reunification of the DPRK, meet in Beijing.

July 1, 2019: PRC Foreign Ministry expresses China's support for the meetings among US, ROK, and DPRK leaders in Panmunjom.

July 4, 2019: 2019 Korea Smart City Inside China event is held in Xian, where the ROK Ministry of Science and Information and Communications Technology promotes South Korea's presence in China's smart city market.

July 8, 2019: South Korea's Foreign Ministry announces a train tour across China by 100 South Koreans to mark the centennial anniversary of the establishment of the Korean Provisional Government in Shanghai on April 11, 1919.

July 8, 2019: Opening ceremony of China (Guangxi)-South Korea Friendly Exchange Week is held in Nanning.

July 9, 2019: A friendship delegation of North Korea's Ministry of People's Security headed by Councilor Ri Song Chol departs North Korea to visit China.

July 11, 2019: Vice President of the China Public Diplomacy Association Hu Zhengyue [assesses](#) China-Japan-ROK cooperation in *China Daily*.

July 11, 2019: PRC Foreign Ministry [confirms](#) arrival in Beijing of a delegation of the WPK International Department led by First Vice Department Director Kim Song Nam, and departure to Pyongyang of a Chinese delegation led by Lu Kang, director general of the Foreign Ministry's Information Department.

July 11, 2019: *Rodong Sinmun* highlights China-DPRK relations on the occasion of the 58th anniversary of the signing of the 1961 Treaty of Friendship, Cooperation, and Mutual Assistance.

July 11, 2019: PRC Vice Premier Hu Chunhua and DPRK Ambassador to China Chi Jae Ryong address a banquet in Beijing celebrating the 58th anniversary of the signing of the China-DPRK Treaty of Friendship, Cooperation, and Mutual Assistance.

July 16, 2019: Zhou Qiang, chief justice and president of China's Supreme People's Court, and DPRK Central Court President Kang Yun-sok [meet](#) in Beijing and sign an MOU on judicial cooperation in Beijing.

July 16, 2019: Guo Shengkun, CPC Political Bureau member and head of the CPC Commission for Political and Legal Affairs, meets DPRK Central Court President Kang Yun Sok in Beijing.

July 23, 2019: Air Koryo resumes flights between Pyongyang and Dalian.

July 20, 2019: Beijing-based Koryo Tours begins sales of a tour package to Pyongyang for a World Cup qualification soccer match between South and North Korea.

July 22, 2019: China's Ministry of Commerce announces anti-dumping measures on imported stainless steel products from the European Union, Japan, South Korea, and Indonesia.

July 23-24, 2019: ROK Vice Foreign Minister Lee Tae-ho and PRC counterpart Luo Zhaohui lead talks in Beijing on the demarcation of maritime boundaries.

July 23, 2019: Chinese and Russian warplanes participating in a joint military exercise enter the Korea Air Defense Identification Zone according to the ROK Defense Ministry.

July 23, 2019: US Justice Department announces that four Chinese and a Chinese company were charged with assisting DPRK entities involved in weapons of mass destruction proliferation.

July 24, 2019: South Korea's Consulate General in Hong Kong issues a travel advisory to South Korean nationals traveling to Hong Kong amid pro-democracy protests.

July 24, 2019: PRC Ministry of National Defense denies the violation of international regulations on airspace during the joint patrol exercises with Russian counterparts on July 23.

July 25, 2019: China's Foreign Ministry says China hopes for the resumption of US-DPRK talks after Pyongyang fires two unidentified projectiles into the sea.

July 30, 2019: PRC Foreign Ministry praises *Rodong Sinmun* for reasserting Beijing's position on Hong Kong.

August 1, 2019: ROK Foreign Minister Kang Kyung-wha and PRC State Councilor and Foreign Minister Wang Yi meet in Bangkok on the sidelines of annual ASEAN meetings.

Aug. 1, 2019: South Korea's National Assembly adopts a resolution condemning an airspace incursion by Russian and Chinese warplanes, and Japan's territorial claim to Dokdo/Takeshima.

Aug. 2, 2019: China's Foreign Ministry expresses support for dialogue between Japan and South Korea.

Aug. 7, 2019: PRC Foreign Ministry calls for dialogue on the Korean Peninsula after North Korea launches two projectiles on Aug. 6.

Aug. 7, 2019: *South China Morning Post* [reports](#) US investigations into financial transactions involving Chinese banks that allegedly funded North Korea's nuclear weapons program.

Aug. 11, 2019: DPRK Foreign Ministry representative in a *Korean Central News Agency* article expresses North Korea's support for China's handling of pro-democracy protests in Hong Kong.

Aug. 13, 2019: *Rodong Sinmun* commentary expresses North Korea's support for China's "one country, two systems" principle.

Aug. 16, 2019: Kim Su Gil, director of the Korean People's Army General Political Bureau, arrives in Beijing for meetings with Chinese officials including Zhang Youxia, CMC vice chairman; Miao Hua, director of the CMC Political Affairs Department, and Song Tao, head of the CPC International Liaison Department.

Aug. 20-22, 2019: ROK Foreign Minister Kang Kyung-wha visits Beijing to meet PRC counterpart Wang Yi and Premier Li Keqiang, and hold the 9th China-Japan-ROK meeting of foreign ministers, the first such meeting since August 2016.

Aug. 22, 2019: The 19th Greater Tumen Initiative meeting in Changchun renews calls on North Korea to rejoin the regional development initiative.

Aug. 23, 2019: Tenth High-level Forum on Northeast Asia Cooperation, 12th China-Northeast Asia Expo, and 1st China-Japan-ROK Entrepreneur Summit open in Changchun, Jilin province. Vice-Premier Hu Chunhua, Jilin Party Secretary Bayin Chaolu, Chairman of South Korea's North Economic Cooperation Commission Kwon Goo-hoon, and Vice Minister of the PRC Commerce Ministry Wang Shouwen deliver speeches.

Aug. 26-28, 2019: Fourteen South Korean lawmakers from ruling and opposition parties attend the sixth China-ROK meeting of next-generation political leaders in Beijing sponsored by the Korea-China Leaders Society and the Chinese People's Institute of Foreign Affairs.

Aug. 28, 2019: *Minju Joson*, the daily of the DPRK's Cabinet, publishes an article claiming Washington is using Hong Kong protests to strengthen its position in trade disputes with China.

Aug. 30, 2019: Culture ministers at the 11th China-Japan-ROK Cultural Ministers' Meeting hosted by Incheon Metropolitan City sign an agreement outlining a 10-year vision for trilateral cultural cooperation, and designate China's Yangzhou, South Korea's Suncheon, and Japan's Kitakyushu as Culture Cities of East Asia 2020.

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PACIFIC  FORUM

COMPARATIVE

C O N N E C T I O N S

A TRIANNUAL E-JOURNAL OF BILATERAL
RELATIONS IN THE INDO-PACIFIC

JAPAN-CHINA RELATIONS

EXTERNAL SMILES, INTERNAL ANGST

JUNE TEUFEL DREYER, UNIVERSITY OF MIAMI

Chinese and Japanese relations have been cordial during the summer months, but tensions over history, economics, disputed territories, and military expansion continue to simmer. Several meetings failed to reach consensus on issues. China continued to tighten its de facto control over disputed territories as Japan reinforced its capabilities to defend those areas. Several major Japanese corporations announced plans to move production out of China, citing concerns with the US-China trade war. Worsening relations between Seoul and Tokyo, and in particular Seoul's decision to end an intelligence-sharing agreement, could weaken plans for joint resistance to Chinese and North Korean activities. No date has been set for Chairman Xi Jinping's long-delayed reciprocal state visit to Japan.

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Politics

Both Chinese and Japanese defense ministers made [speeches](#) at the annual Shangri-La Dialogue in Singapore, pointedly refraining from criticizing each other. Yet domestically, a Japanese land surveyor in his 50s [convicted](#) of espionage received a 15-year prison term, the heaviest sentence yet in a string of spy cases involving Japanese in China. Nine Japanese have been indicted since 2015, with seven convicted thus far. The United States also continues to factor into China-Japan relations. Back-to-back opinion pieces in *Global Times* [accused](#) President Donald Trump of turning Japan into a pawn to contain China. In an [interview](#) with *Asahi*, Liu Mingfu, author of the controversial 2010 book *The China Dream*, stated his belief that the US is using Japan to help it counter China as the US declines. He advised Japan to move away from being controlled by the US and cooperate with China to create a new order in East Asia.



Figure 1 DAHL's Japan cartoon depicting Japan as mediator between China and the United States. Source: Japan Times

[Describing](#) the thaw in China-Japan relations as lacking content, a *Global Times* op-ed expressed concern that Article 5 of the US-Japan Security Treaty would mean the two would act together if either came under cyberattack by China. The author instead urged Abe to “steer China into a true partnership with its neighbor,” further describing China as “the last hope for Abe to gain brownie points in diplomacy.” Two days later, an op-ed in the same paper [argued](#) that China’s increased confidence had enabled it to shape the strategic environment on its own, and that developing better relations with Japan was naturally included in its policy agenda. It said that Japan had acknowledged the historical trend of China’s rise and that Japan need no longer play second fiddle to the United States to exercise international leadership – if it had a healthy relationship with China. It acknowledged that many sensitive issues remain so relations could deteriorate, but if these are managed, it asserted that the two countries could lead on the world stage. *Xinhua* [described](#) matter-of-factly Abe’s ritual offering to the Yasukuni Shrine on the 74th anniversary of Japan’s surrender in World War II, though noting that visits and offerings to the shrine “have consistently sparked strong criticism and hurts the feelings of China and South Korea and other countries brutalized by Japan during the war.” Yet two days prior,

praying at his father’s grave, Abe [vowed](#) to continue efforts to revise the constitution, to which China strenuously objects.

Papers in both countries [published](#) pictures of Xi and Abe shaking hands at the opening of the G20 conference in Osaka, noting that Abe had invited Xi for a state visit to Japan during the next cherry blossom season, which would be a long overdue reciprocal visit in return for Abe’s state visit to China last fall. According to an unnamed Asian diplomat, Chinese officials [requested](#) that Xi’s visit to the G20 not be disrupted by anti-China protests, which indeed did not occur. However, the Japanese government granted a visa to Rebiya Kadeer, an exiled Uyghur activist who is anathema to Beijing and whose visit would certainly call attention to the estimated 1 million Uyghurs held in Chinese concentration camps. Xi and Abe [met](#) at a hotel away from the G20 venue and reportedly had “frank discussions,” indicating that there had been no agreement on substantive matters, including the disputed Diaoyu/Senkaku Islands. Abe is said to have [raised](#) concerns about the proposed extradition law that caused more than a million Hong Kong residents to protest, and stressed the importance of freedom, human rights, and the rule of law.

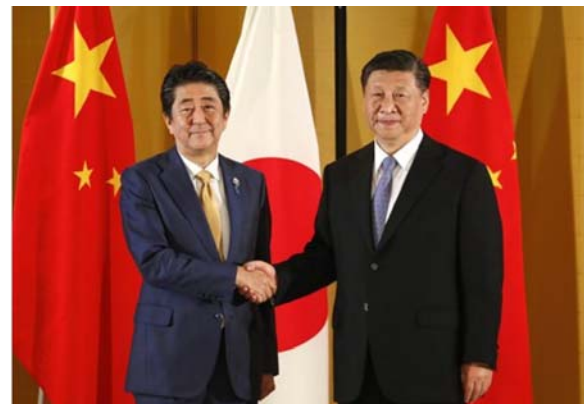


Figure 2 Prime Minister Abe Shinzo shakes hands with Chairman Xi Jinping at the opening of the G20 conference. Photo: Xinhua

The first China-Japan vice-ministerial level talks in seven years were [held](#) in Nagano, Japan, with the Chinese Foreign Ministry reporting that the officials had “candid exchanges about bilateral and regional issues,” again indicating that no agreement was reached. However, a state visit by Xi is likely to take place in spring 2020. *China Daily* [repeated](#) Japanese newspapers’ description of the vice-ministerial talks as “candid exchanges about bilateral and regional issues,” while adding that a Japanese official had said that a majority of Japanese know little about China and advocated more people-to-people exchanges. Japanese accounts did not mention the latter point.

In another gesture of good will, the Chinese government [acceded](#) to the Japanese government’s request to send a

representative higher than Politburo rank for an October ceremony related to the enthronement of the emperor; Vice-President Wang Qishan will attend.

Xinhua [reported](#) on a July 7 rally in Japan's Saitama Prefecture to mark the 82nd anniversary of the Marco Polo Bridge incident that was a prelude to the China-Japan war. It noted that only one member of the group, now 97 years old, actually lived through the war, and cited a Japanese member of the Sino-Japanese Friendship Association as saying that only about 20% of Japanese people knew the truth about Japan's war of aggression against China. In a separate report on the Chinese commemorative ceremony published the following day, *Xinhua* did not mention the presence of top leaders, leading to [speculation](#) that their absence indicated a desire for continued improvement in relations between the two nations. However, a few days later, at least 10 Chinese in two different provinces were [arrested](#) for being "spiritually Japanese" as a result of cartoons deemed to have insulted the Chinese people. In an [editorial](#) on Chinese fake news efforts in Hong Kong, the normally China-friendly *Japan Times* commented that although Japan has been largely immune to attempts to manipulate its public opinion, that was sure to change.



Figure 3 Chinese cartoons depict Chinese as pigs. Source: Inkstone

In a development likely to bolster Abe's desire to amend the constitution, to which China strenuously objects, the just [disclosed](#) diaries of a former Grand Steward of the Imperial Household Agency revealed that then-Emperor Hirohito favored rearmament after Japan regained sovereignty, though opposing a resurgence of the former military clique system. The diaries also show that Hirohito, known posthumously as the Showa Emperor, wanted to use the word "remorse" at a 1952 ceremony to celebrate Japan's recovery of sovereignty and fifth anniversary of the passage of the postwar constitution. China has repeatedly admonished Japan for its lack of remorse for World War II. Hirohito had been dissuaded against using "remorse" by then-Prime Minister Yoshida since he feared that it would lead to the emperor's abdication while the crown prince was only 20 years old.

A marine science professor at Tokai University [expressed](#) alarm at Chinese research activities inside Japan's EEZ without the prior permission required under

the United Nations Convention on the Law of the Sea. Although the numbers of incursions have declined, their quality has continued to improve, and the Chinese have taken over certain areas, raising fears that they will come even closer to Japan. In some cases, China has added a large, self-created territorial outline to maps of the survey results, reinforcing suspicions that the scientific research serves as a political tool.

Economics

Economic relations were mostly defined by the effects of the US-China trade dispute on the region. While there was little news that related directly to China-Japan trade over the summer months, both countries reacted to news with a growing sense of economic competition.

As a consequence of the US-China trade war and the general slowdown in the Chinese economy, Japan [overtook](#) China to become the second-largest user of the Panama Canal, after the United States. Several major Japanese corporations, including Nintendo, Sony, Sharp, Ricoh, and Kyocera have [announced](#) plans to move production out of China in response to higher tariffs. In June, for the first time in two years, Japan [surpassed](#) China as the top holder of US Treasuries.

Chinese interest in [purchasing](#) properties and residences in Tokyo and Osaka has surged as demand for US real estate cools. More than three-quarters are purchasing for investment reasons, with many anticipating a property boom because of the 2025 World Expo in Osaka and the opening of the country's first casino in the same region.

Chinese media [reported](#) that Japanese companies still consider the PRC "one of the top global markets despite the ongoing US-China trade war and other rising risks." They acknowledged, however, that the 2019 report of the Japanese Chamber of Commerce and Industry in China called for the government to treat foreign companies the same as Chinese companies and to further improve its competition laws. Meanwhile, Japan's Toyota and China's BYD [agreed](#) to work together to produce electric sedans and SUVs, as Toyota seeks to narrow Volkswagen's lead in the Chinese market. However, the 2019 report of Japan's Ministry of Economic Revitalization expressed [concern](#) about increasing dependence on China in the manufacture of information and communications equipment.

Xinhua, which has often disparaged Japan's economic record, [reported](#) that Japan had achieved its 57th consecutive month of surpluses in the current account. The Japanese economy [grew](#) by an annualized rate of 2.1% in the first quarter of 2019, exceeding expectations and marking its second straight quarter of expansion.

A former president of the Japan External Trade Organization's Institute of Developing Economies [likened](#) China's trade strategy to a go/weiqi player's

efforts at expanding his framework *myo*, even as other countries take steps to protect their *ji* territory. Criticizing Beijing for its attitude that other countries should keep silent while accepting financial rewards, he observed that as long as China continues to act in this way, the international community would resist any Sinocentric order in the region or world.

JXTC, Japan's largest oil refiner, [announced](#) it will close a refinery it jointly owns with PetroChina amid falling demand for crude products in Japan. Japanese firms, particularly those manufacturing semiconductor equipment and electronic parts producers, are [experiencing](#) declining earnings due to the slowdown in the Chinese economy. The president of the Japan Machine Tools Builders' Association advised industry to prepare for the effects of a prolonged slowdown.

China's ByteDance Technology will [invest](#) \$4.6 million in 2019 in a project to find Japanese stars for its popular video app TikTok. The app has [raised](#) privacy and security concerns, since it conveys locations, images, and biometric data to its Chinese parent, which is legally unable to refuse to share data with the Chinese government.

As a [counterweight](#) to China's heavy investment in Africa under its Belt and Road Initiative, and just ahead of the August triennial Tokyo International Conference on Africa Development, Japan's Defense Ministry announced its support for venture capital in Africa. Government encouragement notwithstanding, Japanese corporations remain reluctant to lend money to Africa due to concerns about failure to repay. Currently, China buys nearly five times more from Africa than Japan does.

Japan and India will [develop](#) Sri Lanka's Colombo port, the country's largest, thereby providing a counterweight to China's presence at Hambantota. Construction is to begin in March 2020, with Japan's Official Development Assistance financing part of the project. Some of Japan's primary maritime routes run through the Indian Ocean.

Defense

As the "new normal" of permanently positioning Coast Guard vessels in the Diaoyu/Senkaku region of the East China Sea has been firmly established, both China and Japan have focused on improving monitoring and response capabilities for maritime forces in the region. [Noting](#) that situation, a retired US Air Force officer predicted that the current de facto co-administration would soon become sole administration. However, Japan is committed to prevent that from happening. It has responded by increasing its Coast Guard budget and shoring up its southwest island defenses.

To [strengthen](#) the ability to transport military units to the Nansei Islands, a joint unit of the Ground and Maritime Self-Defense Forces will from 2023 operate small- and medium-size transport ships utilizing

artificial intelligence to determine what ammunition and other supplies to transport to the islands. The small ships can carry about five tanks each; the medium-sized ships, 15.

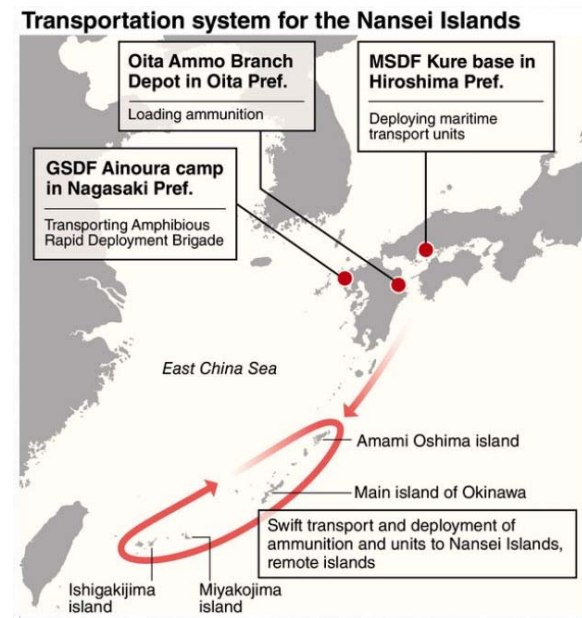


Figure 4 Japan plans to operate small- and medium-size transport ships utilizing artificial intelligence to determine supplies to transport to the Nansei Islands. Source: Yomiuri

An opinion piece in *Japan Times* [compared](#) Japan's position on the Senkakus to that of Britain in 1980s, with the author wondering if Japanese politicians would react as successfully as then-Prime Minister Margaret Thatcher had. He suggested that Japan demonstrate effective control over the islands through non-provocative, nonmilitary measures such as placing Japanese officials on the island and building a weather station, better lighthouse, heliport, and port for small vessels that might be in distress. Speaking in Washington, DC, Self-Defense Force (SDF) head Gen. Koji Yamazaki [stated](#) that the immediate threat facing Japan was China's ramped up maritime invasions into waters surrounding the Senkakus. Japan had responded to 20 intrusions so far this year, compared to 19 for all of 2018. Yamazaki also noted China's increasing gray zone activities, which are designed to expand its influence.

In [response](#) to China's broader maritime expansion, Japan will deploy about 20 large unmanned helicopters to Maritime Self-Defense Force destroyers over the next decade. The helicopters will strengthen Japan's early warning and surveillance activities around the Senkaku/Diaoyu Islands. Japan [began](#) deploying state-of-the-art *P-1* patrol aircraft nationwide from July 26, "taking into account China's increasing activities in the East China Sea and the Pacific Ocean," according to the Ministry of Defense. The ministry plans to increase the number of *P-1s* from 22 to 70.

An SDF space unit will be [launched](#) in 2020 in response to China's and Russia's developing satellites that can attack and disrupt the operations of those of other countries. SDF personnel will be dispatched to the US for training, and the unit will cooperate with US counterparts in monitoring the satellites. The Tokyo government also revealed that it will begin development of interceptor systems in response to China's and Russia's [possession](#) of "killer" satellites capable of disabling other countries' satellites.

Japan will also deepen [collaboration](#) with the US in space defense, with plans for Self-Defense Force liaison officers permanently based at the Combined Space Operations Center of Vandenberg Air Force Base to monitor satellite activity by China and Russia. Highly sophisticated ground radar will also be installed in Yamaguchi Prefecture for that purpose.

As Abe and Xi were meeting at the G20 in Osaka, the Japanese Coast Guard and Maritime Self-Defense Forces [conducted](#) their first joint drill in the South China Sea in what the China-friendly, center-left daily *Asahi Shimbun* decided were "apparently aimed at reining in China's aggressive behavior in the region." This was also the first Coast Guard/MSDF joint drill in five years. *Asahi* noted that incursions in the waters near the Senkakus were occurring more frequently, and that earlier in June, the aircraft carrier *Liaoning* had sailed between Okinawa's main island and Miyakojima to reach the Pacific. SDF sources [complained](#) that efforts to interdict North Korean smuggling were inhibited by the vessels fleeing into Chinese territorial waters.

Meanwhile, China has responded to Japan's buildup as part of its rationale for building its own more robust military capability. China's 2019 white paper on defense, the first in seven years, [described](#) Japan as "attempting to circumvent the post-war mechanism," i.e., forswearing the use of force to resolve international issues. It said Japan "had adjusted its military and security policies and increased input accordingly, thus becoming more outward-looking in its military endeavors." [Commenting](#) on the white paper, the center-right *Yomiuri Shimbun*, Japan's largest-circulation daily, editorialized that the PRC had expanded its military buildup beyond the scope of defensive aims, thereby undermining regional stability. China's July 1 launch of six ballistic missiles, believed to be *DF 21Ds*, into the South China Sea from the mainland likely sought to show off its offensive capabilities against freedom of navigation operations.

In late August, Beijing [announced](#) a grand military parade to demonstrate the PRC's growing capabilities. This was followed by the Japanese government [announcing](#) it would request a 1.2 percent increase in the FY2020 defense budget to a record \$5.32 billion. Uncharacteristically, Chinese media simply [repeated](#) AFP's coverage of the announcement with no added commentary.

Culture

A joint Chinese-Japanese [effort](#) began to save the grottoes of the Dunhuang cave complex from environmental degradation brought on by increasing numbers of tourists. Tokyo University of the Arts is using its proprietary cultural cloning technology to create exact replicas of the originals as well as repair past substandard efforts.

In a gesture of improved bilateral relations, *People's Daily* [reported](#) that the Oscar-winning Japanese anime film *Spirited Away* had been approved for showing in China, nearly 20 years after its initial release.

Taiwan

A former political adviser to the US Marines in Japan [suggested](#) the formation of a Taiwan-Japan-U.S.-Philippines disaster response team that would operate from hubs at air and sea ports with prepositioned equipment and supplies, noting that the skills developed in disaster mitigation are similar to those used in military operations.

CHRONOLOGY OF JAPAN-CHINA RELATIONS

MAY – AUGUST 2019

May 9, 2019: The 11th round of US, Japan, South Korea Defense Trilateral Talks (DTT) [is held](#) in Seoul to discuss regional security issues.

May 10, 2019: China's ByteDance Technology announces it will [invest](#) \$4.6 million in 2019 in a project to find Japanese stars for its popular video app TikTok.

May 14, 2019: *Xinhua* [reports](#) that Japan had achieved its 57th consecutive month of surpluses in the current account.

May 17, 2019: *People's Daily* [reports](#) that the Oscar-winning Japanese anime film *Spirited Away* had been approved for showing in China nearly 20 years after its initial release.

May 20, 2019: Japan and India announce they will [develop](#) Sri Lanka's Colombo port, the country's largest, providing a counterweight to China's presence at Hambantota.

May 20, 2019: Cabinet Office announces that Japan's economy [grew](#) by an annualized rate of 2.1% in the first quarter of 2019, marking the second straight quarter of expansion.

May 21, 2019: Japan and China [hold](#) bilateral talks on nuclear disarmament and nonproliferation in Beijing. It is the first time the countries have held bilateral talks on the issue in eight years.

May 21, 2019: A Japanese land surveyor is [convicted](#) of espionage and receives a 15-year prison term, the heaviest sentence yet in a string of spy cases in China.

May 23, 2019: *Global Times* op-ed [asks](#) rhetorically if Japan could stand up to the US request that it contain China. A second op-ed that appears the same day [interprets](#) the many meetings between Trump and Abe as indicative of Abe's attempt to balance between China and the US while making sure that its views on Korea are not further marginalized.

May 31-June 1, 2019: Chinese and Japanese defense ministers make [speeches](#) at the annual Shangri-La Dialogue in Singapore, pointedly refraining from criticizing each other.

June 16, 2019: Japanese Coast Guard [identifies](#) a ship dangling a cable into the sea about 50 nm off the largest of the Senkakus without seeking prior approval. The ship did not respond to requests to stop the survey, leaving the EEZ about two hours later.

June 17, 2019: Japan's Foreign Ministry [lodges](#) protest against Beijing for conducting an unauthorized maritime survey near the Senkaku Islands.

June 26, 2019: Japanese Coast Guard and Maritime Self-Defense Forces [conduct](#) their first joint drill in the South China Sea.

June 26, 2019: [Commenting](#) on China's just-released white paper, the center-right *Yomiuri Shimbun* editorializes that the PRC has expanded its military buildup beyond the scope of defensive aims, thereby undermining regional stability.

June 26, 2019: *Global Times* op-ed [argues](#) that China's increased confidence had enabled it to shape the strategic environment on its own, and that developing better relations with Japan was naturally included in its policy agenda.

June 27, 2019: Papers in both countries [publish](#) pictures of Chairman Xi Jinping and Prime Minister Abe Shinzo shaking hands at the opening of the G20 conference in Osaka.

July 7, 2019: *Xinhua* [reports](#) on a rally in Japan's Saitama Prefecture to mark the 82nd anniversary of the Marco Polo Bridge incident that was a prelude to the Sino-Japanese war.

July 13, 2019: Self-Defense Forces (SDF) sources [complain](#) that efforts to interdict North Korean smuggling were inhibited by the vessels fleeing into Chinese territorial waters.

July 20, 2019: Japan's Toyota and China's BYD [agree](#) to work together to produce electric sedans and SUVs, as Toyota seeks to narrow German automaker Volkswagen's lead in the Chinese market.

July 23, 2019: The 2019 report of the Japanese Ministry of Economic Revitalization expresses [concern](#) about increasing dependence on China in the manufacture of information and communications equipment.

July 23, 2019: JXTG, Japan's largest oil refiner, [announces](#) it will close a refinery it owns jointly with PetroChina amid falling demand for crude products in Japan.

July 24, 2019: China publishes 2019 [defense white paper](#), the first in five years.

July 30, 2019: Several Chinese are [arrested](#) for being "spiritually Japanese" as a result of cartoons deemed to have insulted the Chinese people.

Aug. 5, 2019: *Nikkei* reports that several major Japanese corporations, including Nintendo, Sony, Sharp, Ricoh, and Kyocera, have [announced](#) plans to move production out of China in response to higher tariffs.

Aug. 8, 2019: Japan and China are reported to be [vying](#) for influence in sports programs in the South Pacific, with China offering to train a large contingent of young athletes in several sports and Japan sending judo experts.

Aug. 11, 2019: First China-Japan vice-ministerial level talks in seven years are [held](#) in Nagano, Japan. Chinese Foreign Ministry reports the officials had "candid exchanges about bilateral and regional issues," and indicated that a state visit by Xi was likely to take place in spring 2020.

Aug. 11, 2019: Chinese government [accedes](#) to the Japanese government's request to send a representative higher than Politburo rank for an October ceremony related to the enthronement of the emperor: Vice-President Wang Qishan will attend.

Aug. 12, 2019: *China Daily* [repeats](#) Japanese newspapers' description of vice-ministerial talks as "candid exchanges about bilateral and regional issues," while adding that a Japanese official had said that a majority of Japanese know little about China and advocated more people-to-people exchanges.

Aug. 14, 2019: Praying at his father's grave, Abe [vows](#) to continue efforts to revise the constitution, to which China strenuously objects.

Aug. 15, 2019: Japan [surpasses](#) China as the top holder of US Treasuries for the first time since May 2017.

Aug. 19, 2019: In response to Chinese and Russian [possession](#) of "killer" satellites capable of disabling other countries' satellites, the Japanese government is to begin development of interceptor systems.

Aug. 27, 2019: Japanese Defense Ministry announced its [support](#) for venture capital in Africa.

Aug. 29, 2019: China [announces](#) that it would hold a grand military parade on National Day, Oct. 1, that would demonstrate its rising capabilities.

Aug. 30, 2019: Japanese government [announces](#) it will request a 1.2% increase in the FY2020 defense budget to a record \$5.32 billion, much of it for the purchase of advanced US weapons.

April 8, 2019: Japanese Coast Guard vessel *Kojima* embarks on a three-month training cruise that includes visit to Sri Lanka and Greece.

April 11, 2019: Chinese Foreign Ministry merges its Korean and Japanese divisions.

April 15, 2019: Talks held between Chinese and Japanese foreign ministers in Beijing.

April 15, 2019: Japan's Defense Ministry [reports](#) that its fighters scrambled 999 times in fiscal year 2018.

April 30, 2019: Japan [introduces](#) its version of Anti-Access/Area Denial (A2/AD). There was no immediate comment from Beijing.

PACIFIC FORUM

COMPARATIVE

CONNECTIONS

A TRIANNUAL E-JOURNAL OF BILATERAL
RELATIONS IN THE INDO-PACIFIC

JAPAN-KOREA RELATIONS

COLD ECONOMICS, COLD POLITICS

JI-YOUNG LEE, AMERICAN UNIVERSITY
MINTARO OBA, WEST WING WRITERS

It is hard to find anything truly unprecedented in a South Korea-Japan relationship that has long seen periods of elevated tension. That is what makes the recent escalation of disputes into the economic relationship a moment of outsize significance in the history of the relationship. As recently as the last update for *Comparative Connections* in May, we concluded that “South Korea-Japan economic and trade relations have remained ... largely unrelated to political developments and driven by practical considerations.” That assessment reflected the fact that, however high the political tensions, there have been two unwritten red lines: first, allowing political tensions to harm existing, mutually beneficial security cooperation for deterring North Korean provocations, especially when working jointly with the US; second, bringing those tensions into the economic relationship. Over the last four months, those red lines have been blurred in a series of escalating retaliatory moves with direct consequences for both countries and the regional economic and security order as a whole.

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South Korea's Court ruling and Japan's export restrictions

In the early months of 2019, the dispute over the Korean forced labor compensation rulings by South Korea's Supreme Court was largely a war of words in public and in diplomatic channels, with no clear impact on the economic relationship. That changed in early July when the Japanese government imposed export restrictions on three chemicals critical to South Korean high-tech manufacturing. The restrictions require Japanese companies to apply for licenses to export the materials to South Korea, giving the Japanese government leverage over whether and how quickly these chemicals reach South Korean companies. Japan cited national security considerations instead of the forced labor dispute as the reason for its move, asserting that a chemical with military applications was exported to North Korea after it had been exported to South Korea. As recently as Sept. 4 op-ed in the *Japan Times*, Foreign Minister Kono Taro reiterated that the forced labor issue "has nothing to do with the recent update by Japan of its export control measures, which was required to ensure the nonproliferation of weapons-related materials. This decision was made solely from the standpoint of national security." Still, media coverage and commentator analysis broadly agreed that the export restrictions were retaliation for the Korean forced labor rulings.

South Korean Supreme Court rulings last year ordered Japanese companies to compensate Koreans who were forced to work for those companies during Japanese colonial rule (1910-1945). South Korean plaintiffs involved in the case subsequently sought to secure the compensation by seizing assets of the Japanese companies. From Japan's point of view, what is at stake is not limited to the legal debate surrounding the issue, as the rulings also raised questions about the broader economic implications of allowing for compensation to the full range of those with claims or potential claims against Japanese companies. If more than [1,300 plaintiffs](#) were to bring cases against Japanese companies, the awards to victims could be as little as [\\$10,000](#) and as much as [\\$133,000](#). According to [one estimate](#), "If all the existing cases were settled at the high end of awards to date, Japanese companies would be liable for approximately \$175 million in compensation." The *Nikkei Asian Review*, citing a figure of more than 200,000 possible claimants, even estimates that the compensation "could swell to \$20 billion or more."

The Japanese government sought to establish a three-member arbitration panel with South Korea and a third country and focused its efforts on getting South Korea to agree to Tokyo's proposal. When Foreign Ministers Kono and Kang Kyung-wha met in late May on the sidelines of an OECD meeting, Kono requested that South Korea accept the idea of an arbitration panel, but Kang avoided giving a direct answer. In mid-June, the South Korean government came up with its own proposal of establishing a fund by Japanese and South Korean

companies to compensate the plaintiffs, which Japan rejected. It appears that both Japan and South Korea hoped to have some kind of breakthrough before the G20 Summit in Osaka. By late June, however, Prime Minister Abe Shinzo said in an interview with *Yomiuri TV* that a summit with President Moon Jae-in will not take place due to his busy schedule. The G20 became a lost opportunity for both South Korea and Japan as their leaders had no real engagement other than shaking hands for eight seconds.

Amid this faltering diplomacy, Japan's decision in July to impose export restrictions was the first step toward linking bilateral diplomatic tensions over history with economics in a manner unprecedented in the relationship. It highlighted both the interconnectedness between Japan, South Korea, and the global economy – and the vulnerability particularly of South Korean export-oriented industries. Japan supplies the vast majority of each of these chemicals on the market, and because Korean manufacturers (specifically Samsung Electronics and SK Hynix, which together account for more than 60% of the global memory chip supply) rely on the chemicals to build semiconductors used by companies like Apple and Huawei in electronic products, restricting or delaying exports could have a ripple effect across global supply chains.

With a "No Japan" movement to boycott Japanese companies and goods gathering steam, the South Korean government responses appealed to popular sentiments. President Moon and one of his top aides Cho Kuk even made references to Korean Gen. Yi Sun-sin who heroically fought against Japanese Gen. Hideyoshi Toyotomi in late 16th century. South Korea's major conservative dailies such as *JoongAng Ilbo* and *Chosun Ilbo* criticized Moon's handling of the dispute with Japan for lacking flexibility. Cho Kuk, Moon's first civil affairs secretary and a law professor at Seoul National University (SNU), was criticized by his colleagues for promoting a politically motivated black-and-white logic to instigate anti-Japanese popular sentiments.



Figure 1 South Korean merchants boycott Japanese products. Photo: Japan Times

The South Korean government turned to the United States, not Japan, for a possible diplomatic solution. Foreign Minister Kang had a telephone conversation with US Secretary of State Mike Pompeo and said that Japan's trade restrictions would harm not just South Korea's economy but also have an "undesirable" effect on trilateral cooperation among South Korea, Japan, and the United States. Deputy National Security Advisor Kim Hyun-chong made an unscheduled visit to Washington with the aim of discussing Japan's trade restrictions with Trump administration officials, but received no clear commitment that the US would mediate the dispute. President Trump mentioned offering to help ease tensions, but compared to earlier US administrations, Washington did not show much interest in playing a role in preventing Seoul-Tokyo relations from further deterioration. When the July 18 deadline that Japan set for South Korea to accept its arbitration proposal passed, Foreign Minister Kono summoned South Korean Ambassador to Japan Nam Gwan-pyo and protested angrily, drawing attention from international media outlets. On Aug. 2, Secretary of State Pompeo's meeting with the foreign ministers of the two allies on the sidelines of ASEAN in Bangkok did not change their minds about ongoing bilateral issues.



Figure 2 Kang Kyung-wha, Mike Pompeo, and Taro Kono meet on the sidelines of ASEAN in Bangkok. Photo: Lowy Institute

In the weeks following the export restrictions, the South Korean government sought to demonstrate it was mitigating the economic fallout and shoring up the resilience of the Korean economy. On July 10, South Korea's ruling Democratic Party appropriated ₩300 million in a supplemental budget to support affected Korean companies and localize supply of the critical materials subjected to export restrictions. One week later, on July 17, South Korea's Finance Minister Hong Nam-ki announced that the Korean government was "working on comprehensive plans to reduce the country's dependence on Japan's materials, components and equipment industries." Concern continued to grow among Korean businesses throughout July, with the Federation of Korean Industries urging Seoul not to escalate the dispute, and Samsung's Vice Chairman Lee Jae-yong visiting Japan soon after the export restrictions

were announced in a bid to assure continued supply of the chemicals. At the same time, the export restrictions were also beginning to impact Korean domestic public opinion. Within four days, a petition on the website of South Korea's presidential office, the Blue House, calling on Seoul to retaliate for the restrictions had already gained 17,000 supporters.

South Korean rhetoric remained guarded, emphasizing the importance of unimpeded trade and global supply chains. As South Korea was considering submitting a formal complaint to the World Trade Organization (WTO), South Korea and Japan collided before its highest decision-making body on July 24. Japan's ambassador to the WTO stated that Japan's export restrictions were linked to national security concerns and was a change in trade regulations that Japan had the right to implement. South Korea's ambassador retorted that the restrictions were "not at all a security measure" and "purely strategically planned to gain the upper hand in ... the forced labor issues."

On Aug. 2, Japan broadened its export restrictions by [announcing](#) it would withdraw South Korea from a "whitelist" of preferred trading partners, meaning South Korean imports of 857 items, like the three chemicals, now required Japanese government approval before export. The whitelist removal, which officially took effect Aug. 28, inflamed the dynamics that had been at play in the month after Japan introduced the export restrictions on the chemicals, with the Korean boycott movement gaining momentum and South Korean officials emphasizing the need for countermeasures. South Korea quickly announced it would drop Japan from its own whitelist, indicated it would accelerate its efforts to file a formal WTO complaint against Japan, and funded efforts to develop Korean resilience and self-sufficiency in the affected industries. Korean government rhetoric became more forceful, with President Moon stating that South Korea would "never again lose to Japan."

GSOMIA and the future of US Indo-Pacific strategy

After a flurry of diplomatic and economic conflicts, ultimately, South Korea responded by withdrawing from the General Security of Military Information Agreement (GSOMIA) with Japan, raising concerns about the future of US-ROK alliance as well as that of tripartite security cooperation between Japan, South Korea, and the US. President Moon announced the decision to scrap GSOMIA on Aug. 22. As a matter of fact, as recently as June 1, the defense ministers of South Korea and Japan, Jeong Kyeong-doo and Takeshi Iwaya, held a closed-door meeting – the first of its kind since they clashed over a radar lock-on incident in December last year – and reportedly shared candid views on bilateral defense cooperation. The next day, defense ministers of Japan, South Korea, and the US met and agreed to cooperate closely with the goal of denuclearizing North Korea. With several constituencies voicing the need to maintain

GSOMIA leading up to the Aug. 22 decision, Moon's decision was somewhat unexpected.

It is helpful to situate this decision in the broader context of South Korea's foreign policy and the East Asian security order. Beyond President Moon and his aides' preferences and styles, there are three factors that explain the particularly challenging Seoul-Tokyo relationship. The first factor is North Korea. In the past, despite the various crises that Seoul and Tokyo went through over history issues, the two governments' desire for maintaining a strong deterrent against North Korea's provocations, especially in the trilateral setting with Washington, used to put a brake on further worsening of relations. For example, Japan's rapid and unequivocal support for South Korean position after the sinking of the South Korean Navy vessel *Cheonan* is a good example of how converging security interests and preferences over North Korea can bring Japan and South Korea together. However, the situation surrounding North Korea has changed. For one, President Trump is pursuing a quasi-engagement policy with North Korea, while Prime Minister Abe was trying to coordinate Japan's North Korea policy with that of Washington, declaring that he would meet Kim Jong Un without any preconditions. For South Korea, the Moon administration prioritized the peace process with North Korea. The deterrence factor that functioned as a glue for trilateral cooperation is missing now.

The second factor is that there is little in the domestic politics both in Japan and South Korea that incentivize Prime Minister Abe and President Moon toward making concessions on economic and history issues and toward getting along with the other side. When Japan announced trade restrictions on key chemicals, there was speculation that Abe was looking to influence an upper house election later that month. Japanese public sentiment and polling data pointed to fairly solid support for Japanese government's position vis-à-vis South Korea, even while certain industries such as tourism in Okinawa suffered a setback from the drop in the number of South Korean visitors. In South Korea, the decision to scrap GSOMIA came in the midst of a scandal surrounding Moon's close aide, Cho Kuk, leading opposition party leaders to accuse the Moon administration of using GSOMIA as a scapegoat to divert public attention away from the scandal. While this may well prove to be wrong, it is true that in terms of domestic politics Moon stood to gain little – in light of past presidents' cases and their polling records – by being soft on Japan, given the strong public sentiment that views Japan's measures as retaliatory.

The third factor has to do with the changing international order with the United States in open competition with China. On the part of the US, the Trump administration treats security cooperation among Japan, South Korea, and the US as integral to the success of its Indo-Pacific strategy, similar to the Obama administration's rebalancing to Asia. However, in South Korea, compared

to their conservative counterparts, policy leaders currently working for the Moon administration tend to view its military alliance with Washington as limiting, as well as helpful, when they seek the kind of foreign policy that affords Seoul more room to pursue improved relations with China. Japan, on the other hand, has proactively put forward the Indo-Pacific concept even before the Trump administration presented it as an official strategy. For South Korea, inter-Korean reconciliation is considered a priority, whereas Japan has shown more interest in participating in the reshaping of a new international order, along with the US and India. In other words, there is a different level of appreciation toward the Indo-Pacific Strategy on the part of Seoul and Tokyo.

Next few months

As of early September, as the first data points begin to shed light on the South Korea-Japan economic relationship after the export restrictions, whitelist removal, and boycotts, it is clear that the dispute is starting to have negative economic impacts in both countries. August marked the ninth straight month of decline in Korean exports overall – a trend attributable to a range of factors that preceded the Japan-Korea dispute, but was not helped by the 6.2% fall in exports to Japan and a 30.7% decline in the value of Korean semiconductor exports. Korean job seekers also showed signs of turning away from Japan – the most popular place to work for Koreans between 2016-2018, according to Korean government data – with the South Korean Ministry of Labor canceling a job fair for Japan and Southeast Asia due to tensions and other Japan-focused events drawing smaller crowds.

For Japan, much of the economic impact of the dispute has come from a decline in Korean consumption. In July, Japanese auto sales in South Korea fell by 17% year-on-year – but then tumbled 57% in August. Sales of Japanese beer in South Korea dropped 97%. Tourism, an area that has in the past remained resilient despite tensions between the two countries, also suffered. South Korean tourism to Japan fell 7.6% in July, the lowest since weather-related reasons depressed tourism last September. August statistics were not yet available at time of publication. However, citing the decreased Korean tourism to Japan, Korean Air suspended multiple flights to Japan in July and August.

In an effort to blunt the impact of Japan's export restrictions, Samsung, LG Display, and other Korean companies looked to diversify suppliers, including the use of domestic hydrogen fluoride. Japan also granted the first export license for one of the restricted chemicals on Aug. 8, raising hopes that Japan would be flexible about approving exports to South Korea and the overall impact on the Korean economy might be limited. Still, some Japanese observers worried that the drive for self-sufficiency in South Korea prompted by the tensions would ultimately harm Japanese suppliers. "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," one supplier told [Reuters](#), "This will hit us like a body blow."

While the longer-term strategic impact of the dispute remained unclear, the next few months will offer a clearer picture of how this dispute has impacted the Korean, Japanese, and global economies. One fact was evident as the summer drew to a close: any notion that interdependence would always keep economic activity compartmentalized from bilateral tensions was put to rest by the recent developments. In both countries, economics has been used for political leverage, with direct impacts on consumption, exports, jobs, tourism, and other key sectors, with broader implications for the future of the two countries and the region in which they reside. The unwritten red line, if it existed, was no more.

CHRONOLOGY OF JAPAN-KOREA RELATIONS

MAY – AUGUST 2019

May 6, 2019: Japanese Prime Minister Abe Shinzo and US President Donald Trump talk by telephone and Abe shares that he would like to meet with Kim Jong Un without any preconditions.

May 9, 2019: Senior defense officials of South Korea, Japan, and the US meet in Seoul for the 11th annual Defense Trilateral Talks to discuss North Korea's military moves and denuclearization.

May 10, 2019: Japanese Chief Cabinet Secretary Suga Yoshihide and Vice President Mike Pence meet and agree that North Korea's ballistic missile firing was regrettable, pledging to work closely together to address the issue.

May 15, 2019: South Korean Prime Minister Lee Nak-yeon suggests Japan accept South Korea's position on history to build future-oriented relations and expresses a desire for a summit at the G20 meeting in Osaka in June.

May 20, 2019: Japan's Foreign Ministry [announces](#) that it is seeking an arbitration panel to help settle its dispute with South Korea over reparations for wartime forced laborers.

May 23, 2019: South Korean Foreign Minister Kang Kyung-wha and Japanese Foreign Minister Kono Taro meet on the sidelines of an OECD meeting.

June 1, 2019: South Korean Defense Minister Jeong Kyeong-doo and Japanese Defense Minister Iwaya Takeshi hold a closed-door meeting, the first since the radar lock-on incident.

June 2, 2019: Defense ministers of Japan, South Korea, and the US meet and agree to cooperate closely toward the denuclearization of North Korea.

June 2, 2019: North Korea's *Korean Central News Agency* calls Prime Minister Abe's proposal for a summit with North Korea "brazen-faced."

June 13, 2019: Former Japanese Prime Minister Hatoyama Yukio criticizes Abe and says Japan "should respect the South's court ruling."

June 19, 2019: South Korea's Ministry of Foreign Affairs proposes the establishment of a fund by Japanese and Korean companies to compensate the plaintiffs. Foreign Minister Kono rejects South Korea's proposal.

June 22, 2019: In an interview with *Yomiuri TV*, Prime Minister Abe states that a summit with South Korean President Moon would not happen due to a busy schedule.

July 1, 2019: Japan's Ministry of Economy, Trade and Industry [announces](#) it will restrict the export of "high-tech materials" to South Korea beginning July 4. South Korea's Ministry of Trade [seeks](#) "stern measures" against Japan in response.

July 4, 2019: South Korea [dissolves](#) a Japanese-backed foundation that had been providing compensation for former "comfort women."

July 5, 2019: South Korean government [halts](#) discussion on joining the Comprehensive and Progressive Trans-Pacific Partnership (CPTPP) in light of worsening relations with Japan and "domestic industrial conditions."

July 8, 2019: South Korean President Moon Jae-in [urges](#) Japan to retract its restrictions on high-tech materials, denouncing the manipulation of "trade for political ends." ROK political leaders [form](#) a bipartisan delegation to visit Japan to negotiate a resolution.

July 10, 2019: Foreign Minister Kang Kyung-wha tells US Secretary of State Mike Pompeo in a phone conversation that Japan's trade restrictions will harm South Korea's economy and have an "undesirable" impact on trilateral cooperation among South Korea, Japan and the United States."

July 10, 2019: South Korea's Deputy National Security Advisor Kim Hyun-chong makes an unscheduled visit to the US to discuss Japan's trade restrictions.

July 13, 2019: Tokyo [lodges](#) an official protest against Seoul for violating an agreement regarding what information would be disclosed from the July 12 meeting on Japan's export restrictions. Officials from both sides [dispute](#) accounts of what was discussed in the meeting.

July 18, 2019: Japanese government calls on South Korea to agree to establish an arbitration board designed to address the results of South Korea's Supreme Court ruling.

July 19, 2019: Foreign Minister Kono [summons](#) South Korea's Ambassador Nam Gwan-pyo in Tokyo after South Korea rejects Japan's offer of third-party arbitration to settle the dispute over wartime labor reparations.

July 19, 2019: President Trump mentions the Japan-South Korea economic dispute and offers to help ease tension.

July 31, 2019: Japanese and South Korean lawmakers meet to ease tension, with little result.

Aug. 1, 2019: Foreign Ministers Kono and Kang meet in Bangkok but produce little agreement on bilateral issues. Secretary of State Pompeo also meets trilaterally with Kang and Kono.

Aug. 2, 2019: Japan's Cabinet [votes](#) to remove South Korea from its export "white list." President Moon threatens countermeasures including [reconsidering](#) renewal of its military information-sharing deal with Japan.

Aug. 7, 2019: Japanese Defense Minister Iwaya Takeshi and US Secretary of Defense Mark Esper agree that the General Security of Military Intelligence Agreement (GSOMIA) between Seoul and Tokyo should be maintained. US Deputy Assistant Secretary of State Marc Knapper highlights the importance of a constructive relationship between the allies in the face of challenges by North Korea, Russia, and China.

Aug. 12, 2019: South Korea [downgrades](#) Japan from "most trusted status" to a newly established category, citing Tokyo's violations of "basic principles of the international export control regime."

Aug. 15, 2019: President Moon's Korean Independence Day speech strikes a more conciliatory tone toward Japan compared to his previous remarks.

Aug. 19, 2019: South Korea retaliates against Japan's delisting of South Korea from their "whitelist" by delisting Japan from its own "whitelist."

Aug. 21, 2019: Foreign ministers of China, South Korea, and Japan meet in Beijing. Chinese Foreign Minister Wang Yi says that "While maintaining a constructive attitude, it is important [for Japan and South Korea] to find an appropriate solution through dialogue."

Aug. 23, 2019: South Korea [notifies](#) Japan that it will withdraw from the General Security of Military Information Agreement (GSOMIA). Deputy National Security Advisor Hyun Chong Kim says at a press briefing that Seoul "maintained close communications with the United States in the course of reviewing the conflict with Japan as well as GSOMIA."

Aug. 23, 2019: US Department of Defense spokesperson says that "the Department of Defense expresses our strong concern and disappointment that the Moon Administration has withheld its renewal of the Republic of Korea's General Security of Military Information Agreement (GSOMIA) with Japan."

Aug. 24, 2019: South Korean opposition party leader Na Kyung-won calls the Moon administration's GSOMIA decision a plot to divert South Korean people's attention away from a scandal involving one of President Moon's closest aides.

COMPARATIVE

CONNECTIONS

A TRIANNUAL E-JOURNAL OF BILATERAL
RELATIONS IN THE INDO-PACIFIC

CHINA- RUSSIA RELATIONS

BEAUTIFUL RELATIONSHIP IN A BRAVE/GRAVE NEW WORLD

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China-Russia summit diplomacy was in overdrive this June when Chairman Xi Jinping and President Vladimir Putin met on four separate occasions. In early June, they declared that the Russian-Chinese strategic partnership relationship entered a “new age,” while celebrating the 70th anniversary of diplomatic relations. Barely a week later, Putin and Xi attended the 19th SCO Summit in Bishkek. From there, they joined [fifth](#) Interaction and Confidence-Building Measures in Asia (CICA) Summit in Dushanbe. At the end of June, they were part of the G20 Summit in Osaka, where they joined in a mini Russia-India-China (RIC) gathering with Indian PM Narendra Modi before meeting separately with US President Donald [Trump](#). There was also a significant upgrade in joint activity by the militaries. It began with the maritime stage of the annual *Joint Sea* naval drill in the Yellow Sea in early May and ended with China’s participation in Russia’s *Center-2019* exercises on Sept. 16-21. In between, Russian and Chinese bombers conducted the first-ever joint patrol over the Sea of Japan and the East China Sea. Meanwhile, Chinese analysts actively deliberated the nature, scale, depth and limits of China’s “best-ever” relationship with Russia. The consensus seemed to move ahead with closer ties across board.

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Two statements for the “new era”

Chairman Xi Jinping’s three-day trip to Russia on June 5-7 was his eighth official visit to Russia and his first in his second term as chairman of the Chinese Communist Party. In Moscow, Xi and President Vladimir Putin upgraded existing bilateral ties to a “comprehensive strategic partnership of coordination for [a new era](#).” The two leaders had met 28 times prior to this point. This time, the “new era” coincided with the 70th anniversary of Chinese-Russian diplomatic ties.

In the Kremlin, Putin and Xi discussed major bilateral issues and [reviewed progress](#) in implementing major economic and humanitarian projects “in a business-like and constructive manner,” said [Putin](#) after the talks. Xi described the talks as “[very productive](#),” particularly in trade and economics. The “new era” of Beijing and Moscow’s “comprehensive strategic partnership of coordination” was marked by two statements: The Joint Statement on Developing Comprehensive Partnership and Strategic Interaction Entering a New Era and Joint Statement on Strengthening Global Strategic Stability in the Modern Age.

Much of the “new era” statement meant “high politics,” meaning political/diplomatic (5 items), security (7 items) and global affairs (23 items). “Low politics” covered economics (17 items) and humanities (11 items). The statement on strategic stability is devoted exclusively to areas of arms control: nuclear, missiles, outer space, chemical and biological weapons.

The focus on high politics reflected a growing concern about the fluidity, instability and uncertainty in a world in which the forces of radical change both within the West, and between the West and the rest are growing. These changes are accelerating because of the rise of populism and their charismatic leaders. The radical delinking of the US from various bilateral and multilateral mechanisms was seen as further straining the global liberal international order (LIO). Trump’s trade war with China and other US economic partners could lead to further weakening, if not destruction, of the global trade system. For China, and to a lesser degree for Russia, the current LIO which is dominated by the West, needs to be preserved through incremental reforms – not dumping the “baby” (LIO) out with the bath water.

The strategic stability statement signed in Moscow addressed a growing concern of the two countries. For the first time, the global arms control and nonproliferation infrastructure is on the brink of collapsing. Currently, the only remaining arms control treaty is New START, signed during the Obama administration, and is due to expire in 2021. On Aug. 19, the U.S. [tested](#) a medium-range cruise missile following its exit from the INF treaty two weeks prior (Aug. 2). The US was also looking for countries in the Asia-Pacific to host the [deployment](#) of these missiles. For both Russia and China, US unilateral pursuit of both offensive and

defensive superiority means the end of MAD, or mutually assured destruction, which has been the bedrock of the global nuclear balance and stability since the Cold War. The end of MAD, according to [Ji Zhi-ye](#) (季志业), a Russia specialist in a top think tank in Beijing, means that the US, with both offensive and defensive capabilities, is more likely to consider a nuclear option. As a result, the wording of the current strategic stability statement regarding US behavior is more direct and sharper than that of the 2016 strategic stability document.

In the context of these radical changes, the “new era” of Chinese-Russian strategic partnership was seen not only as serving the interests of the two powers themselves, but is also an important force for maintaining world stability. The “new era” of strategic partnership for Moscow and Beijing, both being “strategic competitors” of the US, would ensure the two coordinate their respective policies toward Washington.

The momentum of summitry continued in the next few weeks when Xi and Putin met three more times at multilateral events: the 19th Shanghai Cooperation Organization (SCO) Summit in Bishkek on June 14, the [fifth](#) Conference on Interaction and Confidence-Building Measures in Asia (CICA) in Dushanbe on June 15, and the Russia-India-China ([RIC](#)) meeting on the sidelines of the G20 summit in Osaka on June 28.

Still the economy, not so stupid

Xi’s three-day Russia visit featured several high-profile business-related items, including attending the second Russia-China Energy Business Forum and the 23rd St. Petersburg International Economic Forum. Following the Kremlin talks, Xi and Putin presided over the signing of 23 agreements mostly in the economic area, covering trade, investment, 5G, soybeans, e-commerce, joint science and technology development, aviation, automobile, energy, nuclear power, and cultural cooperation. Xi’s visit also coincided with the opening of an assembly plant by China’s Great Wall Motors in Tula of Russia (165 km south of Moscow) with an initial annual capacity of 80,000 vehicles. Putin and Xi even took time during their talks in the Kremlin to inspect several [models](#) of Great Wall Motors on display in the Kremlin compound. The [\\$500-million](#) plant is China’s [largest investment](#) in Russia’s manufacturing sector.

In Moscow, the two leaders also decided to start a two-year project on “Russian-Chinese scientific, technical and innovation cooperation.” The two sides have been working on projects in space exploration, nuclear energy, fast-neutron reactor, biotechnology, and pharmaceuticals. At the annual [Moscow Airshow](#) at the end of August, a range of joint projects were on display, including a real-sized portion of the cockpit and passenger cabin of the *CR-929* long-range wide-body civilian aircraft. The 250-to-320-seat twinjet airliner,

equivalent to the Airbus A-330, was launched in 2011 and is scheduled for its first test flight in 2025.

“There is [no end](#) to the development of China-Russia relations,” Xi said following the signing of agreements. About 30 investment projects worth a total of \$22 billion were underway with Chinese investors, according to [Putin](#), including \$3.5 billion invested in the Russian Far East. Other projects included the third stage of Russia’s Yamal LNG plant to be operational in November. China holds 29.9% of its share. Moreover, Russia now welcomes China’s investment in another large project – Arctic LNG2. A Russian gas pipeline to China along the so-called eastern route will go into service in December.

The Xi-Putin talks also gave attention to expanding regional and local interactions between the two countries. Two additional interregional cooperation mechanisms were set up between Russia’s Central Federal District and North China, as well as between Russia Northwestern Federal District and the maritime provinces of Southeast China. Already, the Volga-Yangtze Council had been functioning for several years with more direct interaction between localities of Russia and China.

Xi’s visit coincided with a symbolic turning point: for the first time in history, bilateral trade exceeded the \$100 billion mark, a nearly [30% increase](#) over that of 2017. Bilateral trade for [2019](#) is projected to increase another 30% to \$137 billion. Although this figure is still overshadowed by the [\\$419 billion](#) US-China trade, the momentum is clear.

Ironically, the US-China trade war and US sanctions against Russia since the 2014 Ukraine/ Crimea crises may have promoted economic ties between Russia and China in at least three areas. One was high tech, particularly 5G and related IT industries. Two days after the Trump administration declared a [national emergency](#) on May 15 regarding “threats” against US technology, a move explicitly made against China’s telecom giant Huawei, Russian telecom giant [VimpelCom](#) (ВымпелКом), the third-largest wireless and second-largest telecom operator in Russia, announced that Huawei equipment did not have security issues and it was ready to launch in Moscow and St. Petersburg, which was using Huawei for 85% of its components. By the end of [September](#), the two largest Russian cities’ entire network would go to Huawei, according to [Sputnik](#). On June 6, Russia’s top cellphone operator [MTS](#) signed an agreement with Huawei to develop 5G technology, while Xi and Putin presided over the signing ceremony.

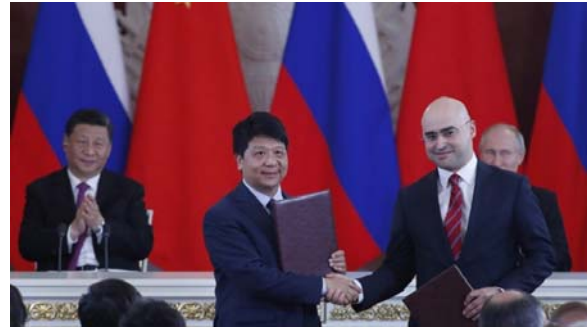


Figure 1 Russia’s MTS Signs 5G Deal With Chinese Telecom Giant Huawei. Photo: Moscow Times

Other areas of [high tech](#) were moving ahead as well, including the integration of China’s Beidou (北斗) satellite system with Russia’s GIONASS (ГЛОНАСС), cooperation in remote sensing, heavy rocket engines, and joint moon exploration. The two sides started cooperation in space-related areas some years ago. In St. Petersburg, Dmitry [Rogozin](#), director of the Roscosmos State Corporation for Space Activities (Роскосмос), revealed that Russia was negotiating with China more joint efforts in the future. At the sixth Session of the China-Russian Committee of Strategic Cooperation for Satellite Navigation held in Kazan, Russia, the two sides indicated that they were poised to implement the cooperation accord between China’s Beidou and Russia’s GIONASS satellite guiding systems. The two sides went as far as to unveil a joint “multimode multi-frequency for global signaling” [chip](#) (全球信号多模多频射频芯片) to connect their satellite systems.



Figure 2 Unveiling the multimode multi-frequency for global signaling” chip in Kazan, Russia, August 31, 2019. Photo: Chinanews.com

The biggest potential for Chinese-Russian economic relations is perhaps agriculture, which, for the [first time](#), was prioritized for high-level meetings. In 2018, Sino-Russian agricultural trade topped \$5.23 billion, a 28% increase over 2017. Although this was only a fifth of US agricultural export to China, there has been a steep decline of US farm products to China, a 70% drop from July 2018 to April 2019 as US soybean exports to China dropped by [87%](#). In normal times, a third of China’s

annual soybean imports, or 32 million tons, would come from the US. The trade war with Washington, provides Russia with a unique opportunity to dramatically expand its soybean and other agribusiness exports to China. In early July, China officially gave [greenlights](#) to soybean imports from [all parts of Russia](#), a surprisingly generous gesture toward its northern neighbor. Russia's ability to meet China's appetite, however, is limited: its annual soy production is only [3 million tons](#), or 10% of China's need of 32 million tons. In 2018, China only imported [817,000 tons](#) of Russian soybeans.

To accelerate Russia's grain export to China, the [COFCO](#), China's largest agribusiness group, started to invest in Russia's Far Eastern regions to develop local agricultural infrastructure and output. In 2017, COFCO set up a branch office in Vladivostok. By 2024, Russia plans to increase its exports of agricultural products to \$45 billion. For that goal, Russia was willing to provide Chinese investors [118,000 hectares](#) of land for agricultural development.

Following the formal activities in Moscow, Xi and Putin traveled to St. Petersburg for the city's 23rd International Economic Forum (SPIEF), together with a thousand Chinese businessmen and governmental officials. Both Xi and Putin joined the second Russian-Chinese Energy Business Forum on the sidelines of the SPIEF.

Pandas, parties (at Bolshoi Theatre) and personal touches

Part of Xi's visit to Russia was for the 70th anniversary of diplomatic relations between the two countries. In Kremlin talks, Putin [started](#) by noting that the Soviet Union recognized the PRC immediately after it was established. "Over this period, many events have happened, but in the last few years, Russian-Chinese relations have reached, without exaggeration, an unprecedented level," continued Putin, while not mentioning the not-so-pleasant years of conflicts between the two communist giants. Ironically, it was during later times when both countries had transformed themselves substantially away from earlier and more orthodox forms of communism that they began learning how to live with one another peacefully. In other words, Russia and China became friends despite their domestic systems being so different.

[Xi echoed Putin's](#) tribute to the Soviet role in the 70 years of diplomatic ties. "The Soviet Union was the first country to recognize our country, from the first day of establishing a new China. Over these years, Chinese-Russian relations withstood trials, changes in global affairs and changes inside our countries. Step by step, we managed to take our relations to the highest level in their entire history," said Xi and then adding a more forward-looking statement: "I would like to say that both of us have passed the test before the peoples of our countries. The 70th anniversary is an important milestone and a new start."

For this new start, Xi and Putin went to the Moscow Zoo to inaugurate the [Panda Pavilion](#), where giant pandas (Ru Yi and Ding Ding) just started their 15-year residency, which is a symbol of good will from China and also part of an international program to preserve, protect, and research these animals. The last time Muscovites saw pandas was in 1957.



Figure 3 Vladimir Putin and Xi Jinping at the Moscow Zoo. Photo: Russia Insights

From the zoo, Putin and Xi went to the famous Bolshoi Theatre. After touring a joint photo exhibition of Chinese-Soviet/Russian relations by *TASS* and *Xinhua*, the two leaders attended a concert by the Pyatnitsky State Academic Russian Folk Choir and the China National Traditional Orchestra, which was held on the Bolshoi's historical stage.

After all these activities on the first day of the summit, Putin and Xi continued their one-to-one talks until [midnight](#). "We had a lot to discuss," revealed Putin the following day. Putin then apologized to Xi that "I should let you go. Hosts should not treat their guests this way."

The Putin-Xi intimacy continued in St. Petersburg the following day when the two visited St. Petersburg State University where Xi was awarded an [honorary doctorate](#) by Rector Nikolai Kropachev. The two leaders then took [a walk](#) around the Northern capital, strolled down the city center, enjoyed a boat ride, and visited the State Hermitage Museum, while continuing their informal conversation throughout. After the sightseeing tour, Putin and Xi had another [long talk](#) in the Winter Palace focusing on global and regional issues.

In his speech to the Plenary Session of the St. Petersburg International Economic Forum the following day (June 7), [Putin](#) said that Russia maintained "very deep and wide-ranging relations with China; in fact, we don't have such relations with any other country. Indeed, we are strategic partners in the full sense of this word. We can say this without any exaggeration."

The chemistry between the two leaders seemed to have some spillover effect for general society, as more

Russians and Chinese visited each other's country. 2018 was a record year with 2.2 million Russians traveled to China while [1.7 million Chinese](#) went to Russia, a [21.1%](#) increase over 2017. Meanwhile, Chinese tourism to the US fell in 2018, by [5.7%](#) to 2.9 million, the first dip in 15 years of linear growth.

Military-to-military: from exercises to operations

Beyond what the Chinese media described as Xi's "[month of diplomacy](#)" (外交月) and the growing personal touches at both top and lower levels, the Russian military is reportedly moving toward [more military deals](#) with China. The services of the two militaries were also preoccupied with their own joint actions. The naval part, or the second stage, of the annual *Joint Sea-2019* naval exercise in the Yellow Sea started May 1 after the coastal part of the exercises were completed on April 29-30. Two submarines, 13 surface ships, as well as fixed-wing airplanes, helicopters, and marines participated in the [exercise](#). The annual drill carried out the joint air defense, joint anti-submarine, joint submergence rescue, and other subjects. The exercises reportedly conducted involved [three new joint operations](#): rescuing each other's submarine crews, joint anti-submarine operation by ship-borne anti-sub helicopters, and launching short-range ship-to-air missiles to neutralize incoming anti-ship missiles (May 4). All of them were the "first-ever," or [breakthroughs](#) (突破性), for the Joint Sea series and the PLAN with any foreign counterparts. The Chinese media described the drill as conducted with "high-level mutual trust, deep interoperability and real combat-like" (高度互信, 深度融合, 紧贴实战).

The two naval "breakthroughs" were matched on July 23 with the [first](#) long-range joint air patrol by the Chinese and Russian air forces. Two Russian *Tu-95* strategic bombers and two Chinese *H-6* bombers, accompanied by early warning planes (a Russian *A-50* and a Chinese *KJ-2000*), conducted a predetermined flight route over the Sea of Japan, the East China Sea and the Tsushima Strait between South Korea and Japan (see flight map below).



Figure 4 Flightpath of Chinese and Russian planes over the Sea of Japan, the East China Sea, and the Tsushima Strait. Source: [thesun.co.uk](#)

Both South Korea and Japan scrambled their own jets to intercept the Russian and Chinese planes while accusing Russia and China of violating their airspaces. South Korean warplanes fired hundreds of [warning shots](#) (Moscow insists these were only [flares](#)) toward the Russian *A-50* military aircraft, according to South Korean defense officials.

Russia [denied](#) that its bombers breached South Korea's air defense identification zone (KADIZ), and insisted that this designation was not supported by international rules and that no third country's airspace was violated. In its turn, China [reminded](#) Seoul that its KADIZ was not the same as South Korean internationally recognized airspace, and is therefore not off-limits to aircraft of other countries. The Chinese Foreign Ministry spokesperson also warned Seoul to "be careful when using the word 'invasion'."

Defense officials in [Moscow](#) and [China](#) described the joint patrol as one "carried out with the aim of deepening Russian-Chinese relations within our all-encompassing partnership, of further increasing cooperation between our armed forces, and of perfecting their capabilities to carry out joint actions, and of strengthening global strategic security." Some in the Chinese military defined the joint patrol as a "[strategic patrol](#)" (战略巡航) and indicated that such operations would continue. The Russian side confirmed it as Dmitri Trenin, director of the Carnegie Moscow Center, believed that such patrols will become a "[regular feature](#)" under a new agreement soon to be signed between China and Russia. It is not clear if this "new agreement" is a different document from the one signed by the two militaries on an annual basis, usually [on Dec. 1](#), for the following year's military-to-military projects. The joint patrol, strategic or not, was a breakthrough as an operation, which is qualitatively different from the almost routinized annual exercises between the two militaries, such as the *Joint Sea 2019*.

But even in the more conventional mil-mil cooperation areas such as annual drills, the trend is to deepen and broaden interoperability between the two militaries. In late August, Russia and China announced that China's military will participate in Russia's "[Center 2019](#)" (Центр 2019) strategic command and staff exercises (командно-штабные учения) to be held Sept. 16-21, mostly at the training grounds of the Central Military District (Центрального военного округа), though some events will take place in the Arctic. 13,000 servicemen will be involved including 10,700 Russian troops and 2,250 foreign troops from China, India, Pakistan, and Uzbekistan, as well as three CSTO countries (Kazakhstan, Kyrgyzstan, and Tajikistan). More than 20,000 pieces of military equipment, 600 aircraft, and up to 15 ships will be involved in maneuvers.

Center exercises are held every year in a different region of Russia, which means every year one of Russia's four

large military districts (Western, Central, Eastern and Southern) hosts the large-scale exercises. This year, the bulk of the exercises will be carried out in six training grounds in Russia's Central Military District: Totsky (Тоцкий), Donguz (Донгуз), Adanak (Аданак), Chebarkulsky (Чебаркульский), Yurginsky (Юргинский) and Aleysky (Алейский), though some naval and coastal components will be held outside the Central District. While CSTO member states regularly join these exercises, China's participation is new. In September 2018, 3,200 Chinese troops (two integrated armored battalions) joined the massive [Vostok 2018](#) (East-2018) exercises (297,000 service members, 1,000 aircraft, 36,000 pieces of equipment, and 80 ships).

For Center 2019, all the personnel and equipment of the participating PLA will be transported to the Western part of Russia. In late August, the PLA had already moved its heavy equipment (Type 96 main battle tanks and Type 04 armored personnel carriers) by rail and it arrived in the Russian city [Orenburg](#) (Оренбург) on Sept. 4. It will be interesting to see if this westward movement of the PLA's units will continue when PLA units appear in Russia's Western exercises in the coming two years.

Between panda and bear: identity and status

The search for an appropriate definition of the "best" bilateral ties between Beijing and Moscow has been going on for some time. By the time of Xi's visit to Moscow in early June, there was a rush, particularly on the China side, to offer competing assessments about the nature, scope, and limitations of the Russia-China relationship.

At the official level, Chinese State Councilor (国务委员) [Dai Bingguo](#) (戴秉国) said shortly before Xi's visit that Sino-Russian bilateral ties had reached the state of a new type of major power relationship characterized as "the most normal (最正常), healthiest (最健康), most mature (最成熟) and most substantive (最有质量)." While the four-"mosts" depiction of bilateral relations was accompanied by the upbeat ("new age") and even festival theme for the Putin-Xi summit, it may be part of the effort to counter a persistent sense of anxiety, particularly from the Russian side, that the steadily growing asymmetry of power between Russia and China would put Russia in a position of junior partner.

For some in Russia, Moscow has already become a "[second fiddle](#)" to Beijing. Even during this "best" era of bilateral relations, Russia's China policy was said to have gone through a [cycle](#): hoping to form a close alliance with China after the Ukraine/Crimea crises to disappointment in early 2019. [Some](#) Russian analysts believe that even if relations with China are getting closer, they benefit Beijing but not necessarily Moscow. These critical views of the relationship may not be part of the mainstream in Russia, but they never disappear even during the "best" times. Indeed, the "China threat"

view may have gained enough ground in Russia to force Foreign Minister Lavrov to publicly dismiss it. "Attempts to promulgate the 'Chinese threat' myth can be traced back to those worried about the constructive development of the Russian-Chinese ties," he said in an interview with *Argumenty I Fakty Daily* (*Аргументы и факты*) published in Moscow. Commenting on rumors that about 12 million Chinese people live in Russia's Far East and Siberia regions, Lavrov said he doubted the accuracy of those figures, adding that concerns about the issue were "clearly exaggerated."

Russia's concerns were noticed by Washington, which has tried to weaken the emerging "[Beijing-Moscow axis](#)" as much as possible. Western media, too, was eager to highlight the increasingly asymmetrical relationship between Beijing and Moscow in terms of power. The lead article of *the Economist*, for example, was titled "[The Junior Partner](#): How Vladimir Putin's embrace of China weakens Russia." Its cover featured a gigantic giant panda (China) holding a teddy bear (Russia) on his lap.



Figure 5 The Economist's cover depicts an asymmetrical relationship between China and Russia.

The panda-teddy image apparently had an impact on the public space. In early September, [Lavrov](#) responded that *the Economist's* claim "should not characterize the relations between the two countries... which was about relations between sovereign states." China, too, was apparently alarmed by the extent of Western efforts to lure Russia away. In his meeting with Russian President Putin following talks with Lavrov in early May, Chinese Foreign Minister Wang Yi said that he hoped that "our relations are [not vulnerable](#) to obstruction or outside interference."

Beyond the "best-ever" relationship: alliance, alignment, and autonomy

The Economist's portrait of China-Russia ties may echo some Russian pessimists. It nonetheless missed a considerable part of the reality in China. Chinese strategists are keenly [aware](#) of Russia's anxiety and [hope](#) Russia would be able to overcome current hurdles. This would not only improve Moscow's status within China-Russia bilateral relations, but also within the China-Russia-US triangle, and lead to a more [stable construct](#) of relations among the three.

For many Chinese scholars and strategists, Russia's role in both Chinese foreign policy and global balance of power did not diminish with the sharp decline of the Russian power in the post-Soviet decades. Russia's considerably low GDP level was deceptive and did not reflect the country's potential in both tangible and intangible ways, according to [Zhang Deguang](#) (张德广), a former ambassador to Russia. It has been the consensus in China that Russia needs to be respected, particularly when Russia is going through difficult times at home or abroad. China should not take advantage of Russia's weakness. In a world of unpredictability and fluidity, Russia has regained considerable influence as an independent and stabilizing factor. With the rapid deterioration of China's relations with the US under the Trump administration, China needs more from Russia than the other way around. As a result, Chinese analysts actively debated the nature, parameters, and future direction of a possible alliance relationship with Moscow, which culminated during Xi's June visit to Russia.

At the extreme end of this discourse, [Wang Haiyun](#) (王海运), a former military attaché to Moscow, pushed for a fast track for the two militaries to develop closer relations. Short of a formal alliance, the two militaries should treat each other as "special friendly forces" (特殊友军) in which the two sides would further transparency in their strategic thinking for the sake of strategic mutual trust (战略互信). In operational terms, the two militaries should cover each other's rear while facing external threats (军事部署上“背靠背”，构成犄角之势). The two sides should also significantly increase their joint R&D projects.

Yan [Xuetong](#) (阎学通), a leading scholar of international relation in Beijing, believes that Russian strategists are rational and would always choose options to optimize and maximize Russia's interests. In the foreseeable future, three factors would help Russia realize that allying with China is beneficial for Russia: continued US hostility toward both China and Russia, the steady rise of China's military power, and China's sincerity in cooperating with Russia. In operational terms, Yan envisioned an alliance with Russia focusing exclusively on "strategic security" (战略安全领域) without spilling into other issue areas such as economics, political system, religion, ideology, and environmental policies. What should be avoided is the Sino-Soviet alliance of the 1950s in which Russia tried to dictate domestic politics of China, leading to the breakdown of the alliance. At the international system level, a China-Russia alliance will be primarily defensive in nature (防御型同盟), unlike the expansionist Sino-Soviet alliance (扩张型同盟) of the past that sought to promote communism in the world. The sustainability of such an alliance depends on the acceptable baseline for Beijing and Moscow, that is, it is

at least unharmful (至少无害) for the two large Eurasian powers. In the next 10 years and beyond, it is unlikely that Russia would drag China into a war with its neighbors that Russia could not manage by itself. In the last analysis, China has been defined as a threat for many years no matter what foreign policy posture China takes, be it low-profile (韬光养晦) or non-alliance.

Yan recalled that Russian President Boris Yeltsin proposed in 1999 an alliance with China, but Beijing did not reciprocate because of its non-alliance constraints.

For this particular instance, [Zhang Wenmu](#) (张文木) in Beijing offered a significantly different interpretation of China's non-alliance policy by arguing that the essence of China's non-alliance posture is not necessarily not allying with any country but a policy of remaining independent. An independent foreign policy was more genuine than that of the non-alliance movement such as India in the 1950s. To put it differently, Deng believed that to ally or not ally with others was China's independent right (独立自主的权利) and that it should not be compromised at will. China should decide when and how to move into alliance with others according to China's own interests. Assessing current China-Russia ties, Zhang dismissed those who see Russia as an unreliable alliance partner. Nor should different political systems be an obstacle to deepening current strategic partnership.

The growing cry for an alliance with Russia, mostly among Chinese academics, is counter-balanced by those with more cautious views. [Xie Chao](#) (谢超), a young scholar in Beijing, argues against the alliance option – at least for the time being – for several reasons. First and foremost, an alliance between the second largest economic power and second largest military state embodied certain offensive implications. Such a revisionist strategy may lead to strong countermeasures from other major powers, leaving little room for the US.

Xie's major reservation to the alliance option was that it was more China-centered while overlooking what Russia really wanted. For him, Russian strategic priority was Commonwealth of Independent States (CIS) members, or the post-Soviet space. Meanwhile, relations with China were at best a mix of cooperation and competition. As a result, relations between the two had yet to reach the level of a joint anti-hegemonic alliance. In the security area, Western pressure on Russia was less than that on China. This means Moscow's need for an alliance is less than China's need. A Russia that does not ally with China in East Asia leaves more room for diplomacy and flexibility in the region. It is in Russia's interest to preserve Russia's economic relations with Europe and an alliance with China may reduce Russia's space in its economic interaction with Europe. For both Russia and the US, bilateral relations may continue to be constrained in the foreseeable future. Limited cooperation, however, would remain an option for both. In the final analysis,

Russia seeks a multipolar world, which would benefit it more than a world dominated by one or more hegemon, status quo or challenger. If this is correct, Russia can extract more from interactions with China when the US pursues a containment policy against China. Given these considerations, China needs to be clear that an ideal partnership is not an irreversible path toward alliance. Similarly, the end of the non-alliance posture is not a path toward alliance. Short of a formal alliance with Moscow, Xie recommended that China push for a more cooperative relationship with Moscow across the board, while retaining China's strategic flexibility. If the threshold (临界点) of an alliance with Russia does arrive, China would not be unprepared.

Xie first voiced his argument [in 2016](#) when Chinese policy and academic communities started to debate the alliance option. Since then, Xie articulated similar strategies on many occasions. His most recent piece was in [Sohu.com](#), one of the most popular search engines in China, which may indicate that his view is reaching wider audiences. It also meant that the scope of the debate was getting wider and perhaps becoming more acceptable by China's policy-making community.

In retrospect, the "new era" of the Sino-Russian relations is meant to explore the potential and new parameters of bilateral ties. Such an approach was systematically articulated by [Zhao Huasheng](#), a senior Russia scholar at Fudan University in Shanghai. In a long paper published at the end of 2018, Zhao systematically spelled out the origins, dynamics, and outcomes of various types and shapes of triangle politics between China, Russia, and the US. He warned about the danger and cost of China moving toward alliance relations with Russia. The highest achievement of China's diplomacy, according to Zhao, was to maintain friendly ties with both powers within the US-Russia-China triangle: China should avoid turning partners into enemies and the China-Russia partnership, not alliance, is the best mode (黄金模式). However, if US-China and US-Russian relations continued to deteriorate, China and Russia may be forced to enter into a quasi-alliance without formally declaring an alliance. Even so, such a "gentleman's-agreement" (君子协定) would still allow considerable space for diplomacy; neither Beijing and Moscow would have to make hard choices (极化选择). China should rationally, effectively, and constructively engage in triangular politics for the sake of strategic stability.

The alliance discussion in China is not the only discourse regarding the three great powers, though it was the most visible and loudest. Scholars and analysts continue to explore the current "best-ever" relationship between Beijing and Moscow at historical and systemic levels. [Feng Shaolei](#) (冯绍雷), one of the most prominent Russologists in China, looked beyond an alliance discourse that was based on passive moves in reaction to external stimuli. Instead, he saw the "new age" as the

outcome of a protracted experience of the two largest Eurasian powers in modern history. Peaceful coexistence and interaction between Russia and China is an indicator of a diverse world, which is an alternative to the civilizational clashes discourse in the West.

The world beyond Russia and China, however, continued to move rapidly as Washington opted to downgrade relations with Beijing and move toward what Niall [Ferguson](#) defined as "the early stages" of a second Cold War. For this British historian, a wider confrontation with China, which started in the form of a trade war, is assuming a life of its own and cannot be simply turned off by Trump.

Although Ferguson did not see the possibility of a hot war with China – such as in the South China Sea – leaders in Beijing have been surprised by the virtual freefall in US-China relations, plus the eerily casual talk by a top State Department [official](#) of so-called "civilizational clashes" with China. For Beijing and Moscow, the unpredictability of their relationship with Washington may be a bigger challenge than the actual grave state of affairs. The beautiful Xi-Putin relationship should not be overly celebrated.

CHRONOLOGY OF CHINA-RUSSIA RELATIONS

MAY – AUGUST 2019

April 29-May 4, 2019: Chinese and Russian navies conduct the second stage of their [Joint Sea 2019](#) naval exercise in the Yellow Sea.

May 13, 2019: Chinese Foreign Minister Wang Yi visits Russia at the invitation of Russian counterpart Sergei Lavrov. They meet in Sochi and discuss international order, multilateral and bilateral cooperation in economics, security, military, etc. Russian President Putin meets both after their talks.

May 22, 2019: Shanghai Cooperation Organization (SCO) Foreign Minister Meeting is held in Bishkek.

May 30-31, 2019: Russian Global Affairs Council and China's Academy of Social Sciences jointly hold a [conference](#) in Moscow titled "Russia and China: Cooperation in the New Era for the 70th anniversary of Sino-Russian diplomatic ties.

June 5-7, 2019: Chinese Communist Party Chairman Xi Jinping visits Russia to attend the 23rd Saint Petersburg International Economic Forum (SPIEF) and celebrate the 70th anniversary of diplomatic ties.

June 13, 2019: Chinese Ground Forces Col. Gen. [Han Weiguo](#) visits Russia and meets Chief of Russia's General Staff Army General Valery Gerasimov in Moscow.

June 14, 2019: SCO's 19th summit is held in Bishkek. Chinese President Xi and Russian President Putin attend and join the fifth China-Russia-Mongolian meeting with Mongolian President Battulga on the sidelines.

June 15, 2019: Conference on Interaction and Confidence-Building Measures in Asia (CICA) holds its [fifth summit](#) in Dushanbe. President Putin and Chairman Xi join the summit and give a [speech](#). CICA issues a joint [declaration](#).

June 28, 2019: President Putin, Indian Prime Minister Narendra Modi, and Chairman Xi meet in the Russia-India-China ([RIC](#)) format on the sidelines of the G20 Summit in Osaka.

July 12, 2019: Russia and 36 other states support China's policies in [Xinjiang](#) in the UN.

July 17, 2019: A delegation from the Cyberspace Administration of China (CAC), which oversees national cyber policy, meets officials at Russia's state communications watchdog in Moscow. Russian state telecoms watchdog Roskomnadzor says in a statement that it discussed cooperation with the Chinese and had agreed on further meetings in the future.

July 17, 2019: In an interview with *Argumenty I Fakty daily* ([Аргументы и факты](#)) in Moscow, Foreign Minister [Lavrov](#) says that China poses no threat to Russia.

July 23, 2019: Two Russian *Tu-95Ms* and two Chinese *H-6K* bombers [jointly patrol](#) a pre-planned route above the Sea of Japan and the East China Sea, "strictly in accordance with international law," according to a Russian Defense Ministry [statement](#). Both South Korea and Japan scramble military aircraft to ward off the bombers.

July 24, 2019: *Tass* [reports](#) that Russia will deliver a second *S-400* surface-to-air missile system to China.

July 25, 2019: Taliban spokesman says that Russia and China would become [guarantors of a peace](#) agreement with the United States.

July 25, 2019: Chinese Foreign Ministry spokesperson says that China welcomes Russian concept of [collective security in Persian Gulf](#).

Aug. 10, 2019: New Chinese Ambassador to Russia Zhang Hanhui arrives in Moscow.

Aug. 21, 2019: Russia and China request the [United Nations Security Council](#) to meet to discuss "statements by U.S. officials on their plans to develop and deploy medium-range missiles."

Aug. 31, 2019: The [sixth Session](#) of the China-Russian Committee of Strategic Cooperation for Satellite Navigation is held in Kazan, Russia. The two sides agree to implement the cooperation accord between China's Beidou and Russia's GLONASS satellite guiding systems.



COMPARATIVE

C O N N E C T I O N S

A TRIANNUAL E-JOURNAL OF BILATERAL
RELATIONS IN THE INDO-ASIA-PACIFIC

AUSTRALIA-US/EAST ASIA RELATIONS

SCOTT MORRISON, DONALD TRUMP, AND THE INDO-PACIFIC

GRAEME DOBELL, AUSTRALIAN STRATEGIC POLICY INSTITUTE

Echoing uncertain geopolitical times, Australian politics confounded opinion polls and pundits at the May 18 federal election. Re-election of the Liberal-National coalition government was a “miracle” result, according to Prime Minister Scott Morrison. The surprise victory transformed Morrison’s authority within his party and the country – and burnished his relationship with US President Donald Trump. Morrison says the shift in the US-China relationship from engagement to competition is “inevitable,” calling for the Indo-Pacific to deepen patterns of cooperation so the competition does not become adversarial. Australia was an early adopter of the Indo-Pacific concept, describing it as a useful geographic construct. Now Australia is embracing the Indo-Pacific not merely as construct, but as a US strategy – the Free and Open Indo-Pacific.

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ScoMo's miracle win

"I have always believed in miracles ... and tonight we've been delivered another."

Scott Morrison, Prime Minister, May 18, 2019

On the night his government was re-elected, Scott Morrison gave thanks for a miracle. A government that trailed in every opinion poll conjured a come-from-behind salvation it paraded as a famous victory. The democratic task of the election was done with the usual brutal directness of Australian democracy. The job was done in an evening. Nations as diverse as the US and Indonesia can only gawk at the speed. The polls closed at 6 pm on May 18 and counting started. By 9.30 pm eastern time, the national broadcaster declared that the Liberal-National government would be re-elected. At 11.30 pm, Opposition leader Bill Shorten emerged to concede defeat and resign as Labor leader. Few things so graced Shorten's leadership as his manner in leaving it. On the hardest of nights, he offered a gracious, positive speech about Australia's future and the Labor Party: "We can't change the past, but my word we can change the future!" By midnight, [ScoMo](#) (the designation Scott Morrison uses on Facebook) was on stage proclaiming his miracle. Morrison had gone into the campaign trailing in every opinion poll, at the head of a minority government that had lost its majority in the House of Representatives due to defections and by-election losses.



Figure 1 Scott Morrison re-elected as Australian Prime Minister. Photo: AAP

The government was returned at the election with a slim majority in the House (Coalition: 77 seats; Labor Opposition: 68 seats; Independents: 6). The numbers in the lower house of the new parliament are virtually the same as before the election. The government has gone from minority status to a bare majority in the House. Yet the dramatic remaking of Australia's political temperature belies a small shift in numbers. Australia has witnessed the rebirth of a sitting prime minister and the salvation of a troubled government.

As the previous [Comparative Connections](#) reported, Morrison took over on Aug. 24, last year, after a party room vote stripped Prime Minister Malcolm Turnbull of the leadership. Consistently negative opinion polls predicted that Morrison would be a stop-gap PM, in office

for less than a year before the voters punished the Liberal-National Coalition for party brawling and leadership instability. The coalition victory confounded the polls and re-cast the political narrative. Labor lost the unloseable election; many Liberals are quietly amazed they're still in office. The old Australian [sports cliché](#) holds true for Canberra: winners are grinners; losers can suit themselves. ScoMo campaigned with relentless energy and driven focus to embrace and uplift the voters he calls "the quiet Australians." That, plus his drumbeat about the dangers posed by Labor, did the trick—or delivered the miracle. Morrison's hold on his party and government is remade by his win and the departure from politics of Turnbull and Tony Abbott, the two Liberal leaders who spent the last decade battling each other. Turnbull left Parliament after he was deposed as leader, while Abbott lost his parliamentary seat in the election.

With Turnbull and Abbott gone from Canberra, the Liberal Party is calmer, if not totally at peace with itself. Turnbull and Abbott each lost their prime ministership in a vote by their own party caucus. By contrast, Morrison can be confident he will serve this three-year parliamentary term without facing a caucus challenge.

Rule changes by the Liberal and Labor parties have ended the decade of Australia's revolving-door prime ministership. That sorry decade taught tough lessons. The four previous prime ministers (two Labor, two Liberal) were all dispatched by their own party rooms (although Kevin Rudd in his brief second coming as PM was discarded by voters in an election). Little wonder Australians expressed cynicism and disillusionment at the chaotic, cannibalistic antics of the two parties of government: four prime ministers beheaded by their own party! In the pragmatic way of Australian politics, the Labor and Liberal parties have done a fix, changing their rules to graft new protections for leaders atop the rights of the party room.

The significant presidential habits that have evolved around the prime minister in Australia's Westminster-based system are now reflected in the leadership protocols of the main parties. In his last gift to Labor in his second stint as PM, Rudd changed the rules so that it's virtually impossible for the caucus to topple the leader between elections. When Morrison stepped over Turnbull's political corpse, he did the same change for the Liberals (and himself). The message to Australia's neighbors and friends is that the days of Canberra as a leadership coup capital are over.

Morrison will lead the country for the next three years, barring personal mishap or defeat in a substantive vote in the House of Representatives. And in the last 100 years, an Australian government has fallen on a vote-of-confidence in the House only once (in 1941). Canberra has entered the Sco-Mo era.

Morrison and Donald Trump and the US

"Australia and the United States see the world through the same eyes."

[Scott Morrison](#), July 12, 2019

The prime minister made that comment when speaking to the crew of the aircraft carrier *USS Ronald Reagan*, during exercises off the coast of Queensland. Morrison paid tribute to the ship as a symbol of the US: "We are in awe of the strength and power of the United States which this ship so ably represents, but at the heart of our friendship are the values and beliefs that knit our two countries together. Ships will come, ships will go, politicians will come and go, but our values will endure. They always do."

Morrison's thought about politicians coming and going is part of the sub-text of the way Australia has approached Donald Trump. Australia seeks to [Trump-proof](#) the alliance with multiple layers of history and commitment – to express Australia's enduring relationship with the US while only ever mentioning Trump in the most positive terms. Australia has adopted a dual-track policy that's both solid and selective: a solid embrace of the US relationship running alongside selective enthusiasms for Trump. The solid embrace side is where Australia does its serious thinking and talking about the US, including any criticisms of US policy in areas such as trade. Nothing negative enters Canberra's language whenever Trump is discussed. The 45th president is treated with enthusiastic deference and acceptance that shades toward flattery and fawning.

My description of Australia's tactic of solid embrace and selective enthusiasm goes like this: Hold tight to what we've got, get what we can, and never anger The Donald. Loudly love the alliance. If we mention Trump, it must be warm and joyous. If we can't say anything nice about Trump because it's difficult or dangerous or controversial, say nothing. Nothing! Any pokes at US policy must be gentle; prod the US as a national actor while never naming Trump or his administration. Always remind the president that Australia has a trade deficit with America; he loves that US-wins-you-lose stuff.

Since the [first explosive phone call](#) between President Trump and Prime Minister Turnbull, Australia has been persistent and consistent in its application of the solid-selective approach. The approach is no different to the flatter-and-fawn tactics of Japan's Abe Shinzo and European leaders. Australia's success has been to avoid the alliance alarms and trade explosions Trump has visited on Japan and Europe. Australia's trade deficit with the US is a diplomatic plus in dealing with the White House because it's the way Trump thinks the world should be. The president nods to Australia's border protection and immigration policies and is happy to use the alliance language of 100 years of mateship. Thus, Australia has avoided any blowback or backhanders from the Twitter-in-Chief. Ranking low on Washington's

priorities can be an advantage when so much in Washington is roiling and rumbling. The strength of the alliance history and the success of the Trump tactics are reflected in the warm relationship Morrison has built with the president.

After his 'miracle' election win, Morrison flew to Osaka for the G20 in June, where the Australians enjoyed a working dinner with the president, and this Trump tribute: "I want to congratulate the Prime Minister on a tremendous victory. He had a fantastic victory, as you know. He didn't surprise me, but he surprised a lot of other people. See, I knew him, so I said, "He's going to do very well." And he did. He did. They called it an upset, but I don't call it an upset." The response from the prime minister stuck to the script: "Well, thank you, Mr. President. And thanks for hosting us here tonight. It's going to be an important few days. But there's no better or stronger or deeper relationship than the United States and Australia."

The enthuse-about-Trump method was crowned by this [announcement](#) from the White House: "The President and First Lady will welcome Prime Minister and Mrs. Morrison of Australia to the White House on September 20, 2019, for an official visit, which will include a state dinner. The visit will celebrate our two countries' close friendship and shared history, and reaffirm our common vision for global peace, security, and prosperity." The welcome-with-the-works is only the [second state dinner](#) of Trump's presidency - the first was for French President Emmanuel Macron in April 2018. The previous Australian leader to get Washington-with-the-works was John Howard, hosted by President [George W Bush in 2006](#).

The usual calculus of a state dinner is that it's a personal and policy win in Washington, conferring domestic political benefits in Australia, a point made by [Nick O'Malley](#), a former US correspondent for the *Sydney Morning Herald*.

In normal times an invitation to a White House state dinner would be a political windfall to a foreign leader, particularly when host and guest are of the same political tradition. No diplomatic honour is more glamorous and none is more prized. At such an occasion Scott Morrison should be able to stand shoulder to shoulder with a Republican president and bask in the reflected authority of the most powerful centre-right leader on the planet. But these are not normal times, Trump is not a normal leader and the Republican Party is no longer a normal centre-right party.

The Lowy Institute poll of [Australian attitudes to the world](#) shows that the voters still embrace the alliance, but can't muster any enthusiasm about the US president. Almost three-quarters of Australians (72%) say Australia's alliance with the United States is either "very" or "fairly" important for Australia's security, a four-point drop from 2018. A clear majority (73% each) agree the US alliance is a natural extension of our shared values

and ideals and that the US would come to Australia's defense if Australia was under threat. A majority of Australians (56%) say the alliance relationship with the US makes Australia safer from attack or pressure from China. However, almost half (46%) agree the US is "in decline relative to China and so the alliance is of decreasing importance," a five-point increase from 2011. A sizeable majority of Australians (69%) say that "Australia's alliance with the US makes it more likely Australia will be drawn into a war in Asia that would not be in Australia's interests." Two-thirds (66%) agree that Trump has weakened Australia's alliance with the US.

Australia's view of Trump and the US is a mixture of [curiosity, attraction, and doubt](#), according to *New York Times* Australia Bureau chief Damien Cave. Reporting from Sydney, Cave writes that his conversations with Australians about the US relationship center on this question: "Does aligning with the United States mean jumping into a car with an angry, vengeful driver more likely to crash, or joining forces with a still-powerful ally fighting for shared values and the preservation of a rules-based order?"

The alliance and the Strait of Hormuz (and Iran)

Australia will send a warship, surveillance aircraft and Defence Force personnel to the Persian Gulf to join the US-led effort to protect shipping in the Strait of Hormuz. Prime Minister Morrison [announced](#) the commitment on Aug. 21, saying disruptions to shipping in the gulf were a threat to Australia's national interests. Morrison denied Australia was joining a US campaign against Iran. Instead, he said, Australia wanted to support international norms, freedom of navigation, and reduce tensions in the gulf. Australia's involvement, he said, would be "modest, meaningful and time-limited," describing the decision as an enhancement of an existing and longstanding contribution to counter-piracy and counter-terrorism missions in the Middle East.

The commitment follows a [request](#) from the Trump administration at the annual Australia-United States Ministerial meeting (AUSMIN) in Sydney earlier in August. About 200 Australians will be involved in the deployment, with 177 Defense personnel on the warship and 10 on the surveillance aircraft. The Labor opposition backed the commitment as appropriate.

Morrison said Australia was concerned about incidents involving shipping in the Strait of Hormuz: "This destabilising behaviour is a threat to Australian interests in the region, particularly our enduring interest in the security of global sea lanes of communication; 15-16% of crude oil and 25-30% of refined oil destined for Australia transits through the Strait of Hormuz. So it is a potential threat to our economy."

Defence Minister Linda Reynolds said it'll be the 68th deployment of an Australian Navy ship to the Middle East to protect freedom of navigation: "We've had a near

continuous maritime presence in the Middle East since the 1990s. Our contributions to date have focused on maritime security, counter piracy, counterterrorism, and also Gulf security and cooperation activities, including of course through the combined maritime force. But as part of this new maritime mission, our Defence Force will play a crucial role to ensure that all of these rights are protected."

At a press conference announcing his decision, Morrison repeatedly denied that he was committing to a US shadow war to put maximum pressure on Iran. Instead, he argued that Australia's commitment was based its national interest in "issues such as freedom of navigation, shipping lanes" and the "free flow of commerce."

Iran responded by saying that Australia's standing in the Middle East will be damaged by the decision to join the US in patrolling the Strait of Hormuz. Kamal Dehghani Firouzabadi, the deputy chair of Iran's Foreign Relations Committee, told the [Australian Broadcasting Corporation](#) (ABC) that Australia is taking a big risk by moving military forces to the region. "I don't think there'll be material damage to Australia. The damage will be to the reputation and prestige of Australia," he said. "Those who take part in this coalition are responsible for the damage caused by this coalition."

Foreign Minister Marise Payne has denied Australia is being dragged into a conflict with Iran. [Senator Payne](#) said protecting shipping and the Iran nuclear deal are "quite separate" issues. She said Australia stands by the Iran nuclear deal as the best option for the region, even though the US has abandoned the pact. "Those issues for the United States are ones for them, but we are supporting our national interests, advancing our national security, as Australians would expect their government to do," Payne told the [ABC](#). "I wouldn't say we're at odds [with the US], every country makes their own decisions. Just because we're not making a similar decision doesn't mean we're at odds." Payne said Australia has a good working relationship with Iran: "We talk to them regularly; we have an embassy in Iran, which is something that not many other countries are able to say."

The foreign minister's effort to separate relations with Iran from the naval deployment is in contrast to the line that the US Defense Secretary, Mark Esper, offered at the [annual ministerial talks](#), in Sydney, on Aug. 4: "From the get-go, the United States has been very clear that the purpose of our proposed operations in the Strait of Hormuz, the Persian Gulf, the Gulf of Oman, has been twofold. First of all, to promote the principle of freedom of navigation and freedom of commerce through all waterways...Number two, is to prevent any provocative actions by Iran that might lead to some misunderstanding or miscalculation that could lead to a conflict."

“Inevitable” competition: geopolitical uncertainty and geoeconomic turmoil

Before heading off to the G20 Summit and dinner with the US president, Prime Minister Morrison delivered the fourth big Asia speech of his leadership (the others being on [Indonesia](#), the foreign policy [‘beliefs that guide us.’](#) and [ASEAN](#)). The pre-G20 speech ([‘Where we live’](#)) was all about how wonderful the Indo-Pacific is – and will be – for Australia: “an open, inclusive and prosperous Indo-Pacific, consistent with our national interests ... where we have our greatest influence and can make the most meaningful impact and contribution. It is the region that will continue to shape our prosperity, security and destiny.” Morrison listed the “great blessings” the Indo-Pacific offers Australia: the “destination for more than three-quarters of our two-way trade... Our economy has grown faster than any other advanced economy over the last 28 years.” And so it went for a couple of pages until the prime minister had to address the shadows cast by geopolitical uncertainty and geoeconomic turmoil.

Morrison noted that the world’s most important bilateral relationship is strained: “The balance between strategic engagement and strategic competition in the US-China relationship has shifted. This was inevitable.” The prime minister went to variations of that “inevitable” description five times in his speech, arguing that this competition didn’t have to become adversarial and it’s “not inevitable that competition leads to conflict.” Morrison said Australia must be pragmatic in working through challenges he listed: great power competition, pressures to decouple the Chinese and US economic systems, escalating trade tensions, spreading collateral damage and a global trading system under real pressure. The speech blamed Beijing for much of the conflict, citing China’s forced technology transfer, intellectual property theft, and industrial subsidies promoting over-production.

The US, by contrast, got an embrace that gave no hint of any “America first” concerns: “The United States has demonstrated an understanding that the responsibilities of great power are exercised in their restraint, freely subjecting itself to higher order rules, their accommodation of other interests and their benevolence.” US-China trade tensions, Morrison said, should be resolved “in the broader context of their special power responsibilities, in a way that is WTO-consistent and does not undermine the interests of other parties, including Australia.” The call for WTO reform is Australia’s way of avoiding any discussion of the Trump effort to wreck the WTO dispute settlement system.

Immediately before launching the federal election campaign, the Morrison government presented the annual budget to Parliament in May, and the budget documents set out Canberra’s concerns about strategic uncertainty and trade turmoil. The Defence Department is worried about how quickly trends have moved since its [2016 defence white paper](#), while the Department of

Foreign Affairs and Trade (DFAT) made the same point about its [2017 foreign policy white paper](#), in its [budget document](#):

“Since the [2017] White Paper’s release, many of the international trends identified within it have intensified – rising nationalism and geo-political competition, anti-globalisation and trade protectionism, a shift in power in the Indo-Pacific without precedent in Australia’s modern history, rapid technological advances that are changing the way economies and societies work, and mega trends such as climate change and urbanisation. These trends are testing Australia’s policy settings and demanding new efforts in several areas.”

Distil DFAT’S prognosis from the second paragraph of the strategic musings:

- The global environment is more uncertain than any time since the end of World War 2.
- The Indo-Pacific is in the midst of a major strategic realignment.
- The world is moving to a new, more multipolar era.
- Australia and the region face fundamental challenges to long-term prosperity and security.

Defence’s [budget statement](#) refers back to the 2016 white paper forecast of greater strategic uncertainty because of “changes in the distribution of power in the Indo-Pacific and globally.” The shift/surprise that’s then singled out is in the South Pacific, where the challenge from China has prompted Australia to do a Pacific pivot, called a step-up:

Since the release of the 2016 Defence White Paper, some strategic trends have accelerated – arguably faster than was anticipated when the White Paper was drafted. Defence responded to some of these trends, along with other agencies, in devising new measures under the [Pacific Step-Up](#) announced by Government in late 2018.

The top issue obsessing Australia’s strategists is what will flow from the “inevitable” contest between the US and China. In December, Defence Minister Christopher Pyne stated: “The [first priority](#) is to manage great power competition in the Indo-Pacific.” And a central trend of that competition is the challenge to US dominance, as Pyne observed:

We see today that the relationships between the great powers of the region are becoming more competitive. There are worrying signs of a return of ‘might is right’. That is just one of the reasons we regard the United States as our most important security partner. For decades, it has used its considerable power to sponsor rules and institutions that have benefited countries of all sizes and provided the stability that has allowed this region to grow into the engine room of prosperity and growth it is today. But the United States will find it increasingly difficult to provide this security

unchallenged—and frankly we should not expect it to underwrite that security alone.

Australia's responses, as listed by the defense minister:

- Lift the defense budget to 2% of GDP by 2020–21, three years ahead of schedule: “the largest recapitalisation of our defence capability in peace time history, including the largest regeneration of Australia’s maritime capability”. Defence spending hovers just over 1.9% of Australia’s GDP, on the march to the promised target of [2% of GDP](#).
- Pursue stronger military-to-military relations “with a wide range of partners, new and old.”
- Enhance Australia’s military capability and presence in the region, “so we have good options to respond to a wide range of contingencies.”
- Reinforce the Pacific “pivot,” a headline description embraced by Pyne, calling this “a generational realignment of our framework and support to the South Pacific.”
- Deal with the threat of terrorists coming to or returning to Southeast Asia from the Middle East.

The terrorism point is the category outlier. Everything else leans toward the first priority – managing great-power competition. The shift in strategic focus is from terrorism to the faceoff between the US and China.

The annual geoeconomic report card from Australia’s Treasury (the May [international economic outlook](#)) expressed hope that President Trump will cut a deal with China, declare victory, and end the trade war: [H]owever, trade policy uncertainty remains elevated between a number of economies and global trade growth has eased. This uncertain outlook for trade tensions has been weighing on confidence, new export orders and investment intentions. Escalation of tensions would be expected to negatively affect growth in a number of countries including in Australia’s major trading partners. Conversely, a resolution of tensions could result in global growth that is stronger than forecast.

Australia, the US, China, and the Indo-Pacific

For Australia, “Indo-Pacific” has shifted from a new geographic construct to an arena for mounting contest – and the label for a US strategy. The journey from construct to competition has been short and sharp. At the start of this decade, “Asia-Pacific” was Canberra’s dominant geographic descriptor. That geographic understanding stood not too uncomfortably in the vicinity of the idea of the [“Asian century.”](#) the vision China’s Deng Xiaoping raised with India’s Rajiv Gandhi when they met in 1988. The US preferred what Hillary Clinton called [“America’s Pacific century.”](#) but it seemed more a question of perspective and emphasis rather than

dangerous difference. Australia easily embraced both the Asia-Pacific and the Asian century. Any sense of comfort has fallen away as the use of “Indo-Pacific” has zoomed up Canberra’s usage charts over the past six years. The descriptors are no longer gently touching or rubbing along easily.

Under Labor Prime Minister Julie Gillard, much of Canberra (apart from the Defence Department) adopted the term “the Asian century” in 2011 and 2012. A formal policy statement from Gillard in 2012, the [Australia in the Asian century white paper](#), stated:

Asia’s rise is changing the world. This is a defining feature of the 21st century—the Asian century. These developments have profound implications for people everywhere. Asia’s extraordinary ascent has already changed the Australian economy, society and strategic environment...The Asian century is an Australian opportunity. As the global centre of gravity shifts to our region, the tyranny of distance is being replaced by the prospects of proximity. Australia is located in the right place at the right time—in the Asian region in the Asian century.

The sunny optimism of Canberra’s Asian century period has given way to the darker realities of an Indo-Pacific power contest. The two terms describe the same set of players and forces, but arrange them in different orders with different weightings. Asian century usage blends liberal internationalism with an optimistic view of Asia entering a new phase of deeper and broader engagement, privileging geoeconomics over geopolitics. The Indo-Pacific gives more weight to geopolitics, shifting the focus from economic bonanza to describe an arena for surging strategic rivalry, now the label for a US strategy. Little wonder ASEAN’s new [Indo-Pacific outlook](#) seeks “dialogue and cooperation instead of rivalry.” Cooperation is what we desire, rivalry is what we’ve got.

Canberra’s explanation for replacing Asia-Pacific with Indo-Pacific this decade was to broaden the frame of reference and factor in India. There was another compelling reason that was fudged in the telling: come up with a frame big enough to handle (or contain or engage or balance) the giant dragon in the room. When Australia’s Defence Department started using the term Indo-Pacific in 2013, it was described as merely a [useful policy construct](#) – a tool for understanding – but not a force determinant. Today, the [US Indo-Pacific strategy](#) means the tool has been weaponized. Asian century versus Indo-Pacific also describes a Canberra fight: econocrats facing off against the defenceniks. The econocrats bleat that the security agencies are running the show. Or as the ever-vivid former Labor Prime Minister [Paul Keating](#) puts it, “the nutters are in charge.” Asian century had a brief starring moment during Gillard’s time as prime minister, cresting with the white paper in October 2012. Gillard needed some foreign policy not owned by her predecessor, Kevin Rudd, and Asian century [was it](#). The Asian century language came

from Treasury and the quintessential Treasury man of his generation, Ken Henry, got to write the policy. As Gillard had most of Canberra doing Asian century duty, the Defence Department defected to the Indo-Pacific. While it takes only a few minutes to drive from the Russell Hill defense complex to the other side of the lake where Parliament, the PM's department, DFAT, and Treasury reside, sometimes the Kings Avenue bridge marks a conceptual chasm. Defense hated the Asian century tag because it dropped the US from the equation. That's conceptual/construct poison for a department that sees anchoring America in Asia as a fundamental Australian interest.

The [2013 defence white paper](#) gave minimal linguistic obeisance [rather than](#) conceptual obedience to Gillard's vision: the document used the term Indo-Pacific 58 times while mentioning the Asian century white paper 10 times. When the Liberal-National coalition won the 2013 election, [the Asian century usage](#) quickly became Canberra cactus, too prickly to touch. Asian century optimism has disappeared along with the label. As Ken Henry [laments](#), his white paper "has had no impact on policy, not even on the tenor of public policy debate in Australia." Political cleansing was delivered as policy vandalism when the prime minister's department deleted the Asian century white paper from its digital record (the polite term is [archived](#)). Indo-Pacific has become the uniform usage in Canberra. The 2013 defense white paper marked the jump-off point, with further restatements in the [2016 defence white paper](#) and the [2017 foreign policy white paper](#). The Defence Department scored a major bureaucratic win: its strategic construct is now the way all of Canberra views the region.

Australia now agrees on the Indo-Pacific label, but the fundamentals of the argument rage. The rise of Indo-Pacific usage marks the moment when the comfortable Canberra consensus on how to handle China boiled over. A set of simmering debates has become extremely hot. Australia was long able to keep its economic relationship with China in the prosperity pot, separate from strategic and alliance interests in the pot marked power. Now there's much heat in the kitchen.

An analyst with the Australian Strategic Policy Institute, Rod Lyon, remarks on the ["surprising degree of unanimity"](#) that marked the consensus in the 1990s and 2000s: "China's rise offered a grand set of economic benefits to Australia at relatively low strategic risk. China was thought unlikely to disrupt the peaceful regional order that underpinned its own development. And a richer China would probably also be more politically pluralistic." Low strategic risk! Peaceful regional order! Oh, happy, lost Canberra consensus. In the 11 years to 2007 that John Howard was prime minister, his government basked in the consensus sweet spot as both pots gently simmered. Howard was able to embrace the economic riches China offered Australia, and even nod to China's expanding "prerogatives," because of his deep

confidence in US might. Howard's description of keeping the two pots separate is ["the great duality,"](#) saying his foreign policy achievement was to strengthen the US alliance while building an ever-closer economic relationship with China. And ever closer it keeps getting.

The China prosperity pot is huge and tasty, today accounting for nearly [a third of Australia's exports and around a fifth of our imports](#). Australia's economic dependence on China keeps growing, as [Greg Earl observes](#): "Short of a Chinese economic catastrophe, this is an integrated bilateral economic relationship that is not going to be wished away." In June, this year, China was the destination for a record 40% of Australia's exports. As the analyst [David Uren](#) noted: "It was only a little over three years ago that China's share of Australia's monthly exports hit 30%. A decade ago it was just 20%. The last time a single country took such a large share of Australia's merchandise exports was in 1952 when it was the United Kingdom. Japan's share of Australian exports peaked at a third in the mid-1970s and is now down to 14%."

In the Lowy Institute poll of Australian attitudes to the world, a majority of Australians (74%) say Australia is too economically dependent on China. A sizeable 68% say the Australian government is allowing too much investment from China. More than three-quarters of the population say "Australia should do more to resist China's military activities in our region, even if this affects our economic relationship" (77%, an increase of 11 points since 2015) and believe that "China's infrastructure investment projects across Asia are part of China's plans for regional domination" (79%). Only 44% say China's infrastructure investment projects are good for the region.

The journal *Australian Foreign Affairs* says Australia has become ["the most China-dependent country in the developed world."](#) Dependence is now discussed as a vulnerability, not the blessing that sailed Australia through the global financial crisis and the [great recession](#) without a blip. John Howard's great duality has lost its symmetry and balance. As the 21st century arrived, those who stir the power pot began questioning the comforts of the Canberra consensus. Chart the change through the [seven defense white papers](#) published from 1976 to 2016. The country references always put the US in top spot (except in the post-Vietnam War 1976 white paper, when Australia was more worried about the Soviet Union and Indonesia).

References to the United States and China in Australia's defence white papers, 1976 to 2016

	1976	1987	1994	2000	2009	2013	2016
United States	12	62	60	43	80	86	129
China	10	4	20	13	34	65	64

Through the final quarter of the 20th century, Australia's strategists were relatively positive about China – when they bothered to consider it. In the seminal 1987 defence of Australia white paper, China got only four mentions (two of them on maps). The 2000 white paper was when Australia stepped beyond three decades of optimism to consider the possibility of clash rather than cooperation. China's relationship with the other big players was "the most critical issue for the security of the Asia Pacific." Australia began to think beyond fighting Indonesia to contemplate confrontation with China. Such planning was pushed to the back of the stove by the 9/11 decade: Australia turned its attention to jihadists and Afghanistan and Iraq. By the 2009 white paper, though, Canberra had to confront the conflicts in the consensus. The document was a not-so-polite rendering of Prime Minister Kevin Rudd's private description of himself to US Secretary of State Hillary Clinton as ['a brutal realist on China'](#). For the first time in a defense white paper, China got more mentions than Indonesia, taking second spot behind the US. As Rudd wrote in his [memoirs](#): "The core conclusions of the 2009 Defence White Paper had been the need to recognise that China's rapidly increasing military budget and its increased naval activity in the South China Sea represented major changes in Australia's wider strategic circumstances."

When Gillard dethroned Rudd, she sought to recook the consensus. Her government's 2013 [Asian century white paper](#) offered an optimistic dish. The US would stay "the most powerful strategic actor" as China and India got richer, while Australia's strategic landscape would become more crowded and complex: "A degree of competition is inevitable as Asia's strategic order changes. But all countries in the region have a deep investment in stability and economic growth: the complex interdependencies and growing bilateral engagement are strong stabilising forces." In 2013, Australia thought "inevitable" competition would be framed by interdependence and economic interests; today Australia sees that "inevitable" competition damaging the international rules-based system, harming global trade and threatening to decouple the US and China.

During Malcolm Turnbull's leadership (2015-2018) Australia felt an [icy blast](#) from China. Turnbull [described China](#) as a ['frenemy'](#) and in his major Asian speech offered a ["dark view" of a "coercive China"](#) seeking regional domination. Australia now understands that China touches most dimensions of its life: [security, economics and trade, social, diplomatic and political](#). The pragmatism that separated the prosperity pot and the power pot isn't enough. A trade war brews on one side of the stove, matching the fear of war on the other. Part of the policy response is the second coming of the Quad.

The return of the Quad

The Quad – the US, Japan, India, and Australia – is more notable for the questions it invokes than the answers it

offers. The informal dialogue is a discussion groping toward a grouping. In [Quad 2.0: New perspectives for the revived concept](#), the Australian Strategic Policy Institute argues notes that the revived Quad "has become one of the most debated and contested ideas in current geopolitics." Much heat and light is directed at a small process – reborn in 2017 – meeting informally at officials' level, offering no formal Quad statements or agreed Quad view of the world. The lack of answers emphasizes the quality and quantity of questions about the Quad, a small beast grappling with big issues.

The man who sank Quad 1.0, Kevin Rudd, illustrates that in his discussion of the big questions that caused his new government to pull out of the infant quadrilateral in 2008. A decade on, they're still great questions. Rudd published the second volume of his [memoirs](#) late last year, after the rebirth of Quad 2.0, and he devotes nearly two pages to his reasons for Australia pulling out of Quad 1.0. The former prime minister gets stropy about what he calls the "demonstrably false" claim that he sank Quad 1.0 to appease China (a line common from Indian analysts). He fires off a barrage of questions about the historical baggage Japan and India have with China and the possibility of future zig-zags in the way New Delhi or Tokyo deal with Beijing. Plus, he muses on how a four-way alliance would impact on Australia's bilateral alliance with the US.

Japan: Looking back at the 2008 debate, Rudd asks: "[W]hy would Australia want to consign the future of its bilateral relationship with China to the future health of the China-Japan relationship, where there were centuries of mutual toxicity? For Australia to embroil itself in an emerging military alliance with Japan against China, which is what the quad in reality was, in our judgment was incompatible with our national interest."

India: While not as toxic as Sino-Japanese relations, Rudd writes, India and China fought a violent border war in 1962 and still had thousands of square kilometers of disputed border regions that periodically erupted into violent clashes. "So did Australia want to anchor our future relationship with Beijing with new 'allies' which had deep historical disputes still to resolve with China?"

Allying with Japan and India: "If the quad became formalised, where would that place Australia if we then had to take sides in Delhi's or Tokyo's multiple unresolved disputes with Beijing? A further danger we faced was, if Australia proceeded with the quad, what would happen if domestic political circumstances later changed in either Japan or India? Governments could change through elections. Even the policies of existing governments could change. Australia would run the risk of being left high and dry as a result of future policy departures in Tokyo or Delhi. Indeed, that remains a danger through to this day."

The US alliance: Australia is already bound by what Rudd calls the "far-reaching" provisions of the ANZUS treaty to

support the US in the event of an armed attack on US forces in the Pacific. “Strengthening a bilateral alliance is one thing,” he writes. “Embracing a de facto quadrilateral alliance potentially embroiling Australia in military conflict arising from ancient disputes between Delhi, Tokyo and Beijing in quite something else.” For Rudd, the absence of Quad 1.0 didn’t preclude strengthening bilateral security cooperation with India or Japan – “outside the framework of any more binding set of quadrilateral treaty or sub-treaty arrangements.” The former prime minister concludes with an attack on “sloppy analyses” that he sank Quad 1.0 to “please Beijing.” Rudd writes that his government was “perfectly prepared to adopt a hardline approach towards Beijing whenever our national interests and values demanded it,” pointing to his approach to human rights and the China-skeptical language of Australia’s [2009 defense white paper](#).

As for Quad 2.0, that gets one sentence: “The extent to which political and strategic circumstances may have changed a decade later is another matter entirely.” Such brevity from The Kevin tells you something about the perplexities and prospects of the reborn quadrilateral. If times have changed, does that mean the answers to Rudd’s big questions have altered? Perhaps we’ve moved beyond that loud “No!” that Rudd gave to what he envisioned as a “de facto quadrilateral alliance.” Now, the same prospect gets a faintly mumbled response that sounds something like: Hmm. Well, perhaps. Maybe. Too early to say, really. It’s a long way from informal talks among officials to even a de facto form of alliance. Yet, as Rudd says, political and strategic thinking has changed.

The questions Rudd poses about Quad 1.0 are equally fascinating today. Let’s summarize ‘em with some for Quad 2.0 to ponder: What is China going to do? What must the US, Japan, Australia, and India do together? Australia sees great power competition as the top strategic issue facing the Indo-Pacific. The tenor and terms of that “inevitable” contest have changed and darkened.

Alliance history: Pine Gap

‘We would be deaf and blind without Pine Gap.’
[Kim Beazley](#), former Labor leader and ambassador to the US

Now in its sixth decade of operation, the [Pine Gap](#) facility, outside Alice Springs, is a remarkable element of Australia’s alliance with the United States. (For an account of the evolution of Pine Gap, see the [2013 Australia-US Comparative Connections](#).) The totem phrase Canberra intones about Pine Gap is that Australia has “full knowledge and concurrence” about what the US does with the base. The “we know everything” statement is an implicit acknowledgement that in the first decade of the facility’s operation, Australia [didn’t have](#) full access and understanding and thus couldn’t give fully informed agreement. Australia responded by injecting its own

people into every aspect of what Pine Gap does. The chant today can have an extra acknowledgement: full Australian involvement.



Figure 2 Pine Gap Facility near Alice Springs. Photo: [New York Times](#)

The debate has slowly expanded from the question of Australian sovereignty to that of Australian responsibility. Even as the technology keeps evolving, what’s really shifted is how significant Pine Gap has become for Australia’s defense and security purposes, as well as the United States’. The former Labor leader, defence minister and Australian ambassador to Washington, Kim Beazley, calls this the Pine Gap [paradox](#). The deep and unprecedented involvement in what the base does means that “Pine Gap became critical for us. It’s now part of our intelligence and defence order of battle.”

The paradox – [the transformation of the Australian role](#) – is a central theme of an assessment by Desmond Ball, Bill Robinson and Richard Tanter:

There can no longer be any question about the completeness of Australian access to or concurrence in the activities undertaken at Pine Gap. Australians are now completely enmeshed into the management structure at the station ...

This transformation reflects both the achievements of Australian governments in their efforts over decades to increase the Australian presence at the base on the one hand, and on the other the changing military and intelligence nature of the relationship between Australia and [the] United States. Indeed, the pervasive Australian participation in the activities of Pine Gap now epitomises the networked, but fundamentally asymmetric character of the ANZUS alliance today.

The release of previously secret [1996 and 1997 Cabinet papers](#) by the National Archives of Australia, in January, 2019, document a key moment in that transformation. In September 1997, the Howard government’s National Security Committee considered a [submission](#) by Defense Minister Ian McLachlan on the closure of the Nurrungar joint facility, in South Australia, operated by the US Air Force, using satellites to detect missile launches and

nuclear explosions. Nurrungar was due to close in a couple of years, to be replaced by a relay ground station (RGS) at Pine Gap. The Cabinet committee agreed to the relay station, but the focus was shifting beyond knowledge to involvement and integration. The aim was to use the capabilities of the US satellite system “to address ADF [Australian Defence Force] interests” to “support ADF operations.”

The submission said the relay station at Pine Gap “should be regarded as a new joint facility that we will host for many years.” The defense minister offered two “fundamental considerations in evaluating the US proposal”:

1. Whether the functions of the system “can be expected to be closely coincident with Australian interests”;
2. Whether arrangements for Australian involvement in the operation and management of the facility would give the government “effective full knowledge and concurrence” of its functions.

The submission proposed four measures:

- (a) agreement on the missions to which the data passing through the RGS will contribute, together with an undertaking to consult before new missions are initiated, and annual reviews of the operation of the system of which the RGS is a part;
- (b) the ability to have direct access to the data passing through the RGS; full Australian access, in real time, to the event reporting produced by the central processing facility in the US;
- (c) an Australian capacity to contribute to the tasking of the DSP/SBIRS system [DSP was the US’s existing satellite Defense Support Program, in the process of being replaced by the Space-Based Infra-Red System];
- (d) Involvement of Australian personnel in the team monitoring the operation of the RGS at Pine Gap.

The defense minister said Canberra already had high-level assurances from the US that these conditions would be accepted. To get full value and ensure full knowledge, Australians would have to be posted to the US to work at the central mission control station. Getting access to the raw data in real time could serve “Australia’s direct security interests.” McLachlan summarized the alliance effects and the politics of the decision this way:

The proposals are consistent with Government policy supporting an active and relevant alliance relationship. The cooperation envisaged is a practical contribution to a vital US interest and signifies our preparedness to cooperate on matters of mutual benefit.

There are potential sensitivities or criticisms associated with continued cooperation with the US in this area. Given our long track record of successful cooperation, and the wide public support for the alliance, these are assessed as limited and manageable.

Reading the submission today involves one of the minor diversions of wading through old Cabinet documents – jumping over (or guessing at) the bits of the document that are blacked out before release. The Pine Gap paper is “open with exception.” The Archives determined that the record contained information on “Defence plans, operations or capabilities of continuing sensitivity.” Thus, getting through the Pine Gap submission involves hurdling 24 blacked-out sentences or paragraphs. Pine Gap and the doctrine of full knowledge is a long race with many hurdles.

CHRONOLOGY OF AUSTRALIA-US/EAST ASIA RELATIONS

SEPTEMBER 2018 – AUGUST 2019

Oct. 17, 2018: Australia's Parliament passes legislation for the Comprehensive and Progressive Trans-Pacific Partnership (CPTPP), making Australia the fourth nation to ratify the [trade treaty](#).

Oct. 20, 2018: An independent wins the House of Representatives by-election caused by the resignation from Parliament of deposed Prime Minister Malcolm Turnbull. The Liberal-National coalition loses its one-seat majority in the House and becomes a minority government.

Nov. 5, 2018: Republican lawyer Arthur B Culvahouse is nominated to be US ambassador to Australia.

Nov. 7, 2018: On national interest grounds, Treasurer Josh Frydenberg rejects an A\$13 billion bid by a Hong Kong group to buy Australia's main gas pipeline network.

Nov. 8, 2018: Foreign Minister Marise Payne visits Beijing, signaling a [thaw](#) in the icy diplomatic relationship of the previous 12 months.

Nov. 16, 2018: Japan's Prime Minister Abe Shinzo and PM Scott Morrison meet in Darwin. They commit to an Indo-Pacific infrastructure fund and conclude a military reciprocal access agreement.

Nov. 17, 2018: APEC Economic Leaders Meeting is held in Port Moresby, Papua New Guinea. Vice President Mike Pence announces that the US will partner with Australia and PNG to build a new naval base on PNG's [Manus Island](#).

Nov 21, 2018: Indian President Ram Nath Kovind visits Australia.

Dec. 16, 2018: Former Chief of the Australian Defence Force David Hurley is nominated to be Australia's next governor general, succeeding Sir Peter Cosgrove, also a former defense chief.

Jan. 16-18, 2019: PM Morrison [makes](#) the first bilateral visit by an Australian prime minister to Vanuatu and Fiji.

Feb. 8, 2019: "Sophisticated" [foreign attack](#) hacks the computer system of Australia's Parliament House. The passwords of all MPs and senators and all staff have to be reset.

Feb. 20-March 8, 2019: US, Japanese, and Australian troops [participate](#) in *Cope North*, the largest multilateral Pacific Air Forces exercise, designed to strengthen air operations with a focus on humanitarian assistance and disaster-relief training.

March 4, 2019: Indonesia and Australia sign a bilateral free trade agreement.

March 13, 2019: US Ambassador to Australia Arthur Calvane presents his credentials to the governor general in Canberra.

April 1-12, 2019: The 2019 *Balikitan* exercises [take place](#) in Luzon and Palawan. Over 7,000 troops from the US, Philippines, and Australia participate in humanitarian and civic assistance projects as well as land, sea, air, and counterterrorism operations.

April 2-14, 2019: Navy, army, and air force personnel from Australia and India [participate](#) in the third *AUSINDEX* joint maritime exercise in the Bay of Bengal. The three phases of the exercise focus on anti-submarine warfare and improving overall bilateral cooperation and interoperability.

April 22-May 5, 2019: Air forces of the United States, South Korea, and Australia [undertake](#) two weeks of "scaled-back" joint air drills around the Korean Peninsula, replacing the previous large-scale *Max Thunder* drill.

May 16, 2019: *USS William P. Lawrence* [participates](#) in naval exercise *La Perouse* with five other vessels from France, Japan, and Australia in the Bay of Bengal. The exercise includes "sailing in formation, live-fire drills, communications, search and rescue, damage control and personnel transfers."

May 18, 2019: In Australia's federal election, the Liberal-National coalition government led by Scott Morrison, is re-elected.

May 23-28, 2019: Navies from the US, Japan, South Korea, and Australia [launch](#) the inaugural *Pacific Vanguard* exercise off Guam "to conduct cooperative maritime training." Over 3,000 sailors take part in drills including "combined maneuvers, live fire exercises, defense counter-air operations, anti-submarine warfare, and replenishment at sea."

May 27, 2019: Anthony Albanese is elected leader of the Australian Labor Party and becomes federal opposition leader.

June 24, 2019: US, Japan, and Australia announce jointly [financed](#) \$1 billion LNG project in Papua New Guinea.

July 7, 2019: US and Australia begin *Exercise Talisman Sabre*, in Queensland; Japanese forces also take part.

July 12, 2019: PM Morrison visits the aircraft carrier [USS Ronald Reagan](#), off Queensland.

July 29, 2019: Australia [passes](#) legislation demarcating maritime boundaries with Timor-Leste, formalizing revenue shares in the joint-development of the Greater Sunrise natural oil field.

Aug. 1, 2019: On the sidelines of the ASEAN Regional Forum in Thailand, the ninth meeting of the [Trilateral Strategic Dialogue](#) involving Australian FM Payne, Japan's Foreign Minister Kono Taro, and US Secretary of State Michael Pompeo.

Aug. 4, 2019: Secretary Pompeo and Defense Secretary Esper [meet](#) Australian FM Payne and Defense Minister Linda Reynolds in Sydney for 29th Australia-United States Ministerial Consultations "to deepen economic, security, and strategic cooperation in the Indo-Pacific region and globally."

Aug.14, 2019: Pacific Islands Forum meets in Tuvalu.

Aug. 21, 2019: Australia announces it will join the [maritime security mission](#) for the Strait of Hormuz.

Aug. 22, 2019: PM Morrison makes the first bilateral visit to Vietnam by an Australian prime minister in 25 years.

Aug. 27, 2019: Yang Hengjun, an Australian writer and democracy activist, detained by the Chinese authorities in January, is formally [charged with spying](#).

Aug. 30, 2019: PM Morrison visits Timor Leste to mark the 20th anniversary of the vote that led to independence from Indonesia.

ABOUT THE CONTRIBUTORS

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