

SMART TALK ON

“Northeast Asian Security Challenge”

January 21, 2011

Co-organized by East Asia Institute &

MCSS-Center for Security Studies, Institute for International Relations, National Chengchi University

Venue:4F CR401 Conference Room

The Howard Plaza Hotel Taipei 160, Ren Ai Road, Sec. 3 Taipei

PROGRAM

10:00~10:40

Opening Remarks

Fu-Kuo Liu, MCSS, National Chengchi University

Chaesung Chun, EAI & Seoul National University

10:40~12:10

Session I. Rise of China and the Future of the Northeast Asia Region

10:40-10:45

Moderator: **Ambassador Tzen Wen-Hua**, Prospect Foundation

10:45-11:00

Seungjoo Lee, Chung-Ang University

11:00-11:15

Jaewoo Choo, Kyung Hee University

11:15-11:30

Ming Lee, National Chengchi University

Main questions for session 1

How do we evaluate the US-China Relations in the year of 2010, and how do we expect the bilateral relations for the coming year 2011, starting from the Hu's state visit to Washington?

What is the prospect of Chinese foreign policy, especially Northeast Asia policy for the next president Xi, and the influence of bureaucratic politics and society(media and public opinion)?

What will be the prospect of establishing multilateral cooperation among Northeast Asian countries in the coming decade?

What will be the role of economic interdependence, including the FTA network among Northeast Asian countries in bring about multilateral security cooperation?

11:30~12:10 Discussion

12:10~13:30 Luncheon

13:30~15:00 **Session II. The Prospect of Cooperation: Across the Strait vs. Between the Two Koreas**

13:30-13:35 Moderator: **Michael Y. M. Kao**, Taiwan Foundation for Democracy

13:35-13:50 Chaesung Chun, EAI & Seoul National University

13:50-14:05 Mignonne Man-jung Chan, Graduate Institute of the Americas,
Tamkang University

14:05-14:20 Tuan-Yao Cheng, Institute of International Affairs, National Chengchi
University

Main questions for session 2

What have been the major achievements between two Chinas in the past three years and what have been the most important motives for the cooperation?

What will be the role of the US in cross-strait relations in the future, and what will be Chinese response? How will Taiwan respond to the conflict between China and the US regarding Taiwanese problem?

What will be the possibility of cooperation between Taiwan and South Korea in dealing with the peaceful process of power transition of the region?

What do you evaluate the inter-Korean relations so far, and what will be the desirable North Korean policy from the side of South Korea and other Northeast Asian countries?

14:20~15:20 Discussion

15:20-15:40 **Tea Break**

15:40-16:20 Discussion

16:20-16:30 **Closing Remarks**

Chaesung Chun, EAI & Seoul National University

Fu-Kuo Liu, MCSS, National Chengchi University

THE RISE OF CHINA AND THE FUTURE OF NORTHEAST ASIA

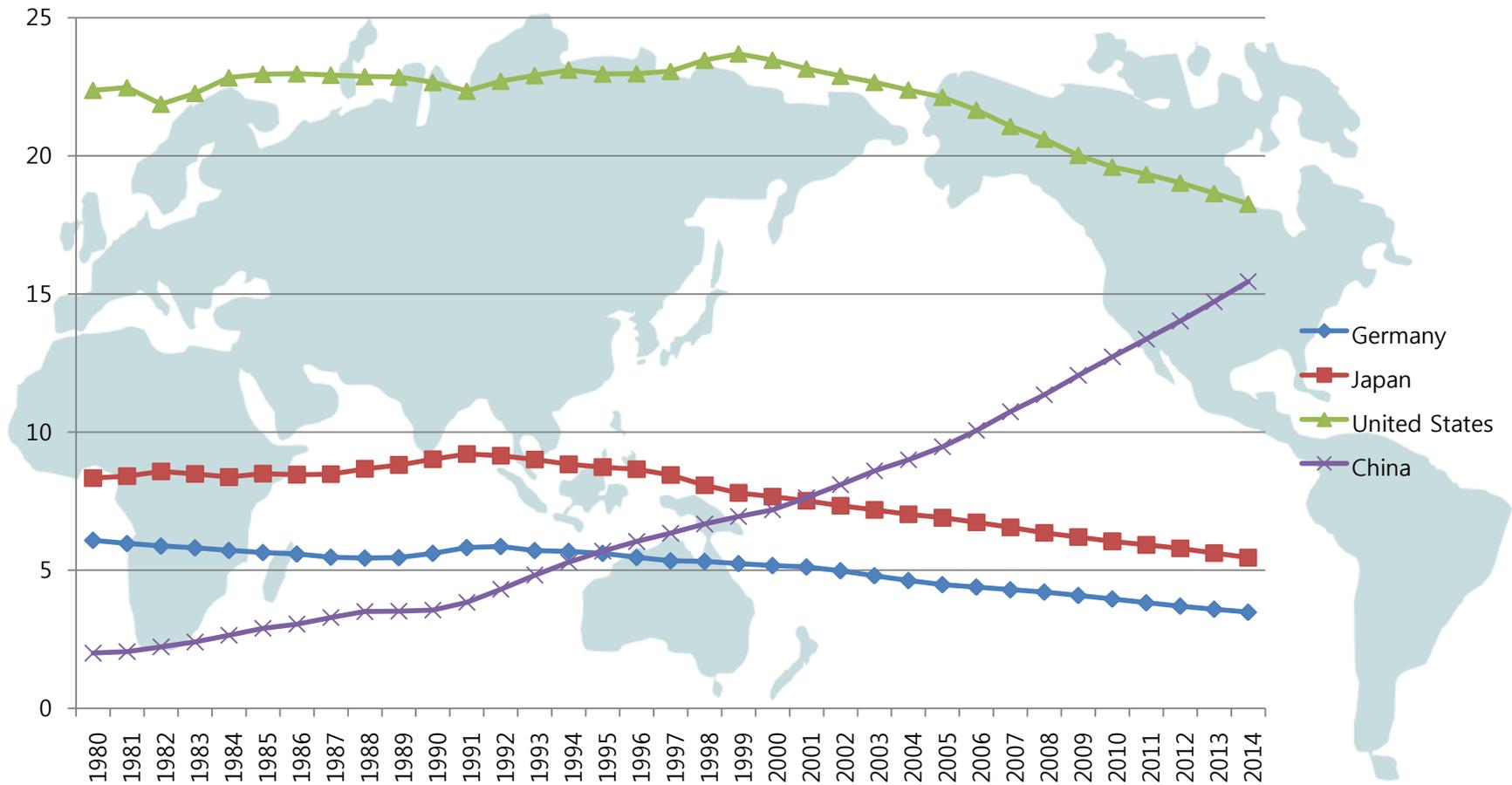
EAI Smart Talks in Taipei
January 2011

Seungjoo Lee
Dept. of Political Science
Chung-Ang University

Structural Shift and Global Governance in 2010

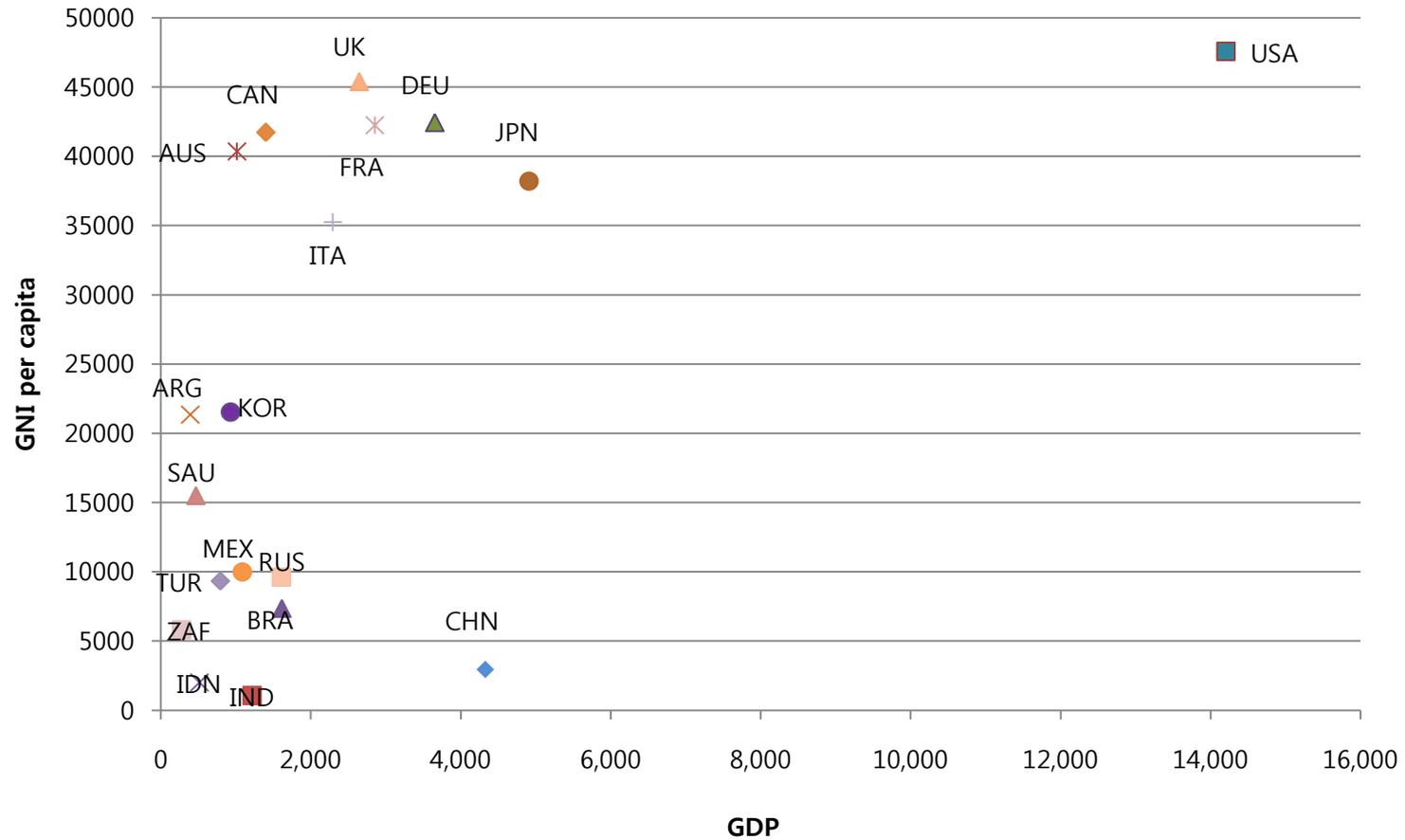
- China
 - The 2nd largest economy in the world
 - However, the 2nd largest-yet-still-developing economy
 - 1985: \$17,010 (the US) vs. \$10,850 (Japan)
 - 2008: \$47,580 (the US) vs. \$2,940 (China)
 - New Challenge
 - How to incorporate China into global governance?
- 

Structural Shift in Economic Power



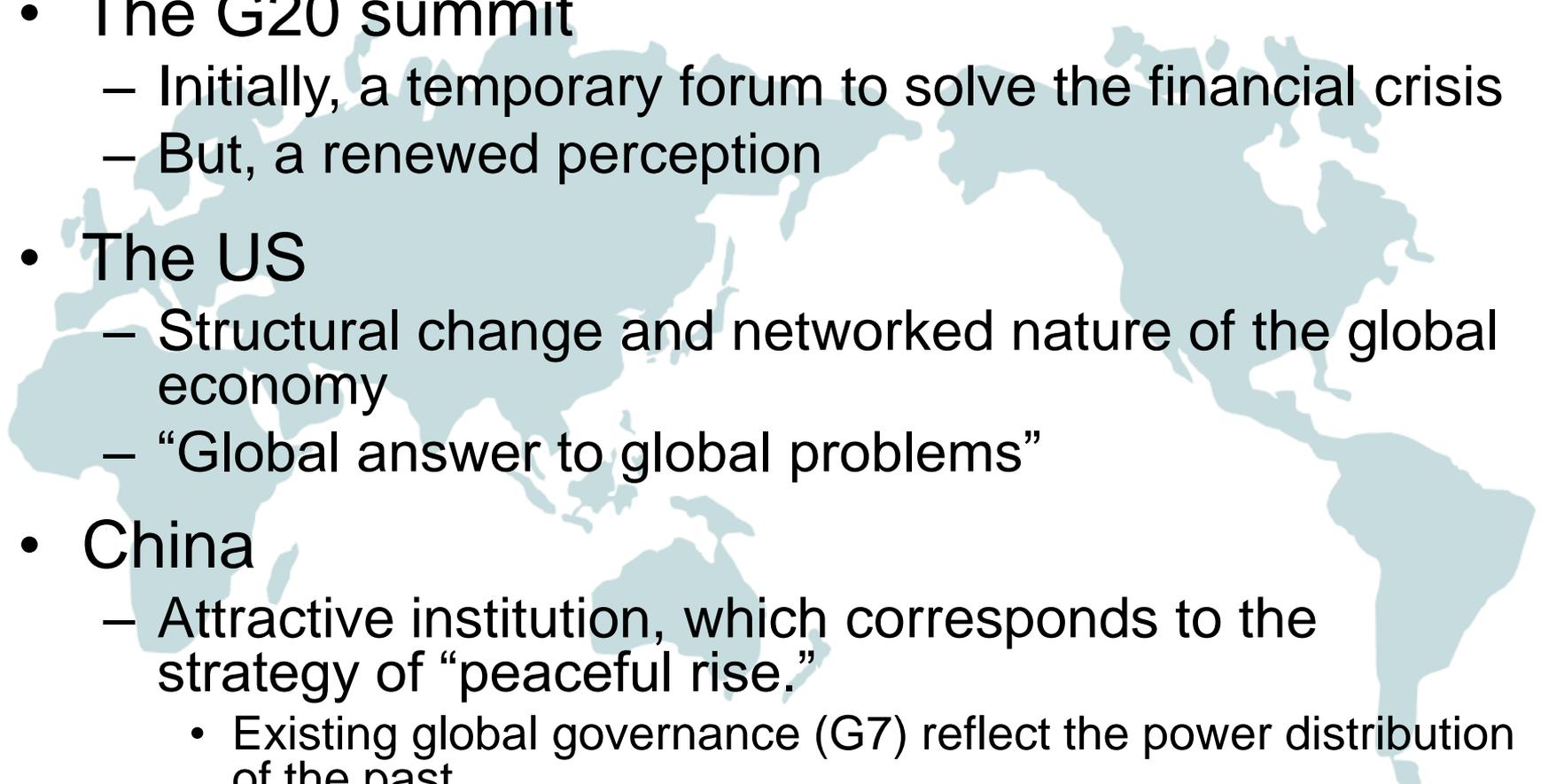
Source: IMF, World Economic Outlook Database.

The US vs. China



Source: World Bank

Toward a New Global Governance: The Rise of the G20 Summit

- The G20 summit
 - Initially, a temporary forum to solve the financial crisis
 - But, a renewed perception
 - The US
 - Structural change and networked nature of the global economy
 - “Global answer to global problems”
 - China
 - Attractive institution, which corresponds to the strategy of “peaceful rise.”
 - Existing global governance (G7) reflect the power distribution of the past.
 - But, the arrival of the G2 era is premature.
- 

The Politics of the G20

- China emerged as a major actor in global governance through the G-20.
 - Cooperation and conflicts
 - Cooperation
 - Developing countries incorporated into global governance
 - Reform of existing international organizations
 - Potential sources of conflicts
 - Global imbalance, exchange rates, protectionism, numerical target, etc.
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Multilateral Cooperation in East Asia

- Competing visions for multilateral cooperation
 - The US: multilayered approach
 - Strengthen traditional alliance: South Korea, Japan, Australia
 - Emphasis on India
 - APEC (economic issues) and East Asian Summit (security issues)
 - China
 - Preference for ASEAN+3
 - Regional policy centered around economic issues
 - Japan
 - EAS, TPP
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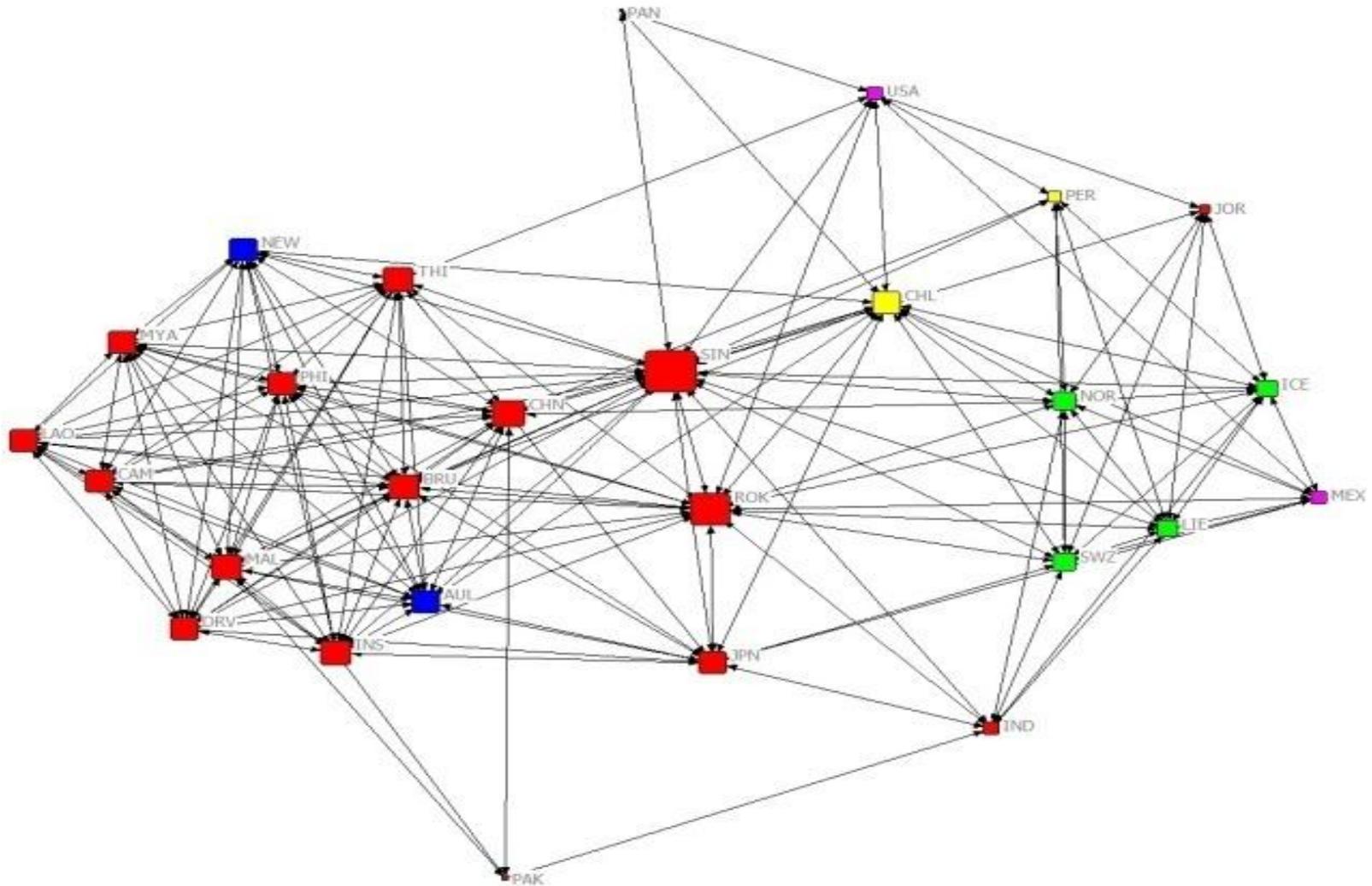
Multilateral Cooperation in East Asia

- CMIM into effect (2010/3)
 - “To enhance regional capacity to safeguard against downside risks and challenges in the global economy”
 - Progress within the APT framework
 - Strategic rivalry between China and Japan
 - Equal dividends and voting power
 - Agreed to establish monitoring body (AMRO) in Singapore

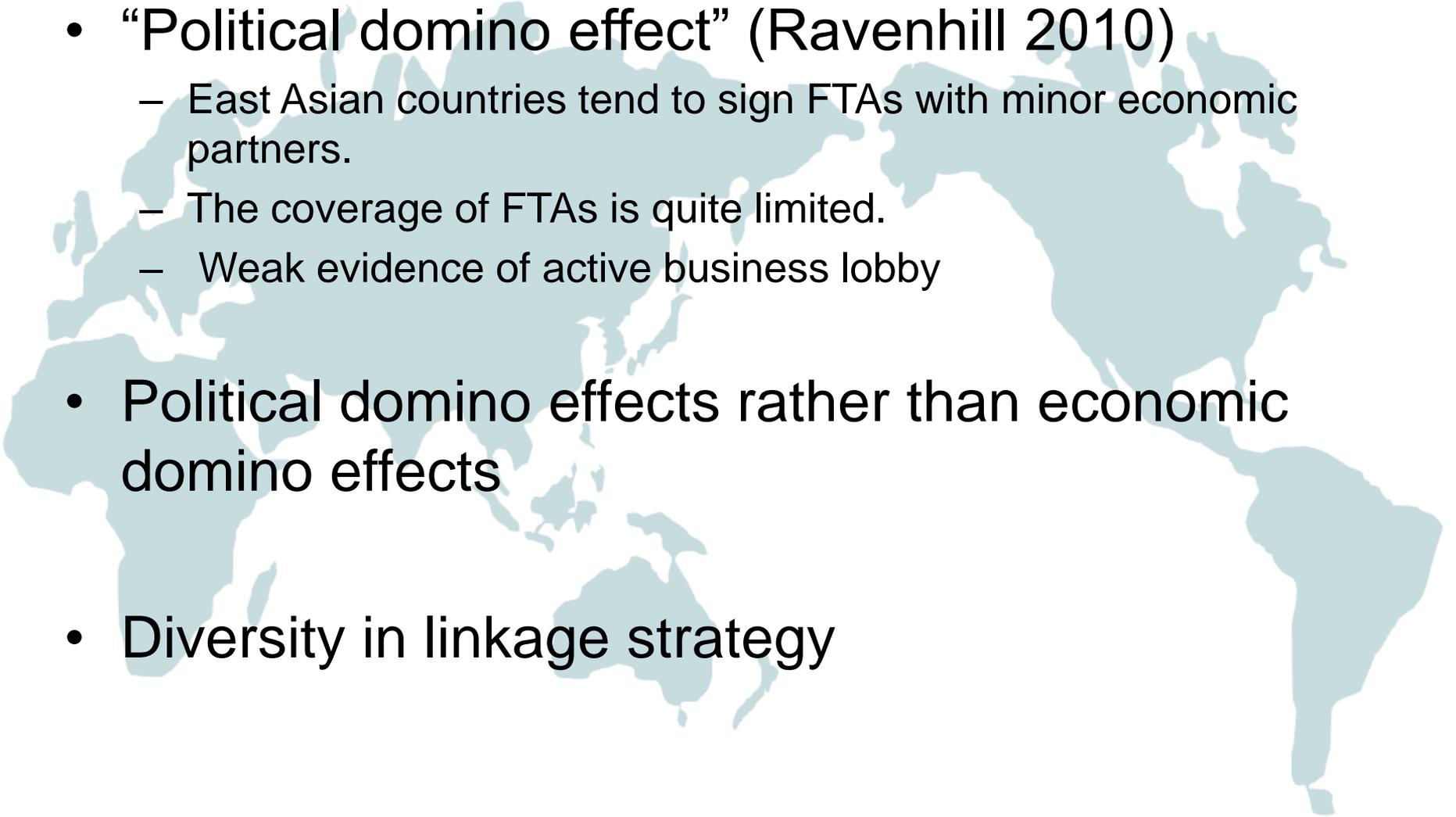
FTAs and Economy-Security Nexus

- The relationship between economy and security has been complex in East Asia.
 - Economic growth under the US security umbrella
 - The hub-and-spoke bilateral security system has retarded the formal institutionalization of East Asian regionalism
 - Drastic move to FTAs
 - 79 deals in Asia (January 2010).
 - 33 FTAs currently in effect and 5 FTAs signed.
 - Large economies: extensively engaged in multiple FTAs
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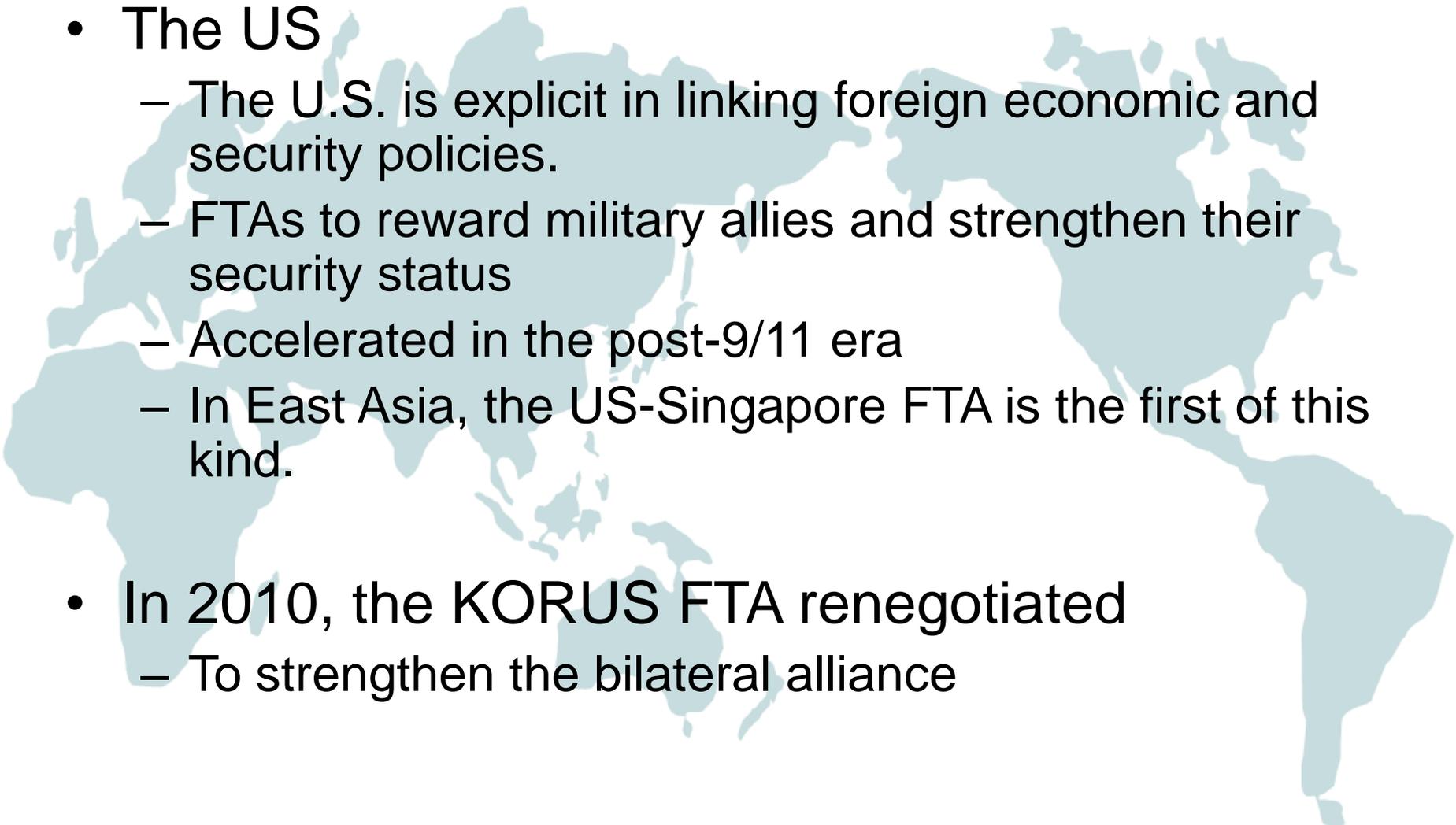
FTA Networks in East Asia (2010)



FTAs and Economy-Security Nexus

- “Political domino effect” (Ravenhill 2010)
 - East Asian countries tend to sign FTAs with minor economic partners.
 - The coverage of FTAs is quite limited.
 - Weak evidence of active business lobby
 - Political domino effects rather than economic domino effects
 - Diversity in linkage strategy
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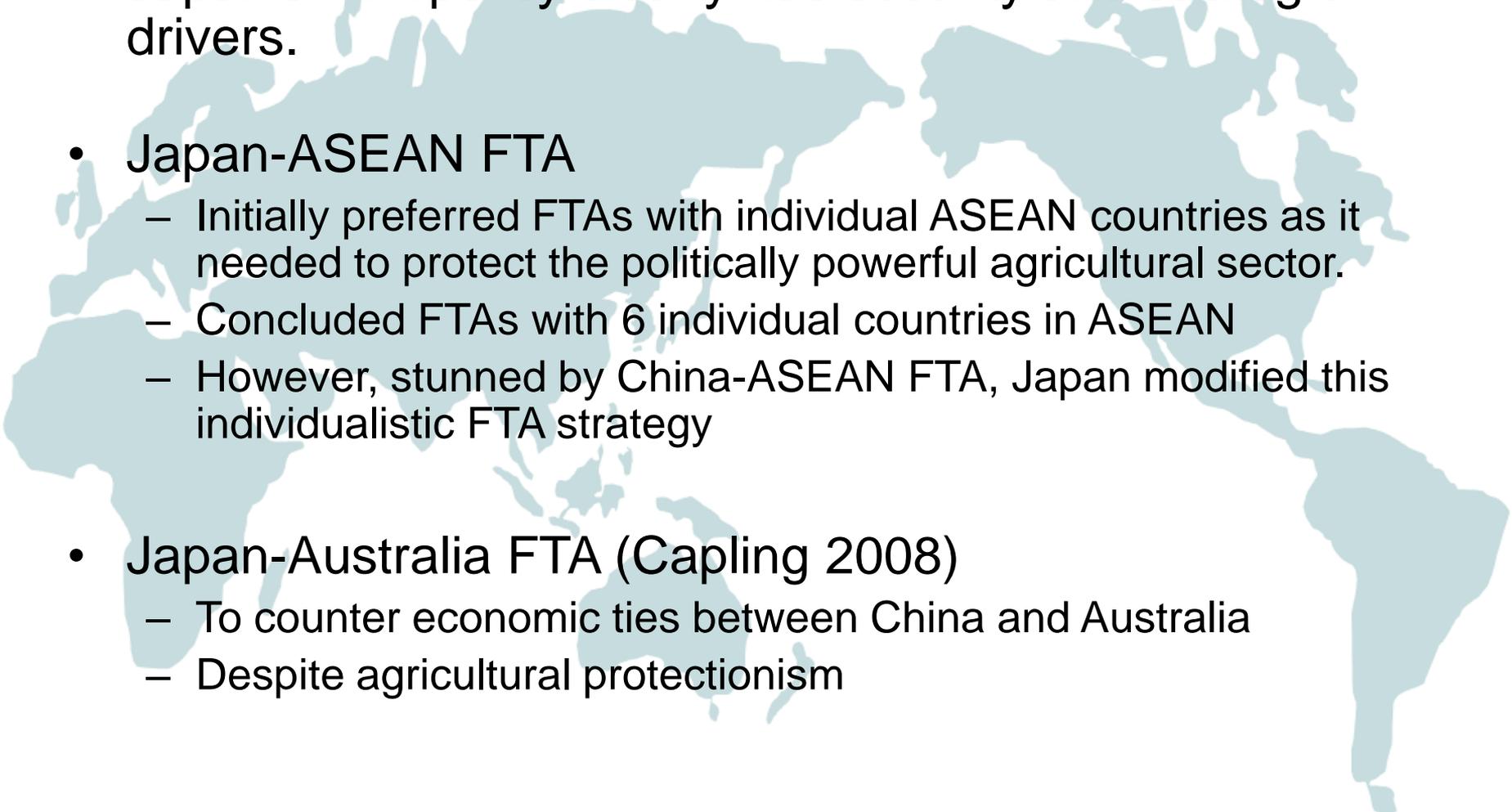
The US: Securitization of FTAs

- The US
 - The U.S. is explicit in linking foreign economic and security policies.
 - FTAs to reward military allies and strengthen their security status
 - Accelerated in the post-9/11 era
 - In East Asia, the US-Singapore FTA is the first of this kind.
 - In 2010, the KORUS FTA renegotiated
 - To strengthen the bilateral alliance
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China: Preemptive Linkage

- Preemptive linkage between FTAs and security
 - China-ASEAN FTA
 - To deepen diplomatic and political ties as well as to secure deep integration
 - To assure Southeast Asian countries of its peaceful rise
 - Economic structure: complementary in the long term
 - To prevent them from aligning with the US efforts to contain China
 - Preemptive move to take an initiative for regional leadership
 - China-Taiwan ECFA (2010/9)
 - Continued efforts for Korea-China FTA

Japan: Reactive Linkage Strategy

- Japan's FTA policy clearly has security and strategic drivers.
 - Japan-ASEAN FTA
 - Initially preferred FTAs with individual ASEAN countries as it needed to protect the politically powerful agricultural sector.
 - Concluded FTAs with 6 individual countries in ASEAN
 - However, stunned by China-ASEAN FTA, Japan modified this individualistic FTA strategy
 - Japan-Australia FTA (Capling 2008)
 - To counter economic ties between China and Australia
 - Despite agricultural protectionism
- 

South Korea's Linkage Strategy

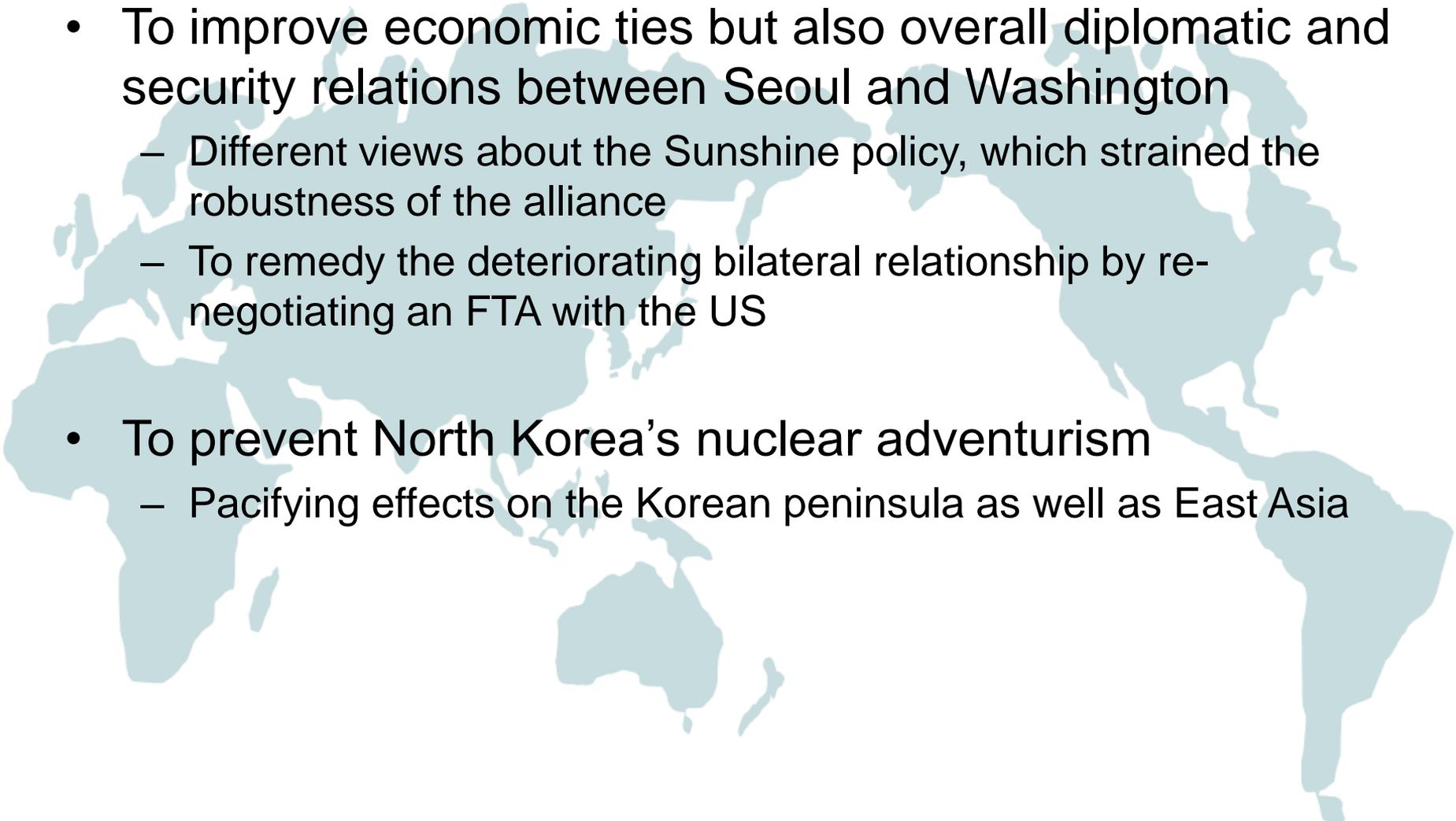
- FTAs as an effective means for realizing its strategic goals
 - The Lee Myung-Bak government strengthened this linkage strategy.
 - In 2008, the Lee government presented the KORUS FTA bill to the National Assembly, despite domestic opposition.
 - In 2010, the Lee government agreed to re-negotiate the KORUS FTA to modify the initial agreement.
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The KORUS FTA (1)

- To boost SK's economic and strategic position in East Asia
 - “China is surging. South Korea is trapped between China and Japan, and thus we need to address this undesirable situation sooner rather than later.”
 - To alter the economic relations between South Korea, China, and Japan



The KORUS FTA (2)

- To improve economic ties but also overall diplomatic and security relations between Seoul and Washington
 - Different views about the Sunshine policy, which strained the robustness of the alliance
 - To remedy the deteriorating bilateral relationship by re-negotiating an FTA with the US
 - To prevent North Korea's nuclear adventurism
 - Pacifying effects on the Korean peninsula as well as East Asia
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The Politics of Institutional Balancing

- Global governance
 - China as a major actor in global governance
 - G2 within the G20
 - Regional architecture
 - The launching of the CMIM
 - Global and regional rivalry has hampered the formation of trilateral FTA.
 - ASEAN+1 type of FTA
 - Bilateral FTAs
 - Each country has demonstrated a linkage strategy between FTAs and security.
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Rise of China and the Future of the Northeast Asia Region

“ The Prospect of Multilateral Cooperation”

Jaewoo Choo (Kyung Hee University)

Anyone willing?

Regional cooperation based on multilateralism or regionalism in Northeast Asia has been an ongoing topic in the realm of International Relations over the past two decades. It seems the talks have been going on incessantly without much due action or fruition. In other words, there seems to be only “process” made, but no “progress” with respect to the development of Northeast Asian regionalism. “Process” in Northeast Asian regionalism is well witnessed particularly in the economic and trade realms as evidenced in numerous initiatives and agreements. One salient example is Chiang Mai Initiative(CMI). Talks on free trade agreement is another. However, they are all far from fruition and functioning as an entity or an institution. Regional cooperation in the security realm does not fare too well, either, if not worse. Had it not been for “Six-party talks,” it could have been worse, indeed.

Why has there not been too much success with regional cooperation in Northeast Asia? Why has it not fared too well in this region compared to others like Europe, for instance? Many pundits and observers have over the years sought hard for answers. However, to the dismay of many, the answers found two decades ago seem to remain valid to date. They all come pretty much from the school of (neo-) realism. They include: differences in ideology and therefore politico-social systems; discrepancies in economic development levels; historical rivalry; different perception of history and therefore imbrued enmity; and lack of commonality in culture including languages, way of thinking, religion, and therefore values. And ultimately, lack of trust and confidence that is supplanted by all these factors. Although (neo-) liberalist school of thought has intervened in recent times to advocate the needs for regional cooperation based on the ideas of public goods and common interests, in addition to the value of institutions, it is not too well embraced by the regional states, either. However, there is a growing consensus on the notion of common interests.

Nevertheless, Northeast Asia remains one region far from multilateral cooperation. Perhaps, the realist school of thought may be right in its own right. That’s why there has been no progress with multilateral cooperation in Northeast Asia as evidenced not only in the economic realm, but also in the Six-party talks. Six-party talks is one salient example in which conflicting interests and priority of those are at a great display. In other words, despite the fact that the regional states realize the common interests that brought them together, they show lack of coherence in ordering the interests, only to their likings and perceived priorities. While they share the same ultimate goals, it does not necessarily mean that they agree on the priority of these goals and ways of achieving these goals. Such absence of consensus can be attributed by lack of trust and confidence. To overcome this predicament in which lack of trust and confidence is further fueled by enmity and arch rivalry, leadership is perhaps in absolute demand.

To date, it seems no regional state is yet to be willing to assume such a leadership. America seems to still have reservations about multilateralism, despite its emphasis on how it values it beginning with the start of Obama administration. China also seems to have reservations on the prospects of multilateral cooperation in security area, despite its pride of being the host of the Six-party talks. China’s such attitude was clearly evident in the discourse of handling two security-related incidents on the Korean peninsula last year. Even in the economic realm, there is rising concern on the prospects of China and Japan’s free trade agreement discussions, despite recent efforts in trilateral talks including South Korea since 2008.

A Critical Element Missing: Leadership

Over the years, there is one critical element that has not received much due respect in the discussion of realizing multilateral cooperation in North-East Asia. That is, leadership question. This question has been long neglected by many when discussing the prospects of regional multilateral cooperation. The reasons for this tendency are attributable to a few factors. First of all, it is often taken for granted that there is leadership at work, a factor that holds the current regional order. Given this factor, many pundits tend to seek answers to regional multilateral cooperation prospects from the studies of ideas, interests, and institutions. Secondly, with rising hopes in the prospects of multilateral cooperation in the economic realm, there is a growing expectation of spill-over effect into the security realm. However, economic and security interests defined by many regional states are not too compatible, simply because of lack of trust and confidence. While zero-sum perception is very much alive in the security calculation of the regional states, there is a win-win thinking prevailing in their minds. Lack of trust and confidence can be overcome in the economic realm with help from globalization and subsequent respect to institutions, paving the way for a growing recognition of common interests. Lastly but not least,

All these factors are pertinent to leadership question. Lack of leadership is what has prevented North-East Asia from advancing regional multilateral cooperation. It is also a factor whereby the region has not as much progressed as Europe has, despite many shared features and similarities in the paths the two regions have taken in the past. Multilateral cooperation at the regional level in Europe and North-East Asia were initiated in a similar period (Europe with NATO in 1949 and ECSC in 1957 and SEATO in 1954, EEC and ASEAN in 1967) but with different purposes. While both regions started out the integration process in the security realm, and then evolved into the one with economic purposes, however, the two regions experienced diverging process; one making progress, the other stalling.

A challenging question arises here: Why? One major reason lies in leadership. And this leadership was supposedly provided by the US. Then, a following question is what kind of leadership we were supposed to expect? It was a leadership that would be the foundation and frame of the region order in which peace and stability mechanism and structure were to be managed and formed by assurance coming from the US. In Europe, the US clearly adopted collective security system in which arch rivalry between France and Germany were efficiently managed and mediated. In North-East Asia, a similar path was undertaken in partial terms, only focusing on southeastern part of Asia, while neglecting the northeastern counterpart. Instead the US decided to pursue and rely on bilateral alliance system, and it was also applied to security relations with some of the Southeast Asian countries, namely the Philippines and Thailand, within SEATO and later ASEAN.

Hence, regional order underpinned by American leadership in Europe and North-East Asia differs in foundation. American leadership is displayed, and has embraced, a collective form in Europe. In contrast, it still prefers bilateralism, also known as “hub and spokes” alliance arrangement. America’s preference has, to a certain degree, discounted the thought and talks of multilateralism and its core mechanism, multilateral cooperation. The notion of cooperation in North-East Asia remains under the wing of American leadership, which is basically framed in bilateralism. Such bilateralism is basically anchored around the alliance relation with the US. As long as bilateralism remains the preferred choice of cooperation for America, regional cooperation based on multilateralism will be difficult to achieve. It is simply because any form or sort of institutions with lack of multilateralism and hence sufficient leadership will always be a mechanism of “marriage of convenience.” This is why regional institutions are only, at best, perceived by the US as marriage of convenience. It does not perceive them with too much credit or confidence, but it rather treats them to its own advantages at its own discretion.

At the same time, American alliance system does not offer intra-security ties to the allies. Under the circumstances, issues critical to multilateral cooperation including legacy of historical issues, prevailing rivalry, and subsequent lack of trust and confidence will never be resolved. If multilateral cooperation were to bud and foster in North-East Asia, it is critical to have the US display a high degree of leadership like it once did in Europe, and such leadership will facilitate a collective binding in which mutual trust and confidence can, and will, be enhanced and realized.

Unwilling America and China

In East Asia, there are obviously two regional powers: one is the US and the other China. However, neither seems to be willing to assume the leadership necessary to facilitate regional cooperation based on multilateralism. America still prefers bilateralism and alliance over multilateralism and regional cooperation. China has reservations with its leadership question as it claims it is still a developing country with tremendous pressure to manage own domestic socio-economic issues.

Beginning last year, the US has made its foreign policy goals and strategies known to the world. It delivered its thinking from both global and regional perspectives. The regional perspective focused on Asia-Pacific with an emphasis on East Asia. The US proclaimed that it will return to Asia. It was a statement with many implications. One of them is that in a way the US admitted of its negligence and absence in the region during the tenure of the last administration. Now it wants to return but in what form? It was known in a new term: "Architecture." To date, this notion of regional and global architecture is not clearly defined yet. It was declared on September 28, 2010 that the goal of this new architecture and American foreign policy goal of the current administration is to lay a foundation for American leadership for the next one hundred years. As far as the means and measures to achieve this end was explicitly made known that they will come from further strengthening of the bilateral alliance system currently in place in Asia. Although multilateralism was not excluded in such statements, however, it was not specifically elaborated in any forms or by any occasions.

Hence, bilateralism will remain as America's foremost choice of regional order structure in Asia. Implication is that whoever is interested in joining this structure is welcomed and regional cooperation can be facilitated within the framework of American bilateral alliance system.

China is not much different from the US perhaps because of its regional status as a rising power. It is safe to regard China as a regional power. If this is the case, like the other regional power, i.e. the US, China is basically following the suite of great powers. That is, China also prefers cooperation in bilateral settings, within a bilateral framework, and by bilateralism within multilateralism. In addition, based on the observation of China's experience of multilateral cooperation whereby a degree of institutionalization and/or collective binding is at work, China has been proactive in multilateral regional cooperation where the US is not present. Furthermore, as long as China's choice of preference remains bilateralism and multilateralism without the US, regional cooperation based on multilateralism will be difficult to expect, especially in an institutionalized form.

It is therefore imperative for the regional great powers to assume leadership, if the region were to see any progress in multilateral regional cooperation. The leadership is to bring a new regional order with a different structure. To achieve this end, the regional powers must undertake a serious initiative regarding the regional order. And they must engage in deep and candid discussion and consultation in order to accommodate their security needs and interests. Had the US done this before the rise of China, things might have been much easier. Now the US must deal with China that is already perceived to be a challenge to its security interests in the region. If the US weren't willing to undertake such initiatives, the prospects of regional cooperation based on multilateral institutions do not look any bright.

Main Questions for Session 1
Dr. Ming Lee

- 1) How do we evaluate the US-China relations in the year of 2010, and how do we expect the bilateral relations for the coming year 2011, starting from the Hu's state visit to Washington?
 1. Although President Hu received Washington's highest-level welcome during Obama's reception before the White House, the Sino-US relations have been in the nadir in the last 10 years. Both China and US sides know quite well that their relations are crucial not only for both countries, but important for other countries as well. Nonetheless, due to some reasons, they do not preserve satisfactory relations. They both find imperative to search opportunities resolving the already serious disputes and try to find ways to encounter them, if not quickly solve them. There exist huge US trade deficits, friction in whether if China's Renminbi be re-valued, China's reluctance in intellectual property rights protection, which are the economic triggers that hurt Sino-US relations. Besides, some regional tension, from the US perspective, are because of China's intervention or hand-offs policies. Tensions in South China Sea, East China Sea, North Korea's provocative intimidations are regarded to be related to China. US and China's increasing confrontation in Yellow Sea, due to US dispatching of the George Washington aircraft carrier aimed at deterring against the North Korea, invited China's grave concern. Both China and the United States also were unhappy with each other about arms sale to Taiwan, Dalai Lama's visit to the US, and China's imprisonment of Liu Xiaopo, winner of the 2010 Nobel Peace Prize. The Year of 2010, therefore, may not be a memorable experience that China and the US would adore.
 2. Hu Jintao's visit to Washington was welcome by the US was because Hu was thought to be comparatively moderate and pragmatic, and also willing to cooperate with the United States and some Western countries. Hu's visit to the US can be seen as a gesture that China's political pragmatism is still in charge. Hu's visit can also be seen as trying to frankly cooperate with the United States in dealing with their mutual problems, or solve crises. As David Shambaugh correctly mentions, Hu's visit to Washington has to do with "crisis management" strategy and tries to initiate talks diluting the risks leading to "out-of-control."
 3. According to the poll released by the *China Daily* recently published in Beijing, half of the Chinese respondents claimed the Sino-US relations in the past year was worsened, and 80% of the surveyed believed that the United States shall bear the primary responsibility, and 36% of the polls think the hindrance for a better Sino-US relations stems from

Washington's "containment" policy against China.

4. Hu's visit is also paving a better international environment for Mr. Xi Jinping, the fifth-generation Chinese paramount leader will succeed Hu in 2012. Hu's concern also covers how to make the PRC's political succession smooth, winning a pragmatic and reasonable image for himself, and good position that Hu be depicted as Chinese great leader who cares about and dares to protect the Chinese national interests. Hu's careful management of diplomacy in Washington can also help to calm the Chinese nationalist sentiment down, or back to the normal track lest it should hurt the Chinese foreign relations. To Mr. Obama, he will be going to run for re-election in 2012. It is therefore that Obama can benefit from Hu and Obama's summit in this juncture.

 5. Judging from the Sino-US communiqué reached on Thursday, both sides praised the fruitful outcome of Hu's visit. Hu's visit to Washington seemed to be a fresh start, from feel-good displays to the American public and advertisement that Hu's meeting with Obama would open a new chapter in US-China relations. Within their joint statement, Obama for the first time spoke for China that "every country has its different road to better governance," meaning harsh criticism against Chinese record of human right will be unfounded. In the joint statement, both sides agreed better military exchange be the foundation of solid confidence-building measure. All these made the Sino-US relations a new shape. According to Kenneth G. Libberthal, "Words are easier than deeds, but at least new rhetoric is better than nothing." "Neither side made any significant progress, much less any breakthrough, but subtle signs of progress in US-China relations just can be seen."
- 2) What is the prospect of Chinese foreign policy, especially Northeast Asia policy for the next president Xi, and the influence of bureaucratic politics and society (media and public opinion)?
1. In Xi Jinping's era, it is less likely that he will change Hu's foreign policy too much. In China, it is usually that the successors will make themselves loyal step-followers in winning for full supports from their predecessors. Besides, Xi is a prudent person carries prudent policies that wholeheartedly follow most policies made by Hu, even Jiang Zemin gave. Furthermore, there is no need to drastically change what his predecessors left. Collective leadership will again be the easiest way in responsibility-sharing, with which Xi could be a beneficiary. With cautious and skillful wielding of his power, the newly-elected leader will receive full support.

 2. Northeast Asia has been one of the major Chinese interests since the

establishment of Communist regime, Xi will be alert to the forthcoming alliance among the US, Japan and Korea, and its implication to the PRC's national security. Besides, China will have to support North Korea's survival, but will go to persuade North Korea seriously concern giving up Pyongyang's nuclear development for the sake of a better and stable Northeast Asia, and to soothe the possible pressure from the United States and, finally, to avoid being dragged into an unnecessary confrontation with the US. In the joint statement with Obama, Hu for the first time expressed public concern over North Korea's recent disclosure of a modern uranium-enrichment plant, a small but ardently sought step in American efforts to press Kim Jong-il to roll back his nuclear program.

3. Hu also stated at the White House news conference, more surprisingly, that China "recognizes and also respects the universality of human rights" a big shift from its original stance pressing the dissidents. It is unlikely that China will change its mentality treating its dissidents, especially overnight. However, Hu's promise regarding the human right protection seemed to be a boomerang back to hit the Beijing regime. Xi Jinping will have to be more pragmatic dealing with the same issue, or he will be heavily criticized in his reign.
 4. Xi is also unlikely to loose its control over the internet or endorse Chinese people of the right of freedom of communication. Although the internet surfers have passed 420 million people, the PRC government will manipulate internet police (more than 300,000) in censoring them. In addition, judging that patriotism and nationalism will be convenient tools for China to counterweight the potential intimidation or threat from the West (read as the United States), China will continue manipulating them. But this tends to be double-edged sword, since it may also go too far hurting the PRC to the point that Beijing feels difficult to control.
- 3) What will be the prospect of establishing multilateral cooperation among Northeast Asian countries in the coming decade?
1. Northeast Asia has been a place that many wars occurred in the last century. Most of them had traumatic memories, making countries here feel very difficult to cooperate.
 2. Most years during the last century, countries here usually had good relations with countries out of this region (such as the United States and Europe) through alliance, military cooperation, economic ties, or arms sale. In the meantime, they usually spent lots of resources in purchasing weaponry and making neighboring states as their animosities.

3. With Chinese economic gravity is ascending, China has been a locomotive of Northeast Asian economic development, and replacing the United States as one of the major participators for economic development. China has also replaced the United States as the largest trading partners of most countries in Northeast Asia (such as Japan, South Korea and Taiwan). China, in other words, has been more important than others, and times before. With China's increasing investment in IT, China will possess more leverage vis-à-vis other Western countries in many arenas, especially in vehicles, aircrafts, and high-speed railways. China, in other words, will not only export light-industry goods, but heavy industry goods and know-how. Sometimes, as Joseph Nye points out, China's soft power is increasingly influential and has become internalized into the global context. China can be a leader if Beijing should make itself back to the right track of human civilization, primarily respect of freedom of speech and protection of human rights.

4. China's emerging gravity will have several face, that China's rising can be judged from different angles is a truism. In the past, China was scary of Japan's ascendance as a leader in Asia, was opposed to Japan's bid to be permanent member of the UNSC, was reluctant to join the Asia Free Trade agreement. Given the potential of continuous development and the already huge economic gravity, China becomes confident of bearing more responsibility knitted itself into the global as well as regional cooperation system. The ASEAN plus 1 reached in 2010 will only be the beginning. More international cooperation will follow up. More people are thinking whether if the East Asian Free Trade Area will come true under Beijing's initiative. China's enthusiasm and devotion regarding the future economic cooperation in this area could in fact help it refrain from being accused of wielding "China threat."

Inter-Korean Relations and Dealing with North Korea

Smart Talk in Taiwan

2011, Jan. 21

Chaesung Chun
(East Asia Institute,
Dep. Of International Relations,
Seoul National University)

Current Status

- No Six party Talks for over more than two years
- North Korea's power transition, inner instability, provocations against the South
- No inter-Korean dialogue for three years, South Korea's conservative policy
- North Korea's economic hardship, diplomatic isolation, and new peace offensives from early this year, esp. after US-China summit

Reasons so far

- Above all, domestic situations in North Korea/needs time for consolidation of new leadership and lack of policy resources for foreign policy
- Decision to continue Military First Policy with nuclear programs for Kim Jung-Un
- South Korea's conservative stance and insufficient vision for long-term North Korea's future
- Low policy priority of North Korean problems for the US and China; "Strategic patience" for the US, "stability for economic development" for China

Factors of China-US Relations in 2010 and after

- Growing importance of the factor of China-US relations; cooperation or rivalry?
- Changing Sino-American bilateral relations in subsequent events:
- Copenhagen Climate Conference, US arms sales to Taiwan, Exchange Rate debate, Chonan Incident and following ROK-US military exercise, South China Sea issue, China-Japan maritime territorial dispute, post-crisis economic management, and forward-deployed US diplomacy...
- And now the Summit meeting in 2011

Factors of China-US Relations in 2010 and after

- Theoretically, bilateral security dilemma in the phase of power transition
- strategic mistrust still in the need of mutual cooperation
- misperception or incomplete information about the other party's intention which are expressed in offensive behaviors
- lack of trust and consensus about the process and the end-state of power transition in the 21st century
- North Korea as a new buffer zone in US-China rivalry

Future South Korean strategy

- Status as a global/regional middle power; regional transformer of organizing principle for regional cooperation, from bop to multilateralism
- A member of global governance; G20/ Universal global norm
- Agenda-setter, convener, cooperation facilitator, bridging roles in complex networks
- Regional multilateralism/US-China relationship
- East Asia complex network beyond balance of power logic

Approaches to North Korean nuclear problem

- Globalist/non-proliferation approach; Dealing with “North Korean nuclear problem”

Vs.

- Regional/Political approach: Dealing with “North Korean problems” as a whole
- What should be our strategic purposes? Deterrence or dismantlement?

Theories on Northeast Asian international relations

- Anarchy-making process; half-done modern international society, immature sovereignty and threats to survivals to nation-states in the region
- North Korea as an incomplete sovereign political entity; risk of collapse and being absorbed
- Double meanings of Nuclear weapons to North Koreans: both external and internal balancing (assuring regime survival vs. its own people)

Dealing with Transitional North Korea

- Three approaches to dealing with future North Korea so far
 1. Deterrence focused approach
 2. Regime transformation; versions of “malign neglect”
 3. Principled engagement...

Dealing with Transitional North Korea

= Combining all three

1. Not to strive for regime collapse, but to be prepared for the contingencies
2. To strengthen extended deterrence
3. To strengthen disincentives, but also to strengthen incentives by visualizing the future of Korea, esp. post-Kim Jong-Il NK

= then, how to empower opening/reform oriented faction(if any) in Kim Jung-Eun's North Korea, and when?

Dealing with Transitional North Korea

- Nuclear, Military-First, Kim Jung-Un's North Korea with the propaganda of "Strong and Prosperous Great Country"
- But difficulties in consolidating new governability; possible factional strife and legitimacy problems from below
- Provocations against South Korea to consolidate Kim Jung-Un's political power
- Then, negotiation with the South and the US to gain economic assistance, from 2011

Dealing with Transitional North Korea

- More need for economic efficiency lacking political legitimacy
- More desperate need for external political and economic assistance, which “may” facilitate the option of giving up nuclear weapons, esp. after US-China summit this week
- But only with the convincing, external guarantees for regime survival; NSA toward regime, in addition to state

Future policies with Some details

- First, to have a long-term view for the future of North Korea.
- North Korea is already in a transition and there will be unexpected situations inside the North and regarding its foreign policy.
- To cope with any contingent situations, we need to think of the desirable future of North Korea and try to adapt the fluid situations to that purpose.

Some details

- Second, to sustain a coherent and principled policy of engagement toward North Korea.
- Neighboring countries will be faced with the situation where they make the strategic decision of how to coexist with the next leader of North Korea and how to engage with him.
- Then, leaders of neighboring countries, from now on, need to empower reform oriented faction of North Korea and give signals that normalized North Korea will have much better chance to survive and prosper.

Some details

- Third, concrete details for engagement should be devised with the consent of neighboring countries.
- North Korea will be assured of other countries' genuine intention of coexisting with the North only when it sees a very detailed and well-devised plan for its own future.
- Also international co-engagement is crucial. Six Party Talks should be transformed into a venue to guarantee North Korea's survivability for the next leadership and to ask for its fundamental change for reform and opening.

Prospect for 2011

- South Korea's new policy?; from principled engagement/neglect to more engaging, coevolution policy?
- China-North Korea new alliance?; Future of US-China relations and the possibility of strategic cooperation among NEA countries
- North Korea's strategic decision; for longer survivability of Kim Jung-Un's regime

Northeast Asian nuclear problems

- The ramifications of the Six Party Talks for Northeast Asians
 - Setting the model for future non-proliferation in other regions, and cultivating multilateralist way of solving broader range of security problems in the region
1. Focusing only on dealing with rogue states' proliferation: possibility of success, but “nuclear orientalism”?
 2. More universalist way: regional, multilateral management of nuclear/WMD weapons for the future; both vertical and horizontal counter-proliferation; model for dealing with other similar proliferation problems

Thank You!

Forging Asian Regional Stability:
Lessons from the Cross Strait Relations and
the Korea Peninsula Dynamics

by

Dr. Mignonne M.J. Chan

SMART TALK ON

“Northeast Asian Security Challenge”

2011.01.21

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- (4) Assessment of the inter-Korean relations and Desirable North Korean

Cross-Strait Relations under Ma & Hu Leaderships

- Policy Transparency and Rationale:
 - President Ma’s “Three Nos” policy;
 - President Hu’s “ Six Points” issued on the New Year’s Eve in 2008.12.31
 - Mainland China, initially expressed dismay over “No Unification”, but came to realize that it will have to earn, not force on, the hearts and minds of the people in Taiwan in due course.
 - The cross-strait relations often fall prey to political bickering, particularly during the election campaign.
 - After failed attempt for bipartisan consultation, President Ma agreed to a televised public debate on ECFA, and won popular support.
 - ECFA is not a “sell-out”, but a catalyst for Taiwan’s continuous growth and effective linkage to the region and the world.

Confidence Building based on “92 Consensus”

- “One China, each with its own interpretation”,
- PRC and ROC have sidelined the contention, and proceed bilateral exchange in the principle of “ the Economy precedes the Politics, the Easy precedes the Difficult.”
- Mainland China and Taiwan have thereby completed the “Three Direct Links”, normalized the economic relations, effected the Early Harvest of the Economic Cooperation Framework Agreement (ECFA).

Diplomatic Truce and Taiwan's Extended Reach in International Community:

- Avoid mutual competitive bidings for diplomatic allies;
- PRC no longer stood on the way for Taiwan's participation in the UN-related World Health Organization as Observer.
- Taiwan unprecedentedly accedes to the Government Procurement Agreement under the World Trade Organization before China's accession.
- Taiwan participated in APEC by former Vice President Lien Chan. Bilateral meetings between Hu Jin-Tao and Lien Chan during the APEC sessions also marked a historic milestone.

People-to-People Exchange with Tourism, Business, Cultural & Educational Exchanges

- When people get to know the other side's historic legacy, predicament of circumstances, and sequential socio-political fabrics, bigotry and mutual distrust will gradually come to evaporate.
- We are not that different after all with the inspiration for better well being in a given historic context. We also learn from one another, and see things in different light.

U.S. Roles in the Cross-Strait Relations

- Acknowledge the “One China” policy in Shanghai Communique with the PRC;
- Uphold the “Taiwan Relations Act”
- Arms Sales to Taiwan to boost Taiwan’s defence capability and confidence in cross-strait dialogues;
- Sino-U.S. S&ED
- U.S. –Taiwan Relations: best in 60 years.

Taiwan and South Korea: Possible Approach to the Shifting Power Portfolio in the Region

- Nurture Constructive Factors for a rising China
- Alleviate American Sense of Loss by Encouraging for U.S. Constructive Engagement in Asia
- Assist in Managing Sino-U.S. mutual expectations and avoid pitfalls for Friction
- Maximize our Common Interests and Minimize our Conflicting Interests

Key Issues & Desirable North Korea Policy in the Region

- North Korea's Strong Sense of Insecurity and the Crafting of Nuclear Brinkmanship
- South Korea's Lack of Consensus on the North Korea Policy
- Conditionality for International Aids to North Korea Could be More Comprehensive for Integrating to the International Community
- Peaceful Resolution for Inter-Korea Relations Should be Encouraged

The End

Comments are welcome.

Changes and Prospects of the Inter-Korean and Cross-Strait Relations

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Domestic Politics Determined

It is interesting to note that for the last decade the Inter-Korean and Cross-Strait relations have gone from opposite directions. Prior to 2008 the North and South Korean relations were substantially in progress due to the efforts made by the two former Presidents of Kim Dae-Jung and Roh Moo-Hyun. Both of them were in the Democratic Party. However, by the change of the government taken over by Lee Myung-Bak of the Grand National Party in 2008, the Inter-Korean relations deteriorated. In contrast, the Cross-Strait relations were in tension during the Democratic Progressive Party (DPP) period led by President Chen Sui-Bien (2001-2008) but the relationship was quickly reversed moving toward a positive one after Ma Ying-Jeou of the Nationalist Party (KMT) was elected as the president in 2008.

No doubt, domestic politics plays the crucial role in both relationships. In South Korea and Taiwan, political parties are ideologically different, taking quite opposite positions on dealing with each national opponent. Korean Democratic Party was for engagement with North Korea and promoted the well-known “Sunshine Policy” as pursued by the two former presidents whereas the current ruling Grand National Party is in support of conditional engagement with Pyongyang and emphasizes mutual reciprocity. Similarly, when the DDP of Taiwan was in power, it was against the one China principle and the 1992 consensus, and was for limited engagement with China. The ruling KMT however endorses the 1992 consensus with each own interpretation on China, and it intends to normalize economic relations with China.

Cross-Strait Relations

There is no question that the Cross-Strait relations are going well presently, the best relations period of the two sides since 1949. Ma Ying-Jeou administration has achieved remarkably in improving its relations with China. Until now, the two sides have held six high official levels of Cross-Strait talks and reached 16 agreements and one consensus. One of the agreements is the Economic Cooperation Framework Agreement (ECFA), which is equivalent to the free trade agreement signed in June 2010 and started to implement from January 2011. People now in Taiwan and China can freely visit each other with direct flight to multiple destinations. Last year about 1.2 million Chinese tourists visited Taiwan, and it is expected that more than 1.5 million Chinese tourists will be here this year. In addition, from this year Chinese students are allowed to attend Taiwan universities for degree purpose just like the average foreign students on the island.

Even though there are a plenty of good reasons to presume that the good relations will continue across the Taiwan Straits, the future is still uncertain. As indicated above, domestic politics remains as the key variable in determining the relationship. The first challenge will be the forthcoming presidential election in 2012. Though many are optimistic about the probability of the reelection of Ma in the next election, no one is quite assured the outcome. Taiwan politics is changed rather quickly and election is often unpredictable. The second challenge will come from the DPP, the current opposition party. If the DPP will win the next presidential election, the progress of the C-S relations would be on hold. Until present after absence from power in office since 2008, the DPP has not changed at all of its policy position towards China. Under the circumstance, it would be hard for the DPP to accommodate the current KMT's policies and be compatible with China. The third challenge will be the possibility of political negotiation between Taipei and Beijing in the near future. If Ma will be elected, there will be a hope or pressure from Beijing to demand for political negotiation. But the point is that Taiwan public is not interested, nor is confident enough in having political talks with China. Ma needs to respond to the dilemma and satisfy the public before he could win support in the next election.

Inter-Korean Relations

With regards to the inter-Korean relations, the tension is still rather high. In fact, the tension started from the day Lee Myung-Bak in office. During the campaign, Lee criticized the Sunshine policy which showered the North with unconditional aid and gifts without asking for as much as the right to monitor aid distribution; this only spoiled the North, helped the Pyongyang rulers to stay in power,

and allowed them to have more resources to develop nuclear weapons. Therefore, Lee wanted to stop the unilateral policy of appeasement to a more realistic and effective policy. He later introduced “the Vision 3000, Denuclearization, Openness” that if North Korea abandoned its nuclear program and adopted the way to openness, South Korea would provide a large scale of economic aid to the North. Within a decade, South Korea would help the North to reach to the income level of US\$3,000, some three times above the current level.

It was clear that North Korea would not accept the plan. Moreover, Pyongyang considered that the proposal was an insult to North Korea. So Lee became completely unacceptable and triggers strong adverse reactions from the North. They called Lee a traitor and denounced his policy as anti-national, anti-reunification, and hostile; they accused Lee of trying to undo the achievements of national reconciliation and cooperation for the last ten years. As a result, North Korea has completely suspended the North-South official contacts and communications and declared nullification of all the inter-Korean agreements; inter-Korean relations have now been virtually frozen. The recent events of the Cheonan warship sank in a mysterious explosion in March 2010 and the Yanping Island bombardments by North Korea in last November further deteriorated the tense relations.

North Korea Variable

In my opinion, North Korea is not interested in having a major military confrontation with South Korea, instead it intends to humiliate Lee’s administration and exert influence on South Korean public. First, the current national priority of North Korea is to manage the leadership succession and consolidate political control of the young Kim Jong-Un. It is not the right timing to have a war at the present stage. Second, for lack of resources North Korea is not able to sustain a war without support from other countries. Both China and Russia do not like to see a war taken place on the Korean Peninsula. And third, there is no need to get the United States involved in the conflict. Pyongyang always tries to separate the United States from South Korea and deal with them separately.

However, I think, North Korea will provoke and harass Lee’s government from time to time. Pyongyang wants to punish Lee Myung-Bak, keeps the pressure on his administration and proves that his policies are wrong and misguided. It also tries to lead South Korean public to opposing Lee’s policies since they are no longer safe under the current government. Moreover, Pyongyang attempts to demonstrate that

North Korea is still the determining force in the Korean Peninsula and shall not be ignored by either South Korea or the United States.

Nevertheless, on the New Year Day of 2011 North Korea called for restoring dialogue between the two sides and bringing to an end of confrontation. South Korea also urged to restore the Six-Parties Talks. We don't know whether this is political propaganda or real interest by the two sides. At present, it seems that more people believe it belongs to the former.

US Roles

With regards to the United States, there is no doubt that it plays important and significant roles in both Inter-Korean and Cross-Strait relationships. It continues to serve as the protector of South Korea and Taiwan as the US is the ally of the former and the supporter of the later by the Taiwan Relations Act. It is the supervisor of the Korean Peninsula and the Cross-Strait relations stopping any military attempt from any party in the region. It also acts as the stabilizer to prevent either side in the Korean Peninsula or the Taiwan Strait from taking provocative acts or intention to change the status quo.

Despite its various roles, American priority goal in this part of the region is to maintain peace and stability. Washington supports the efforts made by Taipei to engage with Beijing and increase interactions across the Taiwan Strait. It also views that the improving C-Strait relations could contribute to positive-sum relations among the U.S., China, and Taiwan, and that serves American Asian interests. As to the Inter-Korean relations, the United States has given strong support to Lee's efforts in an attempt to deter any possible provocative action that might be taken by North Korea. It also strengthens the security cooperation between Washington and Seoul to reassure American commitment to the Peninsula stability.

Although American support is indispensable to both South Korea and Taiwan, it is clear that it is limited to a certain extent. The United States is no longer the dominant force in the East Asian region. The changing environment of the Asian power relations makes it more complicated for the United States to cope with security and other regional challenges. The rapid rise of China and its increasing influence on the Asian regional economic and security development have the U.S. role becoming uncertain. In addition, the serious economic and financial problems at home could hardly permit the United States to involve in any additional foreign war in the foreseeable future.

Conclusion

In sum, the United States remains as the important supporting force to South Korea and Taiwan as well as many other Asian countries but it shall not be the only force that we rely on. East Asia is changing rapidly, much faster than we can presume. For the purpose of maintaining regional peace and stability, East Asian countries including South Korea and Taiwan shall have more creative initiatives by their own and more cooperation among themselves. Domestic politics has proved to be the determining factor of the Inter-Korean and Cross-Strait relations for the last ten years, and it is expected that it will continue to be significant in the coming years.