

**CIGS East Asian Security Quarterly (CIGS-EASQ)
A View from Tokyo on Regional Politico-Military Developments
May - July 2012**

By Kuni Miyake, Tokyo / Yuki Tatsumi, Washington, D.C. / Ken Jimbo, Bangkok /
Kohtarō Ito, Tokyo

**CIGS/FANS
August 2012**

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Dear CIGS-EASQ readers,

The Foreign Affairs and National Security (FANS) Team at the Canon Institute for Global Studies (CIGS) presents to you the second issue of CIGS-EASQ, our analyses on politico-military developments in East Asia for the second quarter of 2012.

Overview

Throughout the second quarter of this year, efforts to create favorable “balance of power” on each end of the Pacific continued to be at stake before major leadership changes in coming months. Although the Obama administration advanced an initiative of “pivot/rebalance” in Asia, further substantiation of this policy shift seemed to be necessary, as stakes are rapidly growing especially in the maritime front of South and Southeast Asia. For their parts, U.S. allies and friends in East Asia also have not been able to fully respond to this new U.S. policy. Several elements seem to have contributed to this.

In the past few months we took notice of three different yet equally ominous developments on the globe. They are, not necessarily by order of gravity, the crises in the Euro Zone, Syria, and the “die-hard” power game/struggle in Beijing.

Such developments, while appearing to be three separate ones, do have politico-military implications in East Asia. All three seem to have accelerated, to varying degrees, Chinese assertiveness which has led to the recent political stalemates (or setbacks) in East Asia. Here is how we think the Euro, Damascus and Beijing are inter-connected.

First, the “life or death” crisis in Syria finally reached “a beginning of an end” of the Al-Assad regime. Damascus has now become one of the thorniest battlefields between the U.S. on the one hand and China (and Russia) on the other, the latter of which has no intention to allow Washington to dictate the international response to this crisis.

The financial crisis in Europe drags on in a seemingly endless tunnel without its end in sight for the short-term. In fact, it may persist for a much longer time than anticipated. This crisis could potentially delay the transformation of China’s export-oriented economic development model.

In the meantime, in our view, the power games inside the Chinese Communist Party (CCP) have only begun in Beijing. The Bo Xilai scandal may just have been a prelude; it definitely is not an end. At this critical juncture, China must look “strong” externally so that no politicians in Beijing lose face domestically.

Southeast Asia in the second quarter no doubt suffers the most serious setback from the interplay of the above three developments in the form of an unprecedented disunity disclosed at the ASEAN Ministerial Meeting (AMM) in Cambodia in July. Division within ASEAN *per se* was not the reason for the failure in Phnom Penh. Rather, discord

within ASEAN was, in our view, caused by an increasingly aggressive Chinese behavior.

The CCP is in the midst of its cyclical power game. As the People's Party Congress scheduled this fall approaches, China's political leaders cannot be seen as taking "appeasement" policies in foreign as well as domestic fronts, as this might undermine their political future.

Another important element witnessed in Phnom Penh was the potential inconsistency in U.S. security commitments in Southeast Asia, especially for South China Sea. While supporting allies and friends enhance their maritime policing capacity, it is clear that the U.S. does not wish to be directly involved in specific disputes.

As a consequence, U.S. allies and friends are either reluctant to respond to U.S. "rebalance" toward Asia, or confused as to how to respond. The most notable was the frenzy over the Osprey (MV-22) deployment that erupted in Yamaguchi and Okinawa, Japan. It must be unfathomable for the opponents of Osprey deployment in Japan that this has not attracted much attention beyond a limited number of Asian policy experts in the U.S.

Overshadowed by the failure in concluding the General Security of Military Information Agreement (GSOMIA) and Acquisition and Cross-Service Agreement (ACSA), Japan-ROK security relations continue to be in a stalemate, despite U.S. wishes to see at least some tangible progress in the Japan-ROK security relations as the base for the Japan-U.S.-ROK trilateral security cooperation.

In the north, Kim Jon-Un, though young and inexperienced, might be gradually firming his power of governance. The Mickey Mouse show and the dismissal of the old general Ri Yong-ho might be a potentially positive signal, although seemingly unfounded wishful thinking, for an "open door policy with Korean characteristics", which might be conducted by the military itself.

The following are some of the points we wish to highlight for the East Asian security situation at the end of the second quarter of 2012, though rather belatedly. The next issue discussing the third quarter of 2012 is due to come out in early October.

1. ASEAN "Code of Conduct" at Stake

In South China Sea, the latest showdown over shoals took place between China and the Philippines. Since May 8 when a Philippines Navy plane spotted Chinese fishing boats near the Scarborough, the two neighbors escalated tensions by naval stand-offs, trade boycotts and tourism bans.

In mid-July, China reiterated its determination to control the contested water by successfully dividing the ASEAN Ministerial Meeting (AMM) on the 9th, disabling to address the Chairman's Statement for the first time in 45 years of ASEAN history, and by officially announcing the establishment of new prefecture-level "Sansha(三沙) City" just a week after.

China's attitude over the South China Sea must have become less conciliatory. While China agreed to enter discussion on the Code of Conduct (COC) with ASEAN in November 2011, Beijing has shown reluctance to proceed with multilateral consultation based on the ASEAN's draft. For their parts, ASEAN Foreign Ministers adopted "Six-Point Principles on the South China Sea" on July 20th, but it merely provided bottom line consensus of ASEAN with no new imperatives beyond 2002 Declaration on the Conduct of Parties on the South China Sea (DoC). Thus, it is most likely that China and ASEAN will not reach an agreement anytime soon.

Japan has shown more pro-activeness in engaging ASEAN, U.S., Australia and India on South China Sea. During the ARF Meeting, Japan has expressed that all claimants should further clarify their claims in accordance with UNCLOS and refrain from unilateral actions. For Japan, a case for South China Sea, whether rule-based maritime order could be established, has significant connotation for the East China Sea

including the Senkaku issue. Japan definitely prefers to see equal footing legally-binding COC between ASEAN and China, neither a toothless edition nor agreement with China's questionable justification for its claims. Japan's recent pro-activisms on strengthening cooperation between Japan Coastguards and its ASEAN counterparts and helping to build maritime patrolling capacities of the Philippines, Vietnam and Malaysia should be regarded to enhance their resiliency toward low-intensity frictions, thus to build more confidence in the dispute management.

2. China's Foreign Policy in Transition?

As for U.S.-China relations, most worrying is the widening gap between the "core interests" China defines and protects and the "national interests" the U.S. refers to. In this regard, Cui Tiankai's recent piece on the Sino-U.S. relations is noteworthy.

In his article on the "New-Type Relationship between Major Countries(新型大国關係)", Deputy Foreign Minister Cui seems to assert that the U.S. must treat China equally and properly as a "major country" and pay due respect to (meaning "stop challenging") China's core interests that she defines.

Likewise, Japan-China relations have not been recovering from the trauma of the Senkaku incident in September 2010. Despite bilateral efforts to prevent further deterioration, pessimism among the ordinary Japanese for rapprochement with China is becoming phenomenal.

Furthermore, Tokyo Governor Shintaro Ishihara's declaration in May 2012 that Tokyo Metropolitan Government would purchase the Senkaku Islands made any hope for improving Japan-China relations evaporate. Although Noda administration's intention to make the islands government-owned may look impulsive or populism-oriented, it is clear that Noda's choice was nothing but to pick the "lesser evil".

Following Ishihara's declaration, it was a given that the Chinese would negatively respond, regardless of whatever happens to the ownership of the Senkaku. The Noda government must have realized it was better to quiet Ishihara by getting the national government at the forefront of this issue. Still, the process in which they went about it is yet another illustration of DPJ government's inability to deftly handle the Senkaku issues that have national security implications.

Most importantly, no candid and substantive dialogues at the political level currently exist between Japan and China. During the LDP days, several of such channels contributed to a quiet handling of politically sensitive issues. This "craftsmanship" ceased to exist since DPJ took over power in 2009.

China itself is also in transition. Given the kaleidoscopic nature of Chinese politics, it is imperative to keep in mind that China's future policy debates among prominent CCP leaders and the CCP's cyclical internal power struggle are by no means identical to each other and, therefore, to be studied separately.

3. U.S. Defense Policy and Budget

As the U.S. moves deeper and deeper into presidential election season, the impasse over federal government spending continues in the US Congress. Even with the prospect of sequestration looms five months later, there is no sign that either Republicans or Democrats might move to shape an alternative fiscal scenario for the country until after the presidential election on November 6, 2012.

The leaders in the Pentagon—Defense Secretary Leon Panetta and Deputy Defense Secretary Ashton Carter in particular—have been vocal in their opposition against the sequestration. Their demand for U.S. Congress to take action has been amplified by the report issued by the Aerospace Industry Association in November 2011 which warned the "hollow-out" of U.S. defense industrial base if too big of defense budget cuts are approved. Although the Office of Management and Budget (OMB) just announced on July 31, 2012 that the military personnel account will be exempted, defense industry continues to rally for exempting the entire defense budget from the sequestration. Yet,

it is extremely unclear whether Congress can avoid the sequestration to be triggered in January 2013.

The outcome of the debate over U.S. government spending, including defense, has a profound impact on U.S. ability to effectively execute the “pivot/rebalance” strategy toward the Asia-Pacific region. In the second quarter, Defense Secretary Panetta spoke at the annual Shangri-la dialogue in June 2012 where he articulates Pentagon’s view of “rebalancing.” In June, Deputy Secretary of Defense Carter also embarked on a 10-day Asian tour, including Japan, during which he also tried to reassure to U.S. allies and friends in East Asia that defense spending cut will not come at an expense of the resources in the region.

However, without sufficient resources backing up the January 2012 Defense Strategic Guidance, “rebalancing” toward the Asia-Pacific region is a “pie in the sky”.

An independent assessment of U.S. force posture in the region, conducted by the Center for Strategic and International Studies (CSIS) in accordance with the Section 346 of the 2012 National Defense Authorization Act (NDAA) whose unclassified portion of the report was submitted to Congress on June 27, 2012 (and released to the public 30 days later), acknowledged these challenges. The report reaffirms the necessity for the United States “to align its strategy with resources in a way that reflects current budget realities.” While it supported the most of U.S. force realignments that are planned in the Asia-Pacific region, the report also called for the Pentagon to consider consolidation of some of the bases in Northeast Asia and invest more in improving defense ties in the Southeast Asia.

With its own defense budget continuing to decrease, Japan must consider ways in which it can engage the United States in the dialogue on how to maintain a credible deterrence in face of a tough fiscal situation.

4. U.S.-Japan Alliance: incapable of evolving into a strategic partnership?

In the announcement made following the Security Consultative Committee (so-called “2 plus 2”) meeting in April 2011, the United States and Japan finally broke an impasse over the relocation of Marine Corps Air Station (MCAS) Futenma by breaking the linkage among the relocation of MCAS Futenma, the land return in Okinawa, and the Marine relocation to Guam. As the alliance managers of the two countries thought that they could finally focus on the dialogue to deepen military-to-military relations between the U.S. armed forces and Japan Self-Defense Forces and to exchange ideas on the security challenges that are relevant for the long-term vitality of the U.S.-Japan alliance, they find themselves yet again bogged down with another micro-level alliance management issue—the tension over the deployment of MV-22 Osprey.

The opposition is particularly strong in Okinawa (where they will be eventually operated out of) and Yamaguchi (where the test flights will be conducted). These prefectures cite safety concerns as the reason for their opposition against the Osprey deployment, and demand that the Pentagon either delays or cancels its deployment until the safety of the Osprey is assured. Urged by the political opposition in Japan against the Osprey deployment particularly pronounced by these two prefectures, Japan Ministry of Defense (JMOD) has requested that the Pentagon promptly shares the accident reports of the two most recent Osprey crashes—one in April 2012 in Morocco and the other in June 2012 in Afghanistan.

While not well understood in Japan, the Osprey deployment, based on the Status of Forces Agreement (SOFA) between Japan and the United States, is not an issue that Japanese government can negotiate with U.S. government. Legally speaking, the Pentagon is entitled to deploy the Osprey to their desired location at their desired time, and only the pre-deployment notification is required. In other words, they do not need “approval” from the Japanese government on this decision.

Given what it is entitled to do under the SOFA, the Pentagon is bending backwards for Japan. Pentagon has already announced that MV-22 Osprey will be grounded until

the Japanese government gives a green light to its flight, despite that Ospreys are being flown elsewhere in the world, including the U.S. territories, even after the accidents in April and June this year. In addition, Deputy Secretary of Defense Carter, in speaking to Japanese media during his visit to Tokyo this July, indicated that the Pentagon stands ready to provide “all of the data and all of the information about the entire flight history of the V-22, including the two recent incidents” to Japan. Through these measures, it is fair to say that the Pentagon has already demonstrated their appreciation of political sensitivity that the Osprey deployment has in Japan, particularly in Okinawa.

The Pentagon repeatedly suggests that it has no intention of changing its original plan of starting the operation of MV-22 in early October. While it may never be possible for the Japanese government to “convince” the two prefectures over and “assure” the safety of the aircraft, it must continue to do its utmost to articulate why the deployment of the Osprey benefits defense of Japan, and what delay or cancellation of Osprey deployment should mean for Japan’s national security.

What else the U.S. can do? Nothing but to keep the fingers crossed and to prevent a “third” crash anywhere in the world from happening during this extremely delicate game period!

5. The ROK-Japan Relations—two steps forward, three steps back?

On June 29, the Republic of Korea (ROK), which has already concluded GSOMIAs (General Security of Military Information Agreements) with 24 other nations in the world, suddenly and unilaterally canceled the signing of GSOMIA with Japan. Quite unusually, this was the second cancelation of the signing of Japan-ROK GSOMIA since May 2012 and, this time, the Japanese side was reportedly notified just 90-minutes before the signing ceremony which was scheduled to be attended by Foreign Minister Koichiro Gemba and the ROK Ambassador to Tokyo. Another agreement that has been on the table—Acquisition and Cross-Service Agreement (ACSA)—has also hit the stalemate with no prospect of moving forward anytime in the near future.

As to the reasons for this diplomatic fiasco, we have heard, basically, two schools of thoughts. One claims that it was caused by a combination of fatal procedural errors, anti-Japanese sentiments among the Koreans and, most likely, the ruling party’s fear that the Japan-ROK GSOMIA would undermine the presidential election campaign in December. In addition, the news of a senior Japanese diplomat’s protest to the memorials dedicated for the “comfort women” in New Jersey and New York further aggravated the political atmosphere in Korea decidedly against a closer Japan-ROK security cooperation.

The other school refers to a group of some foreign policy experts as well as parliamentarians, mainly from opposition parties but also including some from the ruling party, who openly raise concern that the Japan-ROK GSOMIA would quickly turn into a military cooperation with the notorious “armed forces of Japan” and then into a U.S.-Japan-ROK trilateral security cooperation which would eventually damage the ROK-China relations.

The Presidency of Lee Myung-bak, whose elder brother and aide at the Blue House were recently arrested, is already a lame duck and would probably be too weak at this moment to rescue and rehabilitate such fragile Japan-ROK relations before the end of his term.

Washington is very frustrated with these developments. The U.S. has urged Japan and ROK to deepen their security cooperation for years, including the signing of GSOMIA as well as ACSA. Given the uncertainty in North Korea and China’s increasing assertiveness, it is important that the U.S., Japan and ROK maintain close cooperative relationship in security issues. GSOMIA and ACSA are important tools toward that end.

Regardless of the reasons for the “postponement” of the signing of the GSOMIA, we

in Tokyo as well as our friends in Washington, D.C. must show our utmost patience and calmness for the time being and wait for the next opportunity to get the agreements signed to our mutual satisfaction.

6. Power Vacuum in the Gulf and Central Asia

The defections and deaths of Bashar Al-Assad's closest allies in July were a turning point in the "Alice in Wonderland-like" game in Syria. It is known to every player by now, including the Russians and Chinese, that Bashar's end game has started and his days are being numbered.

The Chinese don't seem to have any clear exit strategy for a post-Bashar Syria, except that no entity shall change and jeopardize the status quo and the Chinese interests in the Middle East without involving the Chinese government.

For Beijing, what is strategically more critical than the fall of Al-Assad dynasty could be the U.S. withdrawal from Afghanistan in 2014. This will most likely create a new "power vacuum" in Afghanistan and in Central Asian "stan" nations, three of which border with the Uygur area in China.

Such "vacuum" is not unprecedented. There have been at least four of those since 1970 when the U.K. withdrew troops from east of the Suez Canal. Since then, the Shah, the Soviet Union, Saddam Hussein, Ayatollah Khomeini, Al-Qaida and Taliban all tried and failed to fill the vacuums.

Departure of U.S. troops in 2014 might reinvigorate Islamic extremism not only in Afghanistan but also, this time, in other "stan" nations in Central Asia. Perhaps, this would be a most dangerous nightmare scenario for the CCP in the next 10 years.

When it comes to the national security of the People's Republic, East Asia hands tend to focus mainly on the eastern parts of China facing the Western Pacific. We may sometimes have to spend more time for a change on Islam in Western China / East Central Asia to predict the future of Beijing.