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A View from Tokyo on Regional Political-Military Developments
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Dear Readers,

The members of the National Security and Foreign Policy team at CIGS send hearty but belated New Year's Greetings!

During the last quarter of 2014, there were a number of important developments in domestic politics of each region that could have a significant impact on its foreign policy. In the United States, the Democratic Party suffered a huge defeat in the Mid-Term election on November 4. The Republican Party not only enhanced its position as the majority party in the House of Representatives, but also won back the Senate. Republican candidates similarly gained victory in several key gubernatorial races which can further complicate the situation for any Democratic candidate in the 2016 presidential election. On November 29, Taiwan held its unified local election that included mayoral races in key cities including Taipei. Taiwanese voters handed an overwhelming victory to the Democratic Progress Party (DPP), rejecting President Ma and his Kuomintang (KMT)'s approach to cross-Strait issues. Contrary to the United States and Taipei where the voters decided to give their benefit of the doubt to the opposition, voters in Tokyo made a polar opposite decision. In the unexpected House of Representatives election in Japan on December 14, Japanese voters decided to give Prime Minister Shinzo Abe and the Liberal Democratic Party (LDP)-Komei ruling coalition a little bit more time before their economic revitalization efforts begin to bear more tangible fruits. These election results can impact the US, Japanese, and Taiwanese foreign policies. South Korea did not have elections, but the mayhem involving the offspring of the chairman of the Korean Airlines points to a pent-up frustration among Korean voters against the widening economic gap between those who benefit from the globalized *Chaebols* and the rest of the

economy. This will continue to place President Park in a politically weak position in South Korea.

In the area of foreign policy, East Asia also witnessed some major developments. In November, at the sidelines of the Asia-Pacific Economic Cooperation (APEC) Leaders' Meeting, Japanese Prime Minister Shinzo Abe and Chinese President Xi Jinping met for a bilateral meeting for the first time. Prior to their meeting, Japanese and Chinese governments separately issued "Four Points of Understanding" on East China Sea, which served as a justification for the two leaders to meet in Beijing. While the meeting was awkward, the resumption of the high-level communication between Japan and China is a positive development. Although no similar breakthrough has yet happened in Japan-South Korea relations—Abe and Park still have not met bilaterally—the Memorandum of Understanding on intelligence-sharing regarding North Korea's nuclear, missile and other military developments, signed by the Japanese and South Korean vice defense ministers, is an indication that the South Korean government officials are seriously looking for a chance to reengage with Japanese counterparts to discuss their shared security concerns regarding North Korea. The year 2014 ended with the revelation that North Korea executed a large-scale cyber attack against Sony Pictures for releasing the satirical movie "The Interview" which was about assassinating its supreme leader Kim Jong-Un. US President Barack Obama declared that the United States would retaliate. Everyone speculates whether a mass internet blackout that North Korea experienced shortly after the revelation was US' doing. Neither confirming or denying such speculations, Washington announced additional sanction measures against North Korea on January 2, 2015.

We hope you will find this short overview and the following analyses of Northeast Asian security developments helpful.

<Tokyo>

Prime Minister Abe's decision to dissolve the House of Representative on November 21 surprised everyone. The general election took place on December 14th, which resulted in the biggest LDP election win in recent history: LDP maintained a stable majority of 291 seats, and together its coalition partner Komeito, the ruling coalition maintained 326 seats, sustaining its hold on the two-third majority in the Lower House.

The election results suggest a couple of things about the political landscape in Japan. First, the voters preferred stability over change of government. Low voting rates—52.66%, the lowest in postwar history—suggest that the majority of the eligible voters who do not support

the coalition government could not find an alternative choice that is good enough for their votes, and thus stayed home (“shellacking”, as President Obama might call it). Secondly, the abysmal results for the candidates who ran from the political parties that uphold ultra-conservative ideology (such as *Jisedai no to* (The Party for Future Generations)) defy the widespread notion in English-based media that Japanese voters are “leaning right”. Thirdly, the failure by the Democratic Party of Japan (DPJ) to advance their candidates clearly indicates that the voters have not forgiven the party for the lack of governability during the three years of their government.

The December election gave Prime Minister Abe and his government the voter’s mandate for his economic agenda to revitalize Japanese economy which began to slow down again after the consumption tax was raised from 5% to 8%. The election win also may have made it easier for Abe to push through the bilateral negotiations for Japan’s participation in Trans-Pacific Partnership (TPP). However, the voters are lukewarm to Abe’s security policy agenda, including the legislation package to implement the cabinet decision on July 2014 that allowed Japan to exercise the right of collective self-defense within limits. The Japanese government is in the middle of the bilateral negotiations to revise the US-Japan Guidelines for Defense Cooperation, and this legislation package is critical for finalizing the Guidelines revision. In addition, the victory of non-LDP candidates in Okinawa suggests that Tokyo’s effort to implement the relocation of Futenma Airfield will encounter tough challenges ahead.

In the foreign policy front, Abe’s challenge for the new year will be whether his government can sustain the path toward resuming the diplomatic engagement with China and South Korea. Japan-China relations finally made a headway when Abe met his Chinese counterpart Xi Jinping in Beijing in November, 2014. Together with the above-said “four-point understanding”, the two countries now have a minimum common ground from where they can seriously engage with each other on tension-reduction and other measures, which will contribute to the management of the tension related to the East China Sea. As for Japan-South Korea relations, despite little prospect for a meeting between Abe and Park to take place anytime soon, the two governments also began to take a pragmatic approach. The signing of bilateral MOU at the vice-ministerial level suggest that the defense establishment in South Korea, while considering the signing of a formal diplomatic agreement such as General Security of Military Information Agreement (GSOMIA) still politically difficult, is now at least willing to work out a practical cooperative arrangement with Japan that facilitates the US-Japan-South Korea trilateral security cooperation vis-à-vis the threat posed by North Korea. It will be critical for Abe to stay on course in Japan’s relations with China and South Korea.

Another formidable challenge for Prime Minister Abe for 2015 is the statement he will be issuing on August 15, at the 70th anniversary of the end of World War II. Although there are already wild speculations about what the anticipated statement may or may not say, it is too premature to discuss anything definitively about the upcoming statement. Prime Minister Abe will likely form the “wisemen” commission that will discuss various ideas to be incorporated into the statement he will be shaping over the next several months. We shall see how the members of the commission will be selected, and what kind of deliberation will happen in the commission over the next several months.

<The United States>

President Barack Obama and his Democratic Party suffered a devastating loss in the Mid-Term election on November 4. While the mid-term elections are typically hard for any president, particularly the second-term president, the loss of the Democratic majority in the Senate means that American voters are not happy with Obama’s failure to bring “change” in American politics, to improve its economy, and to make the world a safer place for Americans. It also means that Obama, for the remainder of his term, will need to work with the Republican in Congress if he wants to achieve anything legislatively. But Obama has so far been sending mixed signals to the Republicans. On the one hand, he has begun to signal to the congressional Republicans that he would want to reach out to them for their support for congressional authorization of the Trade Promotion Authority in 2015, which is essential for him for the completion of TPP negotiations. On the other hand, however, Obama has demonstrated his willingness to resort to presidential prerogatives (such as issuing executive orders) on the issues that are important to him but has little prospect for anything to be achieved legislatively, such as the immigration reform. As Obama and the congressional Republicans look to the negotiation over raising US debt ceiling that looms in February, it remains to be seen what kind of arrangement the two can agree upon.

As Obama’s options are increasingly limited on domestic policy agenda, he seems to have decided that he would turn his attention to foreign policy as the area where he can still possibly make a difference. On December 17, Obama announced that the United States will change its Cuba policy, and will begin to move toward diplomatic normalization. Both in his end-of-the-year press conference his interview with National Public Radio on December, he acknowledged that the normalization process will take time to unfold, and Congress, who legally imposed embargo against Cuba, needs to be a part of the process. Obama was also

very clear in his accusation of North Korea for hacking Sony Entertainment, and his intention to make sure that the US government will respond accordingly. It needs to be monitored how the North Korean hacking of Sony Pictures—which is considered an “act of war” against a US corporation—will harden US positions in regards to engage North Korean on abandoning its nuclear weapon program.

Domestically, Obama becoming a complete lame duck for the remainder of his presidency means that the attention is quickly turning to the potential candidates for the 2016 presidential election. Republican field is already looking crowded, with former Florida governor Jeb Bush already announced his intention to explore running for the presidential bid, with several others (such as Senator Rand Paul, Senator Marco Rubio, New Jersey governor Chris Christie) are anticipated to make their decision in the first few months of 2015. On the Democrat’s side, everyone is anticipating the announcement by former Secretary of State Hillary Clinton regarding her presidential bid. However, with the frustration within the Democratic Party growing about Obama’s failure to deliver on the agenda that the liberal wing of the party cares (such as minimum wage, narrowing economic gap), some began to rally around Senator Elizabeth Warren. Former Senator James Webb and former Maryland governor Mark O’Malley are also among those who are said to be considering to run. In the first six months of 2015, these potential candidates will also make decisions on their bid.

<China and the Republic of Korea>

China faced many diplomatic challenges in the last quarter of 2014. The APEC it hosted in Beijing was successful, but China did not get as much international media attention as a successful host of a large multinational meeting that it expected because the world’s attention quickly turned to G-20 Leaders’ Meeting in Brisbane, Australia. The results of the local election in Taiwan on November 29 was a clear indication for Beijing that the majority of the people in Taiwan have rejected the conciliatory approach that their current president Ma Ying-jeou is taking vis-à-vis the mainland. Finally, Beijing’s response to the protest in Hong Kong drew high-profile international criticism. Under these circumstances, Beijing made a decision to engage Japanese diplomatically, which Beijing has refused to do ever since the Japanese government announced the purchase of the Senkaku Islands in September 2012.

ROK did not experience political turmoil *per se*, but President Park Geun-hye and her government continues to be put in a difficult political situation. The troubles in the Korean Airlines and the public anger toward the Hanjing (the *chaebol* that owns the Korean Airlines) and other *chaebols* can be troublesome for President Park Geun-Hye. President Park on the

platform of “economic democratization” during the 2012 presidential election. The problems with the Korean Airlines crystalizes the widening gap between the “haves” in the *chaebols* and “have-nots” in the rest of South Korea, and that Park’s government has not been successful in advancing policies toward “economic democratization.” Seoul Central Prosecutor’s Office’s decision to indict and sue the bureau chief of Sankei Shimbun for the commentary he wrote based on the article by *Chosen Ilbo* elicited an extremely critical reaction from international community, including the United States, as the violation of freedom of media.

<Southeast Asia>

Japan’s strategic engagement in Southeast Asia continued to grow with some predicaments. At the annual Japan-ASEAN Summit Meeting in Nay Pyi Taw, Myanmar in November, ASEAN leaders “welcomed” Japan’s “Proactive Contribution to Peace” initiative and noted that Prime Minister Abe’s speech at the Shangri-la Dialogue 2014, which reiterated the rules of law at sea, was appropriate. Japan and ASEAN also renewed the joint declaration on cooperation to combat terrorism and transnational crime that encompassed the capacity building for law enforcement agencies in the region, joint training and information sharing for the drug and human trafficking, and cyber security cooperation.

On the economic front, Prime Minister Abe stressed that Japan will robustly provide assistance for high-demand infrastructure projects in Southeast Asia. Japan’s approach underscored “high-quality infrastructure growth,” which is expected to have a people focus, aiming to foster job creation, better access to social service, harmonize with the environment, and capacity building through human resource development and institutional reform.

Japan’s eagerness to promote infrastructure investments in Southeast Asia indicates an obvious intention to compete against China’s leading role in establishing the Asian Infrastructure Investment Bank (AIIB). In October, China hosted a signing ceremony for the establishment of AIIB attended by 21 countries as signatory which included all member states of ASEAN (Indonesian participation was delayed due to the transition under the new President). In November, President Xi Jinping held a meeting with the leaders of such nations as Myanmar and Cambodia and expressed his intention to contribute \$40 billion to the “Silk Road Fund” to support infrastructure construction in those countries. Against this background, Japan, together with U.S., Australia and South Korea, has been reluctant to join the AIIB given the absence of board of directors, China’s dominance in share of capital of new bank, lack of transparency, overlapping function with existing Asian Development Bank (ADB), possible degradation of lending schemes...etc. Behind the scene was an emerging

competition over the power and influence of economic engagements in Southeast Asia, South Asia and Central Asia.

Japan's relations with Thailand after the coup marked constructive development. Thai National Council and Peace and Order (NCPO) has consistently underscored to the Japanese business community that it is committed to retaining existing Japanese investments, factories and businesses with attractive privileges, tax incentives, etc. After careful consideration, the Japanese government decided, as early as in late August, to offer an invitation to Prime Minister General Prayuth Chan-ocha of an official visit to Japan. While Japan reiterated its desire for early transition to a democratic regime, it clearly demonstrated that this should be promoted through engagement not by isolation.