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A View from Tokyo on Regional Politico-Military Developments

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Dear readers,

The world was preoccupied with North Korea's increasingly belligerent and provocative behavior throughout the first quarter of 2013. North Korea has long resorted to provocative behavior. This time around, however, the Pyongyang regime has taken steps it has never taken before. First, it declared that it was abandoning the armistice with South Korea. This announcement was followed by the announcement that North Korea was closing down the Kaesong Industrial Complex—a symbol of North-South cooperation. At the time of this writing, the world continues to nervously watch whether North Korea will proceed with testing an intermediate-range ballistic missile, the Musudan for the first time.

These developments unfolded as the new administrations in Japan, South Korea, the United States and, to a lesser extent, in China all are settling down, trying to solidify the foundation of their respective authority. So far, the Abe administration in Japan has achieved some early successes in doing so: "Abenomics" helped to generate a sense of optimism in Japan for the first time in the last several years, boosting the confidence of the general public. In the United States, President Obama faces a formidable domestic policy agenda—including budget

and, immigration reform—as well as multiple foreign policy challenges, including in the Middle East. It does so with the knowledge that, after 2014, the Administration will increasingly be perceived as a lame duck.

In Seoul, President Park Geun-hye is suffering a rocky start of her administration: she has stumbled on the personnel appointments, and her effort to reach out to North Korea for dialogue when the regime in Pyongyang is ratcheting up its provocation makes one question whether US-Japan-ROK united front against North Korea's threat can be maintained.

In China, six months after the transition, Xi Jinping is yet to solidify his power base. This will continue to drive Xi to primarily be concerned with domestic issues. In the area of foreign policy, although China has not changed its grand strategy vis-à-vis the Korean Peninsula—maintaining North Korea as a “buffer state”—the cost of allowing the survival of the current DPRK regime is increasing. Beijing has yet to figure out the way to effectively manage the current tensions.

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

JAPAN

Prime Minister Abe remains focused on solidifying his power base by winning the Upper House election in July 2013. This is driving his administration to focus primarily on delivering a tangible sign of economic recovery before the election. A weaker yen and rising stock prices are generating a sense of optimism for the time being.

However, the real economic recovery depends on what the government can do with the “three arrows” which are unprecedented monetary easing, aggressive fiscal policy focused on public works and deregulating reform programs to achieve growth. Although very little is known at this time about his ideas on the last “arrow,” Abe seems to be winning confidence in the market so far.

As Abe strives to make its mark on domestic economic agenda, he remains pragmatic and careful in foreign and security policies. In a sense, the events following the inauguration of his administration dictated this approach: the hostage crisis in Algeria, the ongoing provocation by North Korea, and the continuing tension with China over the Senkaku Islands (including the most recent incident in which a PLA Navy vessel was said to “paint” a JMSDF

destroyer), taken together, did not allow Abe to act anything other than carefully and pragmatically.

This is paying off for Abe. For instance, his government's restrained approach and its efforts to reach out to Beijing and Seoul alleviated a concern held by many in the United States who feared that Abe would launch an ideologically driven, conservative foreign and security policy agenda that would alienate South Korea and China. In particular, Abe's restrained approach in the Senkaku Islands issue has made his important message in the speech delivered during his visit to the US at Center for Strategic and International Studies—"Japan will defend itself, but we do not wish to escalate the situation"—all the more effective. However, this perception may be seriously challenged by the Yasukuni Shrine visit by Finance Minister Taro Aso and Minister of State in charge of abduction issue Keiji Furuya. However, even some of those who are supportive of Abe wonder if the current pragmatic policy approach could be replaced by a more ideological one after the victory in the July election. Indeed, Abe seems to be teeing himself up for announcing several major decisions on Japan's security policy—establishment of Japanese version of National Security Council (J-NSC), policy change on the right of collective self-defense, revised National Defense Program Outline, to name a few—following the Upper House election.

Yet, we view these steps as pragmatic ones that will help Japan build the capability to take charge of its own defense. They are positive policy prescriptions that the US should welcome.

Separately, some in the US are concerned these national security initiative will be undermined by a policy agenda that is more ideological (for instance, whether Abe will issue "Abe Statement" to overwrite "Kono Statement" and "Murayama Statement" in regards to Japan's wartime atrocities), which will undermine Japan's position in Asia.

Also, regardless of how the current provocation by North Korea ends, there will be an increasing pressure on Abe to stick firmly to a hardline policy vis-à-vis North Korea. Furthermore, since the tension with China over the Senkaku Islands is likely to continue for foreseeable future, Abe will continue to feel domestic pressure not to "cave in" to Chinese assertiveness. Under such circumstance, Abe needs to continue to walk a very fine line between "standing firm against external threat" and "acting overly aggressive."

UNITED STATES

Three months after the inauguration of the second Obama administration, some in Asia are increasingly concerned about the sustainability of “pivot/rebalance to Asia-Pacific.” After the departure of Secretary of State Hillary Clinton and Assistant Secretary of State for East Asia and Pacific Affairs Kurt M. Campbell, it is uncertain who in the second Obama administration will carry the “pivot to Asia” torch, and whether that “somebody” has the political gravitas that matches the Clinton-Campbell team.

In this context, it is important to note that neither new Secretary of State nor Defense—John Kerry and Chuck Hagel—are not known Asia hands. Although they currently focus on Asia because of the ongoing provocation by North Korea, their policy orientation is perceived to be more towards Europe and Middle East. In particular, Secretary Kerry raised a few eyebrows when he said he would like to “study the issue (Asian pivot) further” during his confirmation hearing. The lack of substantive reference to Northeast Asian security issues in the speech he made in Tokyo on April 15, 2013 also raised questions.

Furthermore, the continuing fiscal deadlock creates additional uncertainty. Defying most predictions, sequestration took effect on March 1 2013, and US allies around the world, including the Asia-Pacific, are feeling its effects in cancelled trips and meetings. Despite Deputy Secretary of State Ashton Carter’s assurance that the US “rebalance” to the Asia-Pacific region will succeed even with its fiscal woes (both in his speech in Jakarta and in Washington, DC), Secretary Chuck Hagel’s central message in his first policy address at the National Defense University was “we need to do less with less”—the question of US capacity to implement the “pivot/rebalance” thus continues.

Finally, ramped up tension from North Korea is making US leaders to focus on the security threat posed by Pyongyang. The US decision to deploy long-range strike bombers and other high end weapons systems to the Korean peninsula as a show of force was helpful in sending a reassuring message not only to South Korea but also Japan. However, there is a danger of a divergence in threat perception between Tokyo and Washington, as the foremost security threat for the U.S. in Asia is now North Korea, while for Japan it is China, due to the Senkakus.

ROK

President Park Geun-hye and her administration have suffered a rocky start. First, President Park's personnel appointments have come under heavy criticism due to the seemingly opaque style of decision-making and financial scandals of the cabinet ministers. She is also criticized for appointing former military officers to key security positions.

As North Korea's provocation escalates, Park administration, desperate to minimize "security risk" to Korean economy, shifted its North Korea policy and began to call for dialogue, only to be rebuffed by North Korea. This shift, which reflects the vulnerability of the Park administration in South Korea, raises the question whether the US, Japan and South Korea can maintain a united front vis-à-vis the nuclear and missile threats posed by North Korea.

At the same time, the members of the ruling party began to openly argue that South Korea should consider the acquisition of its own nuclear capability. The United States and South Korea is already engaged in an intense negotiation over so-called "123 agreement" on US-South Korea civilian nuclear cooperation. The deadline for the operational control (OPCOM) transfer from US to South Korea is also approaching in 2015. All of these developments require a careful monitoring in the months ahead, including President Park's upcoming visit to Washington between May 6-8 when she will meet President Obama for the first time after her inauguration.

CHINA

Six months after the transition, Xi Jinping is still trying to establish his power base. He therefore is primarily interested in domestic issues, being uncertain in regards to his foreign and security policy priorities. In the absence of a clear guidance from Xi, Chinese external policy will continue to pursue "peaceful rise" on the one hand while sending an assertive message on the issue of national defense on the other. This is because the relevant agencies will act on their own interpretation of the leadership's sense of priority.

China has not changed its strategic goal in Korean Peninsula—keeping North Korea as a "buffer state." Even though Pyongyang's recent provocations have increased the cost of maintaining this policy considerably, unless China detects signs of North Korean collapse or Pyongyang tries to blackmail Beijing with its nuclear arsenals, China will most likely not abandon North Korea.

Beijing may allow additional sanctions to be imposed on North Korea, but is unlikely to go as far as squeezing North Korea economically in real terms.

On the Senkaku Islands issue, China's goal is to make Chinese incursion to the Japanese territorial water *a fait accompli*—an effort that China is failing so far due to Japan's strong resistance. Japan-China rapprochement is desirable given the current tension in the Korean Peninsula, but there is very little incentive in China to do so. Although Japan will try to reach out to China for dialogue, it will not bend so far to ask for a dialogue by accommodating China's position. This means that Japan-China relations remain stagnated and tense for the time being.

China has been advertising "strategic partnership" with Russia recently. Indeed, Xi Jinping visited Moscow in March 2013, Chinese purchase of Russian weapon and China-Russia cooperation on energy were the biggest news. Given Russia's current priority to rebuild its economy, this makes sense. It is not sustainable, however: while Russia may make commercial gain from these sales in the short-term, China may surface as the country of concern for Russia in a long run. Considering such complexity, China-Russia relations is better described as "tactical mutually-beneficial relationship" rather than "strategic partnership."