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# EDITOR'S NOTE

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The year 2015 began on a note of heightened concern among the regional stakeholders as the Chinese engaged in reclamation activities in the Spratly Islands. Moreover, South China Sea also witnessed the incident of ramming between the Chinese Coast Guards and Philippino vessels in January. Meanwhile, reiterating the importance of peaceful resolution of disputes in accordance with international laws rather than the use of force or coercion in East and South China Sea, Japan and Philippines strengthened maritime security cooperation. In the midst of contested territorial claims, Japan has demanded the return of the Russian-held four islands off Hokkaido during the Northern Territories Day.

In an attempt to de-escalate tensions in the region, the beginning of the year also witnessed renewed efforts by the South Korean authority to resume the stalled six-party talks aimed at aimed at denuclearization of North Korea. South Korea held discussions with China, Japan, the US and Russia and agreed to explore various methods to restart the six-party talks which was last held in 2008. Moreover, following the icebreaker Xi-Abe summit in Beijing in November, both China and Japan made efforts to strengthen cooperation during the third round of high-level consultation on maritime affairs.

This issue of the East Asia Monitor features an expert interview from Taiwan and a commentary from a Chinese research scholar. Dr. Chi-shin Chang from the National Tsing Hua University shares with the Monitor his perspective on the new Indian leadership, Taiwan's expectations from India and India's role in East Asia. Gail Ma, a Doctoral Candidate at the Australia National University, analysed the evolution of China's overseas oil investment strategy. Furthermore, significant developments in China, Japan and the Korean Peninsula are captured by way of brief news items.

We look forward to comments and suggestions from our readers.

TITLI BASU



## DR. CHI-SHIN CHANG

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### *1. What are Taiwan's expectations from cooperation with India?*

Taiwan is eager to establish stronger relations with India mainly for two reasons. First, Taiwan is economically dependent on mainland China quite a bit. 40-45 percent of products are exported to mainland China. Secondly, China intends to annex Taiwan and maintains pressure to ensure Taiwan's isolation. Though Taiwan is placing its relations with China on firmer foundations over the years, the rivalry is unlikely to end soon. Majority of the Taiwanese insist on keeping the status-quo and are reluctant to unite with the Chinese. Given these economic and political challenges, Taiwan is diversifying its relations with other neighbouring countries in Asia including India. Taiwan's government considers India and Indonesia as two major countries especially on trade issues. There are at least five Taiwan Education Center (or Program) set up in different universities in India. Now more and more companies and enterprises are deciding to invest in India. Taiwan has moved its focus, though slowly, towards India.

### *2. How does Taiwanese perceive the new leadership in India?*

Since the new Prime Minister Narendra Modi assumed office, his policies towards great powers and success in promoting economic development have impressed Taiwanese. More importantly, he is one of the few Indian leaders who had visited Taiwan. Most Taiwanese see him as a leader who would make India's economy develop faster and bring India and Taiwan closer.

### *3. How do you view India's role and presence in East Asia?*

As Jawaharlal Nehru had pointed out, India is bound to be one of the great powers and of course would have more interests all over the world. If that's the case, India would sooner or later get involved in East Asia. Take China into account, the border disputes between India and China are not solved. China has become more and more assertive in those security and territorial claims, including the South China Sea. For balancing the threat of China and limiting China's rise, India as a regional and world power should extend its influence and play as a balancer in the East Asia.

### *4. Do you think that Ma Ying-jeou government's Cross-Strait policy is facing resistance from society? How do you assess the impact of the sunflower movement?*

President Ma's policy toward China is apparently bringing the people of Taiwan to tilt more towards unification. However, as mentioned earlier, majority of Taiwanese prefer 'status quo' implying that many Taiwanese do not want to unite with China in such an incredible speed. Sunflower movement could be seen as a tool used by the young Taiwanese to protest Ma government's policy towards China. Also, this movement triggered Taiwanese and encouraged them to be aware about Taiwanese politics and Taiwan's relations with China. This movement sparked response to government's policy which is often unjust and lack legitimacy. Moreover, sunflower movement stunned Chinese leaders and forced them to rethink the overall policy towards Taiwan.

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5. *Do you think Taiwan's East China Sea Peace Initiative has the potential to de-escalate tensions in the region?*

It depends. Ma's government reiterates that the Initiative will bring more peaceful results, especially between Taiwan and Japan. However, the case that Japan signed a fishing agreement with Taiwan could hardly be duplicated again among the other claimants of the disputed areas. Not to mention the major player, China, is not willing to admit or recognize the importance of the Initiative. The worst is that Taiwan is not even accepted as an equal counterpart in those disputes or negotiations.

6. *There is a school of thought in US which argues that America should concede Taiwan to China's sphere of influence hoping that appeasement over this issue will be sufficient to shift Beijing's strategic orientation from revisionism to pro-status quo on other important issues. Your comments.*

Those who argue that America should concede Taiwan to China's sphere of influence are not clear about the real interests of US. Taiwan's strategic importance is so obvious that none of the great powers, including US, China, and Japan, or even India, could ignore. US grand strategy toward Asia would be full of loopholes if it concedes Taiwan to China. From historical perspective, China is never a benevolent state which treats other neighboring countries as equal. China will never stop expanding its territory unless it becomes weak. So US would be very disappointed to find out that China will still be a revisionist state after it gets Taiwan. Reunification with Taiwan might make China more aggressive and put the neighboring countries in danger.



## COMING OF AGE OF CHINA'S OVERSEAS OIL INVESTMENT STRATEGY

**GAIL MA**

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The precipitous drop in oil prices in the international market has been the headline-grabbing news since the latter half of 2014. These days, few use the sometimes ominous tone of the mid-2000s to talk about Chinese overseas oil investments. The focus has shifted instead to the consequences of low oil prices on oil producing countries, such as Russia and Saudi Arabia; and the possible environmental and economic ramifications in importing countries, especially China and India. These are timely and important topics, but they may obscure more subtle issues which also have significant long-term global implications. One such issue is what appears to be the quiet “maturing” of China’s overseas oil investment strategy in the last few years.

Over two decades after China’s first overseas oil investment in 1993 and more than 10 years after the official articulation of the “going out” oil investment strategy in China’s 10<sup>th</sup> Five-Year Plan (FYP) in 2001, it is an appropriate time to take stock of the strategy. A confluence of factors, including China’s dwindling indigenous oil resources, China’s state-owned enterprise (SOE) reforms in the late 1990s which, among other goals, was aimed at nurturing national champions in sectors that were deemed strategically important, and the realization of the country’s increasing oil supply vulnerability by top Chinese leaders around the same time, activated these investments.

The strategy has evolved from the heady days of “going out” could do no wrong to being more financially and politically circumspect. No doubt Chinese national oil companies (NOCs), the prime implementers of this strategy, have learned from their experience and have become more sophisticated in their decision-making over the years. More importantly, top political leaders and the government oversight agencies, the ultimate authority behind these companies, have become “more enlightened” about what kind of measures may realistically and effectively improve China’s oil supply security.

Thanks to some excellent fact-based studies, Chinese NOCs’ overseas activities no longer automatically generate suspicions in the West like they used to. A number of analysts correctly pointed out that Chinese NOCs are owned, but not run by the Chinese government and that most of their activities are motivated by profits, just like international oil companies (IOCs). That, however, was only one side of the story.

Major losses suffered by IOCs due to miscalculation of the viability of oil investment projects would be timely reported in their quarterly reports, if not by the media already. As a result, personnel or management changes may soon follow. The link between such misjudgment and high-level personnel changes in Chinese NOCs, however, used to be tenuous at best. Ironically, “justifiable” major losses might result in further government injection of capital into the company. While Chinese NOCs might try to maximize their profits, their executives have mostly faced less direct, immediate, or severe consequences of failing to do so than their western counterparts.

While this lack of consequences was likely created by immaturity in SOE governance than by design, it happened to match well the strategy to spur Chinese NOCs to actively pursue overseas oil investments by lowering their risk aversion in the first decade of this century. I do not have the data to compare the overall profitability of Chinese NOCs’ overseas oil investment projects with those of IOCs, but the tenuous link between the “failure rate” and direct career or financial consequences for Chinese NOC executives before 2011 does reek of moral hazard.

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This situation, however, began to change in 2011. In July of that year, the State-Owned Assets Supervision and Administration Commission of China (SASAC), the administrator of all central level SOEs, including the three major NOCs, promulgated two sets of interim measures on the supervision and management of SOEs and their overseas assets. The part that is most pertinent to the current discussion stipulates that person(s) in charge of SOEs would be held legally liable for losses suffered due to such reasons as not exercising proper control of overseas enterprises, serious pitfalls in the internal control and risk-prevention mechanisms, or engaging in investments without following proper procedures or authority. While these new measures target all central level SOEs, not just NOCs, they likely have made NOC executives more cautious in assessing the risk and profit potentials of overseas projects.

There has been indication that Chinese leaders have gradually deemphasized the strategy of overseas oil investments even before this concrete step of making SOE executives more accountable to their overseas investment decisions. The only international aspect of oil sector development mentioned in China's 11<sup>th</sup> FYP in 2006 was "expanding cooperative development of overseas oil and gas resources." In the 12<sup>th</sup> FYP of March 2011, the even more benign sounding principle of "strengthening mutually beneficial international cooperation" was listed as the fifth of the seven guiding principles for energy production and utilization.

This trend continues to deepen in the last couple of years. Of the five demands President Xi Jianping made at the energy security strategy conference in June 2014, strengthening international cooperation was the last on the list and it was only supposed to be carried out "with the prerequisite of basing development within the country." There is a call to "accelerate the going out strategy" in the government work report of March 2015, but the oil sector is not listed as among the industries "encouraged to participate in overseas infrastructure and production capacity cooperation." In short, while Chinese NOCs may and do continue to engage in oil production projects and investments overseas, they are expected to do so cautiously and responsibly. Demand management and indigenous resource development have become the priority of China's energy security strategy.

In this brave new world of relatively low but volatile oil prices – the first such period since China's overseas oil investment strategy was put forward in 2001 — it will be interesting to watch if and how this strategy further evolves. The most immediate guiding document to parse would be the 13<sup>th</sup> FYP, due to come out in early 2016.

# BOOK REVIEW



**Louisa Lim, *The People's Republic of Amnesia: Tiananmen Revisited*, Oxford University Press. 2014. Pp 248.**

**Reviewed by Gargi Vyas**  
University of Richmond

A political affair of a magnitude similar to that of the 1989 Tiananmen Square Movement in any other part of the world would be a story told and talked about to today's day. The movement was a modern attempt towards democracy in China and one of the biggest mass uprisings expressing aspirations for a way of politics and society starkly different from the Maoist era, with strong emphasis on rule by the people and the necessity of having an accountable Chinese government. Led by student protesters and other non-elite groups in China at the time, the movement reflected the needs of a significant part of

the population, and therefore it was intriguing to read how the present generation, as Lim repeatedly mentions, does not register the occurrence. The continuous emphasis on the sensitivity and controversial nature of the incident prevented discussion in the decades following the incident, and soon this lack of discourse accompanied with a single-minded economic drive led to detachment of the current generation from history and scope of political processes in their home country. In fact the book also talks about how some of the protesters from the Movement itself refuse to enter the political arena even after more than two decades of the occurrence, and choose economic progress as an easier and more effective way to bring any change to China.

Lim's book is one of the few that provides an unadulterated account of what really happened during and post the contentious and mostly murky events of the Tiananmen Square Movement. The book is unique in the way it develops the woefully incomplete testimony of the Movement into a testament to those who experienced it and still bear the burden of consequences and memory. By giving sincere and compassionate accounts from a diverse group of people with first hand experiences of the Movement, the knowledge this book provides is brutally honest and brave. It does not shy away from talking about why the Movement did not succeed, by mentioning in some accounts that the exponential decrease in revolutionary furor after the Movement is an indication that may be China in 1989 was not ready for a political upheaval essential for democratic establishment and consolidation. The intra-protester disunity and lack of consensus on demands and expectations were some other reasons provided towards explaining the failure of the Movement.

For a country striving for necessary economic development, the costs associated with political chaos and subsequent economic problems were too high. Ironically, the political thought guiding the Movement was ideal only on paper and understood by a few, just like Marxism in the Communist Party agenda. Therefore, this book is not influenced by a need to be politically correct and by providing non-politically oriented examples, the story is imparted multi-faceted dimensions and depth. The accounts ranged from those of a student leader in the Movement, to the mother of a victim, and even that of a soldier recruited to the Square after the initiation of the Martial Law.

However, the book may seem biased against the Communist Party which may be an issue for scholars looking for an ahistorical or impartial account of the event. But the extensive information and the remarkably distinctive approach of the book make it a good and recommended read for college students, politics scholars, and anyone with an interest in modern Chinese politics and history. The Tiananmen Square Movement was a tragic occurrence with a lot of political and historical significance, and this book does a great job at being an instrument of awareness and a facilitator of crucial dialogue.

## TRACKING CHINA

### PLA toughens anti-graft drive

On January 15, Chinese defence ministry published a list of 16 PLA senior officials who were under investigation or awaiting trial on charges of corruption. A report in *China Daily* argued that reform of Chinese military is essential to eliminate the “bad elements, especially senior officers that have indulged in corruption and pomposity and thus lowered the morale of patriots”<sup>1</sup>. President Xi Jinping has given utmost priority to military reforms which is likely to advance national governance. The crackdown on several senior officers together with the former vice-chairman of the Central Military Commission Xu Caihou and the former deputy head of the PLA General Logistics Department Gu Junshan reflects President Xi Jinping's resolve to deal with corruption in the military. Moreover, China intends to re-evaluate the recruitment, promotions, procurements and all of its financial dealings to firmly deal with corruption. President Xi Jinping has frequently emphasised party's “absolute leadership” over the PLA and stressed that a “strong army” puts “obedience to the party's commands” before “capability of winning wars”.

### Chinese activities in South China Sea

In January, satellite images indicated that China is engaged in major reclamation activities at three locations in the Spratly Islands besides the two other locations documented earlier. China has reportedly built a new facility on Hughes Reef. Images of 24 January 2015 indicated 75,000 m<sup>2</sup> of reclaimed land. Moreover, the status of construction at Johnson South Reef in the Union Banks, and Gaven Reefs in the Tizard Banks indicated significant progress. In Johnson South Reef, construction of a big facility was observed.<sup>2</sup>

In a separate development, Chinese Coast Guards reportedly rammed three Philippino fishing vessels including F/B Barbie, F/B Ocean Glory 2 and F/B Ana Marie on 29 January at a disputed shoal in the South China Sea. Philippine foreign ministry registered strong protest stating that China is harassing and preventing fishermen from lawfully practising their occupation. Moreover, the authorities underscored that Philippino fishermen “have been routinely, continuously, peacefully and sustainably fishing in the Philippines' Bajo de Masinloc”<sup>3</sup>. China strongly reacted to the statement saying several Philippino fishing boats illegally linger in Chinese waters.<sup>4</sup>

### China strengthens cooperation with Latin American and Caribbean States

China hosted the first ministerial meeting of the Forum of China and the Community of Latin American and Caribbean States (CELAC) in Beijing on 8 January 2015. President Xi Jinping inaugurated the meeting. He informed that ‘cooperation initiatives as special loans for China-CELAC infrastructure, preferential loans, and China-CELAC cooperation fund’ have been put in place. The initiatives were declared by him in July 2014.

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<sup>1</sup> “Anti-graft drive will strengthen PLA”, *China Daily*, January 27 2015 [http://eng.mod.gov.cn/Opinion/2015-01/27/content\\_4567043.htm](http://eng.mod.gov.cn/Opinion/2015-01/27/content_4567043.htm) accessed on February 27, 2015

<sup>2</sup> Sean O'Connor and James Hardy, Military Capabilities, “Imagery shows progress of Chinese land building across Spratlys”, *IHS Jane's Defence Weekly*, February 15, 2015 <http://www.gmanetwork.com/news/story/425278/news/nation/chinese-coast-guard-vessel-rams-3-phl-boats-off-panatag-shoal> accessed on February 27, 2015

<sup>3</sup> “Philippines protests Chinese ramming of three fishing boats”, *The Associated Press*, February 4, 2015 [http://www.nytimes.com/aponline/2015/02/04/world/asia/ap-as-philippines-china-disputed-shoal.html?\\_r=0](http://www.nytimes.com/aponline/2015/02/04/world/asia/ap-as-philippines-china-disputed-shoal.html?_r=0) accessed on February 27, 2015

<sup>4</sup> Pia Lee-Brago, Evelyn Macairan, Alexis Romero, “PHL protests China's ramming of fishing boats in Panatag”, *Philstar*, February 6, 2015 <http://m.philstar.com/314191/show/687efa4c82920aad7dd9c40c56255fc8?t=tldeknvi0qi0qupg8rb6idcuc6> accessed on February 27, 2015

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President also informed that China will provide 'the CELAC member states with 6,000 scholarships as well as 6,000 trainee positions in China within 5 years'. He also underlined 'the plan of inviting 1,000 political and party leaders from Latin America to visit China, and the training plan for 1,000 youth leaders of China and the CELAC.' The year 2016 has been declared as the China-CELAC Cultural Exchange Year.<sup>5</sup>

China and Russia had the ninth consultation on Latin American and Caribbean affairs on 26 January 2015. Zhu Qingqiao, Director-General of the Department of Latin American and Caribbean Affairs of the Chinese foreign ministry, and Alexander Shchetinin, Director of the Latin American Department of the Russian foreign ministry, led the two sides. They discussed 'the situation in Latin America as well as their respective policies towards and relations with Latin America.'<sup>6</sup>

### **China and UK discusses arms control, nonproliferation**

China and UK held department-level consultations on arms control and nonproliferation. The consultations took place between Wang Qun, Director-General of the Department of Arms Control of the Ministry of Foreign Affairs, and Peter Jones, Director of Defence and International Security Department of the Foreign and Commonwealth Office (FCO). They discussed the P5 process, nuclear disarmament, regional nuclear issues, and the Arms Trade Treaty (ATT) among other things. The deliberations took place on the sidelines of the Conference on Nuclear Non-Proliferation Treaty Nuclear-Weapon States (NWS), known as P5, in London on 6 February 2015.<sup>7</sup>

### **China-EU celebrates 40<sup>th</sup> anniversary of diplomatic relations**

This year China and EU is celebrating the 40th anniversary of the establishment of their diplomatic relations. The two sides established relations in 1975. The EU Delegation in China celebrated this occasion on 12 February 2015. Vice Foreign Minister Wang Chao attended the function. It should be noted that President Xi Jinping visited the EU headquarters last year. This was reported as the first visit by a Chinese President to the EU headquarters.<sup>8</sup>

## **TRACKING THE KOREAN PENINSULA**

### **South Korea and China agreed to cooperate on the resumption of the SPT**

Chinese Vice-Premier, Wang Yang arrived at Seoul on January 22 on a three-day visit and held talks with South Korean President Park Geun-hye. Both the leaders agreed to continue working towards the resumption of the

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<sup>5</sup> "First Ministerial Meeting of China-CELAC Forum Grandly Opens in Beijing Xi Jinping Attends Opening Ceremony and Delivers Important Speech, Stressing Firm Grasp of New Opportunities in China-CELAC Overall Cooperation to Jointly Write New Chapter of China-CELAC Comprehensive Cooperative Partnership", *Ministry of Foreign Affairs of the People's Republic of China*, January 8, 2015, [http://www.fmprc.gov.cn/mfa\\_eng/wjb\\_663304/zjzg\\_663340/ldmzs\\_664952/xwlb\\_664954/t1227318.shtml](http://www.fmprc.gov.cn/mfa_eng/wjb_663304/zjzg_663340/ldmzs_664952/xwlb_664954/t1227318.shtml) accessed 17 February 2014

<sup>6</sup> "China and Russia Hold Ninth Consultation on Latin American Affairs", *Ministry of Foreign Affairs of the People's Republic of China*, January 27, 2015 [http://www.fmprc.gov.cn/mfa\\_eng/wjb\\_663304/zjzg\\_663340/ldmzs\\_664952/xwlb\\_664954/t1232134.shtml](http://www.fmprc.gov.cn/mfa_eng/wjb_663304/zjzg_663340/ldmzs_664952/xwlb_664954/t1232134.shtml) accessed on 17 February 2015

<sup>7</sup> "China and the UK Hold New Round of Departmental Consultations on Arms Control and Nonproliferation", *Ministry of Foreign Affairs of the People's Republic of China*, February 10, 2015 [http://www.fmprc.gov.cn/mfa\\_eng/wjb\\_663304/zjzg\\_663340/xos\\_664404/xwlb\\_664406/t1236951.shtml](http://www.fmprc.gov.cn/mfa_eng/wjb_663304/zjzg_663340/xos_664404/xwlb_664406/t1236951.shtml) accessed 17 February 2015.

<sup>8</sup> "Vice Foreign Minister Wang Chao Attends Reception for the Launching Ceremony of 40th Anniversary of Establishment of China-EU Diplomatic Relationship", *Ministry of Foreign Affairs of the People's Republic of China*, February 13, 2015 [http://www.fmprc.gov.cn/mfa\\_eng/wjb\\_663304/zjzg\\_663340/xos\\_664404/xwlb\\_664406/t1238332.shtml](http://www.fmprc.gov.cn/mfa_eng/wjb_663304/zjzg_663340/xos_664404/xwlb_664406/t1238332.shtml) accessed 17 February 2015

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stalled Six Party Talks (SPT) aimed at denuclearization of North Korea. The talks are suspended since late 2008. During Wang's visit to Seoul, he emphasized on the need to deepen bilateral strategic partnership between China and South Korea. While talking to Wang Yang, President Park, on her part, expressed hope that both Seoul and Beijing would continue to seek "creative and varied" means to restart the SPT. During the talks, the two leaders also exchanged views on bilateral economic and cultural ties.<sup>9</sup>

### **South Korea hints at the possibility of removing sanctions imposed on North Korea**

On February 6, South Korean Unification Minister Ryou Kihl-jae averred that South Korean government is ready to lift the May 24 Measure imposed on North Korea if the latter agree to hold inter-Korean dialogue. The May 24 Measures are sanctions imposed on the North by the South due to Pyongyang's alleged involvement in torpedoing of the South Korean naval corvette Cheonan in March 2010. These sanctions have adversely affected inter Korean transactions and exchanges.<sup>10</sup> However over the years, North Korea has repeatedly denied its involvement in the Cheonan incident.<sup>11</sup>

On February 26, South Korean Prime Minister Lee Wan-koo reiterated that South Korea's willingness to remove its sanctions on North Korea if the latter comes to the negotiating table indicating Seoul's willingness to improve ties with Pyongyang.<sup>12</sup> North Korea however insists on removing the sanctions first.

### **South Korea and China takes a step towards the implementation of the bilateral FTA**

On February 24, both South Korea and China initialled their bilateral FTA following the conclusion of the deal about three months ago on November 10. This would reportedly be the most significant trade deal as far as South Korea is concerned given that China is already the former's largest trading partner. However before implementation, the trade deal has to be approved by the legislatures of both the countries. Under the trade pact, both sides have agreed to offer each other's financial firms preferential treatment. A new committee is to be constituted in order to jointly resolve business problems faced by those firms. This agreement also ensures non-discriminatory access to communication networks by companies entering each other's market. Both sides have also agreed to incorporate a new standstill clause that will prevent either side from raising or introducing new customs duties on any products or services.

As far as tariffs are concerned, under the FTA, South Korea has agreed to remove tariffs completely on 79% of all products (9690 items) imported from China over the next ten years. After the implementation of the FTA, within the next twenty years, South Korea plans to remove tariffs on 92% of the imported goods from China. Similarly China too on its part agreed to eliminate tariffs on 71% of the products (5846 items) imported from South Korea within the next ten years. The FTA, if implemented, reportedly will boost China-South Korea annual trade to over \$300 billion. This will indicate around 39.5% increase from their bilateral trade worth \$215.1 billion in 2012.<sup>13</sup>

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<sup>9</sup> "(LEAD) S. Korea, China confirm joint stance on N.K nuclear issue", *Yonhap News Agency*, January 23, 2015 <http://english.yonhapnews.co.kr/national/2015/01/23/27/0301000000AEN20150123007951315F.html> accessed on February 27, 2015

<sup>10</sup> "South Korea signals flexibility on N. K sanctions", *Yonhap News Agency*, February 6, 2015 <http://english.yonhapnews.co.kr/national/2015/02/06/81/0301000000AEN20150206003700315F.html> accessed on February 27, 2015

<sup>11</sup> "PM says sanctions removal can be discussed if Korea hold talks", *The Korea Herald*, February 26, 2015 [http://www.koreaherald.com/common\\_prog/newsprint.php?ud=20150226001007&dt=2](http://www.koreaherald.com/common_prog/newsprint.php?ud=20150226001007&dt=2) accessed on February 27, 2015

<sup>12</sup> Ibid.

<sup>13</sup> "S. Korea, China initial bilateral free trade pact", *Yonhap News Agency*, February 25, 2015 <http://english.yonhapnews.co.kr/full/2015/02/24/2/1200000000AEN20150224005452320F.html> accessed on February 27, 2015

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## South Korean envoy visits Russia to hold talks on the resumption of the SPT

South Korea's top nuclear envoy Hwang Joon-kook arrived at Russia on February 23 for a three day visit. During his trip, Hwang held talks with Russian Deputy Minister of Foreign Affairs, Morgulov Igor in order to explore ways towards the resumption of the Six Party Talks (SPT). This meeting was a part of the series of diplomatic efforts made recently by the five member states of the SPT-South Korea, Russia, China, the US and Japan-to restart the talks with North Korea.<sup>14</sup> Earlier this year, Hwang held talks with his counterparts from China, Japan and the US as well. After his talk with his Chinese counterpart Wu Duwei in early February, Hwang indicated that both South Korea and China had narrowed their differences over conditions pertaining to the resumption of the SPT.<sup>15</sup> Hwang's meeting with the representatives from Japan and the US was held in Tokyo on January 28. During that meeting, the three agreed to work together towards North Korea's denuclearization. They also emphasized on the need to encourage China in playing a pivotal role in this regard.<sup>16</sup>

## Lee Wan-koo becomes the new Prime Minister of South Korea

Putting an end to the three weeks long anxiety over the Prime Ministerial post, on February 16, the National Assembly of South Korea elected Lee Wan-koo as the new Prime Minister of the South Korea. In the Assembly, while 148 members voted in favour of him, 128 voted against him. Lee is the second prime minister under the current Park Geun-hye administration.<sup>17</sup>

## South Korean government to ramp up efforts towards Korean reunification

On January 19, South Korean government stated that it is going to intensify its efforts towards reunifying the two Koreas by setting up a legal as well as institutional framework. In this regard a plan has already been submitted jointly by the ministries of unification, foreign affairs, national defence, and patriots and veteran affairs to South Korean President Park Geun-hye. Under this plan, Seoul proposes to hold joint economic and cultural events with North Korea. Seoul will also push for a trial run of a rail line connecting Seoul with North Korean border cities of Sinuiju or Rajin, via Pyongyang.<sup>18</sup> As part of unification measure, South Korea proposes to set up Korean cultural centres in Seoul and Pyongyang to deepen cultural interactions. Seoul will also seek to develop joint projects with North Korea in the field of three non-political issues: humanitarian assistance, culture and environment. On the occasion of the 70<sup>th</sup> anniversary of Korea's independence from Japan's colonial rule, South Korea also plans to hold joint inter-Korean commemorative events.<sup>19</sup>

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<sup>14</sup> "S. Korea, Russia hold talks on N. Korea's nuke issue", *The Korea Herald*, February 25, 2015 <http://www.koreaherald.com/view.php?ud=20150225000175> accessed on February 27, 2015

<sup>15</sup> "S. Korean envoy heads to Russia for talks on N. K nukes", *The Korea Herald*, February 23, 2015 <http://www.koreaherald.com/view.php?ud=20150223000748> accessed on February 27, 2015

<sup>16</sup> "Japan, US, S. Korea stress cooperation in N-talks", *The Yomiuri Shimbun*, January 29, 2015, at <http://the-japannews.com/news/article/0001890481> accessed on February 27, 2015

<sup>17</sup> "Lee confirmed as prime minister", *Korea JoongAng Daily*, February 17, 2015 [koreajoongangdaily.joins.com/news/article/Article.aspx?aid=3001007](http://koreajoongangdaily.joins.com/news/article/Article.aspx?aid=3001007) accessed on February 27, 2015

<sup>18</sup> "Seoul to enact unification law", *The Korea Herald*, January 19, 2015 <http://www.koreaherald.com/view.php?ud=20150119001196> accessed on February 27, 2015

<sup>19</sup> "S Korea to redouble efforts to prep or unification", *The Korea Herald*, January 19, 2015 <http://www.koreaherald.com/view.php?ud=20150119000408> accessed on February 27, 2015

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## South Korea conducts live fire drill near the inter-Korean border areas

On January 27, the South Korean military conducted a live fire drill on the islands of Baengnyeong and Yeonpyong, situated near the inter-Korean border in the Yellow Sea. The objective of the drill was to check and bolster the South Korean military's preparedness in dealing with any provocation from North Korea in the future. In the said exercise, K-9 self-propelled howitzers, Vulcan guns, etc. were used.<sup>20</sup>

## TRACKING JAPAN

### Japan and India holds the eight Foreign Ministers' Strategic Dialogue

The eighth Japan-India Foreign Ministers' Strategic Dialogue was held in New Delhi on January 17. Minister for Foreign Affairs, Fumio Kishida and his Indian counterpart, Sushma Swaraj agreed on the improvement of regional connectivity together with the development of Northeast India. The ministers reviewed various aspects of India-Japan relations and exchange understandings on regional and international issues of mutual interest.<sup>21</sup> Additionally, India and Japan discussed other issues such as civil nuclear cooperation and infrastructure building.<sup>22</sup> Both foreign ministers supported Japan-India-US trilateral cooperation, and security cooperation such as joint maritime exercises. Kishida stressed that Japan nurtures tall expectations from the Japan Plus team and that betterment of business environment is essential. The progress on the joint feasibility study on the Mumbai-Ahmedabad high speed railway network was discussed.

### Prime Minister Shinzo Abe delivers Policy Speech at the 189<sup>th</sup> session of the Diet

Prime Minister Shinzo Abe on February 12, 2015 delivered the policy speech at the 189<sup>th</sup> session of the Diet. In the speech Prime Minister Abe underscored that "the path Japan has taken as a peace-loving nation will remain unchanged".<sup>23</sup> Mention was made of "developing security legislation that enables seamless responses to any situations"<sup>24</sup> to secure the lives and livelihood of the Japanese society. Security legislation is based on the July 2014 Cabinet decision that enabled reinterpretation of the pacifist Constitution. While these security legislations will be the key debate in the ordinary Diet session, the nitty-gritty of these laws were avoided in the speech<sup>25</sup>. Abe gave a call to move beyond party lines and factional politics and "deepen public discussion regarding constitutional revision"<sup>26</sup>. Besides, he reiterated his resolve for economic reforms, social security reforms, education, revitalization of local economies in Japan, and women's empowerment.

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<sup>20</sup> "S. Korea Conducts Live-Fire Drill Near Tense Sea Border", *The Korea Herald*, January 27, 2015 [www.koreaherald.com/common\\_prog/newsprint.php?ud=20150127001075&dt=2](http://www.koreaherald.com/common_prog/newsprint.php?ud=20150127001075&dt=2) accessed on February 27, 2015

<sup>21</sup> "Visit of Foreign Minister of Japan to India", *Ministry of External Affairs Government of Japan*, January 9, 2015 <http://www.mea.gov.in/press-releases.htm?dtl/24671/Visit+of+Foreign+Minister+of+Japan+to+India> accessed on February 19, 2015

<sup>22</sup> "Eighth Japan-India Foreign Ministers' Strategic Dialogue", *Ministry of Foreign Affairs of Japan*, January 18, 2015 [http://www.mofa.go.jp/s\\_sa/sw/in/page3e\\_000295.html](http://www.mofa.go.jp/s_sa/sw/in/page3e_000295.html) accessed on February 11, 2015

<sup>23</sup> "Policy Speech by Prime Minister Shinzo Abe to the 189<sup>th</sup> Session of the Diet", *Prime Minister of Japan and His Cabinet*, February 12, 2015 [http://japan.kantei.go.jp/97\\_abe/statement/201502/policy.html](http://japan.kantei.go.jp/97_abe/statement/201502/policy.html) accessed on February 19, 2015

<sup>24</sup> Ibid

<sup>25</sup> Reiji Yoshida, "Abe sidesteps expanded SDF role in Diet policy speech", *The Japan Times*, February 12, 2015 <http://www.japantimes.co.jp/news/2015/02/12/national/politics-diplomacy/abe-sidesteps-expanded-sdf-role-in-diet-policy-speech/#.VXEqrIK6a1t> accessed on February 19, 2015

<sup>26</sup> Ibid

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## China-Japan holds High-level Consultation on Maritime Affairs

The third round of high-level consultation on marine affairs was held from January 21-23<sup>27</sup> in Yokohama. From the Chinese side the meeting was attended by Deputy Director-General of the Department of Boundary and Ocean Affairs of the Ministry of Foreign Affairs Yi Xianliang, and several officials from the Ministry of Foreign Affairs, the Foreign Affairs Office of the central government, the Ministry of National Defense, the Ministry of Public Security, the Ministry of Land and Resources, the Ministry of Transport, the State Oceanic Administration, China Coast Guard and the General Staff Department. From the Japanese side Deputy Director-General of the Asian and Oceanian Affairs Bureau of the Japanese Foreign Ministry Makita Shimokawa and several officials from the Cabinet Office, the Ministry of Foreign Affairs, the Ministry of Education, Culture, Sports, Science and Technology, the Fisheries Agency, the Agency for Natural Resources and Energy, the Ministry of Land, Infrastructure, Transport and Tourism, the Coast Guard, the Ministry of the Environment and the Ministry of Defense attended the meeting. During the meeting, both China and Japan decided to make every effort for an early creation of the maritime and air liaison mechanism amongst the defence ministries; the Chinese Border Control Bureau and the Japanese Coast Guard decided to continue cooperation in dealing with maritime misconducts for instance smuggling and human trafficking; both Coast Guards decided to create a channel of dialogues involving the two headquarters; strengthen maritime cooperation in search and rescue, science and technology, and environment in conformity with pertinent international laws and discussed the institution of China-Japan Maritime Search and Rescue Agreement; and agreed to conduct the fourth round of China-Japan high-level consultations in China in the latter half of 2015<sup>28</sup>.

## Prime Minister Abe attends the 2015 National Rally on the Northern Territories Day

The 2015 National Rally demanding the return of the Northern Territories was held on February 7 in Tokyo. Prime Minister Shinzo Abe attended the rally. February 7 is demarcated as the Northern Territories Day aimed at articulating the demand of early return of the "Russian-held four islands off Hokkaido"<sup>29</sup>. Abe in his speech emphasised his efforts including holding several summit meetings with Russian President Putin in the course of the first and second Abe administrations. He reiterated that "it is extraordinary that a peace treaty has not been concluded between Japan and Russia to this day"<sup>30</sup> and emphasised on the policy of determining the issue of attribution of the four Northern Islands and concluding a peace treaty with Russia. The Russian authority expressed that Japan's territorial claims "give reason for disappointment" and reiterated that Russia's ownership of the South Kuril Islands is based on the generally recognised results of World War II and international-law framework, including the United Nations Charter"<sup>31</sup>.

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<sup>27</sup> "Foreign Ministry Spokesperson Hua Chunying's Regular Press Conference on January 21, 2015", *Ministry of Foreign Affairs of the people's Republic of China*, January 21, 2015 [http://www.fmprc.gov.cn/mfa\\_eng/xwfw\\_665399/s2510\\_665401/2511\\_665403/t1230408.shtml](http://www.fmprc.gov.cn/mfa_eng/xwfw_665399/s2510_665401/2511_665403/t1230408.shtml) accessed on February 19, 2015

<sup>28</sup> "China and Japan Hold Third Round of High Level Consultations on Maritime Affairs", *Ministry of Foreign Affairs of the People's Republic of China*, January 1, 2015 [http://www.fmprc.gov.cn/mfa\\_eng/wjbxw/t1231273.shtml](http://www.fmprc.gov.cn/mfa_eng/wjbxw/t1231273.shtml) accessed on February 19, 2015

<sup>29</sup> "Northern Territories Day", *Japan today*, February 7, 2015 <http://www.japantoday.com/category/picture-of-the-day/view/northern-territories-day-2> accessed on February 19, 2015

<sup>30</sup> "2015 National Rally to Demand the Return of the Northern Territories", *Prime Minister of Japan and His Cabinet*, February 7, 2015 [http://japan.kantei.go.jp/97\\_abe/actions/201502/7article1.html](http://japan.kantei.go.jp/97_abe/actions/201502/7article1.html) accessed on February 19, 2015

<sup>31</sup> "Comment by the Ministry on the 160th anniversary of Russian-Japanese relations", *Ministry of Foreign Affairs of the Russian Federation*, 212-07-02-2015, February 7, 2015 [http://www.mid.ru/bdomp/brp\\_4.nsf/e78a48070f128a7b43256999005bcbb3/e3a92db9aba7678343257de70064f53f!OpenDocument](http://www.mid.ru/bdomp/brp_4.nsf/e78a48070f128a7b43256999005bcbb3/e3a92db9aba7678343257de70064f53f!OpenDocument) accessed on February 19, 2015

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## Japan strengthens cyber security strategy

The maiden meeting of the Cyber Security Strategy Headquarters was held on February 10, 2015. Prime Minister Shinzo Abe joined the meeting and decided on *The Management of the Headquarters, Responses to Serious Incidents, and Evaluation of Cyber Security Policies*. Abe stressed that security of cyber space is critical to the advancement of economic growth and cyber-attacks constitutes a serious concern in the national security. *Cyber Security Basic Law* was approved in the previous Diet session to reinforce Japan's cyber security. This law bestows the Cyber Security Strategy Headquarters with the power to assess the policies of related administrative organizations. Abe underscored that Headquarters must emerge as the "control tower for Japan in the cyber security field, in both name and reality"<sup>32</sup>. The Abe administration intends to prepare a new cybersecurity strategy and manage Cabinet approval reportedly by June.<sup>33</sup>

## Advisory Panel on History holds its first meeting

The first meeting of the *Advisory Panel on the History of the 20th Century and on Japan's Role and the World Order in the 21st Century* was held on February 25 at the Prime Minister's Office. During the meeting Prime Minister Shinzo Abe requested the panel to deliberate on: the path the world and Japan took during the 20th century; the lessons that can be drawn from the experiences of the 20th century; contributions should Japan make towards Asia and the world in the 21st century; and most importantly the concrete policies that Japan should undertake during the 70<sup>th</sup> anniversary of the end of the World War II<sup>34</sup>.

## Japan-Mongolia summit meeting

Japan-Mongolia summit meeting was held on February 10 where both Prime Minister Abe and Prime Minister Saikhanbileg underscored the significance of the Japan-Mongolia Economic Partnership Agreement (EPA). The agreement is expected to eliminate tariffs on approximately 96 per cent of the combined total value of trade in the next decade between Japan and Mongolia, which amounted to ¥41.8 billion in 2012. They stressed on the progress made under the Japan-Mongolia Mid-term Action Plan for a Strategic Partnership including in areas like politics and security, culture and people-to-people exchanges. Moreover, Japan extended support to Mongolia's economic policy and agreed to give an additional loan of ¥36.85 billion intended for a new international airport which is under construction. Both leaders shared their views on East Asia affairs including North Korea<sup>35</sup>.

## Japan-Philippines defence ministerial meeting focuses on maritime security

Secretary of National Defense, Voltaire T. Gazmin met with Japanese Defence Minister for the Japan-Philippines defence ministerial meeting in Tokyo on 29 January 2015. While discussing the regional security situation, especially the "current situation" in East and South China Sea, both countries underscored the importance of peaceful

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<sup>32</sup> "Cyber Security Strategy Headquarters", *Prime Minister of Japan and His Cabinet*, February 10, 2015 [http://japan.kantei.go.jp/97\\_abe/actions/201502/10article4.html](http://japan.kantei.go.jp/97_abe/actions/201502/10article4.html) accessed on February 19, 2015

<sup>33</sup> "New cybersecurity strategy to be approved around June, government says", *Kyodo*, February 11, 2015 <http://www.japantimes.co.jp/news/2015/02/11/national/new-cybersecurity-strategy-to-be-approved-around-june-government-says/#.VXFm0FK6a1t> accessed on February 19, 2015

<sup>34</sup> "First Meeting of the Advisory Panel on the History of the 20th Century and on Japan's Role and the World Order in the 21st Century", *Prime Minister of Japan and His Cabinet*, February 25, 2015 [http://japan.kantei.go.jp/97\\_abe/actions/201502/25article2.html](http://japan.kantei.go.jp/97_abe/actions/201502/25article2.html) accessed on February 27, 2015

<sup>35</sup> "Japan-Mongolia Summit Meeting, Signing Ceremony and Dinner Hosted by the Prime Minister", *Ministry of Foreign Affairs of Japan*, February 10, 2015 [http://www.mofa.go.jp/a\\_o/c\\_m1/mn/page4e\\_000186.html](http://www.mofa.go.jp/a_o/c_m1/mn/page4e_000186.html) accessed on February 27, 2015

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resolution of disputes in accordance with international laws rather than the use of force or coercion. Furthermore, they reiterated the significance of freedom of navigation in high seas. Meanwhile, Philippines has welcomed Abe administration's initiative to proactively contribute to peace and the unfolding developments in security legislations. *Memorandum of Defence Cooperation and Exchanges between the Ministry of Defence of Japan and the Department of National Defence of the Republic of the Philippines* was signed to deepen bilateral security relations. They agreed on regular Defence Ministerial dialogue and Vice- Ministerial dialogue; visit of service chiefs; set up staff talks between the Ground Staff Office of JGSDF and Headquarters of PA/Philippine Marine Corps and army-to-army exchanges; and JMSDF and Philippine Navy, both being members of Western Pacific Naval Symposium (WPNS), will contribute towards development of the Code for Unplanned Encounters at Sea (CUES)<sup>36</sup>.

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<sup>36</sup> "Joint Press Release, Ministry of Defense of Japan", *Department of National Defense of the Republic of the Philippines*, 29 January 2015 [http://www.mod.go.jp/j/press/youjin/2015/01/29a\\_jpr\\_e.pdf](http://www.mod.go.jp/j/press/youjin/2015/01/29a_jpr_e.pdf) accessed on February 17, 2015

# ACTIVITIES OF THE CENTRE (JANUARY-FEBRUARY 2015)

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- A five-member delegation from The Shanghai Institutes for International Studies (SIIS), Shanghai, China led by Professor Zhao Gancheng visited IDSA for an interaction on 12th January, 2015. The other members of the delegation included Dr. Xue Lei, Dr. Zhang Zhexin, Dr. Wang Yuzhu, and Dr. Liu Zongyi. Discussion was held on India-China Relations, China-Pakistan Relations, Maritime Silk Route (MSR), Asia-Pacific security dynamics etc.
- Ms. Tharry Chris, a PhD candidate from Kings College London visited IDSA on 25th February and presented on Emerging Security Paradigm in the Eastern Indian Ocean Region: A Blue Ocean of Malaysia-India Maritime Security Cooperation

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We appreciate the support from Center Coordinator Dr. Jagannath P. Panda

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