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EDITOR'S NOTE

Chinese activities in the South China Sea raised anxiety amongst the regional stakeholders as more and more evidence emerge in March and April with regard to the reclamation activity in the contested Spratly archipelago. Meanwhile, as US regional allies increasingly seek reassurance from the Obama administration, US Defense Secretary Ash Carter visited East Asia (Japan and South Korea) to demonstrate US security commitments to the region and reinforce strategic rebalance. While Asia-Pacific security environment was discussed by Secretary Carter and Japanese Defence Minister Nakatani in Tokyo, Japan's readiness to shoulder extra responsibilities within the framework of the US-Japan security alliance was underscored during the US-Japan summit meeting in Washington. Additionally, the observers of the region noted the revision of the Guidelines for U.S.-Japan Defense Cooperation in April after 18 years, reflecting a vertical and horizontal deepening of security relations. Besides, the US and South Korea reiterated the significance of the bilateral alliance in deterring threats emanating from North Korea and deepened partnership by revising the nuclear cooperation agreement. Furthermore, to improve defense cooperation in the wake of the regional security situation, the US, Japan and South Korea held a trilateral security meeting in April. In another interesting development, as China is faced with the challenge of slower economic growth defined as the 'new normal', several US allies including South Korea joined the China led AIIB defying US public opposition.

This issue of the East Asia Monitor offers a brief report on the Round Table discussion organized by the East Asia Centre on *Prime Minister Narendra Modi's Forthcoming Visit to China*. Shri Arun Shourie and several eminent Sinologists exchanged ideas and debated on a set of policy recommendations before Prime Minister Modi's scheduled visit in May. Shri Shourie advised the government that while no nation can afford to overlook China in its foreign policy, India should learn from the mistakes that it made in dealing with China in the past. During the discussion, the panelist agreed that the focus of Modi's visit will be economics and marketing the Make in India mantra. The experts also cautioned that India would do well not to be misled by Chinese grand reception. While there are elaborate bilateral mechanisms to strengthen and manage India-China engagement but the critical issue is how to operationalise and implement them. One concrete suggestion that emerged during the discussion is that just as Chinese have defined their core interests, India must define its "red lines" specifically in relation to Jammu and Kashmir, Arunachal Pradesh, Indian Ocean region, and investments in security fields. Besides the event report, this issue of the Monitor captures significant developments in China, Japan and the Korean Peninsula by way of brief news items.

We look forward to comments and suggestions from our readers.

TITLI BASU

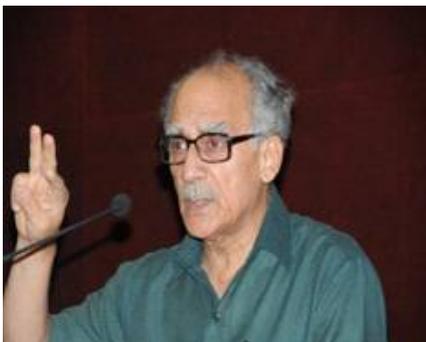
IDSА ROUND TABLE DISCUSSION

PRIME MINISTER NARENDRA MODI'S FORTHCOMING VISIT TO CHINA: SETTING THE AGENDA



The East Asia Centre organized a round table discussion on 13th April 2015 on Prime Minister Narendra Modi's Forthcoming Visit to China. Shri Arun Shourie delivered the key note speech which was followed by a panel discussion. Brig Rumel Dahiya, Deputy Director General of IDSA chaired the round table discussion. Mr. Jayadeva Ranade, Prof Alka Acharya, Prof Srikanth Kondapalli, Prof Madhu Bhalla and Ambassador P. Stobdan participated in the panel discussion. The objective was to address the following key questions:

- What is the political significance of Modi's visit to China? Is Prime Minister Modi's visit to China a routine one limited to protocol reciprocity or there is more nuances attached to it?
- Will Prime Minister Modi's visit to China be a breakthrough one? How will it impact India-China relations in coming time? How the Modi-Xi personal chemistry will shape the course of bilateral ties?
- To what extent Prime Minister Modi's visit will improve the political confidence between the two countries? Will India and China unfold a political understanding on how to address the boundary dispute?
- What would be the economic trajectory of India-China ties with Prime Minister's visit? Will the 'developmental partnership' be sustained and 'trade imbalance' be addressed in the process?
- What impact Prime Minister's visit to China bring to India-China security dynamics at regional and global level?



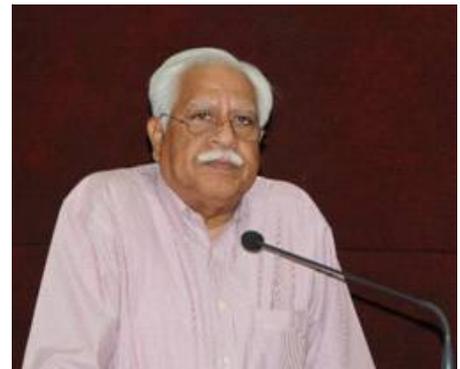
Shri Arun Shourie pointed out that China is the most significant factor in international relations today. No large country takes a step without factoring in China's reactions. However, China's reputation is much bigger than its capacity to enforce its interests. He mentioned that the US has earned a reputation as a power that does not stay its course and China is benefitting from it. China blocks international norms when it does not suit its interests like the UNSC reforms and enforces change when it suits its national interests like the islands in South China Sea. China's rise has showcased that there is no substitution to building up one's comprehensive national power. Even then there has been a backlash against its role in Latin America, Africa and in South East Asia. The question that needs to

be asked is whether India has the capacity to take advantage of it. In this context, he pointed out that Indian policy still lacks energy.

Shri. Shourie mentioned that going by the experience, Prime Minister Modi would do well not to be fooled by the Chinese reception. China played on Nehru's vanity as a world leader. In the past, even joint statements have been misinterpreted by the Chinese leadership. He went on to add that, it is difficult to believe that border incidents are absolutely localised and without consent from the top leadership. China works at two levels, strategic reassurance and tactical turbulence; therefore, looking at Chinese actions is more important than what is being stated by the leadership. He mentioned that India needs to go beyond celebrating the value of India-China economic relations and question its structural aspects. Even then, economic engagement will not change China's strategic outlook vis-à-vis India.

Confidence building measures on the LAC are ok but India needs to consider whether it needs to hurry in settling the border issue. Before that, economic development of the northeastern region is necessary. India also needs to consider that India's security interests are intertwined with that of Tibet and the Tibetan people. Shri. Shourie added that at this juncture India does not need to get lured by Chinese demand of out of box thinking to solve the border issue and disregard the institutional memory of the country's defence establishment. We need to supplement the institutional memory with policy actions on the ground. India's policies on China can change only when it has the capacity on the ground to implement those policies.

Mr. Jayadeva Ranade, President of the Centre for China Analysis and Strategy, began his presentation by stating that this will be the second leadership meeting within a year and it underscores the importance Delhi and Beijing attach to one another at this moment. Prime Minister's successful foreign visits to Japan, Europe and President Obama's successful India visit during the Republic Day are the backdrop for PM's upcoming China visit. In Beijing, the Indian Prime Minister will be received by a confident Chinese leadership. Success in the BRICS and AIIB and the twin silk roads projects has given Beijing this confidence. In addition, in the Conference on Peripheral Diplomacy, China has outlined its expectations from its friends and shown a desire to lead the Asian order.



In Beijing, President Xi will expect India to endorse the One Belt-One Road proposal. On the other hand, Indian concerns will be border dispute, intrusions and roads by the PLA, water diversions, Chinese presence in the PoK and the bilateral trade imbalances. Mr Ranade said that Chinese officials have been talking about early resolution of the border dispute and a number of media articles have been written on this issue. However, none of these articles mention western sector as being disputed and only focus on Arunachal Pradesh or Southern Tibet as they call it. Only recently, some of the analysts have said that early resolution is not an easy task. It needs to be seen whether India and China can and will agree on a LAC kind of proposal to avoid face-to-face incidents. He mentioned that India should question China on its Pakistan policy.



Prof Aika Acharya, Director and Senior Fellow at the Institute of Chinese Studies, underscored the continuity in India's policy towards China despite shifts in the government with certain episodes that transformed the dynamics, for instance, Prime Minister Rajiv Gandhi's visit and the 2005 agreement. But now, she stressed, India and China has reached a stasis and reflected on the future of this relation. Prof Acharya argued that to understand Modi's forthcoming visit to China, one needs to think beyond the bilateral sphere. There are elaborate bilateral mechanisms to strengthen and manage India-

China engagement. While there are a plethora of MOUs encompassing varied subjects but the critical issue is how to operationalise and implement them.

She articulated that Asia will be closely scrutinising Prime Ministers Modi's visit to China. Modi's agenda for making India a modern world economic power needs a departure from the manner in which India has engaged with other nations. All of Modi's foreign visits systematically market the 'Make in India' agenda and that will be the major plank of Modi's conversation with the Chinese. Prof Acharya emphasised that what China has to offer will be a critical component in India's development and modernisation process.

Prime Minister Modi will be conscious of the fact that he is visiting China on the back of a transformed regional policy. This transformed regional policy is a source of strength, which India hitherto did not have. Modi's attempt to transform the relationship in the neighbourhood will address the extent of the influence that China has in India's neighbourhood. Prof Acharya emphasised that while this is a new process but the impact has already being felt. There is a change in the way China is looking at India's attempts to reach out to its neighbours and transform South Asian economic dynamics. If India can demonstrate its intention of centralising itself in the South Asian economic scenario and becoming the driver of economic change, China will deal with India very differently. She cautioned that while India is courted by the capitals of the world, Modi should not be beguiled by the Chinese attempts to deceive India. She stressed that India has to strengthen its own capacity to be able to assume the responsibility it is expected to in the region.

Meanwhile, the Chinese leadership is unfolding several visions articulating China's rise which is not constricted to Asia, for instance the One Belt One Road. The response to these concepts not only from the Asian nations but from western capitals is transforming equations. China would like to know India's position on formulations like the One Belt One Road. The focus of Modi's visit will be economics. Certainly, problematic political issues will be raised but any out of the box thinking on the boundary issue is unexpected during the visit. Prof Acharya concluded by stressing that this visit will be beyond bilateral since there are several mechanisms and frameworks working on the bilateral issues. The emphasis will be how these two leaders will begin a dialogue that will dwell on India and China in Asia. The visit will be about assessing how India is responding to China's newer challenges and how China is reacting to India's transformation of its neighbourhood.

Prof. Srikanth Kondapalli argued that Prime Minister's visit to China would not be a routine or protocol visit since both Narendra Modi and Xi Jinping are highly nationalist leaders. Having said that, he also pointed out that he does not expect any breakthrough during the scheduled visit vis-à-vis territorial dispute because the current effort of special representatives is to clarify the LAC. Between clarifying and delimiting/demarcating is a time consuming process. There is not much progress on the LAC being defined.



PM Modi came to power with the slogan of vikas (development) and is focussing on the 'Make in India' policy in all his visits abroad. PM Modi will invite Chinese manufacturing sector to come to India. Prof Kondapalli pointed out that during Xi Jinping's visit to India in September, India and China agreed to set up manufacturing zones in Pune and Ahmedabad. However, the progress in this regard is negligible. Another key area that emerged during the September visit is to enhance the speed of

the railways. However, the Indian delegation that visited China was refused access to the safety records of Chinese high-speed railway system. He articulated that while PM Modi's visit may result in more promises about manufacturing centres and infrastructure projects but the balance sheet may not show any spectacular development.

Prof Kondapalli expressed doubt whether critical issues will be addressed during the visit. Issues including Tibet, territorial claims, Chinese revival of the Kashmir policy and Arunachal Pradesh policy, McMohan line posture etc. may not figure in the conversations in a major way. He suggested that just as Chinese have defined their core interests, India must define its "red lines" specifically in relation to Jammu and Kashmir, Arunachal Pradesh, Indian Ocean region, and investments in security fields.

In one of the important reflection, he argued that the five policies BJP articulated in the national convention coincides with the six points Xi Jinping outlined in the political conference of the foreign affairs group during October 2014. Xi stressed on pursuing peaceful development while maintaining and protecting China's legitimate rights and interest and opposed arbitrary use or threat of use of force. While this is aimed at the United States, this is a generic foreign policy guideline China is following. Prof Kondapalli argued that India should also adapt a similar policy including for China. Xi Jinping's last of the six points underlined that China's diplomacy will show salient Chinese features. Professor draws a parallel between this and the BJP's point about 'sanskriti' and 'sabhyata'.

While the forthcoming visit is significant and there will be forward movement in terms of economics, but none of the outstanding issues like Tibet, Kashmir, Arunachal Pradesh, arms transfer to the Indian Ocean region will be resolved in one meeting. With regard to the Maritime Silk Road, Prof suggested that India has to adopt a reciprocal strategy. As China expressed interest in co-opting the Mausam project, India should insist on joining the South China Sea developmental projects.



Prof Madhu Bhalla said that while talking about India-China relations, we should treat China as a normal country. The fear of China within India seems to be somewhat misplaced. Chinese decision makers have themselves come to acknowledge that China is dealing with a lot of domestic challenges at present. They are equally fearful and anxious about India. We need to keep that in mind while formulating any policy towards China. During Indian Foreign Minister Sushma Swaraj's visit to Beijing in February this year, a few things became clear. Firstly, it will really be reciprocal visit to Chinese President Xi Jinping's visit to India

last year. Prime Minister Modi's upcoming visit to Beijing will primarily focus on the economic MoUs signed between the two countries. Both the leaders will now seek to operationalize them, especially in the railway sector. China's investment in industrial park too might be discussed. Secondly, Modi's recent interview in the Hindustan Times clearly indicates that his government too would like to adopt a gradualist agenda while dealing with China on the border issue. Nothing new will be put on the table in this regard.

Prof Bhalla argued that this time economy will be the most important agenda during Prime Minister Modi's Beijing visit. Chinese economy is contracting at a fast pace. While China targeted to realize a growth rate of 7.7 percent, they could actually realize 7.4 percent last year. This year it might shrink further and achieve just 6.6 percent. So concern over economy is growing both within China as well as India. Xi Jinping's 'Chinese

dream' which basically talks about great rejuvenation of the Chinese people, is largely dependent on the sustainability and continuation of the economic growth. Until this happens, China will be extremely concerned about how to deal with other countries on the economic agenda.

China has two strengths: firstly, it has over three trillion in reserves. They need to invest it somewhere. They are unable to invest it within their own economy despite the fact that the largest investments in the economy are made by the state in the form of fixed capital investment. Moreover China has not been able to create ample employment opportunity within the country. In fact the unemployment figures in the last four years seem to be constant at 4.4%.

China has 500 billion dollars at present in their bank that needs to be invested overseas. However after the backlash in Africa and Latin America, China might now look at India as the ideal place to invest some part of those 500 billion dollars. India might need such kind of investment to develop its economy. But we need to be clear that by offering those investments, they will not be doing any favour to India. They will actually do a favour to their own economy. So India needs to look at the Chinese investment as purely an act of commerce. It should not factor in India's strategic thinking about China. While looking at China, we need to treat China as a normal country that is currently dealing with a lot of internal challenges. It has crisis of institution within the country. China has been equally apprehensive of the changing institutions abroad.

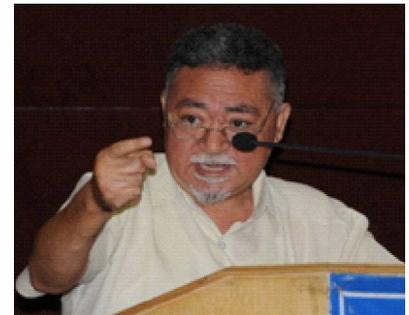
India is currently at an advantageous situation. It seems to be able to rationalize some important aspects of the economy. Whether we agree or not, the land bill, the insurance bill, the increase in the FDI caps for industrial investment, etc. has made Indian economy lucrative to the foreign investors. This will be instrumental in making the economic MoUs signed by India with other countries (including China) to move forward. She cautioned that the great admiration for Chinese economy within India needs to be taken with a pinch of salt. The question is how far the China model is actually suitable in the Indian context. We need to ask ourselves whether we want to turn our country just like China that is currently facing many economic problems due to long term challenges in its economic structure. China's large scale manufacturing industry that does not require skilled labour might have made the Chinese economy prosperous, but it has left Chinese people poor. That is why Prime Minister Modi should be extremely cautious from adopting the China model in whole scale.

We need to keep in mind that the changing regional and global architecture is worrying China. That is why even though in earlier times, China shied away from taking leadership in various forums, it has now started proposing China-centric regional and global security mechanisms. However the world is a bit complicated and China might face challenges in succeeding in its plan. China is dealing with a number of contending views on Asian security architecture. One of them is from India. While China has a Maritime Silk Route, India has its Mausam project. India also has an outreach in the Indian Ocean region. If China has a notion of AIIB, India has a notion of the Indo-Pacific Economic Forum for cooperation. China might have economic power and influence. But it does not have what it takes to create or recreate institutions for security architecture in the region and across the world. That is China's biggest challenge. It is where India comes in. The diplomatic acts India has adopted in the last two decades have placed it very well to contend with a Sino-centric Asian order. For example, India's Look East policy, its engagement with ASEAN, recent initiatives with Japan, Australia and the US, have helped India to balance off the Sino-centric regional order.

What seems to worry China most is it has not been able to extend a whole school of values to the world in the way that the West and the US has done for long. It has become extremely important for China to project itself to be transparent and good for the world. However China's action and behavior offer a contradictory story and the world is quite aware of that. Now the Chinese leadership is dealing with the problem of how to prove its credibility to the rest of the world. In this case, India seems to be in better position as there is less suspicion and also less judgment in the world regarding India's regional and international intentions. There is also enormous support for India's rise, the kind that China might not have experienced in its own rise.

During Modi's visit, he needs to understand India's own place vis-a-vis China and needs to develop a strategy on China while keeping in mind all the above-mentioned factors. China's every pronouncement of its core national interests need not be taken seriously today. We should seriously think about holding dialogue on what china treats as its core national interest, such as Tibet, and the Pakistan occupied Kashmir (POK) etc. India can also point out the discrepancies in China's own behavior. For example, India has a dialogue with China on terrorism in Afghanistan. But China held talks with Taliban leaders in Beijing. India should also be equally confident in putting on the table its own core national interests.

Ambassador P. Stobdan began by saying that India is loosing more and more territory to China. If Shyam Saran's report is to be believed, India has lost around 5,400 sq. km in the last 8-9 years. Both the countries should try to focus on the non-conflictual nature of the bilateral relationship. It is about the written record of good neighbourly relations of over 3000 years. The CCP has just revived the One Belt One Road initiative and Maritime Silk Route concept that basically deals with the commerce part of India-China relations. It needs to be noted that in earlier times, the maritime silk route was more profitable to India than China.



So if President Xi Jinping has decided to revive the non-conflictual commercial ties between India and China, India needs to study this carefully not from the militaristic point of view, but with a certain amount of wisdom. This is economic campaign of which India should take advantage.

Religious Philosophy is another common historical linkage between the two countries. China seems to acknowledge that fact. In China such philosophy is called Dharma. There are around 600 million Chinese who follow dharma. At a time when communist people are gradually declining, India needs to seriously think about how it is going to deal with the constituency following dharma in China. There is a need for an intellectual common ground between India and China. But it should not be left to the bureaucratic apparatus or the foreign policy intelligence community.

TRACKING CHINA

Chinese Economic Transition

Chinese economic restructuring has been continuing with slow growth rate than previous years. The Chinese leadership aims to conduct economic transition through slowing down export based growth and low-end manufacturing. Especially, the Northeast provinces of China are showing lower growth than national average, which is labelled as the result of ‘vestiges of the old economy’.¹ According to Xinhua, the Chinese government is looking forward to reform the economy by “selling stakes of the state-owned-enterprises to private owners and support for tech-heavy industries such as robotics, marine engineering and integrated circuits.”² The Chinese leadership has labelled this transition as painful but necessary. The leadership has also characterised this type of economic growth as the “new normal” defined by slower growth but of higher quality. This is intended upon increasing the domestic consumption and increasing the share of service sector to the GDP. The leadership announced that they would be looking towards financial sector reform and private businesses. Some of the reforms include raising salaries for public servants, unified pension system for private employees, civil servants and employees of government-sponsored institutions.³ The cooling of the real estate market has also led to the growth of infrastructure projects especially affecting farmers.⁴

In the midst of economic slowdown, Xinhua was compelled to comment that the Chinese economy is still resilient arguing that the reform process has taken effect that is visible from the income growth and service sector growth.⁵ The HSBC preliminary purchasing managers index (PMI) noted that China’s manufacturing PMI was 50.1 in February from 49.7 in January indicating expansion in its manufacturing sector.⁶ However, simultaneously, China has also lowered its GDP target in line with the slowdown.⁷ The transformation to 7 per cent growth, described as medium-high growth is achievable according to Xi Jinping. He stated that there is “enough room for leverage a host of policy tools” in his keynote speech in 2015 Boao Forum for Asia.⁸

Li Keqiang, the country’s Premier pledged wider market access in his speech to the China Development Forum in Beijing on 23 March 2015. For China, the upgradation of its manufacturing sector is necessary. Therefore, he urged the industry heads to ‘participate’ in this endeavour and ‘jointly explore third markets’. In return, Li promised that China will ‘continue expand market access, open service sector wider and strengthen intellectual property rights protection to create a stable and transparent policy environment, an efficient and normative administrative

¹ “Cooling Economy Highlights Need to Reform China’s Rust Belt”, *Xinhua*, February 16, 2015 http://news.xinhuanet.com/english/china/2015-02/16/c_134001035.htm accessed on April 10, 2015

² Ibid

³ Meng Na and Ren Ke, “China’s Reform Starts 2015 Strongly”, *Xinhua*, February 15, 2015 http://news.xinhuanet.com/english/indepth/2015-02/15/c_133998286.htm accessed on April 10, 2015

⁴ “Around China: Deciphering the Chinese Economy, From Grassroots”, *Xinhua*, February 18, 2015 http://news.xinhuanet.com/english/china/2015-02/18/c_134005229.htm accessed on April 10, 2015

⁵ “Chinese Economy Resilient, Reform Efforts Commendable”, *Xinhua*, February 27, 2015 http://news.xinhuanet.com/english/2015-02/27/c_134024191.htm accessed on April 10, 2015

⁶ “China’s Manufacturing Activity Rises to Four Month High in February”, *Xinhua*, February 25, 2015 http://news.xinhuanet.com/english/china/2015-02/25/c_134017227.htm accessed on April 10, 2015

⁷ “China Focus: Lower GDP Target Expected as China Eyes Quality Growth”, *Xinhua*, February 28, 2015 http://news.xinhuanet.com/english/2015-02/28/c_134027028.htm accessed on April 10, 2015

⁸ “Chinese Economy Highly Resilient: President Xi”, *Xinhua*, March 28, 2015 http://news.xinhuanet.com/english/2015-03/28/c_134105230.htm accessed on April 10, 2015

environment”.⁹ According to Xinhua, ten sectors that are gearing up for upgradation include new information technology, high-end numerically-controlled machine tool and robot, aerospace equipment, ocean engineering equipment and ships with high technology, advanced railway traffic equipments, energy saving and new energy vehicles, power equipment, new material, biological medicine and high-performance medical devices and agricultural production machinery.¹⁰ Yu Bin of Development Research Center of the State Council expressed confidence that Chinese economy could grow 7 percent in 2015 relying on the service sector growth despite slowdown in retail sales due to property and auto sales slowdown.¹¹

Chinese Military Drills and Rescue Missions

The aviation division of the People’s Liberation Army Air Force (PLAAF) conducted military training over the airspace of West Pacific Ocean for the first time. The troops crossed Bashi Channel and finished the training on the same day. Col Shen Jinke commented that these training exercises are “normal requirement of the China’s national defence construction”.¹² The Chinese military also carried out rescue missions particularly in Yemen due to the deteriorating situation. The 19th Chinese Naval Escort Taskforce, Linyi and Weifang Guided Missile Frigates and supply ship Weishanshu carried out escort missions in the Gulf of Eden on 29 March 2015 to evacuate Chinese nationals from Yemen.¹³ On 7 April 2015, the task force evacuated 38 Chinese nationals and 45 Sri Lankan nationals from Yemen.¹⁴ As of 7 April 2015, the task force has evacuated 270 foreign citizens including countries such as Pakistan, Ethiopia, Singapore, Poland, Italy, German, British, Canada, Ireland, Yemen, Romania, India and Egypt.¹⁵ China has evacuated 629 Chinese nationals from Yemen.¹⁶

Chinese Army New Rules and Regulations

The Chinese Army is considering new rules for recruitment such as stricter standard procedures for CPC members from the soldiers and officers. The new regulations published by the PLA General Political Department notes that “political standards should be given top priority. . . . members should follow the Party’s fundamental theories, guidelines and basic requirements and serve to strengthen the armed forces”.¹⁷ It explicitly calls for faith in “marxism, communism and socialism with Chinese characteristics” and “serious investigation and punishment for violations” in the recruitment process.¹⁸ This has been the latest of measures that the leadership has carried

⁹ “Chinese Premier Pledges Wider Market Access, Stronger IPR Protection”, *Xinhua*, March 24, 2015 http://english.qstheory.cn/2015-03/24/c_1114742445.htm accessed on April 10, 2015

¹⁰ “Silver Lining in Slowing Chinese Economy”, *Xinhua*, March 27, 2015 http://news.xinhuanet.com/english/2015-03/27/c_134104124.htm accessed on April 10, 2015

¹¹ “China’s Growth Target in 2015 Feasible”, *Xinhua*, April 10, 2015 http://news.xinhuanet.com/english/2015-04/10/c_134141141.htm accessed on April 10, 2015

¹² “PLA Air Force Conducts First Training in West Pacific”, *China Military Online*, March 30, 2015 http://eng.mod.gov.cn/DefenseNews/2015-03/30/content_4577579.htm accessed on April 10, 2015

¹³ “PLA Navy Ships Sail For Yemen To Evacuate Chinese Nationals”, *Chinese Military Online*, March 30, 2015 http://eng.mod.gov.cn/DefenseNews/2015-03/30/content_4577505.htm accessed on April 10, 2015

¹⁴ “Chinese Warship Carrying 83 Evacuees From Yemen Arrives in Djibouti”, *Xinhua*, April 7, 2015 http://eng.chinamil.com.cn/news-channels/china-military-news/2015-04/07/content_6431496.htm accessed on April 10, 2015

¹⁵ “China Helps Evacuate 279 Foreign Citizens From Yemen”, *Xinhua*, April 7, 2015 http://eng.chinamil.com.cn/news-channels/china-military-news/2015-04/07/content_6432460.htm accessed on April 10, 2015

¹⁶ “China completes Evacuation from Yemen, Assisting 629 Nationals and 279 Foreigners”, *Xinhua*, April 7, 2015 http://eng.chinamil.com.cn/news-channels/china-military-news/2015-04/07/content_6432377.htm accessed on April 10, 2015

¹⁷ “Chinese Army Applies Stricter Rules in Recruiting CPC Members”, *Xinhua*, April 12, 2015 http://news.xinhuanet.com/english/2015-04/12/c_134144410.htm accessed on April 30, 2015

¹⁸ Ibid

out to enforce loyalty among the Chinese military to the CPC leadership. Especially, the Chinese leadership has taken up the cause of rooting out corruption in the PLA army. Despite the death of Xu Caihou, who was charged with corruption, the defence ministry spokesperson Geng Yansheng stated that the bribery investigation would be continued to the graft case of Xu Caihou.¹⁹ The new rules and regulations are carried out in tandem with corruption investigation.

China strengthens relation with Europe

The period under review saw many high-profile visits of European leaders to China and their meeting with the Chinese leaders. As the year 2015 is the 40th anniversary of the establishment of the diplomatic relationship between China and the EU, President Martin Schulz of the European Parliament visited China and met President Xi Jinping on 16 March. During the meeting, President Xi noted progress made in the bilateral relationship, and informed about China's willingness to explore the possibilities of Sino-EU cooperation in China's 13th Five-Year Plan (2016–2020).²⁰

Besides, the Boao Forum for Asia (BFA) Annual Conference 2015, held in China, gave an opportunity for meetings between top Chinese and European leaders. The Swedish Prime Minister Stefan Lofven met President Xi on 28 March during his visit to attend the BFA Annual Conference. In their meeting, they agreed to 'step up communication and coordination on the post-2015 UN development agenda, climate change, global health security and other international affairs.' They also decided to start 'the series of events commemorating the 65th anniversary of the establishment of diplomatic relationship' between China and Sweden.²¹ President Xi Jinping also met Netherlands' Prime Minister Mark Rutte on the same day.²² Similarly, the Austrian President Heinz Fischer met Premier Li Keqiang on 26 March in Beijing when he went to China to attend the BFA Annual Conference 2015.²³

A telephonic conversation between Premier Li Keqiang and the Greek Prime Minister Alexis Tsipras took place on 15 April. The two leaders discussed the development of the Piraeus port project in Greece. This is reported to be a flagship project by China in Greece. In the conversation, the project was termed as 'conducive to boosting the confidence of Chinese enterprises in investing and developing in Greece and pushing forward the construction of the Land-Sea Express Line linking China and Europe.' The Chinese foreign ministry informed that the request for the talk came from Greece.²⁴

¹⁹ Mo Jingxi, "PLA Bribery Probe to Continue", *China Daily*, March 27, 2015 <http://en.people.cn/n/2015/0327/c90785-8869903.html> accessed on April 30, 2015

²⁰ 'Xi Jinping Meets with President Martin Schulz of the European Parliament', *Ministry of Foreign Affairs of The People's Republic of China*, March 17, 2015, http://www.fmprc.gov.cn/mfa_eng/wjb_663304/zjzg_663340/xos_664404/xwlb_664406/t1246511.shtml accessed on April 30, 2015

²¹ 'Xi Jinping Meets with Prime Minister Stefan Lofven of Sweden', *Ministry of Foreign Affairs of The People's Republic of China*, March 29, 2015, http://www.fmprc.gov.cn/mfa_eng/wjb_663304/zjzg_663340/xos_664404/xwlb_664406/t1250554.shtml accessed on April 30, 2015

²² 'Xi Jinping Meets with Prime Minister Mark Rutte of the Netherlands', *Ministry of Foreign Affairs of The People's Republic of China*, March 28, 2015, http://www.fmprc.gov.cn/mfa_eng/wjb_663304/zjzg_663340/xos_664404/xwlb_664406/t1250544.shtml accessed on April 30, 2015

²³ 'Li Keqiang Meets with President Heinz Fischer of Austria', *Ministry of Foreign Affairs of The People's Republic of China*, March 26, 2015 http://www.fmprc.gov.cn/mfa_eng/wjb_663304/zjzg_663340/xos_664404/xwlb_664406/t1250020.shtml accessed on April 30, 2015

²⁴ 'Li Keqiang Holds Telephone Talks with Prime Minister Alexis Tsipras of Greece at Request', *Ministry of Foreign Affairs of The People's Republic of China*, April 15, 2015 http://www.fmprc.gov.cn/mfa_eng/wjb_663304/zjzg_663340/xos_664404/xwlb_664406/t1256323.shtml accessed on April 30, 2015

Foreign Minister Wang participated in the Meeting of Foreign Ministers of the Six Countries and Iran on the Iranian Nuclear Issue in Lausanne, Switzerland in March 2015. There he held discussions with the French Foreign Minister Laurent Fabius, the German Foreign Minister Frank-Walter Steinmeier in Lausanne, Switzerland and also met Federica Mogherini-High Representative of the European Union for Foreign Affairs and Security Policy on 29 March.²⁵

China and France had the fifth meeting of the development subgroup of China-France military team on 1 April 2015. Zhang Jun, Director-General of the Department of International Economic Affairs of the Ministry of Foreign Affairs, and Anne-Marie Descotes, Director-General for Globalization, Development and Partnerships of the Ministry of Foreign Affairs and International Development, represented the two sides. They held idea exchange 'on the United Nations Development Summit, the Post-2015 Development Agenda, Financing for Development, the 'Belt and Road' Initiative and other issues.'²⁶

China-Africa relations

Uganda's President Yoweri Kaguta Museveni visited China and met President Xi Jinping on 31 March. During his visit, China and Uganda signed eight agreements in Beijing. Out of the eight agreements, four are about China's concessional loans to Uganda's infrastructure and communication sector. Chinese loan will help 'expand and upgrade' Uganda's Entebbe International Airport.²⁷ In mid-April, Chinese Foreign Minister Wang Yi visited South Africa. He informed that implementing 'the results achieved by the mutual visits between the two heads of state to deepen China-South Africa comprehensive strategic partnership', preparing for the Forum on China-Africa Cooperation (FOCAC) and ensuring coordination on the international and regional issues between the two countries were the objective of his visit. The FOCAC would be held in South Africa in 2015.²⁸ Additionally, Namibian President Hifikepunye Pohamba inaugurated the Omafo-Onandjaba road. The road is a section of the China-funded 98-km Omafo-Outapi road project in northern Namibia. China's Exim Bank has funded about \$80 million.²⁹ China has opened its fourth Confucius Institute in Kenya. The institute has been set up at Moi University (CIMU) in Western Kenya. China's Donghua University has collaborated to set up the institute. It would offer Chinese language and culture courses to the university students and others. The media reported that the institute 'also serves as a communication platform for those who are interested in Sino-African business and cooperation projects.'³⁰

²⁵ 'Wang Yi Meets with Foreign Minister Laurent Fabius of France', *Ministry of Foreign Affairs of The People's Republic of China*, March 29, 2015 http://www.fmprc.gov.cn/mfa_eng/wjb_663304/zjzg_663340/xos_664404/xwlb_664406/t1250615.shtml; 'Wang Yi Meets with Foreign Minister Frank-Walter Steinmeier of Germany', *Ministry of Foreign Affairs of The People's Republic of China*, 29 March 2015, http://www.fmprc.gov.cn/mfa_eng/wjb_663304/zjzg_663340/xos_664404/xwlb_664406/t1250620.shtml; 'Wang Yi Meets with High Representative Federica Mogherini of the European Union for Foreign Affairs and Security Policy', *Ministry of Foreign Affairs of The People's Republic of China*, March 29, 2015, http://www.fmprc.gov.cn/mfa_eng/wjb_663304/zjzg_663340/xos_664404/xwlb_664406/t1250626.shtml; accessed on April 30, 2015

²⁶ 'China and France Hold Fifth Meeting of Development Subgroup of Military Team', *Ministry of Foreign Affairs of The People's Republic of China*, April 2, 2015, http://www.fmprc.gov.cn/mfa_eng/wjb_663304/zjzg_663340/xos_664404/xwlb_664406/t1252522.shtml accessed on April 30, 2015

²⁷ 'New Agreements Give a Lift to Uganda', *China Daily*, April 1, 2015 http://www.chinadaily.com.cn/world/2015-04/01/content_19966409.htm accessed on April 30, 2015

²⁸ 'Wang Yi Talks about Results Achieved During His Visit to South Africa', *China Daily*, April 14, 2015 http://www.fmprc.gov.cn/mfa_eng/wjb_663304/zjzg_663340/fzs_663828/xwlb_663830/t1256319.shtml accessed on April 30, 2015

²⁹ 'Chinese-funded Road Opens in Namibia', *China Daily*, March 17, 2015 http://www.chinadaily.com.cn/world/2015-03/17/content_19830644.htm accessed on April 30, 2015

³⁰ 'China Opens Fourth Confucius Institute in Kenya', *China Daily*, March 31, 2015 http://www.chinadaily.com.cn/world/2015-03/31/content_19961978.htm accessed on April 30, 2015

Developments in China-Latin America relations

China closed its Consulate-General in Tamatave from April 15. All the diplomatic and consular affairs of the Consulate were handed over to the Chinese Embassy in Madagascar. The closure was informed as temporary. The decision was termed as 'with an aim of deeply advancing reform on consulates in foreign countries to further integrate resources and improve efficiency.'³¹

Foreign Minister Wang Yi and the Brazilian Foreign Minister Mauro Vieira held telephonic conversation on March 28. It was reported that the request for the conversation came from the Brazilian side. Mauro Vieira was reported to have pledged 'strategic cooperation with China' and hoped 'to join the Asian Infrastructure Investment Bank (AIIB) as a founding member.' He conveyed that Brazil would enhance cooperation with China and contribute to international financial affairs. Reciprocating the sentiments and thoughts, Wang Yi welcomed 'Brazil to join the AIIB as a founding member' and remarked that 'the decision of Brazil will enhance the representativeness of the AIIB and embody the strategic partnership between the two countries.' Wang Yi also assured of Chinese support for strengthening 'cooperation in international financial affairs with Brazil.'³²

China deepens partnership with Oceania

Foreign Minister Wang Yi and New Zealand's Foreign Minister Murray McCully met at the UN headquarters in New York on 23 February. The leaders traced the friendship of their countries to the World War II. They maintained that the international community should 'take the 70th anniversary of the victory of the World War II as an opportunity to sum up historical lessons and better look into the future on that basis.' They agreed that the cooperation between the two countries should be further intensified.³³

The Chinese and the Australian foreign ministries held the 22nd political consultation in Beijing on 14 April. Assistant Foreign Minister Zheng Zeguang and Deputy Secretary of the Department of Foreign Affairs and Trade Greg Moriarty of Australia led the two sides. They 'had in-depth exchanges of views on respective diplomatic policies, bilateral relationship as well as international and regional topics of common interest.'³⁴

TRACKING TAIWAN

Cross-Strait Relations

The year 2014 was rife with speculations about a Ma-Xi meeting following Taiwan's overtures for this meeting. It was widely held that Taiwan's President Ma Ying-jeou's government was trying hard to convince China for a meeting between President Ma Ying-jeou and President Xi Jinping at APEC summit in Beijing. However, the

³¹ 'Chinese Government Decides to Temporarily Close Chinese Consulate-General in Tamatave', *Ministry of Foreign Affairs of The People's Republic of China*, April 10, 2015 http://www.fmprc.gov.cn/mfa_eng/wjb_663304/zzjg_663340/ldmzs_664952/xwlb_664954/t1254401.shtml accessed on April 30, 2015

³² 'Wang Yi Holds Telephone Talks with Foreign Minister Mauro Vieira of Brazil', *Ministry of Foreign Affairs of The People's Republic of China*, February 28, 2015, http://www.fmprc.gov.cn/mfa_eng/wjb_663304/zzjg_663340/ldmzs_664952/xwlb_664954/t1250542.shtml accessed on April 30, 2015

³³ 'Wang Yi Meets with Foreign Minister Murray McCully of New Zealand', *Ministry of Foreign Affairs of The People's Republic of China*, February 24, 2015 http://www.fmprc.gov.cn/mfa_eng/wjb_663304/zzjg_663340/bmdyys_664814/xwlb_664816/t1240740.shtml accessed on April 30, 2015

³⁴ 'China and Australia Hold 22nd Political Consultation between Foreign Ministries', *Ministry of Foreign Affairs of The People's Republic of China*, April 16, 2015 http://www.fmprc.gov.cn/mfa_eng/wjb_663304/zzjg_663340/bmdyys_664814/xwlb_664816/t1256357.shtml accessed on April 30, 2015

meeting could not actualize. Recently, Former National Security Council secretary-general King Pu-tung has claimed that Ma's 'insistence on holding the meeting at the APEC summit in Beijing' has led to China's rejection of the proposal as China was not receptive to the idea of the meeting 'at an international forum' despite Taiwan's reasoning that 'APEC's membership is not predicated on the notion of sovereign nation states, but economic identities.'³⁵

Security and Defence Related Developments

A purported Islamic State of Iraq and Syria (ISIS) threat to Taipei, through a twitter post by the organization, put Taiwanese authorities on guard. The post has displayed the picture of Taipei 101— known as the tallest building till some years ago — in the post with the warning that "when Islamic State attack your cities it won't look nice. By the permission of Allah that day is not far." The illustration shows 'a blazing Taipei 101 and a blackened, smoke-filled cityscape.' The government strongly reacted to this asserting that Taiwan has capabilities to deal with any terrorist attack. The speculation was that the ISIS threat was a reaction to Taiwanese aid 'to refugees from Iraq, Syria and other countries displaced' by the ISIS. Taiwan has provided US\$7 million in aid to the refugees through the Vatican City and various non-governmental channels. Stating that it was treating the threat seriously, the American Institute in Taiwan (AIT), which conducts relations with Taiwan in a non-diplomatic manner, reiterated that US has a wide range of security cooperation with Taiwan including anti-terrorism exigencies. Taiwan was among the 60 coalition partners 'the US Department of State assembled in October last year to combat the extremist threat.'³⁶

Taiwan demonstrates resolve to pursue its domestic submarine program

The media reported Taiwan's Ministry of National Defense's resolve to pursue its domestic submarine program. It also informed that 'more than 20 US and European companies' are seeking to work with Taiwanese ship-building companies for submarines for Taiwan. President Ma stated, 'The submarine is the most significant weapon for a country building its naval defense capabilities. The military absolutely needs to acquire [new] submarines... We have the determination and we are definitely confident that we will achieve the goal of building submarines domestically.' He was speaking at the occasion of commissioning of two new vessels — the one was 500-tonne twin-hulled Hsun-hai class corvette, the Tuo Jiang, built by Taiwan's Lung Teh Shipbuilding Co; and supply vessel, the Pan Shi, again built by Taiwanese shipbuilder CSBC Corp.³⁷

TRACKING JAPAN

Japan-China Security Dialogue held in Tokyo

The 13th Japan-China Security Dialogue was held in Tokyo in March. The Japanese delegation comprised of the Deputy Minister for Foreign Affairs Shinsuke Sugiyama; Director-General of Asian and Oceanian Affairs Bureau Junichi Ihara; Director of First China and Mongolia Division Atsushi Ueno; Deputy Director General of the Defense Policy Bureau Atsuo Suzuki; Director, International Policy division of Ministry of Defense Masanori

³⁵ 'Ma's Insistence on Meeting Xi at APEC Foiled Summit: King', *Taipei Times*, April 14, 2015 <http://www.taipetimes.com/News/taiwan/archives/2015/04/14/2003615899> accessed on April 30, 2015

³⁶ 'Authorities Monitoring Militant Threat to Taipei', *Taipei Times*, February 27, 2015 <http://www.taipetimes.com/News/front/archives/2015/02/27/2003612337/1>; 'Alleged IS Threat against Taipei Taken Seriously by US', *The China Post*, February 27, 2015 accessed on April 30, 2015 <http://www.chinapost.com.tw/taiwan/national/national-news/2015/02/27/429795/Alleged-IS.htm>

³⁷ 'Navy to Run with Domestic Submarine Program', *Taipei Times*, April 2, 2015 <http://www.taipetimes.com/News/taiwan/archives/2015/04/02/2003614977>; 'Ma Touts Domestic Submarine Program', *Taipei Times*, 1 April 2015, <http://www.taipetimes.com/News/taiwan/archives/2015/04/01/2003614894> accessed on April 30, 2015

Yoshida and others. The Chinese delegation included Foreign Affairs Office Deputy Director, Ci Guowen; Assistant Minister, Liu Jianchao and others. Both sides engaged in discussing several issues including the recent developments in Japanese security policy, Chinese national defense policy and Chinese military modernization. During the meeting, China and Japan reiterated cooperation for implementing 'Maritime and Aerial Communication Mechanism between the Japan-China defense authorities'.³⁸

Foreign Minister Kishida attends Japan-China-South Korea trilateral meeting in Seoul

Foreign Minister Fumio Kishida met with his Chinese and South Korean counterpart Wang Yi and Yun Byung-se during the seventh Japan-China-ROK Foreign Ministers' meeting hosted by Seoul on March 21. The leaders agreed to deepen cooperation in areas like the environment, disaster management and youth exchange. Moreover, they decided to establish *Trilateral Policy Consultation on Middle East Affairs* and restart the *Trilateral Counter-Terrorism Consultation* along with the *Trilateral Policy Dialogue on Africa*. They expressed reservations about North Korean nuclear program. Besides, Japan urged for support of China and South Korea vis-à-vis the North Korean abduction issue. The threat of terrorism with particular reference to the ISIL was discussed and Kishida stressed the importance of humanitarian assistance, and extended support for enhancing counter-terrorism capabilities.³⁹

US-Japan-South Korea held security talks

The US-Japan-South Korea held a two-day trilateral security meeting in Washington on April 17. The objective was to improve defense cooperation in the wake of the regional security situation. While Tokuchi Hideshi, (Vice defense minister for international affairs) led the Japanese delegation, Yoo Jeh-seung (deputy minister for policy) headed the South Korean team. David B. Shear (assistant secretary of defense for Asian and Pacific security affairs) represented the US. Threats from North Korea were extensively discussed and all three parties appreciated the cooperation supported by 'Trilateral Information Sharing Arrangement Concerning the Nuclear and Missile Threats Posed by North Korea'. They underscored the importance of sharing information on North Korean nuclear and missile threats. Moreover, a "constructive discussion" on the US-Japan defense guidelines was held. The trilateral meeting also discussed the prospects of cooperation on non-traditional security, humanitarian assistance and disaster relief, and anti-piracy operations.⁴⁰

Japan hosted UN World Conference on Disaster Risk Reduction

The third UN World Conference on Disaster Risk Reduction was held in Sendai from March 14-18. Earlier, in the year 1994 and in 2005, the first and the second conference was hosted in Yokohama and Kobe. Prime Minister Abe delivered the keynote speech where he stressed that Japan possess knowledge and technology aimed at disaster risk reduction and announced the *Sendai Cooperation Initiative for Disaster Risk Reduction*. Abe discussed three approaches including non-material assistance, material assistance and promotion of global and region-wide cooperation. Furthermore, he committed \$4 billion in the next four years as assistance for disaster risk reduction.⁴¹

³⁸ "13th Japan-China Security Dialogue", *Ministry of Foreign Affairs of Japan*, March 20, 2015 http://www.mofa.go.jp/a_o/c_m1/page3e_000315.html accessed on April 30, 2015

³⁹ "The Seventh Japan-China-ROK Trilateral Foreign Ministers' Meeting", *Ministry of Foreign Affairs of Japan*, March 22, 2015, Japan http://www.mofa.go.jp/a_o/rp/page22e_000662.html accessed on April 30, 2015

⁴⁰ "U.S., Japan, South Korea Hold Trilateral Security Talks", *US Department of Defence, DoD News, Defense Media Activity*, April 17, 2015 <http://www.defense.gov/news/newsarticle.aspx?id=128618> accessed on April 30, 2015

⁴¹ "Statement by Prime Minister Shinzo Abe at the High Level Segment of the Third UN World Conference on Disaster Risk Reduction March 14, 2015 Sendai", *Ministry of Foreign Affairs of Japan*, March 14, 2015 http://www.mofa.go.jp/ic/gic/page4e_000203.html accessed on April 30, 2015

US Defense Secretary Ash Carter visits Japan

Defense Secretary Ash Carter paid a visit to Japan in April and outlined that the objective of the visit “was to prepare the way for ... the so-called ‘2+2’ meeting”.⁴² During the visit, he met with Prime Minister Shinzo Abe, Japanese Defense Minister Nakatani, and Chief Cabinet Secretary Yoshihide Suga. The discussions focused on US-Japan defence guidelines, Okinawa base relocation, TPP, cooperation on space and cyber security, US position vis-à-vis the Senkaku Islands, and regional security environment. Secretary Carter underscored that “the new guidelines will transform the US-Japan alliance, expanding opportunities for the US armed forces and the Japan Self-Defense Forces to cooperate seamlessly”.⁴³ Defense Minister Nakatani argued that the shift in the security situation, the widening role of the SDFs, the July 2014 cabinet decision and the following development of the security legislation must reflect in the guideline which would strengthen the alliance.

US- Japan summit meeting in Washington

US-Japan summit meeting was held on April 28 in Washington during which President Obama and Prime Minister Abe discussed several issues including the developments related to the 2+2 meeting held on April 27 and reiterated that the US-Japan alliance will be deepened under the revised defense cooperation guidelines. The leaders also reflected on the issue of relocation of Futenma base and Prime Minister Abe underscored Government of Japan's commitment regardless of Okinawa Governor Onaga's disagreement with regard to the plan of constructing the Futenma Replacement Facility at Henoko. Developments related to the TPP negotiations, AIIB and regional security issues were deliberated upon. The US and Japan stressed that they are opposed to “any unilateral attempts by China to change the status quo”.⁴⁴ They issued a US-Japan Joint Vision Statement which stressed that through US' Asia-Pacific Rebalance strategy and Japan's policy of “Proactive Contribution to Peace, both countries aim to safeguard peace and stability of the region and the world. Besides, they also issued a ‘Joint Statement on the Treaty on the Non-Proliferation of Nuclear Weapons (NPT)’ and a ‘Fact Sheet: US-Japan Cooperation for a More Prosperous and Stable World’. Prime Minister Abe was on a visit to the US from April 26-May 3.

Japan and Indonesia deepen bilateral cooperation

Prime Minister Shinzo Abe held a meeting with President Joko Widodo on April 22 in Jakarta on the sidelines of the Asian-African Summit. During the meeting, Indonesian leadership stressed on Japanese investment and cooperation on projects including urban Mass Rapid Transit system and power station in Central Java. Japanese Prime Minister Abe underscored the significance of the maritime cooperation through the Maritime Forum. Additionally, Abe stressed on advancing the Japan-Indonesia Joint Foreign and Defense Ministerial Consultations aimed at security and defence cooperation.⁴⁵ Earlier, Prime Minister Abe held a meeting with President Widodo on March 23 in Japan during which they discussed cooperation between the two nations on maritime safety and industry promotion through the Maritime Forum.⁴⁶

⁴² Cheryl Pellerin, “In Japan, Carter Reports Progress on Major Issues”, *US Department of Defence, Defense Media Activity* <http://www.defense.gov/news/newsarticle.aspx?id=128556> accessed on April 30, 2015

⁴³ “Remarks by Secretary Carter and Nakatani at a Joint Press Conference, Presenters: Secretary of Defense Ash Carter and Japanese Minister of Defense Gen Nakatani”, *US Department of Defence*, April 08, 2015 <http://www.defense.gov/Transcripts/Transcript.aspx?TranscriptID=5613> accessed on April 30, 2015

⁴⁴ “Japan-U.S. Summit Meeting”, *Ministry of Foreign Affairs of Japan*, April 28, 2015 http://www.mofa.go.jp/na/na1/us/page4e_000250.html accessed on April 30, 2015

⁴⁵ “Japan-Indonesia Summit Meeting”, *Ministry of Foreign Affairs of Japan*, April 22, 2015 https://www.google.co.in/?gws_rd=ssl#q=call+for+papers+south+asia+conference+china+2015 accessed on April 30, 2015

⁴⁶ “Japan-Indonesia Summit Meeting”, *Ministry of Foreign Affairs of Japan*, March 23, 2015 http://www.mofa.go.jp/s_sa/sea2/id/page4e_000231.html accessed on April 30, 2015

Japan SDF and the US military to conduct joint patrols in the South China Sea

Reports indicated that Japanese SDFs and US military are deliberating on carrying out joint patrols and surveillance in the South China Sea aimed at securing the critical SLOCs. Following a meeting on April 8 between Defense Minister Nakatani and US Defense Secretary Ashton Carter in Tokyo, Nakatani stressed that Japan would weigh the option of working together with the Americans in the South China Sea which will ease the burden on the US military.⁴⁷

THE KOREAN PENINSULA

South Korea joins China-led AIIB

On 27 March, the South Korean Ministry of Strategy and Finance confirmed that it will join the Asian Infrastructure Investment Bank as a founding member. The authorities said that scope of financing infrastructure projects solely with the existing multilateral development bank including the World Bank and ADB has limitations and that AIIB is expected to “effectively channel infrastructure investment into the region to facilitate sustainable growth and social development”.⁴⁸ While South Korea did suggest the need to carefully observe the governance structure of AIIB, it perceived China led AIIB as an opportunity for the Korean companies who possess considerable experience in construction, telecommunication, and transportation. While the US made public opposition with regard to AIIB⁴⁹, several US allies including South Korea joined the AIIB before the March 31 time limit for getting the founding member status.

President Park Geun-hye visits South America

President Park Geun-hye visited four South American nations including Colombia, Peru, Chile and Brazil from April 16-27. President Park held summit meeting with Colombian President Juan Manuel Santos in Bogota on April 17. The two countries agreed to deepen their relation in high value-added industries and signed 18 MOUs on several issues such as energy, security, health, financial assistance and infrastructure construction.⁵⁰ Following this summit, President Park went to Peru and South Korea-Peru summit was held on April 20 at the presidential palace in Lima. In the meeting, the two leaders deliberated on strengthening economic partnership. From April 21-23, President Park visited Chile and met President Michelle Bachelet. During the bilateral summit at the presidential palace in Santiago on April 22, the two leaders discussed upgrading the FTA and deepen cooperation on high value-added areas. Moreover, they discussed the prospects of new cooperation in science and technology, information and communications technology, health and medical industry, the defense industry and education. On April 24, President Park held a summit with Brazilian President Dilma Rousseff and discussed strategies for increasing economic cooperation.⁵¹

⁴⁷ “Japan, U.S. consider joint surveillance in South China Sea”, *JJI*, April 19, 2015 <http://www.japantimes.co.jp/news/2015/04/19/national/japan-u-s-consider-joint-surveillance-in-south-china-sea/#.VYj301K6a1t> accessed on April 20, 2015

⁴⁸ “Press Release Korea to Join the AIIB”, *Ministry of Strategy and Finance of Korea*, 27th March, 2015 <http://english.mosf.go.kr/> accessed on April 30, 2015

⁴⁹ Daniel W. Drezner, “Anatomy of a whole-of-government foreign policy failure, The Asian Infrastructure Development Bank is proceeding apace, despite U.S. efforts to stop it”, *The Washington Post*, March 27 2015 <http://www.washingtonpost.com/posteverything/wp/2015/03/27/anatomy-of-a-whole-of-government-foreign-policy-failure/> accessed on April 30, 2015

⁵⁰ “Korea, Colombia to boost partnership in value-added sectors”, *Korea.net*, April 20, 2015 <http://www.korea.net/NewsFocus/Policies/view?articleId=127016> accessed on April 30, 2015

⁵¹ “Park wraps up four-nation S. America tour”, *The Korea Herald*, April 26, 2015 <http://www.koreaherald.com/view.php?ud=20150426000143> accessed on April 30, 2015

North Korea fires two short-range ballistic missiles in protest against the US-South Korea joint military exercise

North Korea on March 2 fired two short range Scud-C missiles from Nampo into the East Sea to protest against the US-South Korea military exercise namely the Key Resolve and Foal Eagle drills.⁵² The Key Resolve, which is a computer-simulated command post drill, began on March 2 and involved about 10,000 South Korean and 8,600 US troops. The exercise continued till March 13. The Foal Eagle exercise, involved approximately 3,700 US troops and 200,000 South Korean troops and continued till April 24. North Korean administration has maintained a consistent position that such annual exercise is aimed at North Korea and called on South Korea to stop such joint drills. Earlier, in February, on two separate occasions North Korea fired four KN-01 ship-to-ship missiles and launched one KN-02 missile and four KN-09 missiles. The South Korean foreign ministry underscored the “defensive” nature of the Key Resolve and Foal Eagle exercises and stressed that firing of ballistic missiles on March 2 by North “is a clear violation of the Security Council resolutions”.⁵³

In a separate development, US Ambassador to South Korea, Mark Lippert was attacked on March 5 by a person named Kim Ki-jong during a meeting organized by the Korean Council for Reconciliation and Cooperation. The attacker claimed that the act was meant to preventing a war in the Peninsula and to register a protest against the joint US-South Korean military exercise.⁵⁴

South Korea and the US revised nuclear cooperation agreement

South Korea and the US revised the 1974 nuclear energy cooperation deal on April 22 in Seoul following difficult negotiation since 2010. While the provisional pact was signed between Ambassador Park Ro-byug and US Ambassador Mark Lippert, it needs endorsement from President Park Geun-hye and President Barack Obama to come into effect. Once the agreement takes effect, it will continue for 20 years.⁵⁵ Both countries agreed to lift the gold standard outlined in the original 1974 agreement which lawfully confines US partners to renounce uranium enrichment and reprocessing. The revised pact enables South Korea to enrich uranium in future through consultations with the US for civil nuclear energy. Moreover, the US agreed to assist in securing supply of nuclear fuel for atomic power plants in South Korea.⁵⁶ While the 1974 pact was slated to expire in March 2014, the US and South Korea stretched the pact to March 2016 to carry on the negotiation.⁵⁷

South Korea-EU cyber policy consultations held in Seoul

The second South Korea-EU cyber policy consultations was held on April 29 in Seoul. The South Korean delegation, led by Ambassador for International Security Affairs Choi Sung-joo, constituted of several officials from the Ministry of Foreign Affairs, the Ministry of Science, ICT and Future Planning, the Supreme Prosecutors’

⁵² “Tension mounts over military drills: North Korea fires two ballistic missiles; Seoul issues strong warning”, *The Korea Herald*, March 2, 2015 <http://www.koreaherald.com/view.php?ud=20150302000842> accessed on April 30, 2015

⁵³ “Press Briefing Spokesperson and Deputy Minister for Public Relations Noh Kwang-il”, *Ministry of Foreign Affairs Republic of Korea*, March 3, 2015 http://www.mofa.go.kr/ENG/press/pressbriefings/index.jsp?menu=m_10_30 accessed on April 30, 2015

⁵⁴ “U.S. envoy hurt in knife attack; Seoul moves to quell concerns of possible damage to alliance”, *The Korea Herald*, March 5, 2015 <http://www.koreaherald.com/view.php?ud=20150305001232> accessed on April 30, 2015

⁵⁵ “U.S. welcomes revised nuclear cooperation pact with S. Korea as ‘major milestone’ for alliance”, *The Korea Herald*, April 23, 2015 <http://www.koreaherald.com/view.php?ud=20150423000198> accessed on April 30, 2015

⁵⁶ “Choe Sang-Hun, U.S. and South Korea Reach Revised Nuclear Deal”, *The New York Times*, April 22, 2015 <http://www.nytimes.com/2015/04/23/world/asia/us-and-south-korea-reach-revised-nuclear-deal.html> accessed on April 30, 2015

⁵⁷ “S. Korea, U.S. reach deal on nuclear cooperation”, *The Korea Herald*, April 22, 2015 <http://www.koreaherald.com/view.php?ud=20150422000772> accessed on April 30, 2015

Office, the Korean National Policy Agency, and the Korea Internet & Security Agency. The EU delegation was led by the Director for Security Policy and Conflict Prevention Joëlle Jenny of the European External Action. Following the Korea Hydro & Nuclear Power and Sony Pictures Entertainment hacking events, South Korea is deepening cooperation with EU. This framework was agreed on by the two countries in November 2013 and the first South Korea-EU cyber policy consultations were hosted in Brussels in May 2014.⁵⁸

South Korean Environment Minister attends the 17th Korea-China-Japan Environment Ministers Meeting

South Korean Environment Minister, Yoon Seongkyu attended the 17th Korea-China-Japan Tripartite Environment Ministers Meeting on 29-30 April in Shanghai. Minister Yoon's meeting with the Chinese environmental protections minister, Chen Jining and Japanese environmental minister, Mochizuki Yoshio was aimed at deepening environmental cooperation between the three nations. The three leaders deliberated on the Joint Action Plan for the next five years⁵⁹ in nine priority areas including air quality improvement, biodiversity, environmental emergency response, transboundary movement of e-waste; climate change; water and marine environment conservation, environmental education, rural environment management, transition to green economy etc.⁶⁰

US Defense Secretary Ash Carter visits South Korea

US Defense Secretary Ashton Carter was in Seoul from April 9-11 to underscore US commitment to South Korean security, rebalancing strategy towards Asia-Pacific, and exchange views on regional security issues. On April 10, Secretary Carter met with South Korean defense minister Han Min-koo. The two sides assessed the North Korean nuclear weapon and ballistic missile threats which pose significant security risk and reiterated the strength of their alliance and focused on strengthening bilateral cooperation in the coming years. The two sides discussed the adoption of a conditions-based approach with regard to the transition of wartime operational control. They also discussed the significance of US, Japan, South Korea cooperation to ensure peace and stability in Northeast Asia.⁶¹

South Korean Prime Minister Lee Wan-koo resigned

Prime Minister Lee Wan-koo resigned in late April after a series of accusations that he accepted \$27,000 illegal funding during the parliamentary by-election of 2013. Lee served as Prime Minister for only 63 days.⁶² There was increasing pressure on Lee from several political parties including his own Saenuri Party to resign over the

⁵⁸ "2nd ROK-EU Cyber Policy Consultations to Take Place", *Ministry of Foreign Affairs Republic of Korea*, April 28, 2015 <http://www.mofa.go.kr/webmodule/htsboard/template/read/engreadboard.jsp?typeID=12&boardid=302&seqno=315184> accessed on April 30, 2015

⁵⁹ "Attends the 17th Tripartite Environment Ministers Meeting (TEMM17) among Korea, China and Japan", *Ministry of Environment*, May 1, 2015 <http://eng.me.go.kr/eng/web/board/read.do?menuId=456&boardMasterId=523&boardId=509000&boardCategoryId=> accessed on May 30, 2015

⁶⁰ "Environment Ministers of Korea, China and Japan to Discuss Environmental Cooperation for Next Five Years", *Ministry of Environment*, April 29, 2015 <http://www.korea.net/Government/Briefing-Room/Press-Releases/view?articleId=3052&pageIndex=5&gov=> accessed on April 30, 2015

⁶¹ "Terri Moon Cronk, Carter, South Korea's Han Solidify Alliance", *Department of Defense News, Defense Media Activity*, April 10, 2015 <http://www.defense.gov/news/newsarticle.aspx?id=128565> accessed on April 30, 2015

⁶² "Premier Lee served only 63 days", *The Korea Times*, April 21, 2015 http://www.koreatimes.co.kr/www/news/nation/2015/04/116_177448.html accessed on April 30, 2015

corruption accusations. Moreover, public sentiments were rising against Lee including in his native Chungcheong province and asked for his resignation.⁶³ *Kyunghyang Shinmun* published a communications of late Sung Woan-jong, Keangnam chairman, blaming Lee of accepting \$27,000 in cash. Lee reportedly denied the allegations and offered to participate in the prosecution's probe.⁶⁴ Lee Wan-koo is one of the eight political figures recorded in a memo discovered after Sung Woan-jong suicide. The "Sung list" also features two ex-chiefs of staff including Huh Tae-yeol and Kim Ki-choon, and Lee Byung-kee.⁶⁵

⁶³ "Premier Lee served only 63 days", *The Korea Times*, April 21, 2015 http://www.koreatimes.co.kr/www/news/nation/2015/04/116_177448.html accessed on April 30, 2015

⁶⁴ "P.M. under siege in graft scandal", *The Korea Herald*, April 14, 2015 <http://www.koreaherald.com/view.php?ud=20150414001113> accessed on April 30, 2015

⁶⁵ "Sung Woan-jong list may hobble Park's legacy", *The Korea Times*, April 12, 2015 http://www.koreatimes.co.kr/www/news/nation/2015/04/116_176953.html accessed on April 30, 2015

ACTIVITIES OF THE CENTRE (MARCH–APRIL 2015)

- The East Asia Centre organised a Round Table discussion on “Prime Minister Narendra Modi’s Forthcoming Visit to China: Setting the Agenda” on 13th April 2015.
- Gail Ma, a PhD candidate from ANU, visited IDSA on 9 April, 2015 and presented on Market or Non-Market? International Oil Supply Security Strategies of Major Asian Importing Countries followed by a discussion.
- Dr. Chung Min Lee, Ambassador of International Security, Republic of South Korea visited IDSA on 22nd April 2015 to discuss India-South Korea relations, India-China relations, and the challenges in the Korean Peninsula.

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