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EDITOR'S NOTE

Diplomatic engagements, military drills, regional security related developments marked the months of September and October 2014. Observers of East Asia witnessed the Tokyo Declaration agreed between India and Japan; Foreign Ministers of India and China meeting on the sidelines of UN General Assembly; Chinese Premier Li Keqiang's Europe tour; 19th China-Russia Prime Minister's regular meeting; resumption of strategic dialogue between South Korea and Japan; North Korea-Japan engagement on the abduction issue; and diplomatic exchange between the two Koreas. While China along with Russia and other Central Asian countries conducted joint military exercise called the Peace Mission 2014, Japan separately engaged in drills with the US called Operation Orient Shield-14 near Hokkaido and with Russia off the coast of Vladivostok. One positive development with regard to regional security that unfolded was the second China-Japan talk on maritime issues where they reportedly decided to restart negotiations on creating a bilateral maritime security mechanism functioning at the earliest. Additionally, the region saw several short range missiles fired off into the East Sea by North Korea; inconclusive Inter-Korean military level talks; infrastructure project by Russia in the disputed Etorofu Island; X-Band radar system brought in Kyogamisaki military base in Kyoto and Japan's new space policy draft emphasizing on security and the advancement of the aerospace industry.

This issue of the Monitor features an interview of regional expert, Ryohei Kasai, offering his perspectives on India-Japan relation. He shares with the Monitor his evaluation of the China shadow in India-Japan relation, Japan's expectation from India in the East China Sea dispute, challenges and prospects of defence technology cooperation, civil nuclear energy agreement and the success of CEPA. Besides, Gp Capt Naval Jagota shares his understanding on developments in the Spratly island by way of a commentary. 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



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Ryohei Kasai has served as Political Adviser and Researcher in Japanese Embassies in New Delhi, Beijing and Islamabad. He has co-authored several books on South Asia including "India: A Rising Military Power".

1. How critical is the China shadow in India-Japan relations?

China's growing presence works as one of the major factors for Japan to formulate its relations with India. While Japan and India see China as a very important economic partner, both countries have border/territorial issues with it, which are the source of serious concern. Having said that, Japan-India relations should not be dominated by a single issue as the two countries, which share ideas such as democracy, rule of law, diversity and plurality, have much more to cope with. Positioning China as a country with which Japan and India jointly tackle in an explicit way may also send a wrong message and make China more assertive in the region.

2. What is Japan's expectation from India in the East China Sea dispute?

We are encouraged by the recent remarks made by Indian External Affairs Minister Sushma Swaraj at EAS foreign ministers' meeting in Myanmar expressing a clear support for freedom of navigation and opposition on the use of force or threat of use of force in South China Sea. While she did not refer to East China Sea, where Japan faces China's blatant challenge over Senkaku Islands, her remarks show that both countries shares the same idea in order to safeguard security and stability and to resolve any dispute in a peaceful manner in both Seas. Advocating this idea by two responsible powers in Asia is expected to be a foundation to build a consensus on the issue.

3. What are the challenges and prospects of Japanese transfer of defence equipment and cutting-edge technology to India?

All eyes are on a supply of US-2, the world's only amphibian aircraft manufactured by ShinMayWa Industries of Japan. If both sides successfully conclude talks, it will become not only a symbol of security and defense cooperation between Japan and India but also bears such significance as its first example of export of defense product for Japan since it relaxed the ban to do so a few months ago. It might even pave the way for more deals in the future, which would be beneficial for both sides. It also certainly contributes to India's aspiration to strengthen domestic production in defense area.

4. Japanese reservation concerning NPT and CTBT and strong domestic sentiments has stalled the negotiation on the Agreement for Cooperation in the Peaceful Uses of Nuclear Energy. The agreement is also important for the French and US nuclear businesses. What do you think is an effective approach to address the concerns of both side and make progress with the civil nuclear agreement?

While Japan fully understands India's aspiration to conclude the negotiation on the agreement as well as the fact that it is a necessary legal component for companies such as Westinghouse and GE Hitachi to conduct nuclear business with India, it also has to pay attention to reservations from domestic constituencies, particularly after the nuclear disaster in Fukushima three and half years ago. In the meantime, India's excellent record of non-proliferation and its moratorium on voluntary nuclear explosive testing shows it is a stable and responsible player in this area. If India also goes the extra mile vis-a-vis accommodating Japan's concern on issues including CTBT/

NPT, it will certainly create a more favorable atmosphere for the agreement.

5. Do you agree that CEPA has left much to be desired in consolidating the India-Japan economic relations?

Japan-India CEPA is one of the most significant achievements in deepening and widening economic engagement between two countries. A visible impact of CEPA, which came into force in August 2011, is yet to be seen in the bilateral trade statistics so far. However, that does not necessarily mean that it has only limited effects. Actually it offers a higher level of trade liberalization compared with South Korea-India FTA. It brings tariff lines of nearly 90 percent of goods to zero but takes 10 years to complete the process with only 18.4 percent of goods covered with immediate reduction. Therefore I am confident that it will bear fruit, albeit gradually, for more robust trade relations.

BUILDING ISLANDS IN THE SPRATLY'S



Gp Capt Naval Jagota

Research Fellow, IDSA

The South China Sea (SCS) has become zone of tension between countries of the region due to the competing sovereignty claims over the reefs and shoals. The claims on these islands would provide a multitude of benefits to these countries accruing through the exclusive economic zone (EEZ) which extends up to 200 nautical miles from its land territory. Coastal states have the right under the United Nations Convention on the Law of the Sea (UNCLOS) to regulate foreign economic activities in their own EEZs. The EEZs thus provides for "sovereign rights for the purpose of exploring and exploiting, conserving and managing the natural resources, whether living or non-living, of the waters superjacent to the seabed and of the seabed and its subsoil, and with regard to other activities for the economic exploitation and exploration of the zone, such as the production of energy from the water, currents and winds". Additionally, in some quarters of the Chinese government there is a strong belief that foreign military activity can also be regulated by them in their EEZ.

The bone of contention in the SCS in particular is over Paracel Islands, Spratly Islands, and Scarborough Shoal. The sovereignty issue is contested with Vietnam, Philippines, Brunei, Malaysia and Taiwan. The Paracel Islands claim are by China and Vietnam, but is occupied by China; the Spratly Islands, are claimed entirely by China, Taiwan, and Vietnam, and in part by the Philippines, Malaysia, and Brunei, and which are occupied in part by all these countries except Brunei; and dispute over Scarborough Shoal which is claimed by China, Taiwan, and the Philippines. Therefore the Chinese through their articulation of the 9 dash line claim 90 percent of the SCS waters. There is a distinction between reefs, atolls and islands. The interpretation of the UNCLOS is for the piece of land to be entitled to an EEZ, it should have human habitation, fresh water and certain basic structures, whilst reefs or submerged rocks would only have sovereignty claim of 12 nautical miles around it.

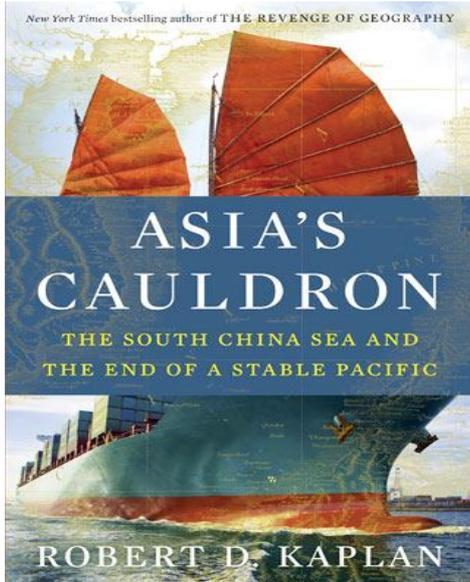
In this regard the Spratly Islands, which is spread over 160,000 square miles, from the Chinese perspective is a great strategic outpost to control and dominate the SCS. In order to strengthen their claims they have started constructing and expanding four of these reefs, rocks, sandbars and tiny atolls into small islands. The Chinese refer to this grouping as the Nansha Islands. The People's Liberation Army has been conducting construction and land reclamation operations on multiple reefs and islets in the Spratly islands, including Fiery Cross Reef (Yongshu Reef). The plan is to build an island at least 3,000 m long on Fiery Cross Reef that could be the site for its first airstrip in the Spratly Islands. The land reclamation at Fiery Cross is the fourth such project undertaken by China in the Spratly Islands in the last 12-18 months and by far the largest in scope. China has built new islands at Johnson South Reef, Cuateron Reef, and Gaven Reefs, but none are large enough to house an airstrip in their current form. The other claimants to the region have also created infrastructure in the Spratly's. Taiwan has Itu Aba island, the Philippines has Pagasa island, Malaysia has Swallow Reef (a reef on which it reclaimed land and built an airstrip), and Vietnam has Southwest Cay, all having air strips.

The reasons enunciated by the Chinese and the motives attributed to developing these projects include asserting indisputable sovereignty over the Spratly Islands and the adjacent waters, augment the country's fisheries administration and humanitarian relief capabilities, and allow China to claim it has an EEZ within 200 nautical miles of each island. Moreover, supplies, infrastructure would improve the living standards of soldiers stationed there and shelter for those engaged in commercial activities in the SCS, hence bolstering China's claim for civilian presence in the area.

There are many strategic ramifications of these infrastructure developments which emerge out of especially the Fiery Cross Island construction. It is at a distance of 740 nautical miles. Having an airfield, when completed,

gives China militarily anchored aircraft carrier capabilities. It would bolster its presence in the SCS and due to its military superiority provides it with a dominating position for negotiations or military solutions. The artificial island would be able to provide it with long-range naval power projections as well as a commanding position in one of the most vital sea lanes. It would provide it with greater flexibility in the future to make a push for the "second island chain". The islands military infrastructure development would provide a buffer zone and may be intended in the future to push the US out of the region and thus play a more dominating role in the region's political, economic and military sphere.

BOOK REVIEW



Robert D. Kaplan, *Asia's Cauldron: the South China Sea and the End to a Stable Pacific*, Random House New York 2014 Pp. 256. Isbn: 978-0-8129-8480-4

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Nothing influences a nation's perspective and the future course it will take as much as its geography. This is amply demonstrated in Kaplan's book, *Asia's Cauldron: The South China Sea and the End of a Stable Pacific*. Consider East Asia. Unlike Europe, the sea will determine its fate as it is surrounded by numerous little rocks, archipelagos and water bodies. Kaplan argues China, being at the centre of East Asia with its vast population, territory and coastline will be a force to reckon with and has already begun to project its power outside its boundaries.

This book is well-timed as it comes at a period when China's assertiveness is increasingly resulting in insecurities and fears among its neighbours of being 'Finlandized' or having a stronger nation influence its policies. China's power projection and military expansion is making her neighbours extremely nervous. As tensions escalate in South China Sea, Kaplan brings a fresh and wide range of perspective to the complex issue of South China Sea from the point of view of China's neighbours, explaining the history of their nation-building and how it reflects in their perception of China.

The book is well-researched, lucid, informative, extremely relevant and takes a different look at the South China Sea dispute. The dispute is not only about energy resources or the crucial sea lanes of communications (SLOC), but also about national prestige and the fear that the balance of power is tilting in China's favour. Alfred Thayer Mahan, a captain in the US navy wrote a book in 1890, *The Influence of Sea Power upon History: 1660-1783* where he argued that by controlling the seas, a nation can achieve power and greatness. China seems to be taking notes from Mahan in order to become a maritime power.

Despite rapid economic growth and prosperity, Asian nations are still riddled with problems of historic enmity and hostility among each other. Beijing's naval build-up and PLA's arms acquisition are resulting in increasing defence expenditure and rapid military acquisition by the littoral states surrounding it. Mutual suspicions among these regional actors have led to increase in submarine acquisition and deployment in South China Sea. The book also takes a deeper look at how countries such as Singapore, Malaysia, Vietnam, Philippines and Taiwan are constantly engaging in nation-building and trying to forge a national identity. The author shows admiration for leaders such as Malaysia's Mahathir bin Mohamad and Singapore's Lee Kuan Yew and sees them as great modernisers who carried forward their country despite hostile conditions. Mahathir build a national Malaysian identity, combined with universal principals of Islam. Lee Kuan Yew too imbibed the Confucian ethic and focused on establishing meritocracy and weeding out corruption. He then goes on to mention that other countries haven't been so lucky. This includes Philippines, which suffered under Ferdinand Marcos, who neither imbibed Confucian ethics nor Islamic discipline.

Kaplan argues that part of the problem in achieving a solution is China trying to solve the dispute bilaterally with ASEAN countries and avoiding the dispute being brought up at a multilateral forum. This, he says, is a classic strategy of divide and conquer. He also brings out the fear of US allies about this superpower not being a reliable strategic ally. He questions the relevance of the US rebalancing strategy and says that it is stuck in a dilemma how

to accommodate China's interests, while maintaining international law and peace in the neighbourhood.

The littoral states want greater US involvement and mediation in the region, while China wants to push US out of its domain. US too do not want to get drawn into other's conflict. The author effectively argues that instead of containing China, the US must seek to accommodate it in the international order and at the same time maintain a balance of power which is favourable to itself. The US, he articulates, must strengthen regional organisations such as the ASEAN which is plagued by internal divisions and must build a stronger multilateral organisation based on consensus-building.

However, the author makes a historical analogy which can be contentious by comparing the expansion of the PLA-Navy in South China Sea to the expansion of the US navy in the Caribbean Sea in the 1880s. Though he calls the Nine-dash line as China's Monroe doctrine, he doesn't explain this analogy well. It needs to be underlined that the US never claimed sovereignty over territories in the Caribbean, even if it tried to keep European powers out of the Western Hemisphere. What makes the book an interesting read is that Kaplan does not simply just give a narrative of the dispute, but illustrates it with a wide range of quotes, anecdotes and stories. Trying to understand the disputes and overlapping sovereignty claims in South China Sea can be mind-boggling, but the author skillfully provides us with a well-rounded understanding of the subject. The book is a must read for anyone interested in the issue of South China Sea.

TRACKING CHINA

Growing China-Russia relations

After China and Russia signed an agreement in which Gazprom would provide 38 billion cubic metric natural gas per year to China National Petroleum Corporation (CNPC) for thirty years, they are planning to sign another agreement. In this, Russia and China plans for a gas pipeline through western Siberia in contrast to the earlier one through the Eastern route. The Western pipeline would run through Altai region of Russia. Earlier in September, Chinese Vice Premier Zhang Gaoli visited Yakutsk in Saha-Yakutia Republic to oversee the start of the construction of the China Russia East Route gas pipeline that was agreed in May 2014.¹ In this eastern route, the pipeline will utilise Chayandin and Kovyktin gas fields in Eastern Siberia. The pipeline, which starts from these gas fields will extend through Vladivostok. Both the pipelines will export 70 billion cubic meters of natural gas.²

Russia and China also signed around 40 agreements after the 19th China-Russia Prime Minister's Regular Meeting. Chinese Premier Li Keqiang travelled to Moscow to attend the Meeting. They agreed on currency swap for 150 billion yuan between the central banks of the two countries.³ Apart from this, Li Keqiang stated that China will invest in "mining, chemical industry, agriculture and infrastructure construction" and concentrate on more people to people cooperation. Li also stated that the cooperation is "strategic, stable and long-running in nature".⁴

Li Keqiang's visit happened under international conditions where Russia is getting increasingly isolated and China attempting to counter US Pivot. Xinhua in a commentary hailed the strategic cooperation between Russia and China describing it as "natural partners" and argued that the "interpretation of China-Russia amity as a countermeasure to the United States' so-called pivot to Asia and the West's sanctions against Russia is fundamentally anachronistic and wrong".⁵ The two countries also talked on accelerating the plans for a Eurasian high-speed transport corridor, which would connect Moscow to Beijing. Russia's relations with China are deepening with Russian President Vladimir Putin supporting China's Silk Road Economic Belt, calling for China, Russia and Mongolia to establish cooperation as it offers "opportunities for trilateral cooperation".⁶

China's People's Liberation Army

The General Staff Quarters of the Chinese People's Liberation Army (PLA) has listed forty problems within the PLA training that could affect combat. According to the Xinhua report, these problems are "personnel problems, current methods and standards of military training and issues of work style in army".⁷ Lately, issues with military training have been surfacing after forty people were injured as what is described as a "brawl". In Huangcang High

¹ 'Deeper Energy Cooperation Promotes China Russia Partnership', *Xinhua*, September 1, 2014 at http://news.xinhuanet.com/english/china/2014-09/01/c_133612615_2.htm accessed on September 2, 2014

² 'China, Russia Start Construction of Gas Pipeline', *Xinhua*, September 1, 2014 at http://news.xinhuanet.com/english/china/2014-09/01/c_133612314.htm accessed on September 2, 2014

³ 'China, Russia Sign Deals on Energy, High-Speed Railways', *Xinhua*, October 14, 2014 at http://news.xinhuanet.com/english/china/2014-10/14/c_133713784.htm accessed on October 15, 2014

⁴ 'Spotlight: China, Russia Cement Partnership with New Cooperation Blueprint', *Xinhua*, October 14, 2014 at http://news.xinhuanet.com/english/china/2014-10/14/c_133715234.htm accessed on October 15, 2014

⁵ 'China-Russia Partnership based on Win-Win Cooperation not Joint Confrontation', *Xinhua*, October 12, 2014 at http://news.xinhuanet.com/english/china/2014-10/12/c_133710543.htm accessed on October 15, 2014

⁶ 'Xi Proposes to Build China-Mongolia-Russia Economic Corridor', *Xinhua*, September 12, 2014 at http://news.xinhuanet.com/english/china/2014-09/12/c_126977111.htm accessed on September 15, 2014

⁷ 'PLA Warns of Training Mismatch with Real Combat', *Xinhua*, September 12, 2014 http://news.xinhuanet.com/english/china/2014-10/12/c_133710286.htm accessed on September 15, 2014

School, fight erupted between students and military trainer during military education and training course class. Global Times reported that the incident occurred “when a freshmen class resisted a military trainer who was being too harsh on students and even stepped on their backs to force them to do push-ups”.⁸ This has prompted a reassessment of the training programmes. The Chinese government has not banned discussion on the experiences of many about the harsh methods adopted during these training courses.⁹ The Chief of Staff of the PLA also issued a statement about improving the military command system. The Chief of Staff had a meeting that discussed about updating the “PLA operational headquarters with information technology and revised several important protocols”.¹⁰ Meanwhile, Xi Jinping has stressed the loyalty of the Army to the Party stating that “PLA forces should have absolute loyalty and firm faith”.¹¹ He also stressed that “commanders should have a better understanding of international and domestic security situations” and “should strictly discipline themselves”.¹²

Peace Mission 2014

China together with Russia and other Central Asian countries conducted joint military exercises called the Peace Mission 2014.¹³ This is Shanghai Cooperation Organisation's fifth military exercise that is focused on combating “three evil forces”.¹⁴ They are terrorism, separatism and extremism. The military drill that ended in Inner Mongolia consisted of 7,000 personnel and are “expected to hone multilateral decision-making, sharpen joint anti-terror efforts and boost intelligence sharing to ensure regional peace and stability”.¹⁵ The military exercise also consisted of “joint tactical coordination”. According to the news report, the coordination was conducted at “strategy, campaign and tactics”. Wang Yinfang, the Deputy Commander was quoted in the news report as stating that the drill looked upon “multidimensional joint reconnaissance, joint precise strike and joint ground anti-terrorism operations against the terrorists”.¹⁶ The participating countries also visited Zhuirihe training base in Inner Mongolia to check each other's equipment and assessed as to the way in which the countries could “upgrade the joint equipment-support level in the following actual-troop exercise”.¹⁷

Chinese Economy

Chinese economic recovery is still underway with Xu Shaoshi, the Minister of National Development and Reform Commission admitting that it is facing “complicated situation with strong uncertainty at home and abroad”.

⁸ ‘Military Class Turns Into Genuine Brawl’, *Global Times*, August 26, 2014 at <http://www.globaltimes.cn/content/878153.shtml> accessed on September 15, 2014

⁹ Bai Tiantan, ‘Military Training Reconsidered After Brutal Brawl’, *Global Times*, August 31, 2014 at <http://www.globaltimes.cn/content/879187.shtml> accessed on September 15, 2014

¹⁰ ‘PLA Chief of Staff Discuss Improving Efficiency’, *Xinhua*, September 21, 2014 at http://news.xinhuanet.com/english/china/2014-09/21/c_133660193.htm accessed on September 25, 2014

¹¹ ‘Xi Stresses Military Headquarters Loyalty to Party’, *Xinhua*, September 22, 2014 at http://news.xinhuanet.com/english/china/2014-09/22/c_133663216.htm accessed on September 25, 2014

¹² ‘Xi Stresses Military Headquarters Loyalty to Party’, *Xinhua*, September 22, 2014 at http://news.xinhuanet.com/english/china/2014-09/22/c_133663216.htm accessed on September 25, 2014

¹³ ‘SCO Anti-Terror Drill Kicks Off in China’, *The State Council, The Peoples Republic of China*, August 26, 2014 at http://english.gov.cn/news/photos/2014/08/26/content_281474983694929.htm accessed on September 25, 2014

¹⁴ ‘China to Lead Regional Anti-Terrorism Drill ‘Peace Mission – 2014’, *Global Times*, August 24, 2014 at <http://www.globaltimes.cn/daily-specials/peace-mission-2014/> accessed on August 25, 2014

¹⁵ ‘Peace Mission – 2014 Military Drill Ends in China’s Inner Mongolia’, *Xinhua*, August 30, 2014 at http://news.xinhuanet.com/english/photo/2014-08/30/c_133606993.htm accessed on August 30, 2014

¹⁶ ‘Joint Tactical Coordination Conducted in Peace Mission – 2014 Exercise’, *Global Times*, August 24, 2014 at <http://www.globaltimes.cn/content/877806.shtml> accessed on August 30, 2014

¹⁷ ‘Troops of “Peace Mission -2014” exercise Open Some Equipment for Visit’, *Global Times*, August 24, 2014 at <http://www.globaltimes.cn/content/877807.shtml> accessed on August 30, 2014

China is currently attempting to restructure its economy from an export driven economy to a domestic consumption driven economy. Xu commented that China will reform on “removing administrative approvals, industrial barriers, budget management and pushing forward private bank trials”.¹⁸ China saw slow growth in fiscal revenue despite the government spending on various social sectors such as insurance, cultural and economic sectors. However, the Chinese Central Bank governor Zhou Xiaochun declared that the Chinese economy is expected to expand at a “steady pace”. Zhou mentioned that the Chinese government would continue to reform the economy.¹⁹ In fact, the Chinese economy is now described as the “new normal”, where high-speed growth is replaced by a stable and sustainable growth.²⁰ Under this new normal, innovation becomes paramount to the economy to escape the middle-income trap.

Occupy Central Protests

The Occupy Central (OC) Movement has been the biggest political news coming from the People's Republic of China. Hong Kong is slated to have its direct elections for the post of Chief Executive in the year 2017. Beijing says it will vet the final list of candidates. Protestors call this a breach of 1997 promise when Beijing took over Hong Kong under what is known as the “One country, two systems” model. Hong Kong political and other systems were to be untouched for 50 years while Beijing took over Defence and Foreign Affairs under the Basic Law of 1997. Electoral process is not Beijing's prerogative and Hong Kong feels Beijing is putting ‘one country’ ‘above’ ‘two systems’. Article 45 of the Basic Law is the bone of contention. It says, “The method for selecting the Chief Executive shall be specified in the light of the actual situation in the Hong Kong Special Administrative Region and in accordance with the principle of gradual and orderly progress”. Beijing has retained the right to interpret this clause and Hong Kong protestors feel this to be highly undemocratic.

Scholarism, the students group that had resisted the introduction of nationalist education in Hong Kong in 2012, led the OC protests and was later on joined by other civil society organisations. In particular, the use of teargas towards the end of September 2014 rekindled the images of Tiananmen Square and images of protestors braving teargas using umbrellas led to the popular name of the protests as *Umbrella Revolution*. Public support increased after reports of CY Leung's corruption cases came out. Various rounds of talks failed to solve the deadlock and although dwindled in strength and media coverage, the OC movement continues with some protestors still occupying the central district while it is unlikely to impact Beijing's approach towards the election process.²¹

Xi Jinping's Anti-corruption Drive

Xi Jinping's anti-corruption drive continues in its second year. In this campaign, 50 high level officials have been arrested and more than 6,000 are under investigation for graft and similar other charges. According to some recent reports, a military ‘tiger’, a high level official, may be close to being arrested as well. However, there is some form of quiet resistance emerging from within the party circles in Beijing. Some have started blaming this anti-corruption drive for the economic slowdown in China as it is alleged that decisions are either being deferred, delegated or reviewed more often than what was the case earlier. Some have also blamed the slowdown in the

¹⁸ ‘China's Economy Faces Challenges Despite Steady Performance’, *China Daily*, August 28, 2014 at http://www.chinadaily.com.cn/business/2014-08/28/content_18501905.htm accessed on August 30, 2014

¹⁹ ‘Chinese Economy To Expand At Steady Pace’, *China Daily*, October 13, 2014 at http://usa.chinadaily.com.cn/business/2014-10/13/content_18728285.htm accessed on August 30, 2014

²⁰ The New Normal of China's Economy, *China Daily*, October 10, 2014 at http://www.chinadaily.com.cn/opinion/2014-10/10/content_18716671.htm accessed on October 12, 2014

²¹ For the complete coverage of the Occupy Central movement see *South China Morning Post's* dedicated section at <http://www.scmp.com/topics/occupy-central>

high end luxury retail sales for items like wines, cigars and watches on the anti-corruption drive and the mass line campaign.²²

China's Rule of Law Debate

The 4th Plenary Session of the Chinese Communist Party's (CCP) Central Committee was about debating the prospect of establishing the *rule of law* in China. Many see this as a natural continuation of the process of the ongoing anti-corruption drive. The 4th Plenum concluded after adopting a resolution titled "Major decisions on the comprehensive implementation of rule according to law".²³ Highlight of this resolution statement is that, "China will ensure the leadership of CPC in the socialist rule of law with Chinese characteristics".²⁴ Thus, this resolution does not put the CCP under the constitutional legal structure as many would expect. Therefore, the plenum's outcome has been interpreted to mean only the rule *by* law, under the leadership of the CCP. It remains to be seen as to how and to what extent the promises of transparency and expansion of the legal judicial system are implemented and the form of political resistance to such actions in the future. Also whether the numerous arrested lawyers and activists like GaoZhiseng get a better treatment under the idea of rule of law remains a big question mark.²⁵ Some protestors in Hong Kong have taken this plenum's resolution to tell Beijing to respect the rule of law in case of Hong Kong autonomy debate as well.

Li Keqiang's Europe tour

Chinese Premier Li Keqiang was on a tour to Germany, Russia and Italy from October 9-17. The tour was rich in its economic content and witnessed scores of agreements between China and the three countries. Germany was first stoppage in his itinerary. During his visit to Germany, China and Germany reportedly signed deals worth \$18.1 billion.²⁶ Li especially sought for German high-technology export to China.²⁷ During Lee's visit, the two countries, signed a comprehensive action plan for upgrading their relations.²⁸ Li attended and addressed the biennial Hamburg Summit during his visit. The Hamburg Chamber of Commerce has organized this summit since 2004 to provide a platform for China-Europe economic dialogue.²⁹

Similarly, his Russia visit resulted in around 40 agreements which included trade, people-to-people exchanges, advanced technology, satellite navigation, customs and currency swap among others.³⁰ Importantly, China's central

²² Shiavenza, Matt, 'Xi Jinping's Anti-corruption may slow down China's Economy and that may be a good thing', *IB Times*, August 21, 2014 at <http://www.ibtimes.com/xi-jinpings-anti-corruption-campaign-may-slow-down-chinas-economy-could-be-good-1665348> accessed on 15 November 2014, also see 'HK Protests, China slowdown take spark off luxury market', *Channel NewsAsia* October 19, 2014 at <http://www.channelnewsasia.com/news/business/international/hk-protests-china/1423636.html> accessed on 15 November 2014

²³ 'Highlights of the Communiqué of 4th Plenary Session of CPC Central Committee', *Xinhua*, October 23, 2014 at http://news.xinhuanet.com/english/china/2014-10/23/c_133737957.htm accessed on 19 November 2014

²⁴ Ibid.

²⁵ Gensar Jared, 'A Major setback to the Rule of Law in China', *The Diplomat*, September 15, 2014 at <http://thediplomat.com/2014/09/a-major-setback-to-the-rule-of-law-in-china/> accessed on 12 November 2014

²⁶ 'China, Germany Sign 18.1 Bln USD Deals During Premier's Visit', *Xinhua*, October 10, 2014 at http://news.xinhuanet.com/english/china/2014-10/10/c_133705980.htm accessed on 12 November 2014

²⁷ 'Li Urges Germany to Increase High-Tech Exports to China', *Xinhua*, October 10, 2014 at http://news.xinhuanet.com/english/china/2014-10/10/c_133705983.htm accessed on 12 November 2014

²⁸ 'China, Germany Issue Action Plan for Long-Term Cooperation', *Xinhua*, October 10, 2014 at http://news.xinhuanet.com/english/china/2014-10/10/c_133706047.htm accessed on 12 November 2014

²⁹ 'Li Keqiang Attends the Sixth Hamburg Summit of China-Europe Forum and Delivers a Keynote Speech', *FMPRC Website*, October 12, 2014 at http://www.fmprc.gov.cn/mfa_eng/zxxx_662805/t1199831.shtml accessed on 12 November 2014

³⁰ 'China, Russia Sign Deals on Energy, High-Speed Railways', *Xinhua*, October 14, 2014 at http://news.xinhuanet.com/english/china/2014-10/14/c_133713769.htm accessed on 12 November 2014

bank People's Bank of China (PBOC) signed a currency swap agreement worth 150 billion yuan (24.4 billion \$) with the Russian central bank. The agreement is for three years extendable with mutual consent.³¹ Likewise, Li's Italy tour too witnessed agreements between the Chinese and the Italian companies to the tune of €8 billion or over \$10 billion.³²

The tour, on the whole, focused on economic opportunities for China. However, Li also conveyed his country's willingness to have strategic, diplomatic and security dialogue with Germany and Italy during his visits there.³³ In Russia, he talked of joint commemoration of 'the 70th anniversary of the end of World War II' and preservation of 'the post-war world order.' However, the mention of the need of the preservation of 'the post-war world order' has unmistakable reference to the present context of China-Japan tensions over the disputed maritime territory in the East China Sea. China accuses Japan of not respecting the post-war arrangements according to which Japan is obligated to return the disputed territory to China.³⁴

India-China Foreign Minister meets during UN General Assembly

Indian Minister of External Affairs met Chinese Foreign Minister on the sidelines of the UN General Assembly on September 25, 2014. Sushma Swaraj conveyed to him that India had accorded high value to President Xi Jinping's India visit. Wang Yi reciprocated as saying that India and China 'should follow the strategic plan on the development of bilateral relations laid down' by their leaders. They should 'maintain high-level interactions, increase mutual trust, deepen practical cooperation, intensify friendly exchanges... and carry out bilateral strategic partnership in every aspect of life'.³⁵ It was the third meeting between the two foreign ministers since Wang Yi's India visit in June 2014. After Wang Yi's India visit, they met on the sidelines of the Foreign Ministers' meetings on East Asia cooperation in Nay Pyi Taw, Myanmar on August 9, 2014.

South Africa denies visa to Dalai Lama

Recently, Dalai Lama was reportedly denied visa by South Africa. Chinese foreign ministry appreciated the decision saying that China appreciates 'South Africa for its respect and support for China's sovereignty and territorial integrity... we believe that South Africa will continue to support China on sovereignty and territorial integrity'.³⁶ Incidentally, it should be recalled in 2012, Dalai Lama could not go and attend an invitation as South Africa delayed visa for him.

³¹ 'China, Russia Sign Currency Swap Deal', October 13, 2014, *Xinhua*, http://news.xinhuanet.com/english/china/2014-10/13/c_133713525.htm accessed on 12 November 2014

³² 'Chinese, Italian Companies Sign 10 bln USD Deals', *Xinhua*, October 15, 2014 at http://news.xinhuanet.com/english/china/2014-10/15/c_133716645_2.htm accessed on 12 November 2014

³³ 'China, Germany Issue Action Plan for Long-Term Cooperation', *Xinhua*, October 10, 2014 at http://news.xinhuanet.com/english/china/2014-10/10/c_133706047.htm accessed on 12 November 2014

'China Ready to Deepen Strategic Cooperation with Italy: Premier', *Xinhua*, October 15, 2014 at http://news.xinhuanet.com/english/china/2014-10/15/c_133717617_2.htm accessed on 12 November 2014

³⁴ 'Chinese Premier Vows to Safeguard WWII Victory, Post-War Order with Russia', *Xinhua*, October 13, 2014 at http://news.xinhuanet.com/english/china/2014-10/13/c_133713748.htm accessed on 12 November 2014

³⁵ 'Wang Yi Met with Indian Minister of External Affairs Sushma Swaraj', *FMPRC Website*, September 26, 2014 at http://www.fmprc.gov.cn/mfa_eng/wjb_663304/zjzg_663340/yzs_663350/gjlb_663354/2711_663426/2713_663430/t1195155.shtml accessed on October 9, 2014

³⁶ 'China Voices Appreciation After South Africa Refuses Dalai Lama Visa', *Xinhua*, September 5, 2014 at http://news.xinhuanet.com/english/china/2014-09/05/c_133624093.htm accessed on October 9, 2014

Eighth APEC Tourism Ministerial Meeting

Shao Qiwei, director of China National Tourism Administration, acknowledged APEC countries' contribution in growth of tourism in China. Qiwei made this acknowledgment on the eve of the eighth APEC Tourism Ministerial Meeting (TMM8) in Macau. *Xinhua* reported that 'the number of overseas tourists visiting China increased 76 times during the past three decades. The number of overnight foreign visitors to China hit 55.69 million last year. Nearly 100 million Chinese tourists travelled abroad last year, while domestic tourist attractions drew 3.26 billion Chinese visitors.' As per the report, 12 out of China's 18 major tourist sources are APEC members. They 'contributed 70 percent of the overseas tourists to China in 2013.' Qiwei urged for building an 'effective cooperation mechanism and networks of transportation, information exchange and service' to further promote tourism in the region.³⁷

China extend support to fight Ebola

Chinese Premier Li Keqiang assured President of Mali, Ibrahim Boubacar Keita of lending all possible help to fight Ebola in Africa. Keita visited China to attend the annual meeting of the Summer Davos forum. So far, China has provided medical experts and supplies to the tune of 30 million yuan (4.9 million U.S. dollars). The supplies included medical protective clothes, disinfectants, thermo-detectors and medicine. The Chinese government has assured Sierra Leone to help set up an Ebola laboratory and an Ebola holding centre. Three Chinese medical expert teams are working in Guinea, Liberia and Sierra Leone.³⁸

TRACKING TAIWAN

Ma-Xi meeting shelved

Finally, it is clear a Ma-Xi meeting will not take place at APEC summit in Beijing. Former vice president Vincent Si will represent Taiwan in the summit. President Ma has looked for a meeting with President Xi for some time now. His government has identified APEC summit as an ideal place for the meeting where they can meet as leaders of their respective economies. The idea was formally taken up in February 2014 during Mainland Affairs Council Minister Wang Yu-chi's visit to Nanjing in China. This was the first official and highest-level contact in Cross-Strait ties since 1949.³⁹ However, the idea received stiff resistance from within Taiwan. Besides, the Chinese government was not receptive of the idea either. The contention was as to in what capacity Ma will visit China. Besides, the questions were about the objective of his visit too as what he would discuss with President Xi.

President Xi Jinping refers to *One Country, Two Systems*

Recently, President Xi Jinping said, 'peaceful unification and One Country, Two Systems are our guiding principles in solving the Taiwan issue' and the 'best way to realize national unification.' He made this comment during a meeting with a pro unification New Party delegation. Significance of his remark is in the reported fact that he for the first time made a reference to *One Country, Two Systems* since he became the General Secretary of the Chinese Communist Party (CCP) in 2012. Realizing Taiwanese resistance against the formula, the Mainland authorities

³⁷ 'Chinese Official Calls for Deepened Tourism Cooperation among APEC Member Economies', *Xinhua*, September 12, 2014 at http://news.xinhuanet.com/english/china/2014-09/12/c_133638897.htm accessed on October 9, 2014

³⁸ 'China Vows Ebola help in W Africa', *Xinhua*, September 10, 2014 at http://news.xinhuanet.com/english/china/2014-09/10/c_133633345.htm accessed October 9, 2014

³⁹ 'Slew Named APEC Envoy, Ending Ma-Xi hopes', *Taipei Times*, October 9, 2014 at <http://www.taipeitimes.com/News/front/archives/2014/10/09/2003601644> accessed on October 9, 2014

have recently have avoided reference to it. Xi's remark immediately received rebuttal from Taiwanese Premier Jiang Yi-huah, the Opposition leader Tsai-ing Wen and other Taiwanese politicians. *Sunflower Movement* in Taiwan in March-April 2014 and recent *Occupy Central* protest in Hong Kong have further questioned acceptability of China's *One Country, Two Systems* formula.⁴⁰

US and 2016 Taiwan's presidential election

It is believed that the Obama administration message in September 2011 through the Financial Times that Democratic Progressive Party (DPP) Chairperson Tsai Ing-wen's victory in presidential election in January 2012 would adversely impact Cross-Strait relations affected her prospects. Recently, Richard C. Bush, former Chairman of American Institute in Taiwan, acknowledged that the US 'has not been quiet' on Taiwan's past presidential elections' and said that it 'will express its views on Taiwan's presidential election in 2016.' He pointed out while the US respects the voters' choice in friendly and democratic Taiwan; it has to see what kind of policies an elected leader would follow in Taiwan. He, however, said that the US has got similar interest in other countries too. His remarks immediately received refutation from the US Department of State and the AIT that his views were personal, not of US government's. Bush later clarified what he meant was 'the US government clearly understands the tension between not stating support for a particular candidate and expressing itself on the US interests at stake, when there are interests at stake.'⁴¹

TRACKING JAPAN

Japan drafts new space policy

A new draft on space development policy for the following 10 years was presented on October 31. The Cabinet Office's strategic headquarters for space policy submitted the new draft to the subcommittee on space policy strategy. The draft is under review by the Advisory Panel of the Prime Minister, the Space Policy Commission. It stresses three objectives including ensuring the security of space, supporting civil uses of space; and strengthening industry, science and technology. Prime Minister Abe asked for a new plan emphasizing on security and the advancement of the aerospace industry. The draft underscores security as the main issue⁴² considering the anti-satellite weapons test by Chinese and missile launches by the North Koreans. It underscored spending approximately ¥5 trillion. The draft proposed increasing the number of quasi-zenith satellites to seven and assessment of rocket launch sites. Additionally, space activity law will be enacted to facilitate the private sector. Japan reportedly will launch five satellites utilizing the Epsilon launch vehicle.⁴³

⁴⁰ 'Xi Speaks to Taiwan on 'One China, Two Systems'', *The China Post*, September 27, 2014 at <http://www.chinapost.com.tw/taiwan/china-taiwan-relations/2014/09/27/418149/Xi-speaks.htm> accessed on October 9, 2014

'Officials Reject Xi Jinping's 'Solution'', *Taipei Times*, September 27, 2014 at <http://www.taipeitimes.com/News/front/archives/2014/09/27/2003600667> accessed on October 9, 2014

⁴¹ 'US Won't Intervene in 2016 Election: AIT', *The China Post*, September 16, 2014 at <http://www.chinapost.com.tw/taiwan/national/national-news/2014/09/16/417313/US-wont.htm> accessed on October 9, 2014)

'Washington Says Bush's Taiwan Remarks His Own', *Taipei Times*, September 18, 2014 at <http://www.taipeitimes.com/News/taiwan/archives/2014/09/18/2003599986/1> accessed on October 9, 2014)

'Bush Claims Remarks 'Over-Interpreted'', *Taipei Times*, September 17, 2014, at <http://www.taipeitimes.com/News/taiwan/archives/2014/09/17/2003599902> accessed October 9, 2014

⁴² 'Japan drafts new space policy focusing on security to counter China', *Kyodo*, October 30, 2014 at <http://www.japantimes.co.jp/news/2014/10/30/national/japan-drafts-new-space-policy-focusing-security-counter-china/#.VK4YKMkXXgw> accessed on November 1, 2014

⁴³ 'Space policy draft shows shift in focus from infrastructure to security', *The Mainichi Shimbun*, October 31, 2014 at <http://mainichi.jp/english/english/newsselect/news/20141031p2a00m0na004000c.html> accessed on November 1, 2014

US missile defense radar in Kyogamisaki military base

An X-Band radar system, allegedly used to examine DPRK's missile launches, was brought in late October to the Kyogamisaki military base⁴⁴ in Kyoto. The system is likely to begin operation shortly. This has triggered strong reaction from China accusing the US of harming the Asia-Pacific stability. The Foreign Ministry stressed that neighboring states enabling the anti-missile system deployment in the Asia-Pacific is not favorable to the region. Furthermore, expressing concern China suggested that relevant nations must not use their own security apprehensions as justifications for hurting others' security interests.⁴⁵ Earlier in April, the United States assured by 2017 that it will deploy two Navy destroyers equipped with missile defense systems to Japan in response to the North Korean missile launches.⁴⁶

Cabinet ministers visit Yasukuni shrine

While Prime Minister Abe was engaged in the Asia-Europe Meeting hosted by Italy, he offered a masakaki tree branch to Yasukuni Shrine on October 17 during the autumn festival. Meanwhile three cabinet ministers⁴⁷ and around 110 lawmakers⁴⁸ across five political parties reportedly visited the shrine during the festival. Internal Affairs and Communications Minister, Sanae Takaichi, National Public Safety Commission Chief, Eriko Yamatani and Minister in charge of Women's Empowerment, Haruko Arimura, visited the shrine. China has registered objection with the Japanese embassy in Beijing.⁴⁹ Since Prime Minister Abe is keen on normalizing tensions with China, he avoided visiting the shrine which sparks nationalist sentiments in China and South Korea. His visit to the shrine in December 2013 drew sharp criticism in the region. In a following development, coast guard vessels of China reportedly arrived in the waters around the contested Senkaku Islands in the East China Sea on October 18.⁵⁰

Developments in the North Korean abduction issue

Japanese media reported on October 30 that North Korea failed to provide fresh information to the visiting Japanese delegation concerning the abducted Japanese nationals.⁵¹ However, the North Korean officials assured

⁴⁴ 'China criticises US missile defense radar in Japan', *Xinhua*, October 23, 2014 at http://www.chinadailyasia.com/nation/2014-10/23/content_15181975.html accessed on November 1, 2014

⁴⁵ 'China criticizes new U.S. missile defense radar in Kyoto', *Reuters*, October 24, 2014 at <http://www.japantimes.co.jp/news/2014/10/24/national/politics-diplomacy/china-criticizes-new-u-s-missile-defense-radar-in-kyoto/#.VK4qLMkXXgw> accessed on November 1, 2014

⁴⁶ Phil Stewart and Nobuhiro Kubo, 'U.S., in nod to Tokyo, to send more ships to Japan, prods China', *Reuters*, April 6, 2014 at <http://www.reuters.com/article/2014/04/06/us-usa-japan-defense-idUSBREA3500M20140406> accessed on November 1, 2014

⁴⁷ 'China files formal protest over Yasukuni Shrine visits by three of Abe's ministers', *Kyodo*, October 18, 2014 at <http://www.japantimes.co.jp/news/2014/10/18/national/politics-diplomacy/china-files-formal-protest-over-yasukuni-shrine-visits-by-three-of-abes-ministers/> accessed on November 1, 2014

⁴⁸ 'Abe sends ritual offering to Yasukuni; several lawmakers visit shrine', *Kyodo*, October 17, 2014 at <http://www.japantimes.co.jp/news/2014/10/17/national/politics-diplomacy/abe-sends-ritual-offering-yasukuni-shrine/> accessed on November 1, 2014

⁴⁹ 'China files formal protest over Yasukuni Shrine visits by three of Abe's ministers', *Kyodo*, October 18, 2014 at <http://www.japantimes.co.jp/news/2014/10/18/national/politics-diplomacy/china-files-formal-protest-over-yasukuni-shrine-visits-by-three-of-abes-ministers/#.VK9ctdKUeE5> accessed on November 1, 2014

⁵⁰ 'Abe Yasukuni offering followed by China coast guard visit to Senkakus', *Reuters*, October 19, 2014 at <http://www.japantimes.co.jp/news/2014/10/19/national/politics-diplomacy/abe-yasukuni-offering-followed-by-china-coast-guard-visit-to-senkakus/#.VK9fsdKUeE5> accessed on November 1, 2014

⁵¹ 'North Korea didn't offer delegation any new info on abductees: source', *Kyodo*, October 30, 2014 at <http://www.japantimes.co.jp/news/2014/10/30/national/north-korea-didnt-offer-delegation-any-new-info-on-abductees-source/#.VK92cdKUeE6> accessed on November 1, 2014

Japan that it will continue the investigation irrespective of the previous inquiries conducted in 2002 and 2004. Following the preliminary investigation, the officials conveyed that the 12 individuals on Japanese formal abductee list are either dead or never arrived in the state. Of the 17 abductees, five came back in 2002 following then Prime Minister Koizumi's visit. Out of the remaining 12, North Korean officials' stress that eight expired and remaining four did not enter the country. Resolving the abduction issue features in the top agenda of the Abe administration. Japan eased few economic embargoes in return for North Korea to institute committee investigating abducted Japanese nationals. On 27 October, UN human rights representative on North Korea called for immediate release of all kidnapped entities, including Japanese nationals.⁵² US State Department articulated its position by stating that it 'support Japanese efforts to resolve the abductions issue in a transparent manner'.⁵³

India and Japan sign the Tokyo Declaration

During Prime Minister Modi's visit to Japan, India and Japan signed the Tokyo Declaration elevating the relations to a Special Strategic and Global Partnership.⁵⁴ Japan committed India \$33.5 billion public and private investment and financing including ODA, doubling Japanese FDI and the number of companies in India over the coming five years.⁵⁵ The official statement identified the shared interests and commitment to maritime and cyber security, freedom of navigation and overflight, civil aviation safety, unimpeded lawful commerce, and peaceful settlement of disputes in accordance with international law.⁵⁶ While the leadership stressed on the 'significant progress in negotiations' concerning the Agreement for Cooperation in the Peaceful Uses of Nuclear Energy, critical differences over principled position on NPT and CTBT continued to make the negotiation difficult. Moreover, the declaration stressed that officials should accelerate their discussions regarding the ShinMaywa Industries Utility Seaplane Mark 2 (US-2).

China-Japan talks on maritime affairs; agrees exchange between National People's Congress and the Diet

The second China-Japan talk on maritime issues was reportedly held in Qingdao on September 23-24. The Ministry of Foreign Affairs Japan said that they deliberated on issues related to the East China Sea including security and crisis management. They reportedly decided to restart negotiations on creating a bilateral maritime security mechanism functioning at the earliest. While the first round of talks was hosted by China in 2012, the third round will be hosted by Japan.⁵⁷ In a separate development on October 13, China's National People's Congress reportedly agreed to resume exchanges with Japanese Diet. A delegation from Japan led by Ichiro

⁵² 'U.N. envoy calls for immediate return of abductees from N. Korea', *Kyodo*, October 28, 2014 at <http://www.japantimes.co.jp/news/2014/10/28/national/u-n-envoy-calls-for-immediate-return-of-abductees-from-n-korea/#.VK971tKUeE5> accessed on November 1, 2014

⁵³ 'State Dept. Briefing on U.S. Foreign Policy, U.S. Department of State', *Washington Foreign Press Center*, July 24, 2014 at <http://translations.state.gov/st/english/texttrans/2014/07/20140725304468.html#axzz3OJ0fdaJe> accessed on November 1, 2014

⁵⁴ 'Tokyo Declaration for India - Japan Special Strategic and Global Partnership', *Ministry of External Affairs*, September 1, 2014 at http://mea.gov.in/bilateral-documents.htm?dtl/23965/Tokyo_Declaration_for_India__Japan_Special_Strategic_and_Global_Partnership accessed on November 1, 2014

⁵⁵ TitliBasu, 'India-Japan Relations: New Times, Renewed Expectations', *IDSA Comment*, September 4, 2014 at http://www.idsa.in/idsacomments/IndiaJapanRelations_tbasu_040914.html accessed on November 1, 2014

⁵⁶ 'Tokyo Declaration for India - Japan Special Strategic and Global Partnership', *Ministry of External Affairs*, September 1, 2014 at http://mea.gov.in/bilateral-documents.htm?dtl/23965/Tokyo_Declaration_for_India__Japan_Special_Strategic_and_Global_Partnership accessed on November 1, 2014

⁵⁷ 'Japan, China hold second maritime affairs talks, with isles row on agenda', *Kyodo*, September 25, 2014 at <http://www.japantimes.co.jp/news/2014/09/25/national/japan-china-hold-second-maritime-affairs-talks-isles-row-agenda/#.VK-RKNKUeE4> accessed on November 1, 2014

Aisawa, head of the Lower House steering committee, was in Beijing and discussed the issue with the vice chairman of the National People's Congress Standing Committee, Zhang Ping and the deputy secretary-general Cao Weizhou. However, there was no decision on the timeline. Japan and China has exchanged lawmakers since 2005 to facilitate debate on bilateral and regional matters. China-Japan relations have suffered serious tensions following the nationalization of the Senkaku Islands in 2012.⁵⁸

Developments in Russia-Japan relations

Following the Ukrainian crisis and Japan's response, the scheduled visit of Russian President Vladimir Putin to Japan has been postponed to 2015.⁵⁹ Despite diplomatic tensions, both leaders agreed on continuing the Russia-Japan bilateral dialogue during the Asia-Europe Meeting.⁶⁰ The Russia-Japan joint naval drill focusing on anti-piracy and search-and-rescue operations happened off the coast of Vladivostok on 26 October. While this is the first joint drill since the Ukrainian crisis, both have performed such exercise on a regular basis since 1998.⁶¹

Meanwhile, Russia has reportedly opened an airport in the disputed Etorofu Island in September. The construction work was initiated in 2007 replacing the existing airport. Russia is building infrastructure projects in contested Etorofu and Kunashiri Islands.⁶² Chief of staff of the Presidential Executive Office, Sergei Ivanov, Deputy Prime Minister, Yury Trutnev, and the Governor of Sakhalin Region, Alexander Khoroshavin examined the facility which is expected to serve civilian and military flights.⁶³

Calling the development as 'extremely regrettable' the Chief Cabinet Secretary Yoshihide Suga in the press conference of September 24 assured that 'the Government will of course be lodging a protest to Russia through appropriate channels'.⁶⁴ Moreover, in an associated development, authorities reported that there were 324 instances where Japanese fighter jets scrambled Russian aircraft in the six months through September.⁶⁵

US-Japan conduct joint drill

Around two thousand personnel from the US and Japan took part in the 12 day long 'Operation Orient Shield-14' exercise near Hokkaido. Colonel Hiroshi Ishida of the GSDF underscored that the objective is to enhance US-

⁵⁸ 'China warms to resuming lawmaker exchanges with Japan', *Kyodo*, October 13, 2014 at <http://www.japantimes.co.jp/news/2014/10/13/national/politics-diplomacy/china-warms-resuming-lawmaker-exchanges-japan/#.VK-e4dKUeE4> accessed on October 15, 2014

⁵⁹ 'Senior Kremlin official visits disputed island off Hokkaido', *Kyodo*, September 24, 2014 at <http://www.japantimes.co.jp/news/2014/09/24/national/politics-diplomacy/senior-kremlin-official-visits-disputed-island-off-hokkaido/#.VK-1w9KUeE4> accessed on October 15, 2014

⁶⁰ 'Abe, Putin agree to continue dialogue on bilateral issues', *Kyodo*, October 18, 2014 at <http://www.japantimes.co.jp/news/2014/10/18/national/politics-diplomacy/abe-putin-agree-continue-dialogue-bilateral-issues/#.VK-3ANKUeE4> accessed on October 19, 2014

⁶¹ 'Japan holds separate military drills with Russia, U.S.', *Bloomberg*, October 27, 2014 at <http://www.japantimes.co.jp/news/2014/10/27/national/just-800-km-apart-japan-holds-military-drills-russia-u-s/#.VK-s4tKUeE4> accessed on October 30, 2014

⁶² 'Russia opens new airport on Japan-claimed Etorofu Island off Hokkaido', *Kyodo*, September 18, 2014 at <http://www.japantimes.co.jp/news/2014/09/18/national/russia-opens-new-airport-japan-claimed-etorofu-island-hokkaido/#.VKp2HMkXXgw> accessed on October 15, 2014

⁶³ 'Senior Kremlin official visits disputed island off Hokkaido', *Kyodo*, September 24, 2014 at <http://www.japantimes.co.jp/news/2014/09/24/national/politics-diplomacy/senior-kremlin-official-visits-disputed-island-off-hokkaido/#.VK-oGdKUeE4> accessed on September 25, 2014

⁶⁴ 'Press Conference by the Chief Cabinet Secretary (Excerpt)', *Press Conference by the Chief Cabinet Secretary, Prime Minister of Japan and His Cabinet*, September 24, 2014 at http://japan.kantei.go.jp/tyoukanpress/201409/24_a.html accessed on September 25, 2014

⁶⁵ 'Japan jets scrambling to counter rising Russian incursions', *Reuters*, October 16, 2014 at <http://www.japantimes.co.jp/news/2014/10/16/national/japan-is-scrambling-jets-more-often-as-russia-tests-nations-defenses/#.VKpeQckXXgw> accessed on October 20, 2014

Japan military interoperability, combat readiness and bolster island defense capability through every means.⁶⁶ Apache helicopters and Stryker combat vehicles was brought in by the US. The training involved JGSDF members and US soldiers from the second Stryker Brigade Combat Team and second Infantry Division from Joint Base Lewis-McChord.⁶⁷

TRACKING THE KOREAN PENINSULA

North Korean officials visit South Korea; agree to resume high level government contact between the two countries

The strained relationship between the two Koreas witnessed a major breakthrough recently as North Korea sent a delegation to the South. The eleven member delegation arrived on October 4 and attended the closing ceremony of the Incheon Asian Games where many North Korean athletes participated.⁶⁸ The delegation was led by Vice Marshal Hwang Pyong-so, who is the new Director of the General Political Bureau of the North Korean People's Army and the Chairman of the National Defense Commission. He is known to be a close aide of current North Korean leader Kim Jong-un and the second most powerful man after Kim himself. The delegation also included Choe Ryong-hae, a secretary of Worker's Party Central Committee and former Vice Chairman of the National Defense Commission; Kim Yang-gon, a top Party official in charge of South Korean affairs and others. During their half-day long stay at South Korea, the delegation met with several South Korean officials, including South Korean Prime Minister Chung Hong-won, Blue House National Security Chief Kim Kwan-jin, Unification Minister RyooKihl-Jae, etc.⁶⁹ After the meeting, both sides agreed to resume the high-level talks between the two countries as early as end of October. It needs to be noted that the last high level bilateral talk took place in February. However due to growing tensions between the two Koreas, such talks have not been held since then.⁷⁰ This development demonstrates North Korea's current desire to improve ties with South Korea and engage with Seoul. Secondly, it might have been intended to put to rest the rumors doing rounds since early September over Kim Jong-un's deteriorating health.

North Korean delegates' visit puts pressure on South Korean government to lift sanctions

In the wake of the high level North Korean delegates' visit to South Korea, various political parties in South Korea, including the conservative ruling party Saenuri, have been urging the South Korean government to consider lifting sanctions against North Korea. On October 6, Saenuri Party Chairman Kim Moo-sung averred that the delegation's visit could bring about a rare breakthrough in improving the strained relationship between the two Koreas. Kim Tae-ho, another senior Saenuri Party leader argued that the visit conveyed a message that the stalled inter-Korean economic cooperation should be resolved. Over the years, while liberal opposition parties in South Korea, such as the New Politics Alliance for Democracy (NPAD), have been pressurizing the government to do away with the sanctions against North Korea, it is quite a rare gesture on the part of the ruling Saenuri Party to urge the government to withdraw the sanctions. It needs to be mentioned here that a series of economic sanctions were imposed by the South Korean government on North Korea in 2010 after the latter torpedoed South Korean

⁶⁶ 'US-Japan military drill aims to bolster defense capability', *CCTV*, October 28, 2014 at <http://english.cntv.cn/2014/10/28/VIDE1414467960783603.shtml> accessed on October 29, 2014

⁶⁷ 'U.S.-Japan joint military exercise Orient Shield underway', *UPI* October 30, 2014 at http://www.upi.com/Top_News/World-News/2014/10/30/US-Japan-joint-military-exercise-Orient-Shield-underway/8331414676961/ accessed on October 30, 2014

⁶⁸ 'Delegation's visit prompts calls to lift sanctions', *Korea JoongAng Daily*, October 7, 2014, at <http://koreajoongangdaily.joins.com/news/article/Article.aspx?aid=2995758> accessed on October 29, 2014

⁶⁹ 'North Korean Delegation makes a rare visit', *Korea JoongAng Daily*, October 6, 2014, at <http://koreajoongangdaily.joins.com/news/article/Article.aspx?aid=2995712> accessed on October 29, 2014

⁷⁰ Ibid.

ship Cheonan.⁷¹ As pressure started growing on South Korean government, it indicated it might consider ending the sanctions. In fact while chairing the meeting of the Preparatory Committee for Unification on October 13, South Korean President Park Geun-hye argued that the issue of withdrawing of sanctions should be resolved through discussion between the two countries. It was the first time that President Park directly mentioned about the issue of economic sanctions. However, given North Korea's changing strategy towards South Korea in the last few months, President Park also cautioned that it would not be ideal to change the current inter-Korean relationship based on rushed judgments.⁷²

Inter-Korean military level talks conclude without any breakthrough

On October 15, the two Koreas held a closed-door meeting among high level military personnel at the truce village of Panmunjom situated at the western inter-Korean border. After December 2007, it was the first time that the two Koreas held a General-level military talk. The North Korean side was represented by General Kim Yong-chol, Director of the Reconnaissance General Bureau, General Kim, known to be a hard-line military officer, reportedly was the man behind orchestrating the sinking of the Cheonan in 2010. The South Korean side was represented by Ryu Je-seng, head of the Defense Ministry's National Defense Policy Office. The meeting was reportedly proposed by North Korea on October 7⁷³ in order to discuss the exchange of fire between the two Koreas on the previous day.

However, the meeting failed to bring about any breakthrough in easing the tension. At the meeting, the North Korean side reiterated its position that the South Korean vessels should be prohibited from entering the areas claimed by the North as the inter-Korean sea border. It also demanded South Korean government to stop South Korean civic groups from sending anti-Pyongyang propaganda and prohibit the media from slandering the North Korean regime. South Korea however responded to these demands by stating that the North should abide by the Northern Limit Line (NLL). It was also made clear to the North Korean side that being a liberal democracy, the South Korean government could not control civic groups and media in the country.⁷⁴

North Korea fires off several short –range missiles

In the first week of September, North Korea fired off several short range missiles into the East Sea. On September 1, the North fired off one short range projectile from Changang province near the North Korea-China border. The projectile reportedly flew over a distance of about 220 kilometers before landing in the East Sea.⁷⁵ Then on September 6, the North fired off three short-range missiles. This time they were launched from Wonsan, a border town on North Korea's eastern side. The missiles reportedly flew some 210 kilometers before landing in the East Sea. Although South Korean military is still analyzing the type of the missile, they seem to believe that both times, North Korea fired off 'novel tactical missiles' which are different from the North's existing KN-02 missiles and 300-millimeter multiple rocket launcher. It needs to be noted that the firing on September 6 marked the 19th time that North Korea has launched missiles or rockets in the current year.⁷⁶

⁷¹ 'Delegation's visit prompts calls to lift sanctions', *Korea JoongAng Daily*, October 7, 2014, at <http://koreajoongangdaily.joins.com/news/article/Article.aspx?aid=2995758> accessed on October 29, 2014

⁷² Ibid.

⁷³ 'North, South hold military talks but fail to agree', *Korea JoongAng Daily*, October 16, 2014, at <http://koreajoongangdaily.joins.com/news/article/Article.aspx?aid=2996126> accessed on October 29, 2014

⁷⁴ 'Inter-Korean military talks end without breakthrough', *The Korea Herald*, October 15, 2014, at <http://www.koreaherald.com/view.php?ud=20141015001153> accessed on October 29, 2014

⁷⁵ 'North Korea fires off short-range projectile into East Sea', *The Korea Herald*, September 1, 2014, at <http://www.koreaherald.com/view.php?ud=20140901000818> accessed on October 29, 2014

⁷⁶ 'North Korea fires short-range missiles into East Sea', *The Korea Herald*, September 6, 2014, at <http://www.koreaherald.com/view.php?ud=20140906000096> accessed on October 29, 2014

South Korea and Japan resume their strategic talks after two years

On September 30, South Korea and Japan held their first strategic dialogue after almost two years in Tokyo. The South Korean side was led by Seoul's First Vice Foreign Minister Cho Tae-yong while the Japanese side was led by his Japanese counterpart Akitaka Saiki. During the dialogue both sides discussed a number of bilateral issues. This meeting marked the first strategic dialogue between the two countries since President Park Gun-hye assumed office in South Korea in February 2013. Since January last year, no such dialogue has been held due to strained relationship between South Korea and Japan over territorial and historical disputes.⁷⁷ Later on, South Korean Finance Minister Choi Kyung-hwan held talks with his Japanese counterpart on October 10 on the sidelines of the series of international meetings of the top economic policymakers. During the talks, both sides agreed to resume the finance minister's talks between the two countries in Tokyo at an early date. The October 10 meeting marked the first one-on-one meeting between the finance ministers of the two countries since November 2012.⁷⁸

North Korea reacts sharply to the US proposed plan on deploying THAAD in South Korea

North Korea has reacted strongly to the US proposal to deploy the Terminal High Altitude Area Defence (THAAD) in South Korea. While claiming that move to be a part of the US' military strategy to destroy the strategic balance in the region and overpower other countries, Pyongyang accused the US of aggravating the security tension on the peninsula further.⁷⁹ It needs to be noted that on September 30 this year, US Deputy Secretary of Defense, Robert Work stated that the US was considering the deployment of the THAAD in order to deal with security threat posed by North Korea. According to him the THAAD, once deployed in South Korea, would become a critical part of regional defence. However South Korean Defence Ministry has denied holding of any bilateral talk between Seoul and Washington over deploying THAAD in the peninsula. In fact over the years South Korea has been extremely cautious in deploying any core US missile defence asset in its territory as it could be perceived by many as South Korea's participation in the US-led missile shield programme. South Korea is equally concerned that any move to upgrade its missile defence with the US could upset South Korea's relations with its largest trading partner- China.⁸⁰

South Korea and the US are set to organise a combined wartime division

Both South Korea and the US are to organise a combined wartime division of their troops early next year. The main purpose of this division is to enhance their joint defence posture and combat capabilities. Although the two countries already have a Combined Forces Command to ensure cooperation at the strategic level, the new division is expected to provide opportunities in order to enhance the two forces' cooperation during wartime at the tactical level. The war time division will be set up at the time of a war. A South Korean mechanised infantry brigade performing its regular duties during peace time will join the Second US Infantry Division to form the wartime division at the time of war.⁸¹

⁷⁷ 'Korea, Japan resume strategic talks', *The Korea Herald*, October 1, 2014, at <http://www.koreaherald.com/view.php?ud=20141001001196> accessed on October 29, 2014

⁷⁸ 'S. Korea, Japan agree to resume finance minister's talks', *The Korea Herald*, October 11, 2014, at <http://www.koreaherald.com/view.php?ud=20141011000058> accessed on October 29, 2014

⁷⁹ 'North Korea condemns US plan to station THAAD in South Korea', *The Korea Herald*, September 2, at <http://www.koreaherald.com/view.php?ud=20140902000734> accessed on October 29, 2014

⁸⁰ 'Korea, US in talks over THAAD', *The Korea Herald*, October 1, 2014, at <http://www.koreaherald.com/view.php?ud=20141001000959> accessed on October 29, 2014

⁸¹ 'S. Korea, US to forge combined wartime division', *The Korea Herald*, September 4, 2014, at <http://www.koreaherald.com/view.php?ud=20140904000885> accessed on October 29, 2014

CHINA

- In October, the consumer price index (CPI) went up by 1.6 percent year-on-year. The prices grew by 1.7 percent in cities and 1.4 percent in rural areas.⁸²
- In October 2014, Producer Price Index (PPI) for manufactured goods decreased 2.2 percent year-on-year, and decreased 0.4 percent month-on-month. The purchasing price index for manufactured goods went down by 2.5 percent year-on-year, and decreased 0.6 percent month-on-month. On average from January to October, the PPI decreased 1.7 percent year-on-year, the purchasing price index for manufactured goods went down by 1.9 percent year-on-year.⁸³

JAPAN

- Ministry of Finance in October confirmed that value of exports amounted to ¥6,688,662 million, representing a 9.6 per cent increase year on year. The value of imports amounted to ¥7,429,356 million, representing a 3.1 per cent increase year on year.⁸⁴
- Consumer Price Index stood at 103.60 Index Points in October of 2014

KOREA

- The Index of all industry production in October increased by 0.3 percent from the previous month and 0.1 percent year-on-year.⁸⁵
- The Consumer Price Index was 109.05(2010=100) in October 2014. The index decreased 0.3 percent from the preceding month and rose 1.2 percent from October 2013.⁸⁶

⁸² 'Consumer Prices for October 2014', *National Bureau of Statistics of China*, November 13, 2014 http://www.stats.gov.cn/english/PressRelease/201411/t20141113_637289.html

⁸³ 'Producer Prices for the Industrial Sector for October 2014', *National Bureau of Statistics of China*, November 13, 2014 http://www.stats.gov.cn/english/PressRelease/201411/t20141113_637291.html

⁸⁴ 'Value of Exports and Imports October 2014 (Detailed Data)', *Ministry of Finance, Trade Statistics*, December 25, 2014, http://www.customs.go.jp/toukei/shinbun/trade-st_e/2014/2014106e.pdf

⁸⁵ 'Monthly Industrial Statistics', October 2014, *STATISTICS KOREA*, November 28, 2014 <http://kostat.go.kr/portal/english/news/1/1/index.board?bmode=read&aSeq=332340&pageNo=&rowNum=10&amSeq=&sTarget=&sTxt=>

⁸⁶ 'Consumer Price Index in October 2014', *STATISTICS KOREA*, November 4, 2014 <http://kostat.go.kr/portal/english/news/1/1/index.board?bmode=read&bSeq=&aSeq=331690&pageNo=3&rowNum=10&navCount=10&currPg=&sTarget=title&sTxt=>

ACTIVITIES OF THE CENTRE

- The Institute for Defence Studies and Analyses (IDSA), New Delhi and the Korea Institute for National Unification (KINU), South Korea, organised a Joint Seminar on “India-Korean Peninsula Relations” on 1-2 September 2014.
- Paper presented by Dr. Jagannath P. Panda on “BCIM and Sino-Indian Relations: Between the Politics of Sub-Regional Cooperation and Coexistence”, The 27th Annual Conference of Japanese Association for South Asian Studies (JASAS), Daito Bunka University, Higashimatsuyama Campus, Japan, 27-28 September 2014.
- Lecture delivered by Dr. Jagannath P. Panda on “China’s Emergence as a Military Power: What It Means to India?” BSF Commandant Training Course, IDSA, September 5, 2014.
- Paper presented by Dr. Jagannath P. Panda on “India and East Asian Strategic Environment: India’s Policy Towards US and China”, IDSA and Korean Institute of National Unification (KINU), Seoul, Joint Seminar, IDSA, New Delhi, September 1, 2014.
- Lecture delivered by Dr. Prashant Kumar Singh on ‘India-Taiwan Relations: Enhancing People-to-People Relations’, National Central Library, Taipei, Taiwan, October 3, 2014.
- Lecture delivered by Dr. Prashant Kumar Singh on ‘Triangularity in India-Japan-China Relations and the Modi Government’, Taiwan Think Tank, Taipei Taiwan, September 19, 2014.

LIST OF CENTRE PUBLICATIONS

- “India’s Security Outlook and Views on Multilateral Cooperation: The Emerging Asia-Pacific Theatre” in Prospects of Multilateral Cooperation in the Asia-Pacific: To Overcome the Gap of Security Outlooks, NIDS International Symposium on Security Affairs 2013, October 2014, Japan
Dr. Jagannath P. Panda
- India-China Ties: Between Personalities and Principles, IDSA Issue Brief, September 15, 2014
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http://idsa.in/issuebrief/IndiaChinaTies_jppanda-150814.html
- China’s Tryst with the IORA: Factoring India and the Indian Ocean, Strategic Analysis, Volume: 38 Issue: 5 September 2014
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Dr. Titli Basu
http://idsa.in/idsacomments/IndiaJapanRelations_tbasu_040914.html
- “An Overview of Bilateral Mechanisms”, Extraordinary and Plenipotentiary Diplomatist, June 2014: pp. XVIII-XX. 9
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