Korea and China:
Next 20 Years

Proceedings
November 14 - 15, 2013

THE ASAN INSTITUTE
for POLICY STUDIES
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Welcome to the inaugural Asan Beijing Forum.

This year’s Forum, titled “Korea and China: Next 20 Years,” brings together leading experts, policymakers, scholars, and members of the media for two days to share their insights on the past, present, and future of Korea-China relations within the context of the broader changes unfolding across Northeast Asia.

In a mere two decades since normalizing relations, Korea and China have forged a partnership that is now a source of unprecedented economic prosperity and regional stability. To build upon the achievements of the past and meet the challenges of the future, more frequent and honest discussions between key regional stakeholders are essential.

I hope that our discussions over the new few days will provide all participants with fresh insights and approaches to promoting our collective peace and prosperity. Thank you for joining us and we look forward to your intellectual contribution and fellowship throughout the Forum.

Sincerely,

Hahn Chaibong
President
The Asan Institute for Policy Studies
The Asan Beijing Forum is a gathering of leading figures in Korean, Chinese, and East Asian public affairs for a two-day conference in Beijing, China. Organized by the Asan Institute for Policy Studies, the Charhar Institute and the China Institute of International Studies, the Forum seeks to inform the policymaking discourse in Northeast Asia by bringing fresh insights to some of the most pressing challenges confronting Korea and China in the twenty-first century.

"Korea and China: Next 20 Years"

The very successful meeting between Presidents Park and Xi has signaled both countries’ commitment to peace and prosperity in the region. Given the tremendous strides that have been made in Korea and China’s economic and cultural relations, it is time we formulate a “New Type of Korea-China Relations.”
The Asan Institute for Policy Studies is an independent, non-partisan think tank that undertakes policy-relevant research to foster domestic, regional, and international environments that promote peace and prosperity on the Korean Peninsula, East Asia, and the world-at-large. The Institute aims to foster wide-ranging and in-depth public discussions which are essential for a healthy society. By focusing on areas including foreign affairs, national security, public governance, energy, and the environment, it strives to address some of the major challenges that our society faces today.

The Charhar Institute is an independent think tank located in Hebei Shangyi County, Charhar. Founded in October 2009, it provides foreign policy advice to the Chinese government and aims to offer a platform for interaction between the government, academia, private sector, and the public. The Charhar Institute has 19 Ph.D. research fellows and 42 graduate degree research fellows and visiting scholars. It also produces a range of publications including the *Charhar Public Diplomacy Series*, *Quarterly Journal of Public Diplomacy*, and the *Charhar Report*.

The China Institute of International Studies (CIIS) is the official think tank of China’s Ministry of Foreign Affairs. It conducts research and analysis on a wide range of foreign policy issues. Research at the Institute is focused primarily on medium and long-term policy issues of strategic importance, particularly those concerning international politics and world economy. Research findings at CIIS are presented in reports to the country’s foreign policy makers and institutions, as well as in published books and articles.
**Session 1**  Deepening Korea-China Relations
Moderator  Choi Kang
Speakers  Chu Shulong  Jin Canrong  Kim Heungkyu  Scott Snyder
Discussants  Kato Yoichi  Kim Hankwon  Wang Fan

**Session 2**  Pursuing Peace on the Korean Peninsula
Moderator  Barbara Demick
Speakers  Chun Youngwoo  Ha Taekeung  Jonathan Pollack  Yang Xiyu
Discussants  Cheng Xiaohui  Cheon Seongwhan  Yamaguchi Noboru

**Session 3**  Politics of History in East Asia
Moderator  Simon Long
Speakers  Jia Qingguo  Kato Yoichi  Lee Chung Min  Jennifer Lind
Discussants  Maria Repnikova  Nam Jeongho  Takagi Seichiro
Opening Ceremony

Date | Nov. 14, 2013
Time | 09:00-10:20
Dear guests, good morning.

I’m Chung Mong Joon.

Welcome to the Asan Beijing Forum.

First, I’d like to congratulate the people and the Politburo Standing Committee of the People’s Republic of China for the successful completion of the Third Plenum of the 18th Central Committee of the Communist Party of China.

I’d also like to congratulate Guangzhou Evergrande FC for winning the 2013 Asian Football Confederation Champions League Cup.

Days ago the People’s Daily quoted the late Chairman Deng Xiaoping, “the problems that emerge after development aren’t any less than those before it.”

And stated, “we are deeply aware of the risks of overreaching that are hidden behind the shiny moniker ‘the Top Two Global Economic Powers’, and that now is the most critical time for China but also the most difficult time for reform.”

I could feel the seriousness of the challenges that lie ahead for China.

Yet the answer from the Chinese leadership could not be clearer. President Xi Jinping said recently that “the contradictions of the reform and open policy can only be addressed by pressing ahead with the same policy of reform and openness.”

The future is bright for China, because its leadership is cognizant of the challenges that lie ahead and the difficulties involved in addressing them, and is able to come up with the right solution.

It might be self-evident, but in order to realize the “China Dream” it is necessary to have peace in East Asia.

What threaten the peace in Northeast Asia are North Korea’s nuclear weapons.

For Korea, the North Korean nuclear issue is as if our house is on fire; I cannot help but wonder whether for China it is a fire next door and for the United States it is a fire across the river.

It is very encouraging that China has expressed the willingness to solve the North Korean nuclear issue.

Dialogue with North Korea is clearly necessary. But we should be cautious of having dialogue for dialogue’s sake.

There are only two choices when it comes to the North Korean nuclear issue: denuclearization or accepting a nuclear North Korea. There is no
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There are only two choices when it comes to the North Korean nuclear issue: denuclearization or accepting a nuclear North Korea. There is no middle ground.

Yet one should not think China has a panacea to solve the North Korean nuclear issue once and for all. I am aware of the difficulties that China has had in dealing with North Korea. From the Chinese perspective it would be vexing to watch the nuclear dominos unfold in East Asia by the recognition of a nuclear North Korea.

There is an acute need for cooperation between Korea and China in order to forestall the worst case scenario that is everyone’s worry.

Korea and China have had friendly relations with each other for thousands of years. Chinese culture, exemplified by Buddhism and Confucianism, is important in our lives and greatly contributed to social development. We Koreans have developed a keen interest in Chinese culture through classics such as “Three Kingdoms,” “The Chronicles of Chu and Han,” “Journey to the West,” and “Water Margin.” Korea’s best-selling book last month was the novel “Jungle Great” by Jo Jung-rae, which is the story of China’s development and young Koreans’ endeavors.

The Korea-China relationship is nowadays said to be a “Strategic Cooperative Partnership,” but in reality it is limited to areas of mutual economic interests. Going forward, the Korea-China relationship should evolve to incorporate the common values of peace, human rights, and observance of international norms.

As the Chinese say, “one should march forward along with the changes of the times.” Likewise, the Korea-China relationship should evolve along with the new era in Northeast Asia.

Japanese cooperation is also necessary for securing peace in Northeast Asia. But we are concerned that as long as Japan keeps its current views of history we cannot move towards the future together.

I am hopeful the discussions taking place at the Asan Beijing Forum will contribute to the making of a more peaceful East Asia.

The Chinese character for “Dream” (Mong) also figures in my name.

Let’s work together for the realization of the “China Dream” and “Korea Dream.”

Thank you.
Dr. Qin began by outlining the importance of the interactions among major powers in East Asia and how it has evolved along the “dynamic parallel processes of economics and security.” With the regional order in flux, he suggested that the structures and processes existing in the region are not necessarily static. He argued that the rise of China and the US rebalance to Asia are both welcome developments, when managed effectively.

Since the 1997 Asian financial crisis, Dr. Qin noted that China had come to play a greater role in regional integration and multilateralism, particularly in Southeast Asia. But he cited the subsequent enlargement of the East Asia Summit as a potential competitor to ASEAN’s centrality across the region. The extension of membership to states outside what Dr. Qin referred to as the “10+3”—the ten members of ASEAN plus China, Japan, and Korea—meant it had become a parallel process, something exacerbated by the US and Russia entry.

In light of the US rebalance, Dr. Qin emphasized the importance of ASEAN in integrating a growing number of neighbors into a web of cooperation. He pointed out that the regional order has been relatively stable over the past two decades and that the notion of ASEAN centrality has been useful in channeling investment into priority areas. Nonetheless, if the China-US relationship were to focus more exclusively on security issues, it could lead to escalation and possible tensions elsewhere. As the regional situation has grown increasingly complex with the growing number of powers, Dr. Qin suggested that more complicated power networks could prove difficult to manage.

Looking ahead, Dr. Qin expressed optimism about the potential of major powers in the region to better coordinate their relations. The economic imperative alone will continue to drive regional cooperation given that the combined gross domestic product of China, Japan, and Korea accounted for 90 percent of East Asia’s total. Progress on cooperative mechanisms was exemplified by the launch of the China-Japan-Korea (CJK) free trade negotiations. Dr. Qin heralded the CJK FTA as an important milestone in growing regional cooperation. However, challenges caused by territorial disputes and Japanese attitudes towards history have been impediments to finalizing the CJK deal.

In light of the growing tensions, Dr. Qin welcomed more active US involvement in East Asia, though he acknowledged that it can raise suspicions in some corners. There was a need to address the popular mistrust that exists on both sides by strengthening dialogue and track II exchanges. Dr. Qin noted that China has never been included in any US-led security arrangement. He suggested that its future involvement would go a long way to improving the regional dynamics.

Following his speech, Dr. Qin took a number of questions from the audience. In response to a question on whether he considered the US to be an enemy or rival of China, he replied that China’s model of regionalism encompasses an open interpretation that welcomes the US as a legitimate stakeholder. For instance, if the US had better communicated its plans to rebalance assets to Asia, Dr. Qin speculated that it would have generated far less tensions.

Another member of the audience asked why Dr. Qin discussed North Korea’s nuclear weapons as a Korean Peninsula problem, as opposed to being a North Korean problem. Dr. Qin explained that the ramifications of North Korea’s nuclear weapons were huge for the whole region, and not just a problem for either or both Koreas to manage. In addition, he strongly urged for the resumption of the Six-Party Talks to resume dialogue. On a question about Japan’s troubled relationship with both China and Korea, his advice was for increased dialogues that seek to improve relations even when political leaders are at odds. He quoted an old Chinese saying that “If the nation states want to be friends, their people should be friends first.”
GALA DINNER

Date | Nov. 14, 2013
Time | 18:30-20:30
Session 1, titled “Deepening Korea-China Relations” presented an opportunity to review the past two decades of achievements in Korea-China relations, and what kinds of obstacles or challenges may lie ahead in efforts to deepen the bilateral relationship. The moderator of the session, Choi Kang, Vice President of the Asan Institute for Policy Studies, began by inviting speakers and discussants to address factors that would promote or hinder relations between the Republic of Korea and China, emphasizing that participants should consider difficulties as well as positive developments.

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Professor Chu Shulong, Deputy Director of the Institute of International Strategic Development Studies at Tsinghua University, began by observing that despite remarkable improvement in economic and social relations, the Korea-China relationship is lacking in the strategic and security dimensions. He argued that the biggest obstacle to the improvement of
ROK-China ties is an increasing South Korean perception that the rise of China is a threat. To overcome these concerns and sensitivities, Professor Chu recommended deeper ROK-China consultations vis-à-vis North Korea, closer people-to-people ties to develop genuine friendship between the peoples of the two countries, and enhancing the academic capacity of Asian nations to focus on understanding one another, rather than focusing on their relations with the West.

Professor Jin Canrong, Deputy President and Professor in the School of International Studies of Renmin University of China, emphasized that when ROK-China diplomatic relations were normalized in 1992, no one could have imagined the success that the two countries would achieve in enhancing their bilateral relations over the following twenty years. Despite the declining bilateral relations after the North Korean provocations toward South Korea in 2010, ROK-China relations improved when China began making it clear that the denuclearization of the Korean Peninsula was a top priority. Positive assessment of the Park administration and the weakening of European and US economies also contributed to bringing China and Korea closer together. Professor Jin argued that ROK-China economic relations will remain close due to 1) continuing economic difficulties facing Europe and the United States, 2) the likelihood of North Korea remaining a challenge in future, and 3) China’s determination to establish a new type of great power relations with the United States and “escape the traditional tragedy of great powers.” China sees South Korea as a critical link between Beijing and Washington. Professor Jin concluded by cautioning against overconfidence and encouraging cooperation on issues of global concern.

Dr. Kim Heungkyu, Professor of Political Science and Diplomacy at Sungshin Women’s University, discussed the Park administration’s pursuit of enhancing the ROK-US alliance, harmonizing Korea’s relations with China, and Park’s “trustpolitik” in taking China as a strategic partner vis-à-vis North Korea. Professor Kim cautioned against potential obstacles for improving Korea-China relations, including North Korean efforts to encourage a “cold war environment” in Northeast Asia, as well as the gap in perception between South Korea and China about the North Korean threat. However, Professor Kim spoke favorably of ROK middle power diplomacy in encouraging greater regional cooperation. In order to deepen ROK-China relations, he recommended the design of higher-level strategic dialogues with practical mechanisms to address critical issues; the formation of a research committee to develop an effective regional crisis prevention and management mechanism; and that Park and Xi resolve ROK-China territorial disputes in the East China Sea.

Mr. Scott Snyder, Senior Fellow for Korea Studies at the Council on Foreign Relations, stated that there has not been any other more significant transformation in bilateral relations in the past two decades than the one between the Republic of Korea and China. He posited that whereas China’s relationship with North Korea has changed from being based on a shared ideology to being one driven by geopolitics, China’s relationship with South Korea is driven by geoeconomics. He argued that further improvement in ROK-China relations will be capped as long as China prioritizes geopolitics and until China and South Korea can come to a clear understanding on both North Korea and the role of the ROK-US alliance. Furthermore, Mr. Snyder cautioned that a worsening of public perceptions of ROK-China economic ties may occur if trade surplus becomes trade deficit as China continues to industrialize; that differences in perceptions of end-states may arise between South Korea and China were North Korea to become unstable; and that challenges may emerge depending on how a unified Korea perceives its place between China and
Dr. Kim Hankwon, Director of the Center for China Policy at the Asan Institute for Policy Studies, after noting the “Asian paradox” (i.e. improvement in ROK-China economic, social, and cultural ties not having a spillover effect on security issues), emphasized that Korea and China should focus on enhancing mutual understanding and trust. With regard to the notion of mutual understanding, he observed that while the average Korean may claim to understand Korea’s shared history with China, they do not understand modern China. Dr. Kim said the same logic applies to the Chinese understanding of Korea. While the two countries’ intellectual leaders may focus on enhancing such understanding, this is likely to be more difficult than it may seem. Secondly, Dr. Kim argued that the promotion of trust between South Korea and China is necessary to develop strategic cooperation vis-à-vis North Korea. He noted the potential for Chinese frustration with the unpredictability of ROK domestic politics. In order to build trust among the two countries, Dr. Kim recommended that China and South Korea focus on developing trust among the two countries’ legislative bodies, rather than focusing too much on national leaders.

Professor Wang Fan, Assistant President of China Foreign Affairs University, stressed that this is a good time to develop and promote the improvement of relations between China and South Korea, particularly given the normalization of China’s relations with North Korea and improved relations between China and the United States. Professor Wang first focused
his remarks on how bilateral security relations between China and South Korea may improve while South Korea shares a security alliance with the United States. He believes that the two security relationships can coexist, but the main question is how this can be achieved. Secondly, he argued that China and South Korea can further enhance cooperation on the denuclearization of the Korean Peninsula by focusing on long-term solutions, such as establishing regional security mechanisms. Emphasis should be given to processes and interactions as well as coordination of multilateral and self-constraints. He concluded that new thinking on regional security dynamics requires new concepts and the recognition that everything in the region is and will remain unstable.

In response to a question by an audience member, Professor Jin elaborated on an earlier point that the media in China and South Korea have been negative in their depictions of Korea-China relations. He tied this observation to Dr. Kim’s point that better understanding between the publics of Korea and China should be encouraged, for which the media within the two countries could play a more positive role.

The question-and-answer session also included a discussion of Park Geun-hye’s proposed Northeast Asia Peace and Cooperation Initiative, which Mr. Snyder highlighted as a potential positive development toward the creation of multilateral institutions in Asia, which had earlier been stalled after the stalemate in the Six-Party Talks. Professor Jin stated that China views the proposal favorably but would want further details before being able to clarify China’s stance on the matter. With regard to the Trans-Pacific Partnership, Professor Jin observed that though China had initially been hesitant, there is a gradually emerging belief among Chinese elites that the TPP will match long-term Chinese interests.

When asked why Japan is contemplating the development of a national security council, Mr. Kato Yoichi responded that while there is no particularly pressing reason for Abe to form such a council, it may improve US-Japan alliance interoperability if Japan forms a security organization similar to that of the National Security Council in the United States. Another issue raised regarding Japan concerned which elements of the Chinese government know Japan best. Professor Jin responded that no single agency within the Chinese government understands Japan best, leaving Japan policy to be formed through compromise among different parts of the Chinese government with no single group dominating the process.

Mr. Snyder concluded his remarks by stating that a further deepening in the ROK-China relationship will be limited by three other relationships—those between China and the United States, between China and North Korea, and between North and South Korea. Until these relations become of less concern to ROK-China relations, Mr. Snyder concluded that the ROK-China relationship will not be able to live up to its full potential.
Session 2, titled “Pursuing Peace on the Korean Peninsula,” explored the opportunities and obstacles to achieving a lasting resolution to the half-century of division and tension between the two Koreas. In particular, it discussed the ongoing challenge posed by North Korea’s nuclear weapons program and the failure of the Six-Party Talks to denuclearize the Korean Peninsula. It also looked at what role Korea’s neighbors can play in promoting peaceful dialogue and ensuring regional stability.

The moderator of the session, Ms. Barbara Demick, Beijing Bureau Chief of the Los Angeles Times, began by highlighting how the Six-Party Talks have been a long-running process over the last two decades and how achieving the denuclearization of North Korea remained the key issue in pursuing peace on the Korean Peninsula. She added that there has been a recent Chinese initiative to restart the talks, which may
Dr. Jonathan Pollack, Senior Fellow in Foreign Policy and Director of the John L. Thornton China Center at the Brookings Institution, began by noting that North Korea exists as something of an outlier in Northeast Asia. At its recent party plenum in March 2013, Kim Jong-un declared that North Korea would continue to pursue additional development of nuclear weapons alongside economic reforms as part of the so-called “Byungjin Line.” Given that the United States and its allies have signaled to the North Korean regime that it must choose between these two options, the situation remains at an impasse.

The recent visit to Washington and Pyongyang by Chinese envoy, Wu Dawei, has reignited the discussion about resuming the Six-Party Talks, which has been suspended as of 2008. While there have been consultations among the main parties, North Korea has stated that it would do so as a recognized nuclear weapons state. Dr. Pollack noted that North Korea’s nuclear arsenal is already “an accomplished fact” and that “its survival as a state depends upon its possession of nuclear weapons.” North Korea has openly declared that it will reinvigorate its plutonium reactor operations and enrichment facility at Yongbyon. All of which suggests it is “doubling down” on its nuclear capabilities. Consequently, there is nothing to suggest that North Korea would re-enter multilateral talks with the intention of denuclearization. Rather, it has made clear that any resumption of the Six-Party Talks would be “on the basis of an arms control negotiation, not a denuclearization process.”

Consequently, whether China and the United States could cooperate on the issue of North Korea’s nuclear weapons would be “an acid test” for President Xi Jinping’s vision of a new model of China-US relations. Dr. Pollack questioned the argument that it is necessary to have talks with North Korea in order to prevent the situation from deteriorating. He noted that North Korea first tested a nuclear device in 2006 while the Six-Party Talks were ongoing. On balance, however, talks could improve the odds
Suggesting that North Korea began its nuclear program much earlier than the 1990s, Dr. Yang Xiyu, Senior Fellow at the China Institute of International Studies for China Foreign Policy Research, began by noting that the root of the nuclear issue stems from a fundamental question of war and peace on the Korean Peninsula. Since 1953, both Koreas have maintained an uneasy peace based on mutual deterrence—which to Yang is unpredictable and unstable. Dr. Yang ascribed the current state of affairs to a “state of war” and a “state of cold war” and urged all parties to resume the Six-Party Talks.

A defining feature of inter-Korean relations has been the eruption of periodic crises. The timeframe for crises seems to have shortened in recent years. The fact is that no single power has been able to guarantee lasting peace on the Korean Peninsula. Consequently, the 2005 Joint Statement of the Six-Party Talks addressed not only the North Korean nuclear issue, but also the issue of lasting, permanent peace.

Dr. Yang noted that while the international community wants North Korea to make a choice between economic development and its nuclear arsenal, North Korea is also forcing its neighbors to make a choice: strike a deal now or face an even worse situation later. He noted that “if we wait endlessly, North Korea will have time to develop the nuclear weapons it wants.” While the Six-Party Talks may not be fully effective, there are no better choices available at the moment.

Ambassador Chun Yungwoo, former National Security Advisor to President Lee Myung-bak, reflected that efforts to prevent North Korea’s nuclear progress had failed despite the best efforts of the five other parties to the Six-Party Talks. The Six-Party Talks resemble the Greek myth of Sisyphus, who was condemned to push an immense boulder up a hill only to see it roll back again and to repeat this action forever. He said that it is time to reflect on why the Six-Party Talks are where they are. Two factors are particularly important. First, North Korea’s determination to acquire nuclear weapons was stronger than the other parties’ collective determination to stop it. North Korea views nuclear weapons as the “holy grail” of the regime and “the source of salvation from their existential crisis.” North Korea’s leaders have therefore been prepared “to pay a disproportionate price and sustain enormous sacrifices” in order to build their nuclear capabilities.
In contrast, the international community has not been able to impose a prohibitive price on that effort. Sanctions have been half-hearted and bearable. Had the world been able to muster the same level of commitment to sanction North Korea in the same way as it did to Iran, the situation today would be different. Whereas sanctions on Iran cover much of the economy, sanctions on North Korea are limited to entities and items related to the military. North Korea’s arms sales represent less than twenty percent of its exports, with the rest largely undetected. The impact on its economy was thus bearable.

Second, the lack of coordination among the five major parties weakened their strategic leverage. Some countries have been less enthusiastic than others to use all of their influence. Consequently, there was a lack of coordination. For instance, North Korea was able to bypass existing sanctions while expanding trade with China. Put simply, Ambassador Chun noted that “what one hand did would be undone by the other hand.” Similarly, the collective message could have been clearer. When China places “instability” before “denuclearization” on the Korean Peninsula, it sends the wrong signal to North Korea.

On the prospect of restarting the Six-Party Talks, Ambassador Chun recognized its importance as “the final place where any deal that could be worked out between the parties. It should be endorsed.” However, the best time to reconvene the talks is when there is a reasonable chance to achieve success. Another failure of the Six-Party Talks could destroy whatever credibility it may still have and reinforce cynicism about diplomacy.

Next, Dr. Ha Taekjung, a member the Saenuri Party in the National Assembly of the Republic of Korea, discussed North Korea’s role as a perpetrator of state crimes, an issue that is often overlooked. Dr. Ha noted that North Korea pursued criminal activities abroad, exporting narcotics and counterfeiting currency. From such a standpoint, he suggested that any negotiations with the North would prove to be “unpredictable, unreasonable, and untrustworthy.” Dr. Ha concluded by noting that North Korea was a nuclear weapons-armed country but also a criminal entity; if its neighbors could manage to help it become a normal country, it would pave the way for progress on nuclear weapons.

Dr. Cheng Xiaohe, Associate Professor in the School of International Studies at Renmin University of China, noted that there was a need to re-examine the Six-Party Talks from a broader context of three key rivalries: inter-Korean rivalry, Sino-Japanese rivalry, and Sino-US rivalry. Dr. Cheon Seongwhun, President of the Korea Institute for National Unification, looked back on the history of the talks and divided the negotiations into two phases: the first part up until early 2012 and the second part under President Xi Jinping. Lt. Gen. Yamaguchi Noboru, Director for International Programs and Professor of military history and strategy at the National Defense Academy of Japan, noted that Japan had a slightly different perception of the situation on the Korean Peninsula due to its distance as well as different appreciation of the short- and long-term challenges to potential instability.

The discussions during the question-and-answer session focused on how Chinese attitudes towards North Korea had evolved over the past two decades. As Dr. Yang emphasized, despite Chinese understanding of the North Korean strategic situation, it also remains to be the only country to have conducted three nuclear tests in the twenty-first century. China’s economic development also makes it desire a stable regional environment, which North Korea has not provided. The recent decision to ban exports of more than 900 items to North Korea should thus not be taken lightly.
Politics of History in East Asia

Session 3, titled “Politics of History in East Asia,” explored the political dimensions of disputes over interpretations of history among South Korea, Japan, and China. Moderator Simon Long, the Asia Columnist for The Economist, invited speakers to look unflinchingly at the issues concerning this topic despite the range of potentially conflicting perspectives present on the panel and among those present at the forum.

Dr. Jia Qingguo, Professor and Associate Dean in the School of International Studies at Peking University, began his remarks by emphasizing that China-Japan and Japan-Korea historical issues are unique because 1) they are more intense and emotional—compared to historical issues between France and Germany, or Germany and Israel; 2) they are persistent; and 3) only seem to become worse. Professor Jia discussed the importance that Koreans and Chinese attach to the issue of Japanese apology for occupation and wartime atrocities, observing that whereas China and Korea’s initial desire for Japan’s apology stemmed from fear of Japanese remilitarization, calls for apology in later years stem from how the issue of apology has been internalized in domestic politics and become politically necessary. Professor Jia also explained how the issue of apology has become tied to the rise of China, with Japan fearing potential unintended consequences of its apology, such as demand for reparations, as well as pressure within China to make Japan apologize now that China is stronger than before. He concluded by outlining how potential responses to historical issues between the countries could include isolating these issues and not let them affect border relations. He also suggested focusing on more positive aspects of bilateral
perceptions of Japan are largely negative among Koreans and Chinese, countries of Southeast Asia take a much more favorable view of Japan, particularly within Indonesia. Furthermore, Professor Lee argued that the history issue must be overcome because of the magnitude of Asia’s geopolitical problems, citing how defense spending in Asia has cumulatively surpassed that of Europe for the first time. China is projected by The Economist to surpass the United States in defense spending in 2035, and that Asia faces a “department store of security threats” — nuclear threats, cybersecurity concerns, terrorism, etc.— that all require getting past historical issues by making hard political choices.

Mr. Kato Yoichi, National Security Correspondent at The Asahi Shimbun, focused his remarks on the politics of history within Tokyo, beginning with two quotations by Abe Shinzo, in which the prime minister states that his cabinet has never denied past Japanese aggression and colonization as well as support for the Maruyama Statement regarding the damage and pain Japan caused to countries in Asia during its colonial era. Also noting how Abe has made statements that have offended people in China and Korea, Mr. Kato explained how Abe is perceived as having “two faces”— one that is nationalist and another that is pragmatic. With regard to historical issues with Korea and China, Abe is a pragmatist out of political expediency to meet his goal of being the first postwar Japanese Prime Minister to amend the Constitution. While Abe as a private citizen with nationalist inclinations may not want to make conciliatory remarks toward Korea and China, as a prime minister he must do so in order to maintain his position and political capital. Mr. Kato concluded by warning that in 2015, which will mark the 50th anniversary of the basic treaty between Japan and the Republic of Korea, Japanese observers expect Korea-Japan relations to take a sharp turn for the worse, which has led some to conclude that any effort made to make conciliatory gestures toward Korea would be in vein. However, there is more hope in Japan for improvement in relations with China, which is driven more by strategic calculation than “emotion.”

Professor Lee Chung Min, Dean of the Yonsei University Graduate School of International Studies, began by stating his belief that the issue of history is not going to be resolved anytime soon, yet overcoming it is necessary for the “rise of Asia to be complete,” meaning that Asia must show the world that it is responsible and willing to step up to face its own problems rather than blaming others. Professor Lee outlined how the magnitude of Asia’s rise has made for different public perceptions of country favorability within Asian nations, as reflected in recent public opinion polls. While US allies have a favorable view of the United States compared to China, countries such as Malaysia, Indonesia, and Pakistan have a more favorable view toward China than the United States. While
much and how it is to be controlled. She concluded by observing how attacks on Japanese nationals could not be predicted. In her view, these issues were simply outside of the Chinese government’s control. To get past the historical issues, she recommended encouraging youth movements, establishing communities of the liberally-minded, and finding ways to positively engage with the media.

Mr. Nam Jeongho, Director of the Global Affairs Team and International Correspondent at the JoongAng Ilbo, argued that the basic problem is that the people in the three countries approach the history question from fundamentally different perspectives. Whereas Koreans strongly stress the harsh suffering, exploitation, and lives lost during the Japanese occupation, some in Japan argue that Japan contributed to Korea’s modernization during that period. Mr. Nam argued that the best way to solve this kind of problem is to focus on fact-based historical education. He believes that creating shared history texts is vital to mutual understanding. While this was undertaken between France and Britain with some success, similar attempts in Northeast Asia have been met with little success despite the many NGOs that have attempted to carry out such a project. Mr. Nam argued that the difference is the French-German projects had the support of both governments. He concluded that this is the time to think of more active government involvement. Concluding with the observation that similar projects have been successfully undertaken by UNESCO in Eastern Europe, the Balkans, and the Middle East, Mr. Nam argued that the same should be done for Korea, China, and Japan.
Dr. Takagi Seiichiro, Senior Adjunct Fellow at the Japan Institute of International Affairs, shared the speakers’ and discussants’ view that the politicized treatment of history is unproductive and harmful. He recalled Deng Xiaoping’s quote, “seeking truth from history” in the context of this discussion and found that the opposite is the case in these instances—facts are collected in the politicization of history to support the version of events of your choosing—thereby leading to an unproductive way of understanding the historical development of our societies. Praising and supplementing Professor Lind’s remarks, Dr. Takagi noted that Japan’s approach is often quite “legalistic.” He explained that Japanese view Chinese and Korean charges as a form of criminal claim, concluding that there is insufficient evidence to support such charges. He argued that this feeling of being charged without insufficient evidence will not disappear from Japanese society. He supported the view that the history issue should be isolated from larger issues in bilateral relations, echoing Professor Jia from the beginning of the panel discussion. Dr. Takagi concluded with a response to Mr. Kato Yoichi’s view that Abe’s primary goal is constitutional revision, stating that Abe’s agenda is in part constitutional revisionist, but also more importantly about making Japan a “normal state” that can “contribute to international society.”
Session 4  A New Model of China-US Relations
Moderator  Jane Perlez
Speakers  Cheng Xiaohu I Liu Ming I Christopher Johnson I Choo Jaewoo
Discussants  Gong Keyu I Ha Taewon

Session 5  East Asian Regional Order in Flux
Moderator  Choi Byung-Ii
Speakers  Matthew Goodman I Han Sukhee I Wang Yiwei I Zhang Taozheng
Discussants  Mo Jongryn I Yoon Young-seok I Zhao Minghao

Session 6  Emerging East Asian Economic Order
Moderator  Bark Taeho
Speakers  Chen Ping I Kim Jong Hoon I Terada Takashi I Zhe Daojiong
Discussants  Dai Changzheng I Kim Hankwon I Ke Yinbin
edged that there was serious fatigue and disappointment at the lack of progress on denuclearization. However, it was important for the US to reconsider engagement given North Korea’s increasingly sophisticated weapons program.

**China**

A critical choice confronts China: whether it will be a revisionist power that is dissatisfied with the US-led post-World War II system or whether it will be a status-quo stakeholder that has benefitted from, and remains interdependent with, the US-led international order. Minister Han cited two areas where China’s role remains important: dealing with the North Korean nuclear issue and managing rising nationalism and territorial disputes. He noted that although China has increased pressure on North Korea in recent months, there is “scant indication that it has made a decision to go all out to put a lid on North Korea’s nuclear weapons development.” On nationalism and territorial disputes, he quoted Deng Xiaoping’s 20-character strategy of “Be good at maintain a low profile; never claim leadership; hide our capabilities and bide our time; choose the right time;
Finally, on South Korea’s relations with the region, Minister Han speculated that it was growing increasingly difficult for the Park Geun-hye administration to balance good relationships with all of its neighbors. Relations with Japan are held hostage by much of the general public, media, and even the courts, all of whom construe any Japanese moves towards normalization as a return to its imperialist past. It remains popular for South Korean leaders to take a tough stand against Japan, such as President Park’s recent rejection of a summit meeting with Prime Minister Shinzo Abe. Yet, despite this anti-Japanese sentiment, Minister Han noted that Koreans did not view themselves as on the same side as China. There remain limits to how far South Korea should or could collaborate with China on pressuring Japan. On a growing number of issues, from missile defense to human rights, South Korea will need to take China’s position and interests into consideration. Minister Han concluded that given the limits of its geopolitical situation, South Korea’s only choice is to balance and compromise with all of the region’s major stakeholders.

Russia

The return of Russia to Asia in recent years underscores not a desire to rival the US or China, but to serve as a balancer between the two. While it has worked with China on issues such as Syria and Iran, it remains wary of China’s rapid rise and growing military power. Furthermore, the US rebalance to Asia helps divert military assets away from Europe, where Russia is more invested. On its relations with the Korean Peninsula, Minister Han emphasized Russia’s predominantly economic focus on energy exports and infrastructure development. Its participation in the Six-Party Talks has also been useful, participating in UN Security Council sanctions even as it tries to maintain some leverage over North Korea.

North Korea

Over the past two years, Kim Jong-un’s new regime has exhibited a “zigzagging policy behavior” between hard-line and soft-line stances. Rather than indicating a carefully thought-out strategy, this probably reflects the unsettled power structure in the regime. He noted the competing rivalries between what he called “the coalition of pragmatic, party-oriented, and family-based civilian supporters” and more “hard-line, military-oriented, and xenophobic military leaders.” This competition is likely to be important in North Korea’s interactions with its neighbors.

Japan

Minister Han commented that, “Many of Japan’s leading politicians are exploiting the Japanese public’s sense of anxiety and insecurity to further their nationalistic and even jingoistic agenda.” With the passing of time, the feeling of responsibility for its wartime crimes is fading among many young Japanese. The return to becoming a “normal state” with a regular defense force and collective self-defense right is seen as a concept that is supported by the US and other Western allies. But Minister Han noted that Japan needed to choose between ‘breaking free from the post-war regime’ and thus alienating its neighbors or engaging more constructively with the rest of the world.

Actively do it if something must be done.” The issue is that China seems to be having difficulty between hiding its capabilities and exercising its newly-won power.

South Korea

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The moderator of Session 4, Ms. Jane Perlez, Diplomatic Correspondent for The New York Times, opened the panel on the subject of China’s proposed “New Model of China-US Relations,” observing that after the Obama-Xi meeting in June 2013 both Chinese and US observers spoke of the “spirit of Sunnylands.” Ms. Perlez asked speakers whether there is any such spirit and what has changed since the summit in California. Citing the March 2012 article by Kenneth Lieberthal and Wang Jisi, “Addressing US-China Strategic Distrust,” Ms. Perlez also highlighted how some see the US as a declining power—particularly with recent examples such as the US Government shutdown, difficulties with the TPP negotiations, and revelations of NSA operations from Edward Snowden—and asked speakers to address what has changed in China-US relations in recent years.

Dr. Cheng Xiaohe, Associate Professor at the Renmin University of China, presented his impressions of meetings with US think tanks and govern-
Professor Cheng echoed Professor Liu’s view as being consistent with previous policies of Chinese leadership. Professor Liu emphasized that for China this is not a “G2.” He explained that though China wanted the concept to apply to China’s relations with the EU and India, among others, some believe that the concept’s value, in tandem with China’s “peaceful rise,” is in challenging the historical assumption that a rising power will inevitably come into conflict with a power that is already established. The concept’s application to the China-US relationship was therefore deemed to be more pressing. Reviewing the previous year, Professor Liu argued that China and the United States have also had success in other meetings, including the Strategic Economic Dialogues and the first China-US Cybersecurity Dialogue. He highlighted that while coming to agreements is valuable, it is more important for China to follow up on these talks and press for substantial results. He also described how the finalization of a China-US bilateral investment treaty may pave the way for China eventually joining the TPP.

Mr. Christopher Johnson, Senior Advisor and Freeman Chair in China Studies at the Center for Strategic and International Studies, addressed difficulties with implementing a new type of major-power relationship between China and the United States. He described how US-China relations, initially formed to counter the Soviet threat, have undergone fundamental changes as China’s power has increased. He gave the example of how China’s assertiveness while the US struggled with a dysfunctional government and the US economy in the wake of the global financial crisis, contributed to disequilibrium in China-US relations. However, officials from his recent ten-day trip to the United States. He outlined the range of views that he encountered on the proposed “new type of major country relationship,” including: 1) that the concept lacks exact content, 2) that some see it as a propagandistic con by Chinese leaders, 3) that elements of the concept have already been articulated by previous Chinese leaders, 4) that US acceptance of such a concept would constitute appeasement to further Chinese aggression, and lastly, 5) that some officials believed that it was worth waiting to see how the concept might be put into practice. Professor Cheng explained that for Chinese scholars and experts enthusiastic about the concept, it is generally understood that the concept as presented by Xi Jinping includes four basic elements: 1) no conflict, 2) no confrontation, 3) mutual respect, and 4) win-win cooperation. While describing this formulation as “good, attractive, and constructive,” Professor Cheng used the examples of North Korean denuclearization, the Diaoyu Island dispute, and other issues that affect US-China relations, to demonstrate how these four elements may be difficult to put into practice, particularly with new challenges such as interpretations of China’s rapid economic growth and military modernization. Professor Cheng concluded by highlighting how China and the United States focus more and more on cooperation on multilateral issues and that the United States needs to take into account new voices in China, including the increasing number of netizens, as well as challenges to China-US relations presented by third parties, such as Japan and the Philippines.

Dr. Liu Ming, Professor and Executive Director of the Institute of International Relations Studies of the Shanghai Academy of Social Sciences,
Dr. Choo Jaewoo, Professor of Chinese foreign policy at Kyung Hee University, addressed whether China and the United States can find space to converge on common interests and overcome strategic distrust in order to realize a new model of relations in the context of East Asian regional order. Giving the examples of former Secretary of State Hillary Clinton’s 2010 remark that the United States will lead in this new century and Wen Jiabo’s 2004 remark that China bide its time for the next one hundred years, Professor Choo argued that there is cause for suspicion and concern on both sides. He also outlined differences in Chinese and US goals for regional order in East Asia. Whereas China wants to realize common development and a harmonious world, the United States wants to preserve its primacy and leadership based on value-sharing with countries in Asia. Whereas China’s values include the pursuit of peace, development, and cooperation, US foreign policy values democracy, freedom, and market economy. While China wishes to build a system of cooperation based on multilateralism, the United States wants multilateralism based on bilateralism, including its alliance system in Northeast Asia. This last contrast also suggests different perceptions of the center of gravity in East Asia, where China believes the focus for regional order should gravitate toward ASEAN the United States sees more value in focusing on ties to its allies. In terms of membership, Professor Choo argues that China seeks more inclusive regionalism where any country would be welcome, but the United States supports more selectivity based on shared values. Finally, where China sees common interests and new security concepts as sources of regional stability, the United States believes stability in East Asia is maintained by US leadership, primacy,
and its positive influence in international affairs. Professor Choo concluded that given these differences in perspective vis-à-vis regional order, China and the United States will find it difficult to find common ground upon which to form a basis for a new model of major-country relations.

During the discussion period, Dr. Gong Keyu, Senior Fellow at the Shanghai Institute for International Studies, began by addressing causes for optimism in improvement of Sino-US relations. Emphasizing the importance of mutual trust, Dr. Gong argued that with regard to the Korean Peninsula there is now a window of opportunity because the countries in Northeast Asia have all experienced changes in leadership, including North Korea with Kim Jong-un, and US presidents in their second terms have shown a tendency to more actively pursue positive relations with North Korea rather than focusing on the nuclear issue. Despite shared interests regarding the Korean Peninsula, including China’s emphasis on stability, peace, and denuclearization, Dr. Gong asked why so little progress has been achieved. She posited that this is because both the United States and China misunderstand what each side should contribute to this issue. Earlier comments in the Asan Beijing Forum regarding China using the nuclear issue as a card against the United States reminded Dr. Gong of suggestions that the United States considered Taiwan as a card against China. Nevertheless, she believes that there is still time and space for China and the United States to list their interests and priorities. Dr. Gong concluded that while China and the United States considered North Korea and South Korea as their respective younger brothers and used their alliances to support them in the past, subsequent ineffective efforts to jointly resolve differences in the Six-Party Talks leaves China and the United States to instead cooperate with each other to manage their common concerns.

Mr. Ha Taewon, Editorial Writer for The Dong-A Ilbo, continued with considerations of implications of these discussions for South Korea. From speakers’ remarks, Ha observed that it is clear some in China believe the United States has reached its highest point and China’s continuing growth will lead China to surpass the United States in the global order. Were this to be the case, South Korea will have cause for concern because China may seek to test its new model or interpretation of world order in East Asia and the Asia-Pacific, which would greatly affect South Korea. Mr. Ha argued that until China fully explains its vision of regional order to its friends in Korea and Japan, they will find it hard to consent to China’s stance. Even if China and the United States find a new model of great power relations and a joint understanding for regional order, Korea may still have cause for concern. Mr. Ha noted how Korea has a painful history and feeling of betrayal by superpowers—an example being the Taft-Katsura Agreement, where Japan was permitted to annex Korea in exchange for Japanese recognition of the Philippines being a US protectorate. Mr. Ha concluded that while it is premature for Korea to fear this kind of occurrence in the near future, others should be aware that major countries deciding the fate of Korea at the cost of Korean interests will not be acceptable. If it can be explained how Korea would benefit from a new regional order, then Koreans will support it, but for now the content of these visions need to be clarified.
Session 5, titled “East Asian Regional Order in Flux,” explored how nation-states assess the current state of regional cooperation and competition, what the most desirable end point is with regards to regional order, and how much of a gap there is between expectation and reality. The moderator of the session, Dr. Choi Byung-II, President of the Korea Economic Research Institute, began by noting that whenever discussions of regional order-building occur in East Asia, the European Union and North Atlantic Treaty Organization are inevitably held up as models. Yet despite South Korea having free trade agreements with Europe and the United States, there appeared to be “no bright prospects” for starting or concluding similar agreements with Japan and China, respectively.

Mr. Matthew Goodman, William E. Simon Chair in Political Economy at the Center for Strategic and International Studies, began by noting that “disorder” or even “anarchy” offered a better description of the current state of regional architecture in East Asia than “order.” He opined that the creation of a single, unified regional architecture remained unlikely in the immediate future. Nonetheless, each regional grouping creates healthy competition and contributes to enhancing regional dialogue by building habits of cooperation.

Mr. Goodman raised concerns about two key divides that were likely to shape the regional architecture in the coming years. The first was the difference between the East Asian and Trans-Pacific approaches to regionalism. While the East Asian approach prioritizes Asian community building, the Trans-Pacific approach seeks to embed the United States in the region and enlarge its scope. The second divide was between the cooperative and high-standard approaches. The cooperative approach aims to foster functional cooperation among members while the high-standard approach aims to achieve concrete results. Nonetheless, Mr. Goodman empha-
confrontation. Both are damaging prospects for detente. On Korea-Japan relations he noted the face-off between governments and public opinion in Korea as limiting potential for reconciliation. However, he pointed out that despite its sour relationship with Japan, Korea would be unlikely to side with China against Japan.

The third issue was Korea’s hedge between the United States and China. Amicable relations between Presidents Park Geun-hye and Xi Jinping throughout 2013 were in sharp contrast to Beijing’s ties with Pyongyang.

sized that these two distinctions did not always hold true, as evidenced by US participation in the East Asia Summit as well as Vietnam’s interest in the Trans-Pacific Partnership.

Dr. Han Sukhee, Associate Professor in the Graduate School of International Studies at Yonsei University, noted that while fundamental change in the regional order remained unlikely in the near future, there were three major transformations taking place. First, the rise of China is reshaping Sino-US relations and particularly China’s place as a major economic and military power. China’s military modernization and high defense spending, in particular, will soon narrow the disparity between China and the United States. As both sides react to this change, Professor Han noted that there was scope for cooperation and competition.

Second, Japan’s “Two Track Diplomacy” towards its neighbors was something that required careful observation. On Sino-Japanese relations, Professor Han cited territorial disputes and growing possibility of military...
Dr. Wang Yiwei, Deputy Director of the Center for EU Studies at Renmin University of China, described the current regional order in three words: exclusive, unbalanced, and unsustainable. First, Dr. Wang pointed to the continued dominance of a traditional Cold War security order that excluded China. While China has actively participated in regional forums and groupings, it cannot compete with the US-led hub-and-spokes system. He pointed to the exclusive nature of groupings such as the TPP, where even Vietnam has been invited, yet China has not.

Second, the unbalanced nature of the current order was based on the fact that economic ties between China and the region had not extended into areas such as investment and other financial areas even though China is the largest trading partner of every country in East Asia. Furthermore, the United States retained a disproportionate influence on the region’s economic livelihood as evidenced by the damage that the quantitative easing by the US Federal Reserve had on developing Asian countries.

Finally, Dr. Wang stated that the order is unsustainable because so many of the public goods that the region needs for its prosperity are dependent upon the United States. As the global financial crisis showed, questions of reliability will continue to endure. Dr. Wang proposed that China, ASEAN, Japan, and Korea must do more to contribute to regional public goods. Furthermore, he argued that no future regional order was possible without the inclusion of actors such as China and Russia.

Dr. Zhang Tuosheng, Senior Fellow and Chairman of the Academic Committee and the Director of the Center for Foreign Policy Studies at the China Foundation for International and Strategic Studies, spoke about how the current regional order was composed of four parts: interdependence based on bilateral and strategic partnerships, major power cooperation and coordination, developing multilateral dialogue mechanisms, and bilateral military alliances led by the US.

Dr. Zhang noted that all sides should make more efforts to increase economic interdependence by cooperating on non-traditional security threats. While an Asian regional order can never be the same as NATO, smaller and middle powers can play a more active role in multilateral security cooperation. Similarly, major power relationship requires further development based on the principles of “no confrontation, no conflict, and mutual respect on a win-win basis.”

Professor Mo Jongryn, Director of the Center for Global Governance at the Asan Institute for Policy Studies, began the discussion by questioning the underlying assumption that there was something inherently wrong with the current regional order. Noting that the past forty years have largely been beneficial for the entire region, Professor Mo suggested that in the push to achieve an overly ambitious change, we may end up ruining the achievements that have been made. He ended by commenting that regional solutions are not the only mechanisms available and that bilateral and global forums could also be productive.

Representative Yoon Young-seok, Member (Saenuri Party) of the National Assembly of the Republic of Korea, commented that the US pivot to Asia
is based on two factors: the rise of China’s economic, military, and diplomatic capabilities and the declining importance of the Middle East to the United States since the development of shale gas. Reminding the audience that military options were unrealistic given the existence of nuclear weapons in North Korea, Representative Yoon argued that pragmatism would define the relationship. He suggested that middle powers like Korea should not wait for the major powers to reach agreements, but be more proactive as well.

Finally, Dr. Zhao Minghao, a Research Fellow at the Charhar Institute, raised two questions for the panel regarding the regional equilibrium and China-US dynamics. Describing what he called East Asia’s “messy multilateralism” and “demand for order building,” Dr. Zhao highlighted how all countries are making their own rebalancing moves to adjust to broader strategic change. Commenting on Prime Minister Abe Shinzo’s approach, he characterized it as a “dual-hedging strategy” against China’s rise in the short-term and US decline in the long-term. He noted that countries such as Korea were instead playing a bridging role between China and the United States.

During the question-and-answer session, the subject of identity as a continental, land-based power or an oceanic, sea-faring power was prominent. Dr. Wang pointed to the rise of Eurasia as a new strategic environment that merited Korea’s attention as a continental power. Dr. Zhang meanwhile questioned whether the United States and Japan would accept China as a maritime power. He noted that China, Japan, and South Korea all have an interest in protecting sea lanes from the Middle East or even shale gas from the United States. There is scope for the Chinese PLA Navy to participate more actively in maritime patrols. On the dichotomy between cooperation and competition, Dr. Goodman suggested that viewing the two as incompatible was not particularly helpful. Instead, experts needed to seek out shades of gray where there was opportunity to engage.
Session 6, titled “Emerging East Asian Economic Order,” focused on East Asian international trade relations and the future of regional economic order. Moderator Dr. Bark Taeho, Professor at the Graduate School of International Studies and former ROK Minster for Trade, opened the panel with a brief background on the current international trading environment. While the Doha round of negotiations of the WTO failed to make progress, there has been a proliferation of FTAs all over the world, including among the countries of East Asia. However, Professor Bark opined that the pendulum may have swung too far toward bilateral FTAs, observing how several countries are now seeking to form regional trade agreements such as the China-Japan-Korea FTA (CJK FTA), the Trans-Pacific Partnership (TPP), etc. Professor Bark took this as a positive sign that the international community may wish to return to a multilateral trade system in future.

Mr. Chen Ping, Deputy Managing Editor of the Global Times, gave a personal Chinese perspective as a long-term Korea observer of prospects for a China-Korea FTA or a CJK FTA. He began by noting the progress that China-Korea economic relations have achieved since the normalization of diplomatic relations in 1992, including the attainment of annual trade worth USD 250 billion in 2012. However, Mr. Chen noted that challenges persist in China ROK relations, such as the deficit that China has suffered every year in its trade with South Korea since 1993. Mr. Chen warned that this will not be sustainable in the long-run, particularly as China’s economy improves in tandem with Korea’s high degree of dependence on the Chinese market. Another issue that Mr. Chen identified is the intensification of competition between various sectors of the Chinese and South Korean economies, including in technology, industrial structures, and export items, which Mr. Chen argued will continue for years to come. Though Mr. Chen was more pessimistic about any near-term progress in CJK FTA negotiations, he was delighted with the completion of the first stage of negotiations toward a China-Korea FTA. He concluded by recommending that China and South Korea work together to develop the North Korean economy, suggesting that the two countries work together in Special Economic Zones, the provision of direct investment and resources, etc., which he believes will ultimately lead to the opening of the North Korean economy and the peaceful unification of the Korean Peninsula.

Representative Kim Jong Hoon, National Assemblyman (Saenuri Party) of the Republic of Korea and former Minister of Trade, opened with the observation that government has a very visible hand in the market almost everywhere in the international community. He noted his pleasure with daily discussion of quantitative easing and increasing demand for welfare, which are both matters of government policy. After noting concerns with calls for protectionism during periods of economic downturn, Representative Kim then turned to discussing the regional economic order of East Asia. He outlined how many initiatives have been proposed and pursued,
including ASEAN, ASEAN+3, and ASEAN+6. He was skeptical of ASEAN playing a central role in regional economic integration, given ASEAN’s relatively low collective GDP relative to the larger economies of China, Japan, and Korea. Turning to CJK FTA negotiations, Representative Kim was skeptical of any near-term progress given territorial and historical disputes between China and Japan on the one hand and Japan and Korea on the other. Nationalist sentiment and desire in all three countries to maintain comparative advantages make it difficult to persuade public opinion to pursue further trade liberalization. Representative Kim concluded his presentation with an assessment of the attention being given to TPP negotiations. Given that the Obama administration has yet to secure fast-track negotiating authority from Congress, Representative Kim is skeptical of the sincerity of the US position and concerned that domestic political conditions within the United States will heavily influence the final fate of the TPP. That aside, and assuming the TPP is realized anyway, he concluded that China and South Korea have no reason to stand aloof and risk losing an opportunity to have solid trade relations with other TPP member countries once China and Korea have made progress on their own bilateral FTA.

Dr. Terada Takashi, Professor of international relations at Doshisha University, addressed what regional economic integration may mean for Japan. He stressed his belief that regional integration is good for national economies and for regional political stability. In FTA negotiations, he observed how Chinese negotiators come from the Ministry of Commerce rather than from the Ministry of Foreign Affairs, which he believes helps mitigate political rivalries hampering trade negotiations. He expressed his hope that South Korea shares in this positive atmosphere of keeping political disputes away from trade negotiation processes. Second, he noted how it was China that asked for Japan and South Korea, whereas Japan and South Korea initially requested negotiations for an investment treaty instead, to which the Chinese strongly objected in favor of negotiating an FTA. Despite early frictions, the atmosphere changed after the US began promoting TPP negotiations, leading China, Japan, and Korea to focus on
an investment treaty as well. Finally, Terada explained that while protection of Japanese agriculture had been a cause of concern, Japan has shown great willingness to make concessions in its negotiations toward the TPP, CJK and even an FTA with the European Union. If these agreements are achieved, Terada believes Japan’s trade will increase by 83 percent, thereby returning Japan to the center of regional economic politics.

Dr. Zha Daojiong, Professor of international political economy at Peking University, began his presentation by stating that US strategy, particularly vis-à-vis the TPP, is not to sabotage China’s rise. He argued that current US policy is in part a reactive response to the 2008 BRIC meeting in Moscow, after which the United States began reviewing its template for FTA negotiations. With the TPP, the United States is pursuing a program initially begun by Singapore, Brunei, Chile, and New Zealand. Furthermore, though TPP negotiations have been described as secretive and conspiratorial, Professor Zha stressed that this is often normal practice, including in Chinese trade negotiations. In spite of this, it is important to note that the United States agreed during the Sunnylands meeting to share information about the negotiations. Professor Zha described how China is not apprehensive about TPP-style FTAs, and has even experimented with similar arrangements among major Chinese cities.

With regard to the TPP, he questioned the size of the deal. Lastly, Professor Zha suggested that regional trade negotiations should not be hindered by “so-called high geopolitical issues,” that China and Japan could learn from South Korea’s example in dealing with domestic opposition to trade and investment liberalization schemes, and that it would be a mistake to write off Japan when discussing Northeast Asian economic dynamics.

Dr. Dai Changzheng, Professor and Dean in the School of International Relations of the University of International Business and Economics, began the discussion by outlining how there are several factors that shape
economic order, including shifts in power structures, the comparative inequality in economic growth among national economies, and the influences of market mechanisms. From these factors, a regional economic order inevitably emerges. Professor Dai opined that China will feel compelled to make use of its economic power to shape the regional economic development and that experts in China are actively trying to formulate frameworks for domestic and regional economic development. However, he emphasized that there will continue to be competing actors and visions for the shaping of regional economic order. He concluded that what measures China takes to address crucial security issues in the region will also influence what shape the new regional economic order will take.

Dr. Kim Hankwon, Research Fellow and Director of the Center for China Policy at the Asan Institute for Policy Studies, expressed his skepticism regarding the liberal idea that economic cooperation will overcome political tensions in the region and lead to regional peace and stability. Firstly, Dr. Kim believes that East Asia is already in an era of strategic competition among major countries and economic competition is in fact a sub-category of countries’ strategic calculations. Also, echoing Representative Kim Jong Hoon, Dr. Kim reiterated that nationalist sentiment is a real obstacle and there is serious concern with tendencies toward protectionism whenever economic integration and regional economic order are discussed. Lastly, Dr. Kim highlighted that political and economic cooperation in this era of strategic cooperation can be influenced by interests beyond Northeast Asia, such as competition with Russia in Central Asia over natural resources.

Dr. Ke Yinbin, of the Charhar Institute, presented a story of a young man and a shop owner who both initially attempted to exchange false currency for a fake cigarette but were actually led to exchanging the genuine article. With this story, Dr. Ke emphasized that while self-interest is an important motivation, in discussions about competition and cooperation between Western and Eastern business cultures, there is only one way to achieve a positive result—let the other party win first in order to achieve mutually beneficial win-win results.
Bark Taeho
Professor, Seoul National University

Bong Youngshik
Director, Center for Foreign Policy, The Asan Institute for Policy Studies

Chen Ping
Deputy Managing Editor, Global Times English Edition

Cheng Xiaohe
Associate Professor, Renmin University of China

Cheon Seongwhun
President, Korea Institute for National Unification

Choi Byung-II
President and CEO, Korea Economic Research Institute

Choi Kang
Vice President, The Asan Institute for Policy Studies

Choo Jaewoo
Professor, Kyung Hee University

Chu Shulong
Deputy Director, Institute of International Strategic and Development Studies, Tsinghua University

Chun Yungwoo
Chairman, The Korean Peninsula Future Forum; Former National Security Advisor to President Lee Myung-Bak

Chung Mong Joon
Honorary Chairman, The Asan Institute for Policy Studies

Dai Changzheng
Professor and Dean, School of International Relations, University of International Business and Economics

Barbara Demick
Beijing Bureau Chief, Los Angeles Times

Matthew Goodman
William E. Simon Chair in Political Economy, Center for Strategic and International Studies

Guo Xiangang
Vice President and Senior Research Fellow, China Institute of International Studies

Ha Taekeung
Member (Saenuri Party), National Assembly of the Republic of Korea

Ha Taewon
Editorial Writer, The Dong-A Ilbo

Hahm Chaibong
President, The Asan Institute for Policy Studies

Han Sukhee
Associate Professor, Yonsei University

Han Sung-Joo
Professor Emeritus, Korea University; Former Minister of Foreign Affairs, Republic of Korea

Kim Hankwon
Director, Center for China Policy, The Asan Institute for Policy Studies

Kim Heungkyu
Professor, Sungshin Women's University

Kim Jong Hoon
Member (Saenuri Party), National Assembly of the Republic of Korea

Kim Tae-ho
Member (Saenuri Party), National Assembly of the Republic of Korea

Kim Yungsoo
Ambassador, Republic of Korea Embassy to the People's Republic of China

Lee Chung Min
Dean, Graduate School of International Studies, Yonsei University

Lee Jaehyon
Research Fellow and Director, Centre for ASEAN and Oceania Studies, The Asan Institute for Policy Studies

Eric X. Li
Founder and Managing Director, Chengwei Capital

Jennifer Lind
Associate Professor, Dartmouth College

Liu Junbo
Deputy Director, Asia-Pacific Security and Cooperation Studies, China Institute of International Studies

Liu Ming
Executive Director, Institute of International Relations Studies, Shanghai Academy of Social Sciences

Simon Long
Asia Columnist, The Economist

Lv Fengding
Chairman, International Advisory, The Charhar Institute

Mo Jongryn
Senior Research Fellow and Director, Center for Global Governance, The Asan Institute for Policy Studies

Nam Jeongho
International Correspondent, JoongAng Ilbo

Niu Jun
Professor, Peking University

Jane Perlez
Diplomatic Correspondent, The New York Times

Jonathan Pollack
Director, John L. Thornton China Center, The Brookings Institution

Qin Yaqing
Executive Vice President and Professor, China Foreign Affairs University

Maria Repnikova
Postdoctoral Fellow, The Asan Forum

Scott Snyder
Senior Fellow for Korea Studies, Council on Foreign Relations

Shin Chang-Hoon
Director, International Law and Conflict Resolution Center, The Asan Institute for Policy Studies

Takagi Seiichiro
Senior Adjunct Fellow, Japan Institute of International Affairs

Terada Takashi
Professor, Doshisha University

Wang Fan
Assistant President, China Foreign Affairs University

Wang Yiwei
Deputy Director, Center for EU Studies, Renmin University of China

Woo Jung-Yeop
Director, Center for Security Policy, The Asan Institute for Policy Studies

Yamaguchi Noboru
Professor and Director, National Defense Academy of Japan

Yang Xiyu
Senior Fellow, China Institute of International Studies

Yoon Young-seok
Member (Saenuri Party), National Assembly of the Republic of Korea

Zhang Tuosheng
Senior Fellow, China Foundation for International and Strategic Studies

Zha Daojiong
Professor, Peking University

Zhao Minghao
Research Fellow, The Charhar Institute
Hiraiwa Shunji  
Professor, Kwansei Gakuin University

Jia Qingguo  
Professor, Associate Dean, School of International Studies, Peking University

Jin Canrong  
Deputy President and Professor, School of International Studies, Renmin University of China

Christopher K. Johnson  
Senior Adviser and Freeman Chair in China Studies, Center for Strategic and International Studies

Kato Yoichi  
National Security Correspondent, The Asahi Shimbun

Ke Yinbin  
Secretary-General, The Charhar Institute

Kim Hankwon  
Director, Center for China Policy, The Asan Institute for Policy Studies

Kim Heungkyu  
Professor, Sungshin Women’s University

Kim Jong Hoon  
Member (Saenuri Party), National Assembly of the Republic of Korea

Kim Tae-ho  
Member (Saenuri Party), National Assembly of the Republic of Korea

Kwon Young-se  
Ambassador, Republic of Korea Embassy to the People’s Republic of China

Lee Chung Min  
Dean, Graduate School of International Studies, Yonsei University

Lee Jaehyon  
Research Fellow and Director, Centre for ASEAN and Oceania Studies, The Asan Institute for Policy Studies

Eric X. Li  
Founder and Managing Director, Chengwei Capital

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Associate Professor, Dartmouth College

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Deputy Director, Asia-Pacific Security and Cooperation Studies, China Institute of International Studies

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Executive Director, Institute of International Relations Studies, Shanghai Academy of Social Sciences

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Niu Jun  
Professor, Peking University
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Professor, Doshisha University

Wang Fan  
Assistant President, China Foreign Affairs University

Wang Yiwei  
Deputy Director, Center for EU Studies, Renmin University of China

Woo Jung-Yeop  
Director, Center for Security Policy, The Asan Institute for Policy Studies

Yamaguchi Noboru  
Professor and Director, National Defense Academy of Japan

Yang Xiyu  
Senior Fellow, China Institute of International Studies

Yoon Young-seok  
Member (Saenuri Party), National Assembly of the Republic of Korea

Zhang Tuosheng  
Senior Fellow, China Foundation for International and Strategic Studies

Zha Daojiong  
Professor, Peking University

Zhao Minghao  
Research Fellow, The Charhar Institute
Chung Mong Joon
Founder & Honorary Chairman

Hahm Chaibong
President

Chun Yungwoo
Senior Advisor

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Senior Research Fellow, Ph.D.
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Senior Research Fellow, Ph.D.
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Bong Youngshik
Senior Research Fellow, Ph.D.
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Center for Foreign Policy and National Security

Mo Jongryu
Senior Research Fellow, Ph.D.
Center for Global Governance

Choi Hyeonjung
Research Fellow, Ph.D.
Center for Global Governance

Go Myong-Hyun
Research Fellow, Ph.D.
Center for Public Opinion and Quantitative Research

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Research Fellow, Ph.D.
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Research Fellow, Ph.D.
Center for Regional Studies

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Research Fellow, Ph.D.
Center for Public Opinion and Quantitative Research

Kim Hankwon
Research Fellow, Ph.D.
Director, Center for Regional Studies

Kim Jiyoung
Research Fellow, Ph.D.
Director, Center for Public Opinion and Quantitative Research

Leif-Eric Easley
Research Fellow, Ph.D.
Center for Foreign Policy and National Security
Lee Jaehyon
Research Fellow, Ph.D.
Center for Regional Studies;
Director, External Relations Department

Park Jiyoung
Research Fellow, Ph.D.
Center for Global Governance

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Research Fellow, Ph.D.
Director, Center for Global Governance

Woo Jung-Yeop
Research Fellow, Ph.D.
Center for Foreign Policy and National Security

Cai Jian
Visiting Research Fellow, Ph.D.
Center for Regional Studies

Yi Seung Ryul
Visiting Research Fellow, Ph.D.
Center for the Humanities

Han Minjeong
Program Officer, Center for Regional Studies

Jeong Eun Kyung
Program Officer, Center for the Humanities

Kang Chongku
Program Officer, Center for Public Opinion and Quantitative Research

Karl Friedhoff
Program Officer, Center for Public Opinion and Quantitative Research

Kim Gi Bum
Program Officer, Office of the Vice President for Research

Kim Min Jung
Program Officer, Center for Regional Studies

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Program Officer, Center for Global Governance

Lee Eui Cheol
Program Officer, Center for Public Opinion and Quantitative Research

Lee Ji Hyung (John)
Program Officer, Center for Foreign Policy and National Security

Lee Sung Hee
Program Officer, Office of the Vice President for Research

Lee Sungwon
Program Officer, Center for Foreign Policy and National Security

Lisa Collins
Program Officer, Center for Global Governance
Administrative Staff

Peter Lee
Program Officer, Center for Regional Studies

Sung Jiyong
Program Officer, Center for Public Opinion and Quantitative Research

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Program Officer, Office of the President

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Program Officer, Communications Department

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Program Officer, Office of the President

Kim Boah
Program Officer, Editorial Department

Kim Garam
Program Officer, Office of the President

Kim Jiah
Program Officer, Human Resources Department

Kim Nuri
Program Officer, Asan Academy

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Research Assistant, Center for Public Opinion and Quantitative Research
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Program Officer, Communications Department

Kweon Eun Yul  
Research Assistant, Editorial Department

Kwon Jiyeon  
Program Officer, Asan Academy

Lee Hyunmin  
Associate, Administrative Department

Lee Jin Ju  
Program Officer, Asan Academy

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Program Officer, External Relations Department

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Program Officer, Publications Department

Park In-Young  
Executive Assistant, Office of the President

Park Ji Hye  
Program Officer, Asan Academy

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Program Officer, Publications Department

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Program Officer, Editorial Department

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Program Officer, Communications Department