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EDITOR'S NOTE

Critical developments unfolded in the East Asian political, economic, foreign policy, and security arena, bearing implications for regional peace and stability. The key stakeholders in the region reacted to the major shift in the Japanese security policy outlined in the *Cabinet Decision on Development of Seamless Security Legislation to Ensure Japan's Survival and Protect its People*. While Japan's most valued partner, the US welcomed the development as a 'bold, historic, landmark decision' since this will allow a fairer burden sharing between US and Japan within their alliance framework, China has registered strong protest and expressed concern for regional stability. While South Korea reflected a cautious approach stressing that it will watchfully monitor the developments in Japan, North Korea has severely criticized Prime Minister Sinzo Abe for using DPRK as a justification to pursue his military ambitions. Moreover, Japan's participation in the 18th edition of the Malabar exercise despite Chinese reaction in 2007; Russian military exercise in the disputed Etorofu and Kunashiri Islands; developments in the Japan-North Korea relations including partial easing of some of the economic sanctions to facilitate progress on the abduction issue; the sixth China-US Strategic and Economic Dialogue in Beijing; developments in the Cross-Strait Relations; Xinjiang violence; and Xi's anti-graft campaign dominated the regional landscape. Meanwhile, difficult negotiations continue to delay the civil nuclear energy cooperation despite India-Japan elevating their relation to a Special Strategic and Global Partnership.

This issue of the Monitor features two interviews of regional experts offering their perspectives on critical issues. Prof. Takeshi Daimon of the Waseda University shares with the Monitor his evaluation of Abenomics, his analysis regarding Japan's difficult negotiation with the US delaying the TPP agreement, China-Japan economic interdependence and trade-deficit in India-Japan relations. Additionally, Dr. Keji Mao from the Yunnan Academy of Social Science presents his idea of productive competition between India and China and explains the concept of 'peaceful rise' of China. He also analyses the Pakistan variable in India-China relations. Besides, Dr. Jagannath Panda shares his impression from the 2014 ASEM Think-Tank Symposium in this issue. 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

PERSPECTIVE FROM THE REGION



PROF. TAKESHI DAIMON

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1. How do you evaluate Abenomics?

Among the three 'arrows' of Abenomics, the first two consisted of monetary and fiscal policies which made Japanese economy 'look like' back on track, but the third arrow of 'growth strategy' (private sector-led) never came to reality. So the impact of Abenomics is only nominal. Foreign investors are aware of this and when they leave the market, the situation will be back to old times. The current situation is volatile. The key to success would be allowing further liberalization of economy through TPP. However, there are too many domestic pressures that decelerate the speed of reforms. Abe and current LDP electorate is largely urban and non-agricultural, which works as a driving force for liberalization, however, the weakening industrial sectors are also part of the major electorate. They must be convinced that the TPP would be a chance rather than a threat.

2. Japan's continuing failure to resolve long-standing market access barriers to U.S. exports is an outstanding issue that has heightened friction between the two countries. Difficult negotiation with the US is delaying the TPP agreement. Your comments.

US will face a mid-term election later this year which gives the Obama Administration a lot of constraints. As long as the lower house is dominated by the Republicans, Obama is extremely constrained. In order to win a majority in the house, he has to show to the electorate that he won the compromise from Japan over the TPP. On the other hand, Abe has a stable majority in both upper and lower houses of parliament, and he has more freedom. Thanks to this political stability, Japan has recently signed agreement with Australia, allowing Australian agriculture products to be sold at much lower tariff. Similar agreement could have been made between the US and Japan. The cause of delay is more attributable to the US indecision, rather than Japan's, quite contrasting to the past.

3. India-Japan strategic partnership is reaching new heights. However, our trade profile reflects scant enthusiasm. India-Japan bilateral trade is just \$18.51 in 2012-13. How do you think we can add depth to our economic relation and address the trade balance in favour of Japan?

The bilateral trade size is too small and there is a lot more potential at both ends to increase the exports. Japan has comparative advantages in many high value-added industrial sectors. For India, industries such as pharmacy and chemistry can expand a lot in Japanese market, while for Japan, they can increase export in large scale machinery (such as railways, power generation, etc, with clean technology). It is not well known that Japan is currently in trade deficit with the rest of the world, which shows that Japanese consumer economy is getting similar to the US economy. Population is aging in Japan, and people are no longer producing but are consuming. India could offer its high tech medical technology, service and medicines to this population. India could be a popular destination of medical tourism in future.

4. How do you analyse the liberal theorist's argument that economic interdependence between China and Japan will neutralize the potential of military confrontation between them over Senkaku islands?

Fortunately, the confrontation between the two nations remain diplomatic and before the situation becomes too tense and accidental clash occurs, the best way to settle the territorial claim would be for China to present the issue at the international court of justice, if they really believe their claim is justified. This will set good example

for other claims (northern territories with Russia and Takeshima Island with South Korea). So far neither side want to settle the issue legally, but that would only delay the solution. Economic interdependence between China and Japan is a reality, and business circles at both ends do not want to see politics intervening in the business. Chinese politics occasionally intervenes into business but apparently local business in China does not want this too much. Abe has never tried to sanction China in business relations, as he also knows the economic reality, and his third arrow of economic growth also depends a lot on its good economic relations with China (which is quite paradoxal). Abe initially wanted to deepen its political and economic ties with Russia, but Russia went to challenge the Western interest in Ukraine and it was totally unpredictable for Abe. Abe, however, will try to balance regional powers in East Asia. Senkaku will have little impact for the economic ties with China at least for now.



KEJI MAO

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1. *China and India have strong leaders from whom there is a lot of expectations. You have argued for a productive competition between the two nations. How do you think this productive competition can be practically achieved?*

While India worries about China's growing influences in the region and its 'not-so-peaceful rise' in the regional theatre, China also suspects India's intentions in many ways. Moreover, the border dispute is also a haunting issue that has troubled the bilateral relations for decades. Instead of a quick and clear-cut solution, the Sino-Indian relationship is more like a perennial condition that merits careful management with wisdom and patience. For Narendra Modi's administration, the most important priority is sustaining India's economic growth and—as he promised in the election—bringing about development's benefits to everyone in the country. Similarly, for Xi Jinping's government, keeping a rapid economic growth (at least 7.5% GDP growth) is also a national imperative. Both nations' quest for economic prosperity may well be a good starting point for cooperation. While China's GDP and defense expenditure are about four times that of India, it is imperative for India to initiate 'domestic balancing' vis-à-vis China, such as upgrading infrastructure and modernizing the transportation system. And, surely, lessons from China's impressive transformation from an agrarian economy to a industrialized economy are valuable for India, especially given their similar size and population.

2. *The Chinese footprint in Pakistan Occupied Kashmir (PoK) is expanding with investments in a range of infrastructure projects. How do you analyze the Pakistan variable in India-China relations?*

It is not a secret that China and Pakistan traditionally viewed each other as strategic partners. It is sensible to examine 'the Pakistan variable' through the geostrategic lens. In this vein, what 'the Pakistan variable' implies is the deep distrust between Beijing and New Delhi which actually has its root in history. However, as China and India embrace comprehensive development beyond geostrategic and security concerns, the relevance of 'the Pakistan variable' in the relations between the two Asian giants is bound to wane. Sino-Indian relations merit attention in their own right. They are the most dynamic economies in the world. There are more opportunities of cooperation than conflicts between the two. Attempts to overemphasize 'the Pakistan variable' may well lead to counterproductive results—history has shown that both China and India incurred heavy costs on their economic development as a result of the border war and the defense-oriented strategy. The rapid growth of Chinese investments in Pakistan's infrastructure projects demonstrated that economic concerns have taken precedence alongside the military-strategic aspect of the relations. As economic concerns are increasingly prioritized throughout the region, each player needs to reevaluate their positions as well as their relations with other players. Instead of fixating on 'the Pakistan variable', New Delhi's core objective of promoting economic growth and advancing national strength are more likely to be served in thawing the ice with China and embracing a more comprehensive bilateral cooperation.

3. *Chinese leadership propagates "peaceful rise". However, there is escalation of tensions in South China Sea and East China Sea. In this context, what does Chinese "peaceful rise" imply?*

When a country's power grow, the growth of its international influence burdens it with pressures from other members of the international community. In Professor Yan Xuetong's phrase, this concept resembles Newton's third law—for every action, there is an equal and opposite reaction. He says when you throw a ball against a wall,

the harder you throw it, the stronger it bounces back. The rise of China is a process in which China's influence pressurizes the international system dominated by the United States. As a result, those unwilling to alter the status quo will likely become unhappy with China and in return exert pressure on it. Some politician like Japanese Prime Minister Abe even takes advantage of this particular scenario, fermenting a sense of confrontation against China in order to accommodate and legitimize his own ambition of revising Japan's peace constitution. Bearing this in mind, it becomes understandable why the tensions in South and East China Sea is in constant escalation even though China continues to claim its rise as a peaceful one. For giant countries like China and India, it is normal to be suspected and even resented by neighbouring smaller countries. Regardless of their intention, the sheer size and population of such countries are daunting enough for many. Most of India's immediate neighbours including Pakistan, Nepal, Bangladesh and Sri Lanka choose to develop a close tie with China, as they more or less regard China as a guarantor of security to hedge India. In the same vein, Vietnam and Philippines—which have maritime dispute with China in the South China Sea—also approached India. From the geostrategic point of view, it makes perfect sense for small countries to invite extra-regional power to counter the local dominant power, whatever the latter declares—be it a peaceful power or an evil empire.

IMPRESSIONS FROM THE 2014 ASEM THINK-TANK SYMPOSIUM

Connectivity: Opportunity to Boost ASEM Cooperation

22-23 July 2014, Shanghai Institute for International Studies (SIIS)

Shanghai, China



Dr. Jagannath Panda,

Research Fellow, IDSA

The primary aim of the Asia-Europe Meeting (ASEM), inaugurated in 1996, has been to foster better economic cooperation, promote institutional collaboration and interactions between Asia and Europe. Though many see little prospect in the ASEM mechanism, periodic meetings both at the ministerial as well as think-tank level have maintained its momentum.

The 2014 ASEM Think-Tank Meeting on the theme of “Connectivity: Opportunity to Boost ASEM Cooperation” was organized by the Shanghai Institute for International Studies (SIIS) from 22-23 July at Hongqiao State Guest Hotel. China, European Union (EU), Mongolia, Poland and Singapore collectively sponsored the event. Almost 60 participants from 28 ASEM member countries attended it. The symposium commenced with remarks from the President of SIIS, Mr. Chen Dongxiao, and with a special opening statement by Amb. Zhang Xiaokang of the Ministry of Foreign Affairs (MoFA), China, who is also a senior ASEM official.

The main theme of the symposium was how to forge better connectivity, both physical and non-physical, between Asia and Europe under the spirit of ASEM. In his opening remarks, Chen Dongxiao expressed the view that currently connectivity is among the key issues of China’s foreign policy, and that China is serious in enhancing intercontinental, cross-regional, regional and sub-regional connectivity among the countries of Europe and Asia. Connectivity is an important issue in Chinese economic policy priorities as well. Connectivity is also linked with China’s “new security concept”, which is linked with three types of security structures: cooperative security, common security and comprehensive security. China’s plan and programme of promoting connectivity across Asia and Europe is not all one-sided for China: it offered a “win-win” formula for participating or neighbouring countries with which China established these connectivity linkages.

Amb. Zhang Xiaokang during her turn pointed out that ASEM has progressed steadily over the years amidst a lot of pessimism and inconsistent approaches of its participant countries. The time has come to think about greater continental linkages and cooperation when the world geography had become more intertwined and interdependent. ASEM needs to evolve and take a leading approach in addressing global governance issues. Connectivity is one of those key issues that both Asia and Europe needs to discuss, as the nature of world politics in next decade would be heavily dependent upon connectivity.

The deliberations and discussions propelled *three* distinct notions of connectivity: (1) a European notion, which is more subtle and is based on intercontinental cultural linkages, taking into account economic nuances as well; (2) a non-Chinese Asian notion, from South and Southeast Asia, that is complicated, versatile, multi-layered and irresolute in nature; and (3) a Chinese notion which is more physical, economics oriented, materialistic as well as strategic, motivated by China’s growth and economic prominence.

The European notion was advocated in different ways, styles and spirits. There seemed to be consensus that Europe needed to connect more intensely and deliberately with Asia. *Three* broad viewpoints were noticed, namely, that China could be the real bridge between Europe and Asia, that Europe and Asia needs to connect with each other for greater economic collaboration and continental economic integration, and that the economic recovery of Europe is heavily dependent on the current and future economic governance of Asia. Connectivity, both physical and non-physical, is the most important bridge for Asia-Europe collaboration. The East European participants were more eager to connect and establish connectivity with the Euro-Asian region and Asia. Except few representatives, most of the European participants ignored the importance of connecting with India, though there was repeated emphasis on connecting with Southeast and East Asia.

Participants from South and Southeast Asia noted the current importance of Asia in a globalized world. Some of the views were pro-Chinese and some were anti-Chinese. The South Asian notion, barring that of India, was more in favour of connectivity with the Chinese. Those holding this view said that this would eventually help connect Asia with Euro-Asia and Europe. Participants mainly from Pakistan and Bangladesh backed China's Maritime Silk Road proposal as well as Economic Corridor projects. On the other hand, the Southeast Asian perspective was not in favour of China. Delegates from Singapore, Indonesia, Malaysia, Vietnam, Philippines and Laos were more concerned about the prevailing maritime disputes in the region and expressed concern whether Beijing's Maritime Silk Route strategy is really a conducive one for the region: to actualize greater maritime connectivity, it was essential to construct a peaceful and stable maritime region first. It was nevertheless acknowledged that greater connectivity between Asia and Europe would heavily depend upon how China approached the issue.

The Indian view, articulated by me, and the outlooks of participants from Australia and New Zealand expressed similar concerns. The gist of these views indicated that connectivity between Asia and Europe is an ambitious attempt, and a lot would depend on how and to what extent China becomes accommodative in its overall approach, with regard to both land boundary issues and maritime disputes in Asia. The Chinese approach to regional politics as well as neighbouring regions would eventually decide better connectivity between Asia and Europe.

Chinese participants expressed a 'leadership' position and perspective both in Asia's sub-regional as well as regional and cross-regional context. They strongly advocated the economic corridor projects and the Maritime Silk Road proposal, though without much definitional clarity about the mode, route and conception about what these concepts actually constituted. Though the Chinese seemed to realize that it would not be realistically possible to advance these proposals without addressing the South China Sea disputes and neighbouring countries' concerns, there was little acknowledgement of the fact. About forging greater connectivity between Asia and Europe at continental levels, China is in favour of a multi-modal connectivity. The issue of connectivity also needed to be promoted taking into account the "new concept of security", which addressed both conventional and non-conventional, traditional and non-traditional security issues of regional as well as global politics.

Overall, this symposium was predominantly about Europe and China and their increasing contacts, while marginalizing the outlooks of other Asian countries and communities. Forging connectivity with India did not figure much. There was also discussion on how connectivity must be encouraged at other levels like media, knowledge and intellectual exchanges, political as well as societal exchanges between Asia and Europe. However, most of these ideas were abstract and one-sided, again mainly between China and Europe.

A draft Chair's Summary Statement was passed without proper discussion. It was more abstract and generic about forging connectivity between Asia and Europe. Some of the major Chinese ideas like Economic Corridor, Maritime Silk Road and the Master Plan on ASEAN connectivity figured in it. This statement is to be presented at the forthcoming ASEM Senior Officials Meeting and at the 10th ASEM Summit for consideration.

Some inputs for India derived from this symposium are as follows. *First*, the ASEM forum is still a setting, mostly for greater continental deliberations and discussions. The Chinese are somewhat serious about ASEM as it gives them an opportunity to be in touch with Europe. *Second*, connectivity is an ambitious objective, but it is an important one for China, facilitating China's greater connectivity interests and plans in Asia as well as beyond Asia. *Third*, the European notion of connectivity with Asia is more China-centric. It shows the influence and clout China carries in the broader European communities today, which should be a matter of concern for India and other countries of Asia.



ASSESSING THE REGIONAL IMPLICATIONS OF XI JINPING'S VISIT TO SOUTH KOREA



Pranamita Baruah

Research Assistant, IDSA

China-South Korea relations have witnessed several ups and downs since the normalization in 1992. However since South Korean President Park Geun-hye assumed office in 2013, she held several summits with the Chinese President Xi Jinping and tried to deepen the bilateral ties. In early July this year, as Xi Jinping visited South Korea for the fifth summit, it clearly reflected the two countries' growing proximity. The Joint statement released after the summit primarily emphasized on the denuclearization of the Korean Peninsula and conclusion of the bilateral Free Trade Agreement (FTA) by the end of this year.

Xi's visit raised a host of questions: was it merely symbolic or had significant regional implications; could the current bonhomie lead to the elevation of the China-South Korea relations to a 'comprehensive strategic cooperative partnership'; how it will impact the other regional states? Many skeptics argued that Xi's visit was merely symbolic as it neither indicated any significant departure from their established policies vis-a-vis North Korea nor brought about any significant breakthrough in China-South Korea relations.

However Xi's visit was far from being symbolic due to a number of factors. Firstly, by choosing to visit South Korea before visiting China's long-standing ally-North Korea, Xi Jinping broke away from tradition, demonstrating the gradually shifting base of Cold War alliances in East Asia. Secondly, this visit largely indicated China's growing frustration with the provocative behavior of its wayward ally-North Korea. Thirdly, given the deteriorating relationship between South Korea and Japan and the current precarious footing of the US' pivot policy towards Asia, China might be hoping to boost ties with the South to weaken the US-South Korea alliance and minimize the US influence in East Asia.

Though China and South Korea are not natural allies, in recent times, mutual economic interest, their shared frustration with North Korea's belligerent attitude and growing concern over Japan's pursuit to assume greater military role, etc. have brought the two countries closer. South Korea, in its strive to realize a nuclear-weapon-free Korean Peninsula, has been seeking China's support for years. During President Park's visit to China last year, both the countries agreed to restart the Six Party Talks (SPT) to denuclearize the Korean Peninsula. In the joint statement this July too, they expressed strong opposition to nuclear weapons on the Korean Peninsula and insisted on creating conducive environment towards the resumption of the SPT.

Economic cooperation constitutes a key component of China-South Korea relations. Last year, the bilateral trade stood at US\$220 billion, which is larger than South Korea's trade with both the US and Japan combined. During Xi's visit, both the countries tried to strengthen their economic ties by announcing new maritime boundary negotiations, a direct currency exchange and regional economic cooperation.

Both China and South Korea have committed to establish a 'mature strategic cooperative partnership' which could pave the way for them to discuss shared interests and challenges. However a number of factors pose as deterrents. Their divergence in attitude towards North Korea can be rightly cited here. For years, South Korea and the US have been demanding North Korea to take some concrete action before SPT could be restarted. China however has been insisting on unconditional resumption of the SPT talks. China has also refrained from

supporting South Korea led reunification plans for the Korean Peninsula. In the recent Summit, South Korea's efforts to push China to single out North Korea failed. In the joint statement too, China abstained from mentioning anything that could deteriorate its relations with North Korea.

While trading relations between China and South Korea remain strong, some hurdles still remain. For instance, South Korea's opposition to become a part of the Asian Infrastructure Investment Bank and the Asian regional security framework proposed by China can be cited. South Korea is largely apprehensive about joining any regional framework that excludes the US. In the security arena too, while South Korea finds the South Korea-US alliance as extremely vital in maintaining security in East Asia, China largely treats it as part of the US strategy to contain China. Such divergence of attitude between China and South Korea seems to dampen the prospect of elevating their strategic cooperative partnership to a comprehensive one.

President Xi's visit certainly had regional implications too. As for China-North Korea relations, it has been largely strained in recent years due to North Korea's nuclear brinkmanship under the new leadership of Kim Jong-un. After North Korea's third nuclear test in February 2013, China expressed its frustration by joining the international community in condemning the North in the UN. In the last three years, China has also abstained from holding any bilateral summit with North Korea. The North's recent series of missile launches further pushed Chinese President Xi to visit Seoul first before visiting Pyongyang. By doing so, he might be hoping to send a message to the North Korean leadership that the latter cannot take Chinese patronage for granted. However this does not really suggest that China is going to sever its age old alliance with North Korea soon, at least not as long as South Korea continues to be allied with the US. While China could express its displeasure with the North's belligerency from time to time, it will still refrain from pulling the plug.

As for Japan, it has been concerned by the close cooperation between China and South Korea, as both have been pressurizing the former to fully atone for its wartime atrocities. During the July summit, both Xi and Park agreed to carry out joint research on the comfort women issue. China also offered to hold joint memorial service with South Korea next year to commemorate 70th anniversary of the Korean Peninsula's liberation from Japan's colonial rule. In the meantime, Japan is trying to mend its ties with North Korea by lifting its sanctions imposed on the latter after Pyongyang's agreement to reinvestigate the abduction issue. While Japan is concerned by North Korea's nuclear weapon programme, the former might still use its improved ties with North Korea to counter the current bonhomie between China and South Korea.

The US closely monitored the July summit, as China-South Korea close cooperation could have an adverse impact on its Asia pivot policy. Though the US has been pushing for trilateral security cooperation with South Korea and Japan, it has not been possible so far due to growing acrimonies between South Korea and Japan. The situation could become more complicated if South Korea, along with China, takes a strong stance against Japan's decision to reinterpret its pacifist Constitution and exercise its right to collective self-defence.

Thus Xi Jinping's recent visit to South Korea sent around several messages to the regional states and beyond. It primarily reflected how geostrategic rivalries and territorial disputes have led to a lot of uncertainties in East Asia. Cold War alliances also seem to be in flux. Xi's visit seemed to have enhanced the regional states' apprehension towards each other further. Given the volatile political landscape in this region at present, the growing distrust and apprehension could certainly dampen progress towards regional peace and security in the coming years.

TRACKING CHINA

Meetings with Indian Leaders

India's Vice-President Hamid M. Ansari was in China from June 26 to 30, 2014 for the 60th anniversary celebrations of 'Panchsheel' at Beijing. He attended the celebration functions on June 28-29 and later went to Xian, the capital of Shaanxi Province and met various leaders there.¹ Ansari met President Xi on June 30, 2014.² Foreign Secretary Sujatha Singh was also part of the delegation. The two countries signed three important MOUs during the visit relating to: Cooperation on Industrial Parks in India; Implementation Plan for Provision of Hydrological Information relating to the YarlungZangbu/ Brahmaputra River in Flood Season from China to India; and communication and cooperation for training of Public Officials for capability building.³

The Ministry of Foreign Affairs of the People's Republic of China (FMPRC) gave great prominence to the meeting between Indian Prime Minister Narendra Modi and President Xi Jinping in Fortaleza, Brazil during the BRICS summit on July 14, 2014. As per the official website Xi Jinping told Modi that: 'It meets our greatest common interest to join hands to realize peaceful development, cooperative development, and inclusive development... I am willing to join hands with Prime Minister Modi to constantly push China-India strategic cooperative partnership to higher levels and jointly safeguard the period of our strategic opportunities as well as peace and stability in Asia and the world at large.'

The FMPRC reports that Modi reciprocated these sentiments by underscoring that India-China friendly cooperative relation is of great importance to India.⁴

Xi Jinping Attends BRICS summit and Tours Latin America

President Xi Jinping was in Latin America from July 15 to 23, 2014 to attend the sixth BRICS Summit in Brazil that took place from July 14-16. After the summit, he made state visits to Brazil, Argentina, Venezuela and Cuba. He also participated in the China-Latin America and the Caribbean Summit (China-CELAC) on July 17, in Brasilia.⁵ This trip was another instance of Xi's combining summit visits with bilateral visits. The BRICS summit 'decided to establish the BRICS Development Bank and the Contingency Reserve Arrangement' with 'the headquarters of the Development Bank in Shanghai.' China maintains that the BRICS Development Bank and the Contingency Reserve Arrangement would not 'weaken or impact the existing international system', but will 'complement and improve the current global economic and financial mechanism.' The BRICS summit discussed political and security issues for the first time and President Xi Jinping argued for BRICS to become 'the shield of

¹ "Official Visit of Vice President to China", *Ministry of External Affairs*, June 20, 2014, <http://www.mea.gov.in/outgoing-visit-detail.htm?23458/Official+Visit+of+Vice+President+to+China> Accessed on July 29, 2014.

² "Xi Jinping Meets with Vice President Mohammad Hamid Ansari of India", *FMPRC*, June 30, 2014, http://www.fmprc.gov.cn/mfa_eng/wjdt_665385/wshd_665389/t1170748.shtml Accessed on July 29, 2014.

³ "List of Documents Signed during the Official Visit of Vice President to China" (June 26-30, 2014), *Ministry of External Affairs*, June 30, 2014, <http://www.mea.gov.in/outgoing-visit-detail.htm?23517/List+of+Documents+signed+during+the+official+visit+of+Vice+President+to+China+June+2630+2014>. Accessed on July 29, 2014).

⁴ "Xi Jinping Meets with Prime Minister Narendra Modi of India", *FMPRC*, July 15, 2014, http://www.fmprc.gov.cn/mfa_eng/wjdt_665385/wshd_665389/t1175135.shtml Accessed on July 29, 2014.

⁵ "Xi Jinping Attends China-Latin America and the Caribbean Summit and Delivers Keynote Speech, Comprehensively Expounding China's Policies and Propositions Toward Latin America, Announcing Establishment of China-Latin America Comprehensive Cooperative Partnership of Equality, Mutual Benefit and Common Development, and Establishment of China-CELAC Forum", *FMPRC*, July 18, 2014, http://www.fmprc.gov.cn/mfa_eng/zxxx_662805/t1176650.shtml Accessed on July 29, 2014).

international peace, so as to combine their own development with world peace and stability.' Later China signed 'more than 150 contracts and framework agreements' with the four countries he visited after the summit. These contracts and agreements are worth about \$70 billion and encompass energy, mining, electric power, agriculture, science and technology, infrastructure construction and finance. During his visits to Brazil and Peru he discussed 'the construction of the Two-Ocean Railway that connects the Pacific and Atlantic Oceans'; China signed currency swap and nuclear cooperation deals with Argentina; China and Venezuela decided to 'establish a new cooperation and development fund' inter alia; and China and Cuba agreed to 'enhance cooperation in agriculture, biomedicine and renewable energy resources.' President Xi pushed China's multilateral engagement with the region. The China-CELAC forum was a Chinese initiative and 11 Latin American and Caribbean countries participated in the first summit. At the summit, Xi Jinping declared that China would make efforts:

... to achieve \$500 billion China-Latin America trade scale and \$250 billion investment stock in Latin America in ten years, officially implementing \$20 billion special loans for Chinese-Latin American infrastructure, offering \$10 billion concessional loans, comprehensively launching the China-Latin America Cooperation Fund with a commitment to invest \$5 billion, providing Latin American countries 6,000 government scholarships and 6,000 training offers in China, and holding China-Latin America Cultural Exchange Year in 2016.⁶

China-US Dialogue

China and the US held the sixth round of China-US Strategic and Economic Dialogue (S&ED) in Beijing on July 9 and 10, 2014. Vice Premier Wang Yang and State Councillor Yang Jiechi, and Secretary of State John Kerry and Secretary of the Treasury Jacob J. Lew co-chaired the dialogue. Officials from both sides were present as special representatives of their respective Presidents.⁷ The Chinese side described the dialogue as a great success where the main issues discussed were, macroeconomic policy and structural reform, deepening trade and investment cooperation, financial sector reform and opening up, along with cross-border financial regulation. The FMPRC reported that the dialogue produced around 90 important outcomes in various formats that 'expanded consensus and narrowed differences.' The dialogue concluded with President Xi's remarks.⁸ Parallel with this dialogue, Vice Premier Liu Yandong and John Kerry co-chaired 'the plenary meeting of the 5th round of China-US High-level Consultation on People-to-People Exchange' on July 10, 2014 in Beijing.⁹

China-Thailand Dialogue

China and Thailand held the second round of their Strategic Dialogue on July 11, 2014 in Beijing. Thailand's Sihasak Phuangketkeow, Permanent Secretary of the Ministry of Foreign Affairs and China's Vice Foreign Minister Liu Zhenmin co-chaired the dialogue. The visiting Thai representative held meetings with State Councilor Yang

⁶ "Seize New Opportunities, Embark on New Path and Write New Chapter - Foreign Minister Wang Yi Talks about President Xi Jinping's Attendance at BRICS Summit and China-Latin America and the Caribbean Summit, and Visits to Four Latin American Countries", *FMPRC*, July 25, 2014, http://www.fmprc.gov.cn/mfa_eng/topics_665678/xjzxcxjzgjldrdlchwdbxagtwnrlgbjxgfwbcxldrhwt1178527.shtml Accessed on July 29, 2014.

⁷ "The Sixth Round of China-US Strategic and Economic Dialogue Concludes, Both Sides Reaching Broad Consensus and Achieving Important and Positive Results", *FMPRC*, July 10, 2014, http://www.fmprc.gov.cn/mfa_eng/wjdt_665385/wshd_665389/t1174621.shtml Accessed on July 29, 2014.

⁸ "Remarks by President Xi Jinping's Special Representative and Vice Premier Wang Yang at the Joint Press Conference of the Sixth Round of The China-US Strategic and Economic Dialogue", *FMPRC*, July 10, 2014, http://www.fmprc.gov.cn/mfa_eng/wjdt_665385/wshd_665389/t1177467.shtml Accessed on July 29, 2014.

⁹ "The 5th Round of China-US High-level Consultation on People-to-People Exchange Held in Beijing Liu Yandong and Secretary of State John Kerry of US Co-chair the Plenary Meeting", *FMPRC*, July 10, 2014, http://www.fmprc.gov.cn/mfa_eng/wjdt_665385/wshd_665389/t1174024.shtml Accessed on July 29, 2014.

Jiechi and Foreign Minister Wang Yi. The issues discussed in the course of the dialogue included, China-Thailand relations, China-ASEAN relations and other international and regional issues were discussed.¹⁰

Wang Yi Visits Mongolia

Foreign Minister Wang Yi paid an official visit to Mongolia where he called on Mongolian President Tsakhiagiin Elbegdorj. During the meeting, he reiterated that the 'concept of "amity, sincerity, mutual benefit and inclusiveness" proposed by the Chinese leaders has created favorable conditions for promoting the Mongolia-China relations and regional cooperation.'¹¹ Wang Yi remarked that the China-Mongolia bilateral relations have 'good timing, geographical convenience and harmonious human relations'. According to him, 'good timing' denotes the 65th anniversary of the establishment of their diplomatic relations, 'the 20th anniversary of the amendment to the China-Mongolia Friendship and Cooperation Treaty', and the celebration of 2014 as the China-Mongolia Friendly Exchange Year; 'geographical convenience' underlines the highly complementary nature of their economic development; and finally, 'harmonious human relations' suggest their good-neighbourly friendship.¹² He suggested that the two countries should promote the 'Three-in-One and Coordinated Promotion'. This emphasizes 'mineral resources exploitation, infrastructure construction and financial cooperation, and to push forward the economic development by establishing a batch of cooperative projects' as an important priority for China-Mongolia relations.¹³

China on the Iran Nuclear Talks

Wang Qun, China's representative for the negotiations on the Iranian nuclear issue and Director General of the Department of Arms Control of the Foreign Ministry expressed his satisfaction and support for the extension of the deadline of the comprehensive agreement negotiations on the Iranian nuclear issue to November 24, 2014. The agreement was implemented early this year. He reiterated that China has all along contributed positively to the talks on the issue.¹⁴

Zhou Yongkang put under Investigation

After months of speculation, Zhou Yongkang, the former Chief of China's Internal Security Affairs and former member of the Politbureau Standing Committee (PSC), was put under investigation in late July 2014 for alleged 'serious disciplinary violations'. Zhou is the first PSC member and the senior most party official ever to be investigated for such serious charges.¹⁵

¹⁰ "The Second Round of China-Thailand Strategic Dialogue Held in Beijing", *FMPRC*, July 12, 2014, http://www.fmprc.gov.cn/mfa_eng/wjdt_665385/wshd_665389/t1175118.shtml Accessed on July 29, 2014.

¹¹ "President TsakhiagiinElbegdorj of Mongolia Meets with Wang Yi", *FMPRC*, June 25, 2014, http://www.fmprc.gov.cn/mfa_eng/wjdt_665385/wshd_665389/t1169239.shtml Accessed on July 29, 2014).

¹² Wang Yi, "China-Mongolia Relations Boast 'Good Timing, Geographical Convenience and Harmonious Human Relations' for Development", *FMPRC*, June 24, 2014, http://www.fmprc.gov.cn/mfa_eng/wjdt_665385/wshd_665389/t1169251.shtml Accessed on July 29, 2014).

¹³ "Wang Yi: China is Long-term, Reliable and Stable Cooperative Partner of Mongolia", *FMPRC*, June 24 2014, http://www.fmprc.gov.cn/mfa_eng/wjdt_665385/wshd_665389/t1169268.shtml Accessed on July 29, 2014).

¹⁴ "China Supports the Decision to Extend the Deadline of the Comprehensive Agreement Negotiation on Iranian Nuclear Issue," *FMPRC*, July 19 2014, http://www.fmprc.gov.cn/mfa_eng/wjdt_665385/wshd_665389/t1176669.shtml Accessed on July 29, 2014).

¹⁵ Jeremy Page *et al.* (2014), "China puts ex Security Chief Zhou Yongkang under Investigation", *Wall Street Journal*, 29 July 2014, Accessed August 2, 2014, URL: <http://online.wsj.com/articles/china-puts-ex-security-chief-zhou-yongkang-under-investigation-1406629464>

The motives behind Xi's anti-graft campaign

There are various theories with regard to the final objective of Xi Jinping's anti-corruption campaign that has led to thousands of arrests across China, including that of 30 top officials. Many see Zhou Yongkang's fall as the last of this series of arrests. Many also perceive this to be an effort towards further consolidation of power by targeting adversaries and protecting friends. Zhou is seen as the last of the major Jiang Zemin protégés being targeted after the fall of Bo Xilai and Gen Xu Caihou. Some perceive that the next targets could be Hu Jintao's followers and this adds a possible political dimension to Xi's anti-corruption campaign. There is also a fear that such a wide casting of the anti-corruption net would lead to slowdowns in project approvals and delays in the implementation of schemes as well as officials fearful of being targeted would prefer playing it safe.¹⁶

Xinjiang Directive during Ramazan

Authorities in Xinjiang placed wide ranging curbs during the month of Ramadan according to various sources. For example, in Ili prefecture, the broadcasting network officials were told that the observing of Ramadan amounted to a violation of discipline code issued by the local office.¹⁷ This was the third consecutive year when such curbs were imposed during the month of Ramadan. It is noteworthy that no such action was taken in other provinces.

Violence in Xinjiang

Incidents of violence that began on July 28, have resulted in more than 100 deaths in Shache county, Xinjiang.¹⁸ This was also perhaps the first time that officials disclosed the number of deaths.¹⁹ However, the exiled community claimed that nearly 2000 deaths took place in this phase of violence. One notable victim during this violence was Juma Tahir, the government appointed Imam of Kashgar's Id Gah mosque.²⁰

Meeting of the Tibet Forum

China's State Council and the Provincial Government of Tibet held the Tibet Forum to discuss developmental issues in Tibet. The Chinese government invited 100 experts from 36 different countries, including India, to attend the forum. Sustainable development was stressed as the key requirement by the participants according to a media report.²¹

Nationalisation of Christianity in China

The Chinese government announced that it was going to promote Chinese Christian Theology in order to make

¹⁶ Wang Xiangwei (2014), "Xi Jinping's wider ambitions in rooting out graft", *South China Morning Post*, 11 August 2014, Accessed August 11, 2014, URL: <http://www.scmp.com/news/china/article/1570872/xi-jinpings-wider-ambitions-rooting-out-graft>

¹⁷ "Muslims in China's Xinjiang told to ignore Ramadan Customs", *Reuters*, July 4, 2014, Accessed August 3, 2014, URL: <http://uk.reuters.com/article/2014/07/04/uk-china-xinjiang-idUKKBN0F90QX20140704>

¹⁸ Gui Tao "Quick Viewpoints: Fresh Xinjiang Violence Blasphemy against Islam", *Xinhua*, July 29, 2014, Accessed July 30, 2014, URL: http://news.xinhuanet.com/english/china/2014-07/29/c_126811969.htm, Also see

¹⁹ "The government sources said that "59 "terrorists" were gunned down by security forces in Shachecounty". *Reuters* "Almost 100 killed during attacks in China's Xinjiang last Week", August 3, 2014, Accessed August 4, 2014, URL: <http://in.reuters.com/article/2014/08/03/china-attacks-xinjiang-idINKBN0G301M20140803>

²⁰ "Xinjiang religious leader murdered by the extremists", *Xinhua* July 31, 2014, Accessed on August 1, 2014, URL: http://news.xinhuanet.com/english/china/2014-07/31/c_133523339.htm

²¹ Li Yang (2014), "Forum: Sustainable Development Key to Tibet", *China Daily*, August 13, 2014, Accessed August 13, 2014, URL: http://www.chinadaily.com.cn/china/2014-08/13/content_18304518.htm

sure that the religious practice was “compatible with the country’s path of socialism”. Estimates suggest that between 2.7 and 4.0 per cent of Chinese nationals are Protestants. The Chinese theology was expected to promote “positive and correct” theological thinking.²² This announcement has received a cautious reaction thus far.

New Pollution Control Measures

It was decided that the local governments would be graded for their success in controlling PM 2.5 and PM10 air pollution. It has often been seen that local government’s inability to implement rules and regulations is the weakest link in China’s environmental management efforts. Such gradation will help in improving the implementation as investments in areas like property and industry might be affected by the grades a city receives.²³

TRACKING TAIWAN

Cross-Strait Relations

Zhang Zhijun, director of the Taiwan Affairs Office (TAO), went on a four-day visit to Taiwan from June 25, 2014. The TAO is a government body under China’s State Council which handles China’s Taiwan affairs. It was the first visit by the TAO head to Taiwan. Incidentally, the TAO’s counterpart, the chairman of the Mainland Affairs Council (MAC) had visited the Mainland in February 2014 — again for the first time.²⁴ These government level-visits are an important development in Cross-Strait relations as they constitute proper official contacts. The negotiations and exchanges between China’s Association for Relations Across the Taiwan Straits (ARATS) and Taiwan’s Strait Exchange Foundation (SEF) are semi-official in nature under the supervision of the TAO and the MAC. The main agenda of Zhijun’s visit was ‘to discuss setting up liaison offices’ in each other’s countries. The Taiwanese media has described this meeting ‘as a further sign of warming ties between the former bitter rivals, despite vocal opposition from those opposed to forging closer ties with Beijing.’²⁵ However, there were some sporadic protests by Taiwan’s pro-independence activists against the visit.²⁶ The visit assumes significance as it took place in the backdrop of the Sunflower Movement in Taiwan. During the visit, Zhijun underscored the need for more public-to-public exchanges to promote ‘more cross-Strait communication, especially among ordinary citizens.’²⁷ Importantly, the MAC minister, Wang Yu-chi declared that Zhijun has ‘responded positively’ to his proposal to reopen negotiations on certain items in the Cross-Strait service trade agreement signed last year on the condition that it is first put into effect.²⁸ The service trade agreement was the main issue for the Sunflower Movement in March/April 2014 in Taipei.²⁹

²² “China plans establishment of Christian Theology”, *China Daily* August 7, 2014, Accessed August 10, 2014, URL: <http://english.peopledaily.com.cn/n/2014/0807/c90882-8766262.html>

²³ Xin “Chinese Local Governments to be graded on Pollution Reduction”, *Xinhua* August 1, 2014, Accessed August 1, 2014, URL: http://news.xinhuanet.com/english/china/2014-08/01/c_133525568.htm

²⁴ “Cross-Strait Affairs Chiefs Hold First Formal Meeting”, *Xinhua*, February 11, 2014, http://news.xinhuanet.com/english/china/2014-02/11/c_133106558.htm Accessed on July 19, 2014.

²⁵ “China Sends Minister to Taiwan for First Time”, *The China Post*, June 25 2014, <http://www.chinapost.com.tw/taiwan/china-taiwan-relations/2014/06/25/410946/China-sends.htm> Accessed on July 29, 2014.

²⁶ “Protests against Official Turn Bloody”, *Taipei Times*, June 28, 2014, <http://www.taipeitimes.com/News/taiwan/archives/2014/06/28/2003593861> Accessed on July 29, 2014.

²⁷ “More Efforts Urged in Cross-Strait Grassroots Communication”, *Xinhua*, June 28, 2014, http://news.xinhuanet.com/english/china/2014-06/28/c_133445241.htm Accessed on July 29, 2014.

²⁸ “Crossing the Strait: Zhang Receptive to Rehashing Parts of Service Pact: Wang”, *Taipei Times*, June 27, 2014, <http://www.taipeitimes.com/News/taiwan/archives/2014/06/27/2003593788> Accessed on July 29, 2014.

²⁹ For the Sunflower Movement, please refer to the previous issue of the *East Asia Monitor*.

The DPP Debate on Freezing Independence Clause Becomes Louder

The period under review saw the debate on the freezing of the independence clause in the DPP Charter. The DPP held a party congress on July 20, 2014. The DPP leader Chen Zau-nan submitted a proposal to the party on June 19, 2014 'to freeze the clause during the congress.' The proposal was drafted and supported by another DPP leader and former legislator Julian Kuo. Their argument was that it 'would help the DPP regain power in the 2016 presidential election.' Their move received mixed reactions.³⁰ It should be noted that the issue has gained traction in recent years. Last year in 2013, the issue was discussed and debated at length in DPP's half-a-year long debates and discussions on its China policy. Now, newly elected DPP Chairperson Tsai Ing-wen has to tackle the issue. She has been quoted as saying that 'there doesn't seem to be a sense of urgency among DPP members to shelve that provision.'³¹ Finally, at the DPP national congress on July 20, Tsai did not allow any discussion on the resolutions on the issue.

Taiwan Externally

Paraguayan President Horacio Cartes attended the Union of South American Nations (UNASUR) where he 'shared the stage' with Chinese President Xi Jinping in Brasilia. This led Taiwan's foreign ministry to seek a clarification from Paraguay. Paraguay is one of Taiwan's (Republic of China) 22 diplomatic allies. Cartes reassured Taiwan that 'the diplomatic relationship between the two countries would remain the same'³² In early June 2014, Sao Tome's President Pinto da Costa's visit to China created a flutter in Taiwan, though soon after Sao Tome sent its officials to Taipei to reassure Taiwan.³³ The Mainland described Sao Tome's President's visit as 'trade and business activity'. These developments do not indicate any impending end to the truce as the reports do not suggest that the Mainland engineered these developments. However, the developments do indicate the difficulties Taiwan is facing in maintaining its formal diplomatic relations. Taiwan's aid and grants have helped it retain its diplomatic allies. Without endorsing the moral propriety of Taiwan's earlier, sometimes scandalous, *dollar or cheque book diplomacy*, it had also contributed to manage diplomatic support for itself. However, in recent years, Taiwanese public has lost interest in investing to maintain formal diplomatic relations constraining the government's diplomatic manoeuvres. Taiwan did not oblige Gambia as 'the proposal lacked a plan and did not meet Taiwan's principles for granting foreign aid.'³⁴ Besides, China is such a big economic opportunity that Taiwan's diplomatic allies cannot ignore it.³⁵ In this scenario, Cambodia's approval for a Taiwanese trade centre in Phnom Penh comes as a morale booster for Taiwan. Taiwan's semi-official TAITRA announced that the centre was likely to open in August 2014. Thus, Taiwan will have now eight trade offices in ASEAN countries.³⁶

³⁰ "DPP Mulls Independence Clause", *Taipei Times*, July 17, 2014, www.taipeitimes.com/News/taiwan/archives/2014/07/17/2003595307 Accessed on July 29, 2014).

³¹ "Tsai Speaks to Foreign Press about Cross-Strait Policies", *The China Post*, July 2, 2014, <http://www.chinapost.com.tw/taiwan/china-taiwan-relations/2014/07/02/411419/Tsai-speaks.htm> Accessed on July 29, 2014.

³² "Ally Reassures Taiwan on Ties after Xi Meeting", *Taipei Times*, July 23, 2014, <http://www.taipeitimes.com/News/taiwan/archives/2014/07/23/2003595750> Accessed on July 29, 2014).

³³ "Sao Tome Leader's China Visit Not Political: MOFA", *Taipei Times*, June 8, 2014, <http://www.taipeitimes.com/News/taiwan/archives/2014/06/08/2003592266>; 'Sao Tome and Principe Official to Visit Taiwan at Sensitive Time', *Focus Taiwan*, June 15, 2014, <http://focustaiwan.tw/news/aip/201406150008.aspx> Accessed on July 29, 2014.

³⁴ "Gambia Got too Greedy, Says Taiwan's Foreign Minister", *Want China Times*, November 26, 2013, <http://www.wantchinatimes.com/news-subclass-cnt.aspx?id=20131126000055&cid=1101> Accessed on July 29, 2014).

³⁵ Joel Atkinson "Time for Taiwan to Rethink Its Diplomacy", *The Diplomat*, June 25, 2014, <http://thediplomat.com/2014/06/time-for-taiwan-to-rethink-diplomacy/> Accessed on July 29, 2014.

³⁶ "Taiwan Gets Green Light to Open Trade Center in Cambodia", *Taipei Times*, July 17, 2014, <http://www.taipeitimes.com/News/taiwan/archives/2014/07/17/2003595311> Accessed on July 29, 2014.

TRACKING JAPAN

Shifts in Japan's security policy

In July 2014, Prime Minister Sinzo Abe managed cabinet approval for re-interpretation of the pacifist constitution, allowing Japan to use its right to collective self-defence. Enabling Japan to exercise right to collective self-defence would lead to wider participation in US military operations. The *Cabinet Decision on Development of Seamless Security Legislation to Ensure Japan's Survival and Protect its People* underscored that owing to the security atmosphere prevailing around Japan, even an armed attack against a foreign nation might in fact threaten Japan's existence. To safeguard Japan's survival and defend its people, the Abe administration said that:

...not only when an armed attack against Japan occurs but also when an armed attack against a foreign country that is in a close relationship with Japan occurs and as a result threatens Japan's survival and poses a clear danger to fundamentally overturn people's right to life, liberty and pursuit of happiness, and when there is no other appropriate means available to repel the attack and ensure Japan's survival and protect its people, use of force to the minimum extent necessary should be interpreted to be permitted under the Constitution as measures for self-defence.³⁷

Responding to the developments in Japan, China's Ministry of Foreign Affairs argued sovereignty and security interests will not be compromised and that Japan should understand the security concerns of other nations and abstain from undermining regional peace and stability.³⁸ A *Xinhua* commentary interpreted Japan's recent move as Abe's 'Faustian scheme' and a 'blatant betrayal of the pacifism enshrined in Japan's constitution'.³⁹ The Chinese leadership has consistently articulated that Abe is fabricating a 'China threat theory' to mask his militarist agenda and justify his policy objectives to the electorates. To rationalise the military build-up, Japanese right-wing elements need to fake an 'external threat' or an 'enemy state' notion.

India, United States and Japan participate in the 18th Malabar exercise

The 18th edition of the trilateral naval exercise involving India, United States and Japan commenced on July 24, at the Maritime Self-Defence Force Sasebo base in Nagasaki.⁴⁰ While India and the United States have been holding the annual exercise since 1992, Japan participated this year following India's invitation, making this its third time. Earlier in 2007, China expressed its reservations on Japan's participation in the Malabar exercise, which also included Australia and Singapore, describing it as a containment policy targeted at China. The exercise involved *INS Ranvijay*, *INS Shivalik*, *INS Shakti*, Kamov-28 and Chetak helicopters from India; the aircraft carrier *USS George Washington*, Ticonderoga-class destroyer *USS Shiloh*, Arleigh Burke-class destroyer *USS John S McCain* and the nuclear submarine *USS Columbus*; P-3 Orion aircraft and MH-60R helicopters from the United States; the *JS Kurama* and *JS Ashigara* destroyers and the US-2i ShinMaywa amphibious aircraft from Japan.⁴¹ China reacted by underscoring its desire for a 'harmonious' and 'stable' Asia-Pacific region. Taking note of the trilateral

³⁷ "Cabinet Decision on Development of Seamless Security Legislation to Ensure Japan's Survival and Protect its People", *Ministry of Foreign Affairs of Japan*, July 1, 2014 http://www.mofa.go.jp/fp/nsp/page23e_000273.html

³⁸ "Foreign Ministry Spokesperson Hong Lei's Regular Press Conference on July 2, 2014", *Ministry of Foreign Affairs of the People's Republic of China*, http://www.fmprc.gov.cn/mfa_eng/xwfw_665399/s2510_665401/2511_665403/t1170852.shtml

³⁹ Deng Yushan, "Commentary: Abe's Faustian flirtation with specter of war", *Xinhua*, July 1, 2014 http://news.xinhuanet.com/english/indepth/2014-07/01/c_133451601.htm

⁴⁰ Maiko Takahashi and Rakteem Katakay, "India naval drill with Japan, U.S. seen as signal to China", *The Japan Times* July 30, 2014 <http://www.japantimes.co.jp/news/2014/07/30/national/india-naval-drill-japan-u-s-seen-signal-china/#.VFcYwldNFK8>

⁴¹ Rajat Pandit, "India, US and Japan to kick off Malabar naval exercise tomorrow", *Times of India* July 23, 2014 <http://timesofindia.indiatimes.com/india/India-US-and-Japan-to-kick-off-Malabar-naval-exercise-tomorrow/articleshow/38931444.cms>

naval exercise, the Chinese authorities said that the activities of the involved nations should facilitate mutual trust and regional stability.⁴²

Japan's trade deficit escalates in the first half of 2014

Japan recorded a ¥7,598.4 billion trade deficit in the first half of 2014 owing to the sluggish growth in exports and an increase in imports, as well as the offline nuclear reactors following the Fukushima nuclear meltdown. The Ministry of Finance indicated that the value of imports through this period escalated 10.0 per cent to ¥42,648.2 billion, with LNG soaring 11.6 per cent and crude oil swelling 5.1 per cent. Meanwhile, exports rose 3.2 per cent to ¥35,049.8 billion. Experts suggest that the trade balance will continue to face challenges since electric utilities are boosting fossil fuel electricity generation to manage the power deficit triggered by the offline nuclear reactors. Even though Japanese exports to China rose 8.5 per cent to ¥6,332.9 billion, imports from China increased 14.0 per cent to ¥9,254.0 billion accounting for a deficit of ¥2,921.1 billion. Moreover, Japanese exports to the United States went up 4.0 per cent to ¥6,464.1 billion and imports from the United States increased 12.2 per cent to ¥3,679.0 billion, thus resulting in a deficit of ¥2,785.1 billion.⁴³

Japan protests against Russian military exercise in the disputed Etorofu and Kunashiri Islands

In August, Russia conducted military drills in two of the four disputed islands comprising the Kuril Islands/Northern Territories- namely the Etorofu and Kunashiri Islands. While the Russian Ministry of Foreign Affairs indicated that 'command post exercises in the Eastern Military District on the Kuril Islands are standard practice' and are not targeted at any specific country, Japanese Prime Minister Abe described the exercises on the disputed Kuril Islands/Northern Territories as 'unacceptable' and registered an official protest with the Russian embassy in Tokyo.⁴⁴ Russia confirmed that around a thousand troops and five Mi-8AMTSh attack helicopters were involved in the exercises.⁴⁵ While Prime Minister Abe in his first year met President Vladimir Putin five times, owing to energy concerns, dispute over the contested territories has stalled the signing of a peace treaty between the two nations. Meanwhile, the United States State Department has reiterated its position on the contested territories by acknowledging Japanese sovereignty over the disputed islands.⁴⁶

Japan plans two new Aegis destroyers by 2020

Japan is scheduled to build two Aegis destroyers using the cutting-edge missile defence systems by 2020,⁴⁷ following the developments witnessed in North Korean missile programme. The Ministry of Defence will incorporate the associated expenditures in its fiscal 2015 budget demand. Each Aegis destroyer will take five years to make and cost approximately ¥150 billion. While Japan currently possesses six Aegis-equipped vessels, it will further build two destroyers with high radar surveillance capabilities in fiscal 2015 and 2016 respectively. The proposal for

⁴² Ananth Krishnan, "China asks India, U.S. Japan to ensure naval drills will be 'helpful' to peace in the region", *The Hindu* July 26, 2014 <http://www.thehindu.com/todays-paper/tp-national/china-asks-india-us-japan-to-ensure-naval-drills-will-be-helpful-to-peace-in-the-region/article6251051.ece>

⁴³ "Japan logs biggest 6-month trade deficit in 2014 1st half", *Mainichi Japan* July 24, 2014 <http://mainichi.jp/english/english/newsselect/news/20140724p2g00m0bu037000c.html>

⁴⁴ Answer by Deputy Director of the Information and Press Department of the Russian Ministry of Foreign Affairs Maria Zakharov to the question from Interfax regarding statements by Prime Minister of Japan Shinzo Abe, Ministry of Foreign Affairs of the Russian Federation, 1906-13-08-2014 http://www.mid.ru/brp_4.nsf/0/44202E6CE98FDF644257D34001CF657

⁴⁵ "Japan to 'strongly protest' Russia's military exercises on disputed islands", *The Asahi Shimbun* August 13, 2014 http://ajw.asahi.com/article/behind_news/politics/AJ201408130085

⁴⁶ "U.S. recognizes Japan's sovereignty over Russian-held isles: official", *Kyodo*, August 14, 2014 <http://www.japantimes.co.jp/news/2014/08/14/national/u-s-recognizes-japans-sovereignty-over-russian-held-isles-official/#.VFhm8VdNFK8>

⁴⁷ "Japan to build two Aegis destroyers, expanding fleet to eight", *The Japan Times*, August 7, 2014 <http://www.japantimes.co.jp/news/2014/08/07/national/politics-diplomacy/japan-build-two-aegis-destroyers-expanding-fleet-eight/#.VFhaxldNFK8>

more Aegis destroyers was outlined in the December 2013 National Defence Program Guidelines. Defence Minister Itsunori Onodera indicated that since North Korea is enhancing its missile capabilities, there is an immediate necessity for Japan to build Aegis destroyers. Four out of the existing six Aegis destroyers are Kongo destroyers armed with missile defence systems. Japan is also considering strengthening its defence system since China is boosting development and deployment of ballistic and cruise missiles.⁴⁸

Japan-China officials discuss the possibility of an Abe-Xi meeting

Amidst the strained ties between the two countries over the East China Sea territorial dispute, Yasukuni shrine visit and related wartime history issues, a Japanese diplomat reportedly travelled to China in July to deliberate on the prospects of organising a meeting between their leaders during the APEC summit, scheduled to be hosted in Beijing in November. The Japanese official has reportedly conveyed Prime Minister Shinzo Abe's desire to hold an official summit with President Xi Jinping on the sidelines of APEC. Chinese officials expressed concerns regarding Abe's 'real intention' in visiting the Yasukuni shrine. China as a precondition for any meeting between the top leaders said, that Japan needs to acknowledge the existence of a territorial dispute, and pledge that Prime Minister Abe will not visit the war-related shrine again. Meanwhile, several Japanese delegates including Transport Minister Akihiro Ota and the Director General of the Ministry of Foreign Affairs's Asian and Oceanian Affairs Bureau, Junichi Ihara, have visited China since June to normalise the stressed bilateral relation.⁴⁹

Japan partially lifts sanction on North Korea to facilitate fresh investigation on the abduction issue

On July 4, Japan eased some of the economic sanctions imposed on North Korea soon after Pyongyang officially instituted a special committee to investigate the abductions of Japanese nationals in the 1970s-80s. Nevertheless, strong sanctions founded on the UN resolutions, including an import-export embargo and asset freeze continues. Japan has agreed that government officials from North Korea can re-enter Japan; it has allowed Japanese to visit North Korea; permitted North Korean vessels to visit Japanese ports to 'load' goods including food, medicine and clothing for humanitarian purposes; elevated the threshold for reporting money transfers to North to ¥30 million; and any individual taking ¥1 million or more to North Korea from Japan is required to give advance notification to Japanese authorities. Yoshihide Suga, the Chief Cabinet Secretary, stressed that Japanese official will examine every item being shipped and North Korean vessels employed for these activities will be required to give an advance application. Authorities conveyed that expect for 'loading goods', unloading supplies, embarkation or disembarkation will not be permitted. Moreover, officials underscored that the ship *Mangyongbong-92* will not be permitted to come to Japan since it was used to traffic sophisticated devices that were allegedly employed to develop North Korea's ballistic missiles. Prime Minister Abe argued that Japan will ease sanctions based on an action-to-action policy.⁵⁰ While the United States and South Korea support Japan vis-à-vis the North Korean abduction issue on humanitarian grounds, they are apprehensive that Japan may ease additional sanctions given the headway in the investigations. This may weaken pressure on the North to deactivate its missile and nuclear weapons programmes.⁵¹ It should be noted that following the easing of Japanese sanctions on July 4, North has test fired short-range missiles on July 9.⁵²

⁴⁸ "2 more Aegis destroyers set for FY20", *The Yomiuri Shimbun*, July 22, 2014 <http://the-japan-news.com/news/article/0001442056>

⁴⁹ "Senior Japan, China diplomats hold secret meeting amid frayed ties", *Kyodo*, July 24, 2014 <http://mainichi.jp/english/english/newsselect/news/20140724p2g00m0dm038000c.html>

⁵⁰ Reiji Yoshida, "Economic sanctions against North Korea partially lifted", *The Japan Times*, July 4, 2014 <http://www.japantimes.co.jp/news/2014/07/04/national/politics-diplomacy/sanctions-loosened-against-north-korea/#.VFh65FdNFK8>

⁵¹ Ko Hirano, "Japan in tightrope diplomacy with North Korea over abductees, missiles", *Kyodo*, August 11, 2014 <http://www.japantimes.co.jp/news/2014/08/11/national/politics-diplomacy/japan-in-tightrope-diplomacy-with-north-korea-over-abductees-missiles/>

⁵² Reiji Yoshida, "North Korea test-fires more missiles, but abduction talks likely to continue", *The Japan Times*, July 9, 2014 <http://www.japantimes.co.jp/news/2014/07/09/national/north-korea-appears-fired-ballistic-missiles-toward-sea-japan/#.VFhGvldNFK8>

Japan, Australia strengthen cooperation

Prime Minister Abe visited Australia between July 7-10 and addressed the Australian Parliament on July 8, for forging a Special Strategic Partnership for the 21st century. The Japan-Australia Economic Partnership Agreement was signed following seven years of negotiation, thus facilitating expansion of trade and investments.⁵³ Both sides agreed to incrementally halve the tariffs on Australian beef imports which presently stand at 38.5 per cent. Meanwhile, Australia is withdrawing its five per cent tariff on Japanese auto imports. Additionally, a defence deal was also signed to enable transfer of defence equipment and technology. In April 2014, Japan has eased its four-decade old arms export regulations. Australia is keen on acquiring Japanese submarines.⁵⁴

Foreign Minister Kishida attends the Fourth East Asia Summit Foreign Ministers' Meeting

On August 10, Foreign Minister Fumio Kishida attended the Fourth East Asia Summit (EAS) Foreign Ministers' Meeting hosted by Nay Pyi Taw. Kishida, in his statement, underscored the significance of maritime cooperation and argued that the rule of law must prevail on the seas, which are the global commons. Expressing his concerns over the regional peace and stability, given the developments in the South China Sea, he highlighted the three principles suggested by Prime Minister Abe in the Shangri-La Dialogue. These are: countries should make and clarify their claims based on international law; no use of force or coercion while pursuing their claims; and the settlement of disputes by peaceful means. He articulated that the South China Sea dispute should be decided as per the rule of law.⁵⁵ Meanwhile, on August 9, Kishida sought the support of China, South Korea and South East Asian countries with regard to the North Korean abduction issue.⁵⁶

India-Japan summit culminates in Tokyo Declaration

Prime Minister Narendra Modi visited Japan between August 31 and September 3. The India-Japan relationship is elevated to a Special Strategic and Global Partnership⁵⁷, underscoring their mutual trust. The primary gain for India from Modi's visit is Abe's declaration of a \$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. The shift in Japanese policy position vis-à-vis transfer of defence equipment and technology elevated India's expectations regarding defence technology cooperation between the two countries. Negotiations in the Joint Working Group (JWG) on the ShinMaywa Industries Utility Seaplane Mark 2 (US-2) did not culminate into an agreement during the visit. India is keen on procuring high-end defence technology and collaborative projects in defence equipment and technology with Japan. Moreover, major differences on NPT and the CTBT continued to make any negotiations on the Agreement for Cooperation in the Peaceful Uses of Nuclear Energy difficult.⁵⁸

⁵³ "Prime Minister Abbott and Prime Minister Abe Joint Statement- Special Strategic Partnership for the 21st Century", *The Ministry of Foreign Affairs Japan* <http://www.mofa.go.jp/files/000044640.pdf>

⁵⁴ "Japan, Australia OK free trade, defense deals: Abe says he hopes to craft new 'special relationship' with Canberra", *Kyodo*, July 8, 2014 <http://www.japantimes.co.jp/news/2014/07/08/national/politics-diplomacy/japan-australia-to-ink-free-trade-defense-technology-deals/#.VFjAFFdNFK8>

⁵⁵ "4th East Asia Summit (EAS) Foreign Ministers' Meeting", *The Ministry of Foreign Affairs Japan*, August 10, 2014 http://www.mofa.go.jp/a_o/rp/page3e_000224.html

⁵⁶ "Japan calls for ASEAN support on North Korea abductees issue" *Kyodo*, August 9, 2014 <http://www.japantimes.co.jp/news/2014/08/09/national/politics-diplomacy/japan-calls-asean-support-north-korea-abductees-issue/#.U-xAwqNRJw0>

⁵⁷ "Tokyo Declaration for India - Japan Special Strategic and Global Partnership", *Ministry of External Affairs Government of India*, September 1, 2014 <http://www.mea.gov.in/bilateral-documents.htm?dtl/23965/Tokyo+Declaration+for+India++Japan+Special+Strategic+and+Global+Partnership>

⁵⁸ TitliBasu, "India-Japan Relations: New Times, Renewed Expectations", *IDS Comment*, September 4, 2014 http://www.idsa.in/idsacomments/IndiaJapanRelations_tbasu_040914.html

TRACKING THE KOREAN PENINSULA

South Korean President meets Tokyo governor

On July 25, South Korean President Park Geun-hye met Tokyo Governor Yoichi Masuzoe at Cheong WaDae in Seoul. This was significant given the strained bilateral ties between South Korea and Japan in recent times over territorial and historical issues. Masuzoe, during his meeting with President Park, conveyed Prime Minister Shinzo Abe's intention to strengthen future-oriented bilateral ties between Seoul and Tokyo. Park however argued that inappropriate statements made by Japanese politicians on South Korea are primarily responsible for the deteriorating relationship to a large extent. She also urged Japan to make sincere efforts towards resolving the issue of the wartime sexual enslavement of Asian women. Interestingly, the meeting took place one day after the UN Human Rights panel asked Japan to acknowledge the criticism over its involvement in the sexual slavery of women and take steps in providing independent probe into the issue.⁵⁹

South Korea to offer North Korea \$13 million as humanitarian aid

Amid the growing tension between the two Koreas in recent times, South Korea, on August 11, announced its decision to provide North Korea with \$13 million in humanitarian aid. Of this, while \$7 million will be spent through the World Food Programme to provide nutritional assistance for mother and child health care services in the North, \$6.3 million will be allocated to the World Health Organisation (WHO) to ship medicines, improve medical facilities and provide medical training programmes. South Korea's new aid programme came amid its recent push towards improving ties with North Korea, especially in the wake of President Park Geun-hye's revelation of the ambitious "Dresden Declaration" in March this year.⁶⁰

South Korea offers to hold high-level talks with North Korea on family reunion

On August 11, South Korea proposed the holding of high-level talks with North Korea on August 19 at the truce village of Panmunjeom. During that meeting, Seoul offered to discuss the issue of the reunion of families separated by the Korean War. South Korea's decision came just four days ahead of the 64th anniversary of Korea's liberation from Japanese colonial rule, demonstrated the Park Administration's resolve to implement the 'Dresden Declaration' for reunification through 'humanity, co-prosperity and integration' of the two Koreas.⁶¹

Military Chiefs of South Korea, the US and Japan vow to cooperate on North Korean nuclear issue

The military chiefs of South Korea, the US and Japan held a three-way talk in Hawaii on July 1 on the sidelines of the RIMPAC exercise. During the talks, the three pledged to bolster military coordination while dealing with the nuclear threat posed by North Korea. It was a significant development given that the said talks were held almost immediately after Japan's decision to reinterpret its pacifist constitution and exercise its right to collective self defence. Another significant aspect of these talks was that it was for the first time that the military chiefs met in person. It needs to be noted that in May this year, the three defence chiefs reached a consensus on the necessity

⁵⁹ "Tokyo gov. says Abe aims to improve ties", *The Korea Herald*, July 25, 2014, at <http://www.koreaherald.com/view.php?ud=20140725000826> accessed on July 28, 2014

⁶⁰ "(Lead) S. Korea to offer US\$13 mln in aid to N. Korea", *Yonhap News*, August 11, 2014, at <http://english.yonhapnews.co.kr/news/2014/08/11/46/0200000000AEN20140811004251315F.html> accessed on August 16, 2014

⁶¹ Seoul offers talks with South Korea", *The Korea Herald*, August 11, 2014, at <http://www.koreaherald.com/view.php?ud=20140811000800> accessed on August 13, 2014

of sharing military intelligence to deal with North Korea. However it has not been possible so far because of the strained bilateral ties between South Korea and Japan.⁶²

South Korea rejects North Korea's peace offer

On July 1, South Korea rejected North Korea's proposal to end all "hostile acts" towards each other, including suspension of the joint military drill-*Ulchi Freedom Guardian*-between South Korea and the US to be held from mid to late August. On June 30, Chairman of North Korean National Defence Commission, Kim Jong-un, demanded that South Korea cease all 'psychological warfare' and 'hostile military acts' to create an environment of reconciliation and cooperation.⁶³ However, the South Korean Unification Ministry termed the North's latest conciliatory approach as 'preposterous' and 'lacking in sincerity'. It also held North Korea responsible for turning the February Agreement to a failure in which both the Koreas agreed to stop provoking each other by slandering remarks and improve bilateral ties.⁶⁴

South Korean Foreign Minister urges Japan to resolve issue over history

A meeting was held between South Korean foreign Minister, Yun Byung-se and his Japanese counterpart, Fumio Kishida on the sidelines of the ASEAN Regional Forum held in Myanmar in August. During the meeting, Yun urged Japan to resolve the ongoing bilateral dispute between the two countries over history. While arguing that Japan's efforts to rewrite history led to the deterioration in the Seoul-Tokyo ties, he stressed that resolution of the comfort women issue could prove instrumental in improving the relationship.⁶⁵ However both sides agreed to continue their dialogue at several levels which could eventually pave the way for a summit between South Korean President Park Geun-hye and Japanese Prime Minister Shinzo Abe. It needs to be noted that even though both Park and Abe have assumed their respective offices more than one year ago, they have not yet held any bilateral talks with each other.⁶⁶

South Korea allocates \$4.75 million to publicise its sovereignty over Dokdo Islands

On July 14, the South Korean Foreign Ministry announced its plan to allocate 4.84 billion won (\$4.75 million) in next year's annual budget to publicise its sovereignty over the Dokdo islands (Takeshima in Japanese) which Japan claims to be its own territory. Since 2003, the South Korean government has been increasing its budgetary allocation for Dokdo. It reached 42.4 billion won in 2013 in the wake of the then South Korean President, Lee Myung-bak's visit to the disputed islets.⁶⁷

⁶² "(2nd LD) S. Korean, US. Japanese joint chiefs vow close cooperation against N.K. nuke", *Yonhap News*, July 2, 2014, at <http://english.yonhapnews.co.kr/northkorea/2014/07/02/73/0401000000AEN20140702002152315F.html> accessed on July 14, 2014

⁶³ "Unification Ministry slams Pyongyang's proposal", *Korea JoongAng Daily*, July 2, 2014, at http://koreajoongangdaily.joins.com/news/article/article_option/article_print.aspx accessed on July 4, 2014

⁶⁴ "Seoul snubs N.K proposal for halt of military drills", *The Korea Herald*, July 1, 2014, at <http://www.koreaherald.com/view.php?ud=20140701001244> accessed on July 3, 2014

⁶⁵ "Yun presses Japan on history", *The Korea Herald*, August 10, 2014, at <http://www.koreaherald.com/view.php?ud=20140810000212> accessed on August 13, 2014

⁶⁶ "Japan, S. Korea agree to continue talks to improve ties", *Kyodo News*, August 9, 2014, at <https://english.kyodonews.jp/news/2014/08/306256.html>

⁶⁷ "Korea freezes 2015 budget for Dokdo promotion", *The Korea Herald*, July 14, 2014, at <http://www.koreaherald.com/view.php?ud=20140714000895> accessed on July 16, 2014

South Korea and China are to establish a military hotline

In an MoU signed between China and South Korea on July 24, the two countries agreed to set up a military hotline between their defence chiefs in order to bolster their cooperation. The Korean Defence Ministry argues that the hotline 'will play a role as a communication channel to invigorate the military cooperation of each country and assure security in the Northeast Asia region.' This will also ensure the two militaries' swift and close cooperation on several issues, including North Korea's nuclear programme.⁶⁸ It needs to be noted that China is the second country, after the US, with which South Korea maintains a military ministerial hotline.⁶⁹

North Korea launches missiles

North Korea initiated a series of rocket and missile launches recently. On July 13, North Korea fired two short range missiles, assumed to be of Scud-C type with a 500 kilometre range. After the June 29 and July 9 missile launches, it was the third time that North Korea had fired Scud-missiles towards the East China Sea. The launch of July 13 came after a US aircraft carrier-*the USS George Washington*-arrived at Busan in South Korea on July 11 to participate in the joint military exercise scheduled to be held on July 21 and 22.⁷⁰ The very next day, on July 14, the North fired about 100 short range projectiles or artillery shells.⁷¹ In response to North Korea's relentless provocation, South Korean President Park Geun-hye ordered the military force to take prompt action against such acts. Park made this point during her meeting with about 140 key South Korean military commanders on July 16.⁷²

⁶⁸ "Korea, China to establish a new defense phone line", *Korea Joongang Daily*, July 25, 2014, at http://koreajoongangdaily.joins.com/news/article/option/article_print.aspx accessed on July 27, 2014

⁶⁹ "Korea, China expected to set up military hotline this year: source", *The Korea Herald*, July 20, 2014, at <http://www.koreaherald.com/view.php?ud=20140720000030> accessed on July 23, 2014

⁷⁰ "Scuds fired from Kaesong region", *Korea Joongang Daily*, July 14, 2014, at <http://koreajoongangdaily.joins.com/news/article/Article.aspx?aid=2991968> accessed on July 18, 2014

⁷¹ "About 100 missiles fired by North into East Sea", *Korea Joongang Daily*, July 15, 2014, at <http://koreajoongangdaily.joins.com/news/article/Article.aspx?aid=2992027> accessed on July 16, 2014

⁷² "Park orders swift retaliation against N.K provocations", *The Korea Herald*, July 16, 2014, at <http://www.koreaherald.com/iew.php?ud=20140716001017> accessed on July 18, 2014

CHINA

- National Bureau of Statistics stated that in August, the Consumer Price Index increased by 2.0 per cent year-on-year. In cities and in rural areas, the prices increased by 2.0 per cent and 1.9 percent respectively. Since January to August, the total consumer prices increased by 2.2 per cent year-on-year.⁷³
- National Bureau of Statistics reported that in August, Producer Price Index (PPI) for manufactured goods declined 1.2 per cent year-on-year.⁷⁴

JAPAN

- Ministry of Finance in August confirmed that the value of exports amounted to ¥5,706,294million, representing a 1.3 per cent decrease year on year. The value of imports amounted to 6,659,015million, representing a 1.4 per cent decrease year on year.⁷⁵
- In September, the Consumer Price Index stood at 103.9 (2010=100), up 0.2% compared to the earlier month, and up 3.2% year-on-year.⁷⁶
- Ministry of Internal Affairs and Communication reported that in September the number of employed individuals amounted to 64.02 million, representing a rise of 0.7% year-on-year. The number of unemployed individuals amounted to 2.33 million, a decline of 9.7% year-on-year. The unemployment rate, seasonally adjusted, stood at 3.6%.⁷⁷

SOUTH KOREA

- In August, the Consumer Price Index was 109.45(2010=100), indicating a 0.2 per cent increase from the earlier month and 1.4 per cent year-on-year.⁷⁸
- Ministry of Trade, Industry and Energy reported that in July, exports reached US\$ 48.4 billion representing a year-on-year growth of 5.7 per cent. Imports reached US\$ 45.9 billion representing a year-on-year growth of 5.8 per cent. The trade balance amounted to US\$ 2.5 billion.⁷⁹

⁷³ Consumer Prices for August 2014 *National Bureau of Statistics of China* September 11 2014 http://www.stats.gov.cn/english/PressRelease/201409/t20140911_608225.html

⁷⁴ Producer Prices for the Industrial Sector for August 2014 *National Bureau of Statistics of China* September 11 2014 http://www.stats.gov.cn/english/pressrelease/201409/t20140911_608231.html

⁷⁵ Value of Exports and Imports August 2014, *Ministry of Finance* October 30. 2014 http://www.customs.go.jp/toukei/shinbun/trade-st_e/2014/2014086e.pdf

⁷⁶ Japan September 2014, Ku-area of Tokyo October 2014 (preliminary), *Statistics Bureau, Ministry of Internal Affairs and Communication* 31 October 2014 <http://www.stat.go.jp/english/data/cpi/1581.htm>

⁷⁷ Monthly Results-September 2014- *Statistics Bureau, Ministry of Internal Affairs and Communication*, October 31, 2014 <http://www.stat.go.jp/english/data/roudou/results/month/index.htm>

⁷⁸ "Consumer Price Index in August 2014", *Price Statistics Division, Economic Statistics Bureau, STATISTICS KOREA*, September 2, 2014 <http://kostat.go.kr/portal/english/news/1/1/index.board?bmode=read&aSeq=329683&pageNo=2&rowNum=10&amSeq=&sTarget=title&sTxt>

⁷⁹ Export and Import Trends for July of 2014, *Export and Import Division Ministry of Trade, Industry and Energy*, August 1, 2014 http://www.motie.go.kr/language/eng/news/news_view.jsp?seq=1271&srchType=1&srchWord=&tableNm=E_01_01&pageNo=1&ctx=#

ACTIVITIES OF THE CENTRE

- A two member delegation from The Institute of South Asia Studies in Yunnan Academy of Social Science visited IDSA on 1st August to exchange views on Sino-Indian relations.
- The East Asia Centre hosted a lecture titled Economic Issues before China: Concerns and Evolving Scenario by Ms. Sumita Dawra (IAS) on 6 August 2014.

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