

# EAST ASIA MONITOR

Volume 2 Issue 4 July-August 2015



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INSTITUTE FOR DEFENCE  
STUDIES & ANALYSES  
रक्षा अध्ययन एवं विश्लेषण संस्थान

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# EDITOR'S NOTE

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Important developments unfolded in East Asian security, foreign policy, political and economic arena during July-August 2015, bearing implications for regional peace and stability. Japan's Lower House approved Prime Minister Shinzo Abe's security bill package, enabling the right to exercise limited collective self-defence. While Japan's key alliance partner, the US welcomed the development as this facilitates a fairer burden sharing between the two countries, regional stakeholders have expressed concerns regarding Prime Minister Abe's objectives behind what it argues as fabricating a China threat theory to justify dilution of the pacifist character. Even as Abe articulates the concept of Proactive Contributor to Peace, security policy shift at a sensitive time when the region is commemorating the 70th anniversary of the WWII has intensified nationalism and historical memory.

As the much awaited Abe Statement was issued in August to mark the War anniversary, Japan's relation with key regional actors continue to suffer from the memory of Imperial Japan. As Prime Minister Abe did not offer his personal apology, regional victims measured the Statement vis-à-vis the 1995 landmark Murayama apology and analysed the Abe Statement as 'evasive' and lacking in sincerity. While more could have been achieved with a personal apology, but Abe tried to consolidate his political future by balancing a range of complex national and regional expectations in the Statement.

Despite serious differences over history and sovereignty issues affecting Japan's bilateral relation with China and South Korea since Abe assumed power in 2012, months of difficult negotiations between the officials will now culminate into the positive development of first trilateral China-Japan-South Korea summit since 2012. Moreover, following Xi-Abe summit in November 2014 which unfolded the much needed confidence building measure between the two countries, now the first Park-Abe summit is likely in October or November as the two countries celebrate the 50th anniversary of their diplomatic ties. These are certainly welcome steps for the region. In another significant development, a landmark inter-Korea six-point agreement was negotiated on August 25. While it presents an opportunity to reduce tensions in the Peninsula, proper implementation of the agreement is key to peace and stability.

Another development that gripped the attention of international community in August is the devaluation of Chinese yuan against US dollar aimed at making exports more competitive. While this generated panic in the international financial market and sparked concerns regarding global currency war, Chinese authorities argued that this will help liberalise the currency and support internationalisation of yuan.

Hope the readers will find this issue useful.

TITLI BASU

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## IMPRESSION FROM THE FIRST TRANS-HIMALAYAN DEVELOPMENT FORUM

AUGUST 23-26, 2015



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The China Institute of Contemporary International Relations (CICIR, Beijing) in cooperation with the CPC Dehong Prefecture Committee of Dehong Prefecture People's Government and Ruili National Key Developmental Experimental Zone organised a forum titled "Trans-Himalayan Developmental Cooperation and the One Belt One Road Initiative" from 23-26 August 2015 in Dehong, China. Dehong is an autonomous prefecture in the Yunnan province. The event was the first of its kind.

The forum was divided into five major themes: (1) Trans-Himalaya Development Cooperation under Asia-Pacific Economic Dynamics; (2) Economic Development and Planning of Respective Countries in the Region; (3) One Belt One Road Initiative and Trans-Himalaya Regional Cooperation: Opportunities and Challenges; (4) Yunnan and Trans-Himalaya Regional Cooperation; and (5) Proposals for Trans-Himalaya Developmental Cooperation (areas, approaches, mechanisms, etc.). Participants from Afghanistan, Bangladesh, Bhutan, China, India, Maldives, Myanmar, Nepal, Pakistan, and Sri Lanka attended the event.

CICIR is a premier think-tank of China under the Department of Public Security and has taken a lead in China's mainstream security and foreign policy decision-making process. Organising an event covering the Himalayan region and inviting delegates from the countries across the Himalayan Belt Region was a demonstration of CICIR's leading approach in China's regional policy proposition and construction. On the surface, it looked like the forum was an exercise to implement and supplement China's One Belt One Road initiative which has been one of the major highlights of the Xi Jinping administration. The highlight of this forum was how Dehong as a prefecture could be the leading region in pushing forward the Himalayan Region Connectivity and Corridor proposals that China wants to unveil in coming times. Originating from the *Dai* or *Thai* ethnic linguistics, Dehong represents a geographic place in the downstream of Nujiang River, and includes cities like Mangshi, Ruili, Longchuan, Lianghe and Yingjiang which are strategic hubs for China's connectivity and corridors in the neighbouring South-East and South Asian regions.

This forum sought to highlight how China can take a leading step in establishing greater connectivity and in infrastructural cooperation with the countries connected by or along the Himalayan region. In his opening remarks, Ji Zhiye, President of CICIR, said that this forum was aimed at establishing 'forwarding' and 'futuristic' cooperation between China and the Himalaya Region countries. This forum was also aimed at enhancing the OBOR initiative in the region, he said. Gao Shuxun, the Deputy Governor of Yunnan said that his province was poised to play a purposeful and constructive role in China's relations with the neighbouring region. In this endeavour, places like Ruili, Dehong and Mangshi in Yunnan could play a prominent role. Wang Junqiang, Party Secretary of CPC Committee of the Dehong Prefecture, reiterating this point, stressed the possible role that Dehong could play.

Many representatives from the participating countries supported China for taking a leading approach and trying to establish greater network of linkages between China and the region. Mr. Ko Ko Hlaing, the Principal Advisor to the President of Myanmar, said that Myanmar perceived China positively as a friendly neighbour and there is

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a great possibility of establishing corridors and connectivity between China's bordering regions and Myanmar's adjacent bordering region. Myanmar wholeheartedly supports a greater connectivity facility, he said.

Four mainstream proposals that the forum sought to highlight were: the China-Nepal-India Trilateral Connectivity, China-Pakistan Economic Corridor (CPEC), greater border connectivity and trade across the Himalayan Region, and enhancing the Bangladesh-China-Myanmar-India (BCIM) Economic Corridor. There was special focus on the first proposal. For instance, Prof. Ma Jiali stated that the Tibetan Autonomous Region is in talks with the Chinese government to extend the Qinghai-Tibet Railway up to Kathmandu via Kyirong. This might enhance the China-Nepal-India trilateral Economic Corridor.

Clarity was, however, missing on how the Chinese want these corridors and connectivity projects to be implemented. For example, they avoided talking much about Tibet as a geographic region, while emphasising the economic perspective. There was less space and few occasions to discuss the strategic and political issues that are linked with the programme proposal. At the same time, this forum also allowed the Chinese partially to figure out why and how the proposal may not be so smooth to implement. Matters like Water, Tibet, and the CPEC will be some of the hurdles.

The Chinese and Pakistani participants termed the CPEC project as a 'commercial' corridor project. They stated that India has recently comprehended the CPEC project positively and has seen it more judiciously and they would ideally like India to join the project in coming time. The Indian participants, however, categorically expressed their reservation over the matter and stated that there are matters of 'history' and 'sovereignty' involved, which neither China nor Pakistan can ignore. The Chinese officials in their turn pointed out that the CPEC does not affect India's 'sovereignty' and China very much respects 'history'. The Chinese officials and experts further stated that the Kashmir dispute is a bilateral one between India and Pakistan and China is not a party in the dispute.

The issue of water was also raised. Pakistani participants emphasised the Indus Water Treaty as a referring point and suggested that China and the lower riparian states in the region refer to the Indus Treaty to talk about the water issue in the region. Though none of the participants really expressed concern explicitly on how the water conflict between China and India in the Himalayan region may affect cooperation in the region, it was observed that Chinese experts and scholars were aware of the potential Indian concern. It was also observed that the Chinese experts and officials sought to skirt discordant issues that might affect trans-Himalayan cooperation. India-China boundary dispute and the sensitivity of Tibet as a subject matter between India and China did turn up during the discussion, but were not followed up at length.

The following observations may be made in regard to this event. *First*, the forum is trying to explore the opportunity to establish a Trans-Himalayan Region mechanism, making out a case for a 'growth zone' concept by seeking to persuade the potential participant countries through a soft-power approach for the promotion of Chinese power and economic diplomacy. However, the complexities involved suggest that the scope of the proposed mechanism goes beyond the standard realm of growth zone concept. This is for two specific reasons: *one*, it involves Himalayan regions that are strategically important for countries like China, India and Pakistan; and *two*, given the participation of Myanmar, the trans-Himalayan region involves both South Asia and South-East Asia.

*Second*, the forum was more an exercise to supplement the idea on how to push forward the OBOR initiative in the immediate neighbourhood region that Chinese leadership has crafted over the last two years. The Himalayan region is critical for the progress of China's Silk Road projects and regional connectivity and corridor facilities. The Chinese are still trying to understand how and where exactly to forge bilateral and regional understanding. One may witness that China will agree to sign a range of bilateral agreements and understandings with the South Asian countries in coming times that are closer to the Himalayan region and share borders with India. The Chinese are trying to gauge the Indian mindset over China's OBOR and Himalayan Belt projects. But one does

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notice a level of confidence that China displays when it comes to dealing with the neighbouring South Asian countries.

*Third*, through the Himalayan belt proposals, the Chinese are trying to revitalise their customary projects, which are already in place. BCIM is one such example. BCIM was originally floated as a Chinese conception almost one and a half decades ago after a great amount of discussion among Chinese experts. It was noted by the Chinese experts, probably hinting towards India, that BCIM tried to address regional development through a more cooperative framework rather than through simply a multilateral framework. The mechanism falls short, however, in achieving its intended objectives. It is struggling to move into a reliable higher order and achieve its core aims and objectives, given the prevailing mutual suspicion among the countries involved. Through this Himalayan forum, the Chinese were trying to make a case on how the BCIM can be beneficial for all the countries in the region.

To conclude, the First Himalayan Forum organised by CICIR is one of those exclusive forums on the subject. India must start discussing this subject from a strategic perspective and be watchful on the Chinese initiatives before committing anything. In future, China may propose a greater Himalayan Community Mechanism and India may be invited to join. A serious policy deliberation is required on the subject.

## TRACKING JAPAN

### Abe Statement issued on 70<sup>th</sup> anniversary of WW II

On 70<sup>th</sup> Anniversary of World War II, Japanese Prime Minister Shinzo Abe expressed 'profound grief' on August 14. While the much awaited Abe statement indirectly referred to all the important expressions- aggression, deep remorse, colonial rule and heartfelt apology-regarded as the benchmark to gauge Japanese intent by the regional stakeholders, he stopped short from offering his personal apology which triggered strong response from the region. The statement underscored that 'Japan has repeatedly expressed the feelings of deep remorse and heartfelt apology for its actions during the war'.<sup>1</sup> One of the key messages in the statement questioned the rationality of pre-destined apology. Abe articulated that since the post-war generation exceed 80 per cent of the Japanese public, 'we must not let our children, grandchildren, and even further generations to come, who have nothing to do with that war, be predestined to apologize'.<sup>2</sup> Besides, Abe made indirect reference to the comfort women issue.

The substance and the spirit of the Abe statement is weighed against the landmark apology extended in 1995 by former Prime Minister Tomiichi Murayama. While Japan's most important ally, the US has welcomed the Abe statement, regional response has been critical. Chinese Foreign Ministry expressed reservation against the issued statement which they perceived to be "evasive on this major issue of principle".<sup>3</sup> Meanwhile, the South Korean Foreign Ministry suggested that Japan needs to demonstrate its intent with concrete actions and make sincere efforts to resolve the sensitive history issue including the comfort women problem<sup>4</sup>.

### Ministers visit Yasukuni Shrine to commemorate 70<sup>th</sup> anniversary of WW II

Commemorating 70<sup>th</sup> anniversary of end of World War II on August 15, three cabinet ministers paid visit to the controversial Yasukuni shrine in Tokyo. Internal Affairs and Communications Minister Sanae Takaichi, Chair of the National Public Safety Commission Eriko Yamatani, and Women's Empowerment Minister Haruko Arimura<sup>5</sup> visited the Yasukuni shrine which honours Class-A World War II criminals among the war dead. Besides, 161 lawmakers reportedly visited the shrine across political party affiliations.<sup>6</sup> While Prime Minister Shinzo Abe refrained from visiting the controversial Yasukuni shrine in person, he sent an offering. Region has severely criticised the development. Chinese Foreign Ministry articulated disappointment stating that this echo Japanese incorrect attitude towards history.<sup>7</sup> South Korea objected by saying that 'only when leading figures of Japan

<sup>1</sup> "Statement by Prime Minister Shinzo Abe", *Prime Minister of Japan and His Cabinet*, August 14, 2015 [http://japan.kantei.go.jp/97\\_abe/statement/201508/0814statement.html](http://japan.kantei.go.jp/97_abe/statement/201508/0814statement.html) accessed on August 25, 2015

<sup>2</sup> *ibid*

<sup>3</sup> "Foreign Ministry Spokesperson Hua Chunying's Remarks on Japanese Prime Minister Shinzo Abe's Statement on the 70th Anniversary of the End of the War", *Ministry of Foreign Affairs of the People's Republic of China*, August 15, 2015 [http://www.fmprc.gov.cn/mfa\\_eng/xwfw\\_665399/s2510\\_665401/2535\\_665405/t1288969.shtml](http://www.fmprc.gov.cn/mfa_eng/xwfw_665399/s2510_665401/2535_665405/t1288969.shtml) accessed on August 25, 2015

<sup>4</sup> "MOFA Spokesperson's Commentary on the Abe Statement Issued to Mark the 70th Anniversary of the End of World War II", *Ministry of Foreign Affairs Republic of Korea*, August 15, 2015 [http://www.mofa.go.kr/ENG/press/pressreleases/index.jsp?menu=m\\_10\\_20](http://www.mofa.go.kr/ENG/press/pressreleases/index.jsp?menu=m_10_20) accessed on August 25, 2015

<sup>5</sup> "3 Cabinet ministers visit Yasukuni Shrine", *Jiji Press*, August 15, 2015 <http://the-japan-news.com/news/article/0002359210> accessed on August 25, 2015

<sup>6</sup> "3 ministers, 161 lawmakers visit Yasukuni Shrine on Aug. 15", *Japan Press Weekly*, August 16, 2015 <http://www.japan-press.co.jp/modules/news/index.php?id=8481> accessed on August 25, 2015

<sup>7</sup> "Foreign Ministry Spokesperson Hua Chunying's Remarks on Some Japanese Cabinet Members Visiting Yasukuni Shrine", *Ministry of Foreign Affairs of the People's Republic of China*, August 15, 2015 [http://www.fmprc.gov.cn/mfa\\_eng/xwfw\\_665399/s2510\\_665401/t1289042.shtml](http://www.fmprc.gov.cn/mfa_eng/xwfw_665399/s2510_665401/t1289042.shtml) accessed on August 25, 2015

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sincerely carry out self-reflection and demonstrate their remorse through actions, will Japan be able to win trust from its neighbouring countries<sup>8</sup>.

### Japan published 2015 Defence White Paper

The annual white paper, *Defence of Japan 2015* was published in July. The key focus areas of the white paper includes the 'increasingly severe' security situation surrounding Japan, the revised US-Japan Defence Guidelines, shifts in national security policy and the associated bills submitted to the Japanese Diet, organisational reform of the Ministry of Defence, and stationing of US forces in Japan. The white paper refers to concerns vis-à-vis the objective of the Chinese military modernisation and underscores the expanding Chinese activities in the maritime space including the 'assertive actions' in East China Sea and 'unilateral assertion of sovereignty'<sup>9</sup> in South China Sea. Japanese Defense Minister Gen Nakatani reiterated that despite Japanese objection, China is building an ocean platform on the Chinese side of the intermediate line in the East China Sea. The document charts intrusion into the territorial waters by Chinese government vessels. Moreover, defence of remote islands together with the positioning of GSDF units in Yonagunijima and the establishment of the ninth Air Wing of the ASDF are mentioned. Besides China, trends in DPRK's military featured as a destabilising factor in regional security. Moreover, the white paper emphasise that US-Japan security alliance continues as the core of Japanese security and that presence of US forces in Japan contributes as a deterrence. The white paper also refers to the threats in the cyber space and ISIL. About ISIL, Japan intends to offer support in non-military areas.<sup>10</sup>

The white paper has generated a strong response from the Chinese authorities blaming Japan for 'irresponsible remarks on China's normal military growth and maritime activities'.<sup>11</sup> Japanese Defence Attache Col. Nobuhisa Goto at Japanese Embassy in Seoul was summoned by the South Korean Defence Ministry and presented with a written protest regarding Japan's claim over Dokdo/Takeshima Islands in the 2015 *Defence of Japan*. Meanwhile, Lee Sang-deok of the South Korean Foreign Ministry summoned Political Affairs Minister Kobayashi Kenichi from Japanese Embassy in Seoul to reiterate Korea's sovereignty over Dokdo Islands.<sup>12</sup>

### Lower House approved Abe's security bill package

The House of Representative or the Lower House approved the intensely debated security bill package in a plenary session on July 16, 2015 enabling the limited exercise of the right of collective self-defence. Opposition political parties including the Democratic Party of Japan, Japan Innovation Party, Japanese Communist Party and Social Democratic Party refused to join the voting registering protest. The security bills were sent to the House of Councillors or Upper House for approval. In the Upper House, Abe's Liberal Democratic Party has the 60 day rule option which suggests that the House has 60 days to vote or else the bills will be sent back to the Lower House which may pass them with a two-thirds majority. Earlier in June, Prime Minister Abe decided to extend the

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<sup>8</sup> "MOFA Spokesperson's Commentary on the Japanese Prime Minister Sending a Cash Offering to the Yasukuni Shrine", *Ministry of Foreign Affairs Republic of Korea*, August 15, 2015 [http://www.mofa.go.kr/ENG/press/pressreleases/index.jsp?menu=m\\_10\\_20](http://www.mofa.go.kr/ENG/press/pressreleases/index.jsp?menu=m_10_20) accessed on August 25, 2015

<sup>9</sup> "Defence of Japan 2015", *Ministry of Defence Japan*, August 7, 2015 [http://www.mod.go.jp/e/publ/w\\_paper/2015.html](http://www.mod.go.jp/e/publ/w_paper/2015.html) accessed on August 25, 2015

<sup>10</sup> "Press Conference by the Defence Minister Nakatani", *Ministry of Defence*, July 21, 2015 <http://www.mod.go.jp/e/pressconf/2015/07/150721.html> accessed on August 25, 2015

<sup>11</sup> "Foreign Ministry Spokesperson Lu Kang's Remarks on Japan's Issuance of Defence of Japan 2015", *Ministry of Foreign Affairs of the People's Republic of China*, July 21, 2015 [http://www.fmprc.gov.cn/mfa\\_eng/xwfw\\_665399/s2510\\_665401/2535\\_665405/t1282988.shtml](http://www.fmprc.gov.cn/mfa_eng/xwfw_665399/s2510_665401/2535_665405/t1282988.shtml) accessed on August 25, 2015

<sup>12</sup> "Korea slams Japan over Dokdo claim", *The Korea Times*, July 21, 2015 [http://www.koreatimes.co.kr/www/news/nation/2015/08/120\\_183234.html](http://www.koreatimes.co.kr/www/news/nation/2015/08/120_183234.html) accessed on August 25, 2015

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ongoing Diet session till September 27 to facilitate the enactment of the security bills. Meanwhile, several thousand people demonstrated against Abe's security bills.<sup>13</sup> Abe argued that these set of laws are crucial in avoiding war and pledged to seek public understanding on the security issue.<sup>14</sup> After assuming power in December 2012, Prime Minister Abe has initiated intense national security policy debate. The pacifist clause of the constitution was reinterpreted in the cabinet decision of July 2014 which was subsequently followed up by these security bills.

### **Defence Ministry puts forward 2016 budget request**

With the objective of defending remote islands, Defence Ministry has requested for a ¥5.091 trillion (US\$ 42.38 billion) budget in fiscal 2016, indicating a 2.2 percent northward movement in spending. Japan intends to purchase AAV-7 amphibious assault vehicles, F-35 stealth warplanes, 12 MV-22 Osprey tilt-rotor transport aircraft, Global Hawk drones to protect its territory. The defence executives assigned ¥11 billion to enlarge a base on Miyakojima and ¥8.7 billion for base construction on Amami-Oshima.<sup>15</sup> A sizable part of the budget will be employed for restructuring the GSDF divisions and brigades so that units can be sent out in case of military emergencies along the Nansei Island including Okinawa. The Ministry intends to change seven divisions and brigades out of present 15 to mobile divisions and brigades by 2023.<sup>16</sup>

### **TPP Ministerial Meeting in Hawaii concludes without a deal**

TPP Trade Ministerial Talks were hosted in Maui (Hawaii) from July 28-31 with the objective of concluding an agreement, encompassing 40 percent of global economy, following five years of negotiation. However, debate over sensitive issues including automobile, dairy and next-generation drugs stalled the discussions. Japanese Economy Minister, Akira Amari pointed out that differences among the negotiating countries concerning the intellectual property<sup>17</sup> needs more discussion and further proposed one more ministerial meeting in late August.<sup>18</sup> Earlier, Japan and the US concluded a two-day TPP working-level talks on July 10. Both the countries discussed difficult issues including the rice import quota and automobile parts tariff. Following the working-level talks, reports suggested that both Japan and the US were likely to resolve the concerns at the TPP minister meeting between Akira Amari and Michael Froman in Hawaii. During the working level meeting, the deliberations focused on Japan's approach concerning tariff-free import quota for American rice along with the scheduling of US tariff removal for Japanese auto parts. While the US pursues a quota of 175,000 tons, Japan reportedly intends to limit it to 50,000 tons.<sup>19</sup>

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<sup>13</sup> Reiji Yoshida and Mizuho Aoki, "Lower House passes security bills amid protests", *The Japan Times*, July 16, 2015 <http://www.japantimes.co.jp/news/2015/07/16/national/politics-diplomacy/lower-house-set-to-pass-security-bills/#.VbXsjVK6a1t> accessed on August 25, 2015

<sup>14</sup> "Historic security legislation passes lower house of Diet", *The Japan News*, July 16, 2015 <http://the-japan-news.com/news/article/0002292181> accessed on August 25, 2015

<sup>15</sup> "Defense budget hike sought to fortify island chain facing China", *Reuters*, September 1, 2015 <http://www.japantimes.co.jp/news/2015/09/01/national/politics-diplomacy/defense-budget-hike-sought-fortify-island-chain-facing-china/#.Ve1bN1K6a1t> accessed on September 2, 2015

<sup>16</sup> "Record defense budget request shifts focus to islands closest to China", *The Asahi Shimbun*, September 1, 2015 [http://ajw.asahi.com/article/behind\\_news/politics/AJ201509010032](http://ajw.asahi.com/article/behind_news/politics/AJ201509010032) accessed on September 2, 2015

<sup>17</sup> "Japan's Amari: Intellectual property not yet worked out at TPP", *Reuters*, July 31, 2015 <http://www.reuters.com/article/2015/07/31/us-japan-tpp-amari-idUSKCN0Q509320150731> accessed on September 1, 2015

<sup>18</sup> Masakuni Oshirabe, "Breakthrough Needed by End of Month", *Nikkei Asian Review*, August 2, 2015 [Http://Asia.Nikkei.Com/Politics-Economy/International-Relations/Breakthrough-Needed-By-End-Of-Month](http://Asia.Nikkei.Com/Politics-Economy/International-Relations/Breakthrough-Needed-By-End-Of-Month) accessed on August 20, 2015

<sup>19</sup> "Japan, U.S. aim to settle TPP rice issue", *The Japan News*, July 11, 2015 <http://the-japan-news.com/news/article/0002280228> accessed on August 25, 2015

## Japanese Foreign Ministry published map, photographs of Chinese platforms in East China Sea

Ministry of Foreign Affairs of Japan on July 22 issued a map along with few photographs presenting the positions of Chinese offshore platforms in East China Sea associated with the gas field development. Japan's Chief Cabinet Secretary Yoshihide Suga confirmed that hitherto there are 16 structures, together with the 12 structures that were identified in June 2013. Japan expressed regret arguing that while the structure is on China's side of the median line, it is a unilateral development since the boundaries are yet to be demarcated. Japan has concerns that offshore platforms can be altered to support military functions.<sup>20</sup> Earlier on July 6, Suga expressed similar concerns against Chinese 'unilateral gas development'<sup>21</sup> in East China Sea. China and Japan did not agree on East China Sea boundary which has a 200-mile EEZ overlap.

## Prime Minister Abe will not attend Chinese military parade in September

Reports suggested that Chinese President Xi Jinping extended an invitation to Japanese Prime Minister Abe to attend the military parade scheduled on September 3 marking the 70<sup>th</sup> anniversary of the end of WWII, also referred to as the War of Resistance against Japan.<sup>22</sup> However, Japan's Chief Cabinet Secretary Suga on August 24 confirmed that Prime Minister Abe will not be present at the Chinese military parade owing to the developments related to the security bills in the Diet.<sup>23</sup>

## Foreign Minister Fumio Kishida attends ASEAN related meetings in Kuala Lumpur

Foreign Minister Fumio Kishida attended the 16<sup>th</sup> ASEAN+3 Foreign Ministers' Meeting, Fifth East Asia Summit (EAS) Foreign Ministers' Meeting, and 22<sup>nd</sup> ASEAN Regional Forum (ARF) Ministerial Meeting on August 6 in Kuala Lumpur. In the ASEAN+3 Foreign Ministers' Meeting, Japan discussed several issues including the importance of building quality infrastructure in Asia. It was stressed that Japan along with other donor nations and international finance institutions will continue to support the ASEAN community. It is important to note that earlier in May, Prime Minister Abe committed \$110 billion aid for innovative infrastructure over next five years in collaboration with Asian Development Bank. Additionally, the issue of easing import restrictions related to Japanese products was raised. Regional issues such as the March 2015 Japan-China-ROK Trilateral Foreign Ministers' Meeting and a possible trilateral summit by year end; security threats emanating from North Korea; developments in South China Sea and the importance of peaceful resolution of disputes; and Japan's role as a Proactive Contributor to Peace were discussed.<sup>24</sup> Besides, in the Fifth East Asia Summit (EAS) Foreign Ministers' Meeting, Kishida underscored the need to expand on political and security issues and strengthen the EAS institution

<sup>20</sup> "Govt reveals map, photographs of China's structures in East China Sea", *The Japan News*, July 23, 2015 <http://the-japan-news.com/news/article/0002304821> accessed on August 25, 2015

"Japan discloses photos of China's gas development in East China Sea", *Kyodo*, July 22, 2015 <http://www.japantimes.co.jp/news/2015/07/22/national/politics-diplomacy/japan-discloses-photos-chinas-gas-development-east-china-sea/#.Vg-GkZdbhHR> accessed on August 25, 2015

<sup>21</sup> "Japan protests China's gas development in East China Sea", *Kyodo*, July 6, 2015 <https://english.kyodonews.jp/news/2015/07/362265.html> accessed on August 25, 2015

<sup>22</sup> "China says Japan, China preparing for "high-level" talks", *Reuters*, July 17, 2015 [http://ajw.asahi.com/article/behind\\_news/politics/AJ201507170018](http://ajw.asahi.com/article/behind_news/politics/AJ201507170018) accessed on August 25, 2015

<sup>23</sup> Reiji Yoshida, "Abe won't visit Beijing for WWII parade", *The Japan Times*, August 24, 2015 <http://www.japantimes.co.jp/news/2015/08/24/national/politics-diplomacy/abe-skip-trip-china-attend-military-parade-will-focus-security-bills-nhk-reports/#.Ver5sZdbhHR> accessed on August 25, 2015

<sup>24</sup> "The 16th ASEAN+3 Foreign Ministers' Meeting", *Ministry of Foreign Affairs Japan*, August 7, 2015 [http://www.mofa.go.jp/a\\_o/rp/page3e\\_000362.html](http://www.mofa.go.jp/a_o/rp/page3e_000362.html) accessed on August 25, 2015

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by establishing an EAS Unit at the ASEAN Secretariat, and deepening the connection between the EAS and the ADMM+. <sup>25</sup>

### **Mitsubishi Materials Corp offers apology to US prisoners of war**

In July, Mitsubishi Materials Corp apologised to US prisoners of war for forced labour during WWII. The company executive conveyed a 'deep sense of ethical responsibility for past tragedy' in a meeting held in Los Angeles. The senior executive officer expressed 'most remorseful apology' to roughly 900 prisoners of war who were forced to extreme hardship while working in Mitsubishi mines and industrial plants. Besides, the Japanese authorities have twice extended apology to US prisoners of war in 2009 and 2010 for forced labour during the war. <sup>26</sup>

### **Japan objects to Russian Prime Minister Medvedev's visit to contested Etorofu Island**

Japan registered objection against Russian Prime Minister Dmitry Medvedev's visit to the contested Etorofu Island on August 22. In the House of Councilors' Budget Committee session, Prime Minister Abe referred to the incident as 'extremely regrettable'. Earlier in July, Japanese Foreign Minister Fumio Kishida reportedly urged Russian Prime Minister Medvedev not to visit contested Island off Hokkaido. <sup>27</sup> In the meantime, Japanese authorities stressed that dialogue will continue with Russia to address the Northern Territories issue and make efforts to sign a peace treaty with Russia. Japan is discussing the possibility of President Putin's visit to Japan before the end of 2015. <sup>28</sup>

### **Japan commits ¥750 billion in ODA during Japan-Mekong Summit**

The seventh Japan-Mekong Summit was held on July 4 in Tokyo. Prime Minister Shinzo Abe had meeting with the leaders of the Mekong region states including Cambodia, Lao, Myanmar, Thailand and Vietnam. *New Tokyo Strategy 2015 for Mekong-Japan Cooperation* was adopted. During the summit, Japan pledged a three-year Mekong aid plan amounting to ¥750 billion in ODA targeted at attaining 'regional stability' and 'quality growth'. <sup>29</sup> In addition, Myanmar suggested establishing of Mekong University. Several other issues were discussed during the meeting, such as threats originating from the Korean Peninsula, developments in South China Sea and United Nations Security Council reforms. <sup>30</sup>

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<sup>25</sup> "The Fifth East Asia Summit (EAS) Foreign Ministers' Meeting", *Ministry of Foreign Affairs Japan*, August 7, 2015 [http://www.mofa.go.jp/a\\_o/rp/page3e\\_000361.html](http://www.mofa.go.jp/a_o/rp/page3e_000361.html) accessed on August 25, 2015

<sup>26</sup> Andrew Dalton, "Japanese company apologizes to U.S. POWs for WWII forced labor", *Japan Today*, July 20, 2015 <http://www.japantoday.com/category/national/view/japanese-company-apologizes-to-u-s-pows-for-wwii-forced-labor> accessed on August 25, 2015

<sup>27</sup> "Japan urges Russian prime minister not to visit disputed isles", *Kyodo*, July 24, 2015 <http://www.japantimes.co.jp/news/2015/07/24/national/politics-diplomacy/japan-urges-russian-prime-minister-not-visit-disputed-isles/#.Vb8BKIK6a1t> accessed on August 25, 2015

<sup>28</sup> "Abe bemoans visit to disputed isles by Medvedev", *Kyodo*, August 24, 2015 <http://www.japantimes.co.jp/news/2015/08/24/national/politics-diplomacy/abe-bemoans-visit-to-disputed-isles-by-medvedev/#.Ver83JdbhHR> accessed on August 25, 2015

<sup>29</sup> "New Tokyo Strategy 2015 for Mekong-Japan Cooperation (MJC2015)", *Ministry of Foreign Affairs of Japan*, July 4, 2015 [http://www.mofa.go.jp/s\\_sa/sea1/page1e\\_000044.html](http://www.mofa.go.jp/s_sa/sea1/page1e_000044.html) accessed on August 25, 2015

<sup>30</sup> Masaaki Kameda, "Japan, Mekong ink new ¥750 billion aid deal", *The Japan Times*, July 4, 2015 <http://www.japantimes.co.jp/news/2015/07/04/national/politics-diplomacy/japan-mekong-ink-new-%C2%A5750-billion-aid-deal/#.VZIBNEZbhgB> accessed on August 25, 2015

## TRACKING CHINA

### President Xi Jinping attends BRICS Summit, SCO in Ufa

President Xi Jinping underscored the immense development potential and articulated the prospect of 'new type of state-to-state relations with win-win cooperation at the core' during his keynote address titled *Jointly Build Partnership for Bright Future* at the 7<sup>th</sup> BRICS Summit hosted in Ufa, Russia on July 9. President Xi stressed that to ensure international peace, zero-sum games and cold-war mindset needs to be discarded and mutual respect, trust and economic partnership for common development needs to be nurtured. He further emphasised on the implementation of initiatives such as New Development Bank of BRICS and Contingent Reserve Arrangement. MoU on establishing a joint BRICS website, agreement on inter-governmental cultural cooperation among BRICS and the MoU on cooperation between BRICS banks and the New Development Bank (NDB) was signed.<sup>31</sup>

The 15th Shanghai Cooperation Organisation (SCO) meeting was hosted on July 10. President Xi Jinping, in his address *Unite and Help Each Other and Address Challenges Together to Promote the SCO for New Leapfrog Progress* presented a five-point proposal. He urged the members to maintain the Shanghai Spirit in building a community of shared destiny based on multilateralism; enhance policy coordination on issues like counter-terrorism, drug control and border defence; deepen cooperation in facilitating and liberalising of trade and investment and prioritise connectivity projects; further build on the good-neighbourly friendship and strengthen cooperation in emergency response and disaster relief, and combating infectious diseases; and keeping the spirit of openness and mutual learning to facilitate development. Ufa Declaration and an agreement on border defence cooperation were signed. Additionally, India and Pakistan became full members, Belarus became an observer, and Azerbaijan, Armenia, Cambodia and Nepal became new dialogue partners of SCO.<sup>32</sup>

### New national security law adopted

A new national security law, encompassing politics, military, finance, religion, cyberspace, ideology and religion, was adopted by the National People's Congress (NPC) Standing Committee in July. The law which was passed with 154/155 votes will be effective across PRC barring the Special Administration Regions of Hong Kong and Macau. Authorities argue that the law was essential to battle the increasing security challenges emanating from both external (sovereignty) and internal (political security and social stability) sources. The new national security law features a section on cyber security. Cyberspace sovereignty is a critical issue and authorities underlined the importance of securing information systems and data related to critical sectors. Furthermore, to enhance the capacity to safeguard cyber security and facilitate innovative R&D, a national internet and information safeguard system will be instituted. Besides, the new national security law aims at establishing a coordinated and effective crisis management system under centralised leadership, and publish security related information.<sup>33</sup> The new law is expected to strengthen National Security Commission's (instituted in 2013) role in national security policy.<sup>34</sup> China is expected to adopt two additional laws including regulating international NGOs and on counter-terrorism.

<sup>31</sup> "Xi Jinping Attends 7th BRICS Summit and Delivers Important Speech", *Ministry of Foreign Affairs Peoples Republic of China*, July 9, 2015 [http://www.fmprc.gov.cn/mfa\\_eng/topics\\_665678/xjpcxjzgjldrdqchwhshhzzcycgyslshdswchyt1280846.shtml](http://www.fmprc.gov.cn/mfa_eng/topics_665678/xjpcxjzgjldrdqchwhshhzzcycgyslshdswchyt1280846.shtml) accessed on August 25, 2015

<sup>32</sup> "Xi Jinping Attends the SCO Summit in Ufa and Delivers Important Speech, Stressing to Unite and Help Each Other and Address Challenges Together to Promote the SCO for New Leapfrog Progress", *Ministry of Foreign Affairs Peoples Republic of China*, July 10, 2015 [http://www.fmprc.gov.cn/mfa\\_eng/topics\\_665678/xjpcxjzgjldrdqchwhshhzzcycgyslshdswchyt1281513.shtml](http://www.fmprc.gov.cn/mfa_eng/topics_665678/xjpcxjzgjldrdqchwhshhzzcycgyslshdswchyt1281513.shtml) accessed on August 25, 2015

<sup>33</sup> "China Adopts new law on national security", *Xinhua*, July 1 [http://news.xinhuanet.com/english/2015-07/01/c\\_134372812.htm](http://news.xinhuanet.com/english/2015-07/01/c_134372812.htm) accessed on August 25, 2015

<sup>34</sup> Zhao Kejin, "China's National Security Commission", *Carnegie-Tsinghua Centre for Global Policy*, July 14, 2015 <http://carnegietsinghua.org/2015/07/09/china-s-national-security-commission/id7i> accessed on August 25, 2015

## Goals of 13<sup>th</sup> Five-Year Plan (2016-20) drawn by CPC

Following the Political Bureau of the Communist Party of China (CPC) Central Committee meeting in July, it is evident that economy and building a moderately prosperous society will continue to be the major focus of the leadership between 2016 and 2020. Quality, sustainability, efficiency and equality is said to be the key objectives. This will be President Xi Jinping's first five-year plan. Authorities said that while the new normal of Chinese development presents numerous opportunities, there remain few challenges and thus China will continue to strengthen rule of law and CPC will employ strict standards of discipline to better equip to govern.<sup>35</sup> In a report issued by the National People's Congress Standing Committee in August, the 13<sup>th</sup> Five-Year Plan should prioritise reforms towards market economy and focus on innovation spearheaded by enterprises and backed by the government. Besides, the report draws attention to other important issues including income distribution, health and education.<sup>36</sup>

## Developments in China-Russia relations

China-Russia joint naval exercise, called the Joint Sea II, was conducted in the Sea of Japan and in the Peter the Great Gulf near Vladivostok in August. During the exercise, both navies engaged in anti-submarine warfare, anti-aircraft warfare tactical training and an amphibious assault. The joint drill reportedly involved 23 surface ships, two Russian submarines, rotary- and fixed-wing aircraft, and 400 marines. Type 051C Luzhou-class destroyer *Shenyang*, Sovremenny-class destroyer *Taizhou*, Type 054A Jiangkai II-class frigates *Linyi* and *Hengyang*, amphibious landing ships Type 071 Yuzhao-class (LPD) *Changbaishan* and Type 072A Yuting II-class (LST) *Yunwunshan* participated in the joint naval exercise. Besides, Russian vessels like Slava-class cruiser *Varyag* and Udaloy-class destroyer *Marshall Shaposhnikov* were also involved.<sup>37</sup>

Meanwhile, on the sidelines of the ASEAN Foreign Ministers meeting in Kuala Lumpur, the Chinese Foreign Minister Wang Yi had a meeting with Russian Foreign Minister Sergey Lavrov and reportedly expressed Chinese desire to deepen the strategic coordination with Moscow on security matters of Asia-Pacific and mutually support peace and stability in the region. Additionally, Wang Yi urged Russian President Vladimir Putin to attend Chinese military parade scheduled on September 3.<sup>38</sup>

## Developments related to South China Sea

In July, PLA Navy conducted ten-day training near Hainan Island in South China Sea.<sup>39</sup> The Ministry of National Defence indicated that the training was not targeted at any country<sup>40</sup> and is part of regular military exercise. The objective was to test unit's efficiency to undertake diversified military tasks and strengthen combat effectiveness by actual-combat military drills. Ministry of Foreign Affairs Vietnam registered strong protest and pressed for immediate halt of the exercise.

<sup>35</sup> Lan Lan, "Nation outlines goals for 13th Five-Year Plan", *China Daily*, July 21, 2015 [http://www.chinadaily.com.cn/china/2015-07/21/content\\_21364317.htm](http://www.chinadaily.com.cn/china/2015-07/21/content_21364317.htm) accessed on August 25, 2015

<sup>36</sup> "Reform should be prioritized in 13th five-year plan: top legislature", *Xinhua*, August 27, 2015 [http://news.xinhuanet.com/english/2015-08/27/c\\_134562154.htm](http://news.xinhuanet.com/english/2015-08/27/c_134562154.htm) accessed on August 27, 2015

<sup>37</sup> Andrew Tate, "China, Russia conduct large-scale joint naval exercise", *IHS Jane's Navy International*, August 23, 2015 <http://www.janes.com/article/53759/china-russia-conduct-large-scale-joint-naval-exercise> accessed on August 25, 2015

<sup>38</sup> "China Russia pledge to boost bilateral ties", *Xinhua*, August 5, 2015 [http://news.xinhuanet.com/english/2015-08/05/c\\_134484277.htm](http://news.xinhuanet.com/english/2015-08/05/c_134484277.htm) accessed on August 25, 2015

<sup>39</sup> Chen Mengwei, "Navy starts exercise in S. China Sea", *China Daily*, July 22, 2015 [http://www.chinadaily.com.cn/china/2015-07/22/content\\_21374277.htm](http://www.chinadaily.com.cn/china/2015-07/22/content_21374277.htm) accessed on August 25, 2015

<sup>40</sup> "MOD: naval drills do not target neighbours", *Global Times*, July 23, 2015 <http://www.globaltimes.cn/content/933435.shtml> accessed on August 25, 2015

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On August 20, a report *The Asia-Pacific Maritime Security Strategy* was published by the US Department of Defence where it is argued that between December 2013 to June 2015, China has reclaimed around 2,900 acres of land in South China Sea and the activities are mostly concentrated in the Spratlys.<sup>41</sup> Moreover, China has intensified patrolling activities in the area to justify its claims. Previous estimates in May indicated that around 2,000 acres were reclaimed by China. It is important to note here that in early August, Chinese authorities declared suspension of reclamation activities. While China has vehemently argued that the reclamation is aimed at public good, regional stakeholders are sceptical that there are military objectives behind it.

### **President Xi Jinping stressed on national and ethnic unity during a meeting on Tibet**

During a meeting on Tibet Autonomous Region in Beijing from August 24-25, Chinese President Xi Jinping stressed on promoting economic growth, comprehensive social progress and assured Beijing's sustained preferential policies including tax and investment policies in Tibet and other Tibetan-populated provinces such as Sichuan, Yunnan, Gansu and Qinghai. Strengthening public services, effective poverty alleviation policies, better employment opportunities for ethnic groups were also underscored by President Xi. President Xi stressed on consolidating national unity and pledged to fight against separatism. Tibet was identified as a priority for governing border areas. Moreover, President urged correct implementation of Party's policies pertaining to ethnic and religious issues. He said that initiatives aimed at enhancing ethnic group's sense of identity with Chinese nationality, culture, and CPC should be promoted.<sup>42</sup> Premier Li Keqiang expressed that Tibet has to nurture its self-development potential by harnessing its special industries, agriculture, tourism and environmental protection. Some members including Zhang Dejiang, Liu Yunshan, Wang Qishan and Zhang Gaoli of the Standing Committee of the Political Bureau of CPC Central Committee were present at the meeting.<sup>43</sup>

### **CPC called for stricter punishment in ongoing anti-corruption campaign**

Chief of CPC Central Commission for Discipline Inspection, Wang Qishan called for tougher sentence for corrupt Party elements and argued that Party's regulation must be 'harsher than the law, with a focus on specificity and effect'.<sup>44</sup> CPC has been strict on its officials and latest directive suggests that those who lack competence and behave irresponsibly will experience organisational adjustment including demotion and contract termination. He further indicated that every prohibition in the present anti-graft regulations must be included into a CPC disciplinary penalty directive to maximise the effect.

Meanwhile, Central Commission for Discipline and Inspection of the CPC confirmed that 22,600 officials were disciplined for not complying with austerity regulations in 2015 which amounts to 120,000 since 2012. 71,000 officials were disciplined in 2014. Nevertheless, breach continued since officials use government cars for personal jobs, host wasteful receptions, weddings and funerals.<sup>45</sup>

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<sup>41</sup> "The Asia-Pacific Maritime Security Strategy: Achieving U.S. National Security Objectives in a Changing Environment", *Department of Defence United States of America*, August 2015 [http://www.defense.gov/Portals/1/Documents/pubs/NDAA%20A-P\\_Maritime\\_Security\\_Strategy-08142015-1300-FINALFORMAT.PDF](http://www.defense.gov/Portals/1/Documents/pubs/NDAA%20A-P_Maritime_Security_Strategy-08142015-1300-FINALFORMAT.PDF) accessed on August 29, 2015

<sup>42</sup> "Xi stresses unity for Tibet, vows fight against separatism", *Xinhua*, August 26, 2015 [http://news.xinhuanet.com/english/2015-08/26/c\\_134554978.htm](http://news.xinhuanet.com/english/2015-08/26/c_134554978.htm) accessed on August 28, 2015

<sup>43</sup> "Xi urges promoting economic, social development in Tibet", *Xinhua*, August 25, 2015 [http://news.xinhuanet.com/english/2015-08/25/c\\_134554877.htm](http://news.xinhuanet.com/english/2015-08/25/c_134554877.htm) accessed on August 28, 2015

<sup>44</sup> "Senior leader urges stricter anti-graft rules for CPC members", *Xinhua*, July 10, 2015 [http://news.xinhuanet.com/english/2015-07/10/c\\_134401952.htm](http://news.xinhuanet.com/english/2015-07/10/c_134401952.htm) accessed on August 25, 2015

<sup>45</sup> "22,600 officials disciplined in 2015 frugality campaign", *Xinhua*, August 22, 2015 [http://www.china.org.cn/china/2015-08/22/content\\_36386196.htm](http://www.china.org.cn/china/2015-08/22/content_36386196.htm) accessed on August 25, 2015

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## Central Bank devalues Yuan

On August 11, the Central Bank devalued yuan against US dollar by almost 2% with the aim to make exports more competitive and press down borrowing costs. July data reflected weak industrial production, investment and retail sales and Chinese exports dropped 8.3 percent. Compared to 6.1162 yuan, the People's Bank of China put its reference rate for yuan at 6.2298 to \$1 on August 10 thereby introducing 1.86 percent depreciation against the US dollar. This sparked additional drop in the currency markets. Following day, the authorities were compelled to devalue again and set the rate at 6.3306 and the spot rate dropped another 1.6 percent triggering further devaluation.<sup>46</sup> Experts suggested that the August devaluation is a 'natural result of exchange rate liberalisation' and in so doing support internationalisation of yuan. Additionally, it was pointed out during Summer Davos hosted in Dalian that the repercussion in the market was owing to paucity of information on the Central Bank's objectives and intentions. Premier Li Keqiang in the Summer Davos forum stressed that there is no basis for continued devaluation and articulated firm resolve for reform, together with liberalising the exchange rate regime and capital account.<sup>47</sup>

## China 'dissatisfied' with Valerie Jarrett's participation in Dalai Lama's birthday celebrations

On July 10, US President Barak Obama's Senior Adviser, Valerie Jarrett participated in Dalai Lama's 80<sup>th</sup> birthday celebrations in New York. The Ministry of Foreign Affairs of PRC expressed strong dissatisfaction in relation to senior US official's association with the Dalai Lama disregarding Chinese reservations. China reminded the US about its 'commitment of recognising Tibet as part of China and not supporting Tibet independence'. Furthermore, the Ministry spokesperson Hua Chunying argued that China-US relations will be 'disrupted and jeopardised' in case the US provides support to independence of Tibet.<sup>48</sup>

## China welcomes the Iran deal

Welcoming the July 14 comprehensive agreement on the Iranian nuclear issue, Chinese Foreign Minister Wang Yi stressed that the comprehensive agreement will present new prospect for China-Iran cooperation. Wang Yi said that while Iranian nuclear issue affected China-Iran relation but with the functioning of the comprehensive agreement, bilateral relations will see new progress. He further stressed Iran's enthusiasm in the Belt and Road Initiative will unfold new opportunities for the two countries.<sup>49</sup> Wang Yi underscored that as a permanent member of the UNSC, China will play a constructive role along with others in implementing the comprehensive agreement. He further argued that the comprehensive agreement presents the international community with a 'beneficial practice on resolving major disputes through dialogue and consultation and will serve as a positive reference for coping with other international and regional hotspot issues including the nuclear issue on the Korean Peninsula'.<sup>50</sup>

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<sup>46</sup> "Why has China devalued its currency and what impact will it have?" *The Guardian*, August 11, 2015 <http://www.theguardian.com/business/2015/aug/11/china-devalues-yuan-against-us-dollar-explainer> accessed on August 25, 2015

<sup>47</sup> "Spotlight: Devaluation a natural step toward a more global yuan", *Xinhua*, September 9, 2015 [http://news.xinhuanet.com/english/2015-09/12/c\\_134617462.htm](http://news.xinhuanet.com/english/2015-09/12/c_134617462.htm) accessed on September 10, 2015

<sup>48</sup> "Foreign Ministry Spokesperson Hua Chunying's Remarks on US President's Senior Adviser Jarrett's Attendance at Dalai's Birthday Celebrations", *Ministry of Foreign Affairs of People's Republic of China*, July 13, 2015 [http://www.fmprc.gov.cn/mfa\\_eng/xwfw\\_665399/s2510\\_665401/t1280894.shtml](http://www.fmprc.gov.cn/mfa_eng/xwfw_665399/s2510_665401/t1280894.shtml) accessed on August 25, 2015

<sup>49</sup> "Wang Yi: Hope the Implementation of Comprehensive Agreement Will Open up New Prospect for China-Iran Mutually Beneficial Cooperation", *Ministry of Foreign Affairs of People's Republic of China*, July 15, 2015 [http://www.fmprc.gov.cn/mfa\\_eng/zxxx\\_662805/t1282135.shtml](http://www.fmprc.gov.cn/mfa_eng/zxxx_662805/t1282135.shtml) accessed on August 25, 2015

<sup>50</sup> "Wang Yi: China Plays Unique and Constructive Role in Reaching Comprehensive Agreement on Iranian Nuclear Issue", *Ministry of Foreign Affairs of People's Republic of China*, July 15, 2015 [http://www.fmprc.gov.cn/mfa\\_eng/zxxx\\_662805/t1281870.shtml](http://www.fmprc.gov.cn/mfa_eng/zxxx_662805/t1281870.shtml) accessed on August 25, 2015

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## TRACKING THE KOREAN PENINSULA

### Inter-Korea agreement reached following escalated tensions

A landmark inter-Korea six-point agreement was negotiated on August 25 in Panmunjom during a high level meeting following escalated tensions when South Korean soldiers sustained injuries owing to the landmine explosions near Demilitarized Zone along the Military Demarcation Line. In the six-point agreement, the two Koreas decided to have meeting soon to strengthen North-South relations; Pyongyang agreed to lift the quasi-state of war and regretted the incident of landmine explosion; Seoul agreed to shelve all loudspeaker broadcasts; and both Koreas decided to arrange meetings of separated families during Chuseok and promote NGO exchanges.<sup>51</sup> South Korean legislators have welcomed the inter-Korea agreement and stressed that the implementation of the same will be critical for regional peace and unification.<sup>52</sup> Besides, United Nations Secretary-General Ban Ki-moon and the US has welcomed and expressed support to President Park Geun-hye's determination to strengthen inter-Korea relations.

### Report on Human Rights in North Korea published

Korea Institute for National Unification published a report titled *White Paper on Human Rights in North Korea 2015* which argues that DPRK has executed about 1382 people between 2008 and 2014. The conclusions of the report are drawn from the testimonials of 221 North Korean defectors who arrived in South Korea in 2014. The white paper reflects the current status of human rights violation in DPRK and suggests that individuals were executed for viewing and circulating South Korean movies, television dramas and other media content.<sup>53</sup> The report articulates that North Korea is inclined to extend more value on collective human rights and social rights compared to individual human rights and political rights. Like other socialist countries, North Korea often emphasise the significance of state sovereignty over human rights. Furthermore, the white paper suggests that even though North Korea has brought in numerous human rights laws but implementation of these laws are questionable. One of the observations of the report reflects that laws are often used as a political tool for instance, while rights related to work and health are not enforced adequately owing to economic hardship but criminal law, administrative penalty law related to regime control are implemented strictly.<sup>54</sup>

### Developments in US-South Korea relations

South Korean President Park Geun-hye is scheduled to visit Washington for the US-South Korea summit on October 16.<sup>55</sup> Earlier in June, President Park was expected to visit US for the summit meeting but had to postpone the trip owing to the outbreak of the Middle East Respiratory Syndrome.<sup>56</sup> Quite a few important issues are

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<sup>51</sup> "Full text of inter-Korean agreement: KCNA", *Yonhap News Agency*, August 25, 2015 <http://english.yonhapnews.co.kr/northkorea/2015/08/25/0401000000AEN20150825002400315.html> accessed on August 25, 2015

<sup>52</sup> "Lawmakers hail inter-Korean deal, urge implementation, KCNA", *Yonhap News Agency*, August 25, 2015 <http://english.yonhapnews.co.kr/northkorea/2015/08/25/0401000000AEN20150825002500315.html> accessed on August 25, 2015

<sup>53</sup> Yi Whan-woo, "NK executes nearly 1400 from 2008 to 2014", *The Korea Times*, July 1, 2015 [http://www.koreatimes.co.kr/www/news/nation/2015/07/485\\_181968.html](http://www.koreatimes.co.kr/www/news/nation/2015/07/485_181968.html) accessed on August 25, 2015

<sup>54</sup> Do Kyung-ok, Kim Soo-Am, Han Dong-ho, Lee Keum-Soon, Hong Min, "White Paper on Human Rights in North Korea 2015", *Korea Institute for National Unification*, September 25, 2015 [http://www.kinu.or.kr/eng/pub/pub\\_04\\_01.jsp](http://www.kinu.or.kr/eng/pub/pub_04_01.jsp) accessed on September 25, 2015

<sup>55</sup> "Park to visit U.S. in October for talks with Obama", *The Korea Herald*, August 13, 2015 <http://www.koreaherald.com/view.php?ud=20150813000199> accessed on August 25, 2015

<sup>56</sup> "Park to visit U.S. in Oct.", *The Korea Herald*, August 13, 2015 <http://www.koreaherald.com/view.php?ud=20150813001006> accessed on August 25, 2015

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expected to be deliberated on including security situation in the Korean Peninsula, land mine provocation by Pyongyang besides its nuclear weapons development, and US-South Korea alliance. The October summit will be President Park's fourth meeting with President Obama since she assumed office in 2013.

Meanwhile, the second Combined Joint Logistics Over-the-Shore Exercise between South Korea and the US was held at Anmyeon Beach between 29 June and 9 July. The objective was to increase logistical war readiness, interoperability, communication and cooperation, and improve the competency to transfer cargo from sea to shore.<sup>57</sup> Reports suggest that 1,700 service members joined the exercise. The first exercise was held in 2013. Besides, US-South Korea annual joint military exercise, called the Ulchi Freedom Guardian, started on August 16 in the backdrop of escalating tensions subsequent to Pyongyang's landmine attack in the DMZ. The exercise continued till August 28 and included participation from 50,000 Korean and 3,000 US troops. It had forces from other countries such as Australia, Canada, Colombia, Denmark, France, New Zealand and the United Kingdom. Moreover, the exercise was monitored by the Swiss and Swedish delegations of the Neutral Nations Supervisory Commission.<sup>58</sup>

In a separate development in July, US Pacific Fleet commander Adm. Scott Swift paid a visit to South Korea and held meeting with senior South Korean military officials such as Choi Yun-hee, the Joint Chiefs of Staff Chairman and Chung Ho-seop, the Chief of Naval Operations. The discussions focussed on the threats posed by North Korea.<sup>59</sup>

### **North Korea finished modifying long-range rocket launch facility**

Reports in South Korean media in July indicated that North Korea finished improving/modifying its long-range rocket launch facility adjacent to the Chinese border. The work started in late 2013. Satellite image reflected a 67-meter-tall gantry in the Dongchang-ri site. There are speculations that North Korea is likely to make use of the extended gantry to launch a missile longer than the Unha-3 on October 10 during the 70<sup>th</sup> anniversary of the founding of the Workers' Party. South Korean Defense Ministry is cautiously monitoring developments associated with missile launch and construction at the Dongchang-ri site. Additionally, there are intelligence information that North Korean supreme leader Kim Jong-un has called for the launch of a satellite to celebrate the Workers' Party anniversary. Furthermore, South Korea confirmed that North Korea has repositioned its artillery near the western sea border and placed four 122-mm howitzers on Gal Island situated near the Yeonpyeong Island.<sup>60</sup>

### **South Korean military budget likely to increase in 2016**

South Korean Finance Minister, Choi Kyung-hwan reportedly underscored that the latest impasse with North Korea triggers the need to strengthen combat readiness of South Korean troops. Seoul is expected to increase its 2016 military budget. The goal is to strengthen readiness against threats originating from North Korea.<sup>61</sup> Lawmaker

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<sup>57</sup> "S. Korea, U.S. launch joint military logistics drill on west coast", *Yonhap News Agency*, June 29, 2015 <http://english.yonhapnews.co.kr/northkorea/2015/06/29/0401000000AEN20150629005700315.html> accessed on August 25, 2015

<sup>58</sup> "Korea, US to start joint drill today", *The Korea Times*, August 16, 2015 [http://www.koreatimes.co.kr/www/news/nation/2015/08/116\\_184927.html](http://www.koreatimes.co.kr/www/news/nation/2015/08/116_184927.html) accessed on August 25, 2015

<sup>59</sup> "U.S. Pacific Fleet commander in Seoul", *The Korea Herald*, July 19, 2015 <http://www.koreaherald.com/view.php?ud=20150719000347> accessed on August 25, 2015

<sup>60</sup> "N. Korea upgrades long-range missile launch facility", *Yonhap News Agency*, 22 July 2015 <http://www.koreaherald.com/view.php?ud=20150722000403> accessed on August 25, 2015

<sup>61</sup> "S. Korea to hike military budget to boost readiness", *Yonhap News Agency*, August 27, 2015 <http://www.koreaherald.com/view.php?ud=20150827000216> accessed on August 27, 2015

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Kim Sung-tae suggested that government is likely to provide more funding for anti-submarine warfare systems to augment combat power. Ministry of National Defence put forward a request for \$36 billion defence budget in 2016.<sup>62</sup> Minister Choi suggested that even though South Korea will assign additional funds to strengthen the military capabilities, it will continue to make efforts to improve ties with Pyongyang including channelling more funds to the DMZ peace park and reinstating the railway link between Seoul and Wonsan.

### **South Korea celebrates 70<sup>th</sup> anniversary of liberation**

On August 15, South Korea celebrated 70<sup>th</sup> anniversary of liberation and the 67<sup>th</sup> anniversary of the founding of the Republic of Korea. President Park Geun-hye stressed on the significance of Korean unification for true liberation. However, North Korea has unwaveringly refused to engage in dialogue which undermines regional peace and stability. President Park emphasised that North Korea threatens South's security with its nuclear capabilities, and cyber-attacks. President Park underscored that South Korea is ready to respond confidently to any provocations. In addition, referring to South Korea's achievements, she mentioned about 'twin wings of a creative economy and cultural enrichment' as key to vitalising the economy.<sup>63</sup> Meanwhile, North Korean Committee for the Peaceful Reunification of Korea has registered strong protest by stating that President Park's language fiercely insulted the regime.<sup>64</sup>

### **South Korea-China-Japan trilateral summit likely in October or November**

In August, the chief of the Trilateral Cooperation Secretariat, Yang Houlan reportedly suggested that a South Korea-China-Japan trilateral summit is possible before the end of 2015 since relations are progressively returning to its normal track. The negotiators are aiming to conduct the meeting in October or November. The Foreign Ministers of all three nations agreed in March to extend support to a trilateral summit as soon as possible.<sup>65</sup> The last trilateral summit was hosted in 2012. Meanwhile, the negotiation is also underway to facilitate the first official Japan-South Korea bilateral meeting between Prime Minister Abe and President Park on the sidelines of the trilateral summit. Since both leaders assumed office, there was no official summit meeting between Japan and South Korea owing to the tensions over history issue.

### **North Korea commemorates 21st death anniversary of Kim Il-sung**

North Korean supreme leader Kim Jong-un paid his respects to Kim Il-sung on July 8 to honour the 21st death anniversary of the State's founder. Kim Jong-un visited the Kumsusan Palace of the Sun along with other officials in Pyongyang. North Korean media suggested that absolute loyalty to Kim Jong-un is required since the leader's "words and orders" is the "absolute truth" amid rumors that at least ten North Korean officials have asked for refuge as Kim Jong-un intensifies his control over the regime.<sup>66</sup>

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<sup>62</sup> Charles Forrester, "South Korea reveals plans to boost 2016 defence budget", *IHS Jane's Defence Industry*, 26 August 2015 <http://www.janes.com/article/53868/south-korea-reveals-plans-to-boost-2016-defence-budget> accessed on August 27, 2015

<sup>63</sup> "Commemorative Address by President Park Geun-hye on the 70th Anniversary of Liberation", *Cheong Wa Dae*, August 15, 2015 [http://english1.president.go.kr/activity/speeches.php?srh%5Bboard\\_no%5D=24&srh%5Bview\\_mode%5D=detail&srh%5Bseq%5D=11748&srh%5Bdetail\\_no%5D=44#sthash.OUrFh1S.dpuf](http://english1.president.go.kr/activity/speeches.php?srh%5Bboard_no%5D=24&srh%5Bview_mode%5D=detail&srh%5Bseq%5D=11748&srh%5Bdetail_no%5D=44#sthash.OUrFh1S.dpuf) accessed on August 25, 2015

<sup>64</sup> "N. Korea blasts President Park's Liberation Day speech", *The Korea Times*, August 16, 2015 [http://www.koreatimes.co.kr/www/news/nation/2015/08/485\\_184958.html](http://www.koreatimes.co.kr/www/news/nation/2015/08/485_184958.html) accessed on August 25, 2015

<sup>65</sup> "S. Korea, China, Japan working to hold summit as soon as possible: official", *Yonhap News Agency*, August 27, 2015 <http://www.koreaherald.com/view.php?ud=20150827001167> accessed on August 27, 2015

<sup>66</sup> "N. Korea leader pays tribute to late founder on anniversary", *The Korea Herald*, July 8, 2015 <http://www.koreaherald.com/view.php?ud=20150708000144> accessed on August 25, 2015

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## Restoration of Gyeongwon line

The Korea Rail Network Authority is ready to reinstate a part of the disconnected Gyeongwon line, the inter-Korean railway adjoining the Demilitarized Zone. President Park while attending the *Groundbreaking Ceremony for the Restoration of the Gyeongwon Line* at Baengmagoji Station in Cheolwon said the 'August 5, 2015, will be remembered as a historic day when we gave voice to our collective resolve to peacefully reunite our nation and make practical preparations for unification'. President Park emphasised that Gyeongwon line together with the Eurasia Initiative will achieve economic progress. The planned restoration spans 9.3 kilometers. Before the division, Gyeongwon line which spanned 223.7 kms, linked Seoul and Wonsan.<sup>67</sup>

## North Korean Foreign Minister attends ASEAN Regional Forum meeting

On August 6, Ri Su-yong, North Korean Foreign Minister attended ASEAN Regional Forum (ARF) meeting in Kuala Lumpur and argued the case that US's hostile policies, economic sanctions and US-South Korea joint-military exercises are responsible for intensified tensions in the Korean peninsula.<sup>68</sup> The North Korean delegation also had the director-general of the Foreign Ministry's Bureau of International Organizations, Kim Chang-min.<sup>69</sup>

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<sup>67</sup> "Remarks at the Groundbreaking Ceremony for the Restoration of the Gyeongwon Line", *Korean Net*, August 5, 2015 <http://www.korea.net/Government/Briefing-Room/Presidential-Speeches/view?articleId=129353&pageIndex=1> accessed on August 25, 2015

<sup>68</sup> "North Korea speaks on regional peace", *Nikkei Asian Review*, August 7, 2015 <http://asia.nikkei.com/Politics-Economy/International-Relations/North-Korea-speaks-on-regional-peace> accessed on August 25, 2015

<sup>69</sup> "N. Korean FM to attend regional meeting in Malaysia: official", *Yonhap News Agency*, July 29, 2015 <http://english.yonhapnews.co.kr/northkorea/2015/07/29/0401000000AEN20150729004452315.html> accessed on August 25, 2015

## ACTIVITIES OF THE CENTRE (JULY-AUGUST 2015)

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- Dr. Oriana Skylar Mastro, Assistant Professor of Security Studies at Georgetown University visited IDSA and presented on 'Why the Chinese Military Will Go Global' on 12 August, 2015.
- The East Asia Centre organised a talk by Mr. Nicholas Szechenyi on 'Japan's Strategic Trajectory and the Implications for India' on July 21, 2015. Mr. Nicholas Szechenyi is the Deputy Director of the Japan Chair at the Centre for Strategic and International Studies (CSIS), Washington DC.
- The East Asia Centre hosted a discussion meeting with Lt. Gen Wee Seungho, President of the Korean National Defence University (KNDU) of the Republic of Korea at IDSA on 3rd July 2015.

## PUBLICATIONS FROM THE CENTRE (JULY-AUGUST 2015)

- **China Yearbook 2014**, Prashant Kumar Singh, Magnum Books Pvt Ltd, ISBN: 978-93-82512-26-4  
<http://www.idsa.in/book/ChinaYearbook2014.html>
- China's Preference for Border Peace and Control over Early Resolution, M S Prathibha  
**IDSA Comment**, July 14, 2015  
[http://idsa.in/idsacomments/ChinasPreferenceforBorderPeaceandControloverEarlyResolution\\_msprathibha\\_140715.html](http://idsa.in/idsacomments/ChinasPreferenceforBorderPeaceandControloverEarlyResolution_msprathibha_140715.html)
- The Abe Statement: Reading the Politics behind the 70th Anniversary of WW II, Titli Basu,  
**IDSA Issue Brief**, August 24, 2015 [http://idsa.in/issuebrief/TheAbeStatement\\_tbasu\\_240814.html](http://idsa.in/issuebrief/TheAbeStatement_tbasu_240814.html)
- China's Victory Day Celebrations: Politics of War, Memory and Legitimacy, Avinash Godbole,  
**IDSA Comment**, September 04, 2015 [http://idsa.in/idsacomments/ChinasVictoryDayCelebrations\\_agodbole\\_040915.html](http://idsa.in/idsacomments/ChinasVictoryDayCelebrations_agodbole_040915.html)

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

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