



CARNEGIE-TSINGHUA
CENTER FOR GLOBAL POLICY

Transcript

CHINA IN THE WORLD PODCAST

Host: **Paul Haenle**

Guest: **Evan Medeiros**

Episode 136: The Crisis Unfolding in Asia
July 18, 2019

Haenle: Welcome to the China in the World podcast. Delighted today to have back with us, by popular demand, Evan Medeiros. Evan is the Penner Family Chair in Asia Studies and the Cling Family Distinguished Fellow in U.S.-China Studies at the School of Foreign Service at Georgetown University, a new position. Last time Evan was on the podcast, he was with the Eurasia Group. He's also a nonresident senior fellow here at the Carnegie Endowment for International Peace in the Asia program. Evan, of course, served in the Obama administration as the special assistant to the President, senior director for Asian affairs at the White House National Security Council. He spent a total of six years at the National Security Council. In that role, he served as President Obama's top advisor on the Asia-Pacific. He was responsible for coordinating U.S. policy toward the region, across a number of areas: diplomacy, defense, economic policy, intelligence affairs. He joined the National Security Council in the summer of 2009 as the director for China and then became the senior director after two years. Prior to joining the White House, Dr. Medeiros also worked for seven years as senior political scientist at the RAND Corporation, and he served as a policy advisor to Secretary Hank Paulson when he was working on the U.S.-China Strategic Economic Dialogue at the Treasury Department. Thanks, Evan, for joining us again in China.

Medeiros: Thank you, Paul. It's always great to be back.

Haenle: Evan, I want to talk to you. You wrote an article that was published this morning in *The Washington Post* about a crisis unfolding in Asia, and we're not talking about China. This is a crisis which you say in your article few are paying attention to, but it involves two allies of the United States, Japan and South Korea, where they have become deeply estranged. You mentioned that this has broken out into a trade war, and it threatens the U.S. alliance, it threatens regional prosperity, it threatens global supply chains. What is going on here? What is your article attempting to highlight as the problem that we're seeing unfolding?

Medeiros: Well, Paul, I'm glad that in your podcast, you're highlighting this issue. Because while it's not China-specific, it has implications for the U.S.-China relationship and China's role in the Asia-Pacific more broadly. Basically, the crisis between Japan and Korea right now is fundamentally about history. History, and I'm talking about deep history. History going back to the early 1900's, Japanese occupation of Korea from 1910 to 1945. History looms like a very dark shadow over the Asia-Pacific. And it manifests at different times. Sometimes, it's about territorial disputes in the East China Sea and the South China Sea. But this week, it's about a breakdown between our top allies. And this recent dispute is fundamentally at its core about forced labor, and whether or not the Koreans that were forced to work for Japanese companies during this occupation period had been fairly compensated. And the Japanese position is when Korea and Japan normalized relations in 1965, that the two big history issues — forced labor and sex slaves, otherwise known as “comfort women” — were both addressed in that agreement. The Korean argument is based on a recent court case that in fact, forced labor has not been totally settled. And so, there are merits to the argument on both sides, but it broke out...

Haenle: So this was a South Korea supreme court decision that you're referring to?

Medeiros: Correct. In 2018, the South Korean court made a decision that regarding forced labor, that the 1965 agreement didn't actually cover individuals. And the individuals had the right to bring a case against Japanese companies.

Haenle: How does Tokyo respond to that?

Medeiros: What happened was, these things take a long time to unfold. But a week or two ago, the straw that broke the camel's back was a South Korean court said, "We are now going to begin the process of seizing the assets in Korea of a particular Japanese company, and we're going to begin distributing them." That was Tokyo's red line. And Tokyo's response was, "Okay, we're going to dig up some arcane export control laws and rules and use that as a way to heavily restrict the export of key feedstock materials for semi-conductor producers." Basically, hit South Korea where it hurts. Now look, we could talk for hours about the intricacies of the legal case and the export controls. Fundamentally, the issue is one of strategy. And the coherence and cohesion of the U.S. alliances in East Asia is fundamental to the U.S. strategy, right? It allows the U.S. to deal with big issues like North Korea, looming issues like the rise of China. And when you have your two most critical allies in Northeast Asia break out into an outright trade war, it's time for the United States to step in — and step in forcefully. And the U.S. hasn't done that. And that's why I wrote the op-ed.

Haenle: When you were in the Obama administration, as you say, these are issues of history. And I was stationed in the Republic of Korea from 1992 to 1994, and I remember these issues loomed large. They haven't gone away, but they resurface, and tensions get higher during certain periods. What experience did you have on Japan-South Korea issues that can lend some good advice to the Trump administration during a period like this?

Medeiros: Right, so we in the Obama administration had sort of a similar crisis between allies. In December of 2013, Prime Minister Abe visited the Yasukuni Shrine, again another big controversial history issue that resonates with both the Koreans and the Japanese. And that basically put Japan on a pathway to a very negative relationship with the new president of South Korea, Park Geun-hye. And what we found was that the relationship just going south really, really fast. And we needed to do something. We needed to intervene, we needed to put a floor under the relationship. I mean, both of them had been in office for a year and had still not met. And I think that whether it was Abe's trip to Yasukuni or other things, there was a real sense in South Korea that perhaps they weren't going to be able to work with Japan on historical issues. And these are incredibly politically controversial issues, right? It's like racism in America. And so, what we did is, we decided: okay, we're going to persuade both leaders to meet with Obama on the margins of the Nuclear Security Summit in the Hague. We used the fact that the venue was not Asia (it was

Europe) which provides them some distance and political cover, we're going to use the fact that it's the Nuclear Security Summit. Right, we can all get behind nuclear security. We can all get behind [limiting] North Korea and nuclear and missile provocations and use that topic and the European venue as a way to persuade the two leaders to come and meet with Obama. But make no mistake about it. I mean that trilateral leaders' meeting, which was the first one that occurred in years, maybe even over a decade — it was all about the alliance and alliance cohesion, and carefully, subtly, in classic Obama fashion, helping them understand that we need to make sure that these history issues don't undermine our strategic interests. Right, history is about identity, it's about perception; they're probably not solvable, but you have to put it in the right context. And right now we all have a huge issues to deal with, which is North Korea's growing nuclear and missile capabilities.

Haenle: The U.S., I mean you've laid it out real well. The U.S. has a major role to play. These are both, as you say, alliance countries of the United States. The United States plays a large strategic role in the region. What are, in your view, some of the significant consequences if this situation gets worse?

Medeiros: Right, so the first and the most immediate one is it hurts regional trade and regional prosperity because if the situation is not restrained right now, you can see a tit-for-tat very, very quickly developing and escalating among two countries that are critical to regional supply chains for high-tech goods, both for consumer electronics as well as industrial electronics. So that's just genuinely bad. At a time at which the global economy is not doing great. Number two is it provides an opportunity for those people that want to degrade our alliances — North Korea and China — it gives them more opportunity to put distance between Japan and Korea, Korea and the United States, Japan and the United States. All sides of the triangle suffer in this particular equation, and North Korea and China can explain that.

Haenle: And is there already some of that happening? I mean, you hear now, with respect to the North Korea situation that there's been a bit of a wedge between the U.S. and South Korea as their positions change. South Korea, for example, would like to pull back on some of the sanctions, or at least consider pulling back on the sanctions with respect to North Korea, a position that China shares. Japan and China, we saw Prime Minister Abe go to China in the fall. They seem to be taking steps to improve their relationship. Would this be exacerbating something that's already happening in your view, if the situation deteriorates?

Medeiros: That's exactly my analysis — is that there are always sort of frictions and distance points between allies. It's very seldom that they're perfectly linked up. What this does is it creates an even greater opportunity at a time at which there are tensions between Japan and South Korea over North Korea. There's tensions between Washington and Seoul over North Korea questions, and potentially even China questions. I think North Korea systematically tried to isolate Abe in Japan as North Korea has courted South Korea and the United States to pursue a diplomatic

solution and maybe get sanctions relief. And then, you know, when it comes to China, the Japan-China relationship is interesting because of course the animosity between the populations and the elites is very, very deep; there's a strong sense of strategic competition. What concerns me is more that the Chinese will misread signals from Tokyo, and they will sort of think that Tokyo is becoming increasingly reliant on China economically that perhaps China has more traction to create distance between Tokyo and Washington. I'm not worried about a collapse of the U.S. trade alliance. But in a region where there's an enormous amount of transition right now, in large part because I think U.S. foreign policy is no longer this great source of certainty and reliability and predictability, this just makes it even worse.

Haenle: And how much of Trump's criticism and neglect of the alliances, seeing them as much more transactional issue and that our alliance relations with these countries are taking advantage of the United States. How much does that play into the current dynamics in here?

Medeiros: I think it plays into it both as a source and a consequence — a source in the sense that if all the allies begin to think of the alliances as a transaction, right, just a basic cost-benefit calculation, I think that logic feeds into what we're seeing played out between Japan and Korea, right? You have South Korea deciding, "Okay, we're going to bring up history's issues yet once again," and then Japan retaliating ways that could escalate further. So, if everybody starts thinking about alliances in transactional terms, you're going to sort of gradually erode the trust, the confidence, the predictability that makes these alliances so robust and strong. And the problem may not be today but in five years when you have a crisis, and these relationships have atrophied and there hasn't been a lot of joint planning, joint exercising, using these sort of well-developed alliance channels of communication and interaction especially among the military and the intelligence communities in a crisis situation that could be enormously problematic.

Haenle: And I hear more Chinese experts now talking about their policy approach within the Asia-Pacific region, and one sort of achievement that they tout is that even while U.S.-China relations are deteriorating, they are improving their relations not just with Japan and South Korea but with countries in Southeast Asia and the broader Asia-Pacific region. They seem to have a deliberate policy, and I think you've even written about this. That while the U.S. and China tensions go up, they're taking steps to improve relations in the Asia-Pacific and even beyond.

Medeiros: That's right. This crisis between Japan and Korea just plays into China's strategy. It helps China's effort to expand its influence in the Asia-Pacific, and it makes China sort of look more reasonable. It helps China position itself as the growth engine of the region — that sort of phenomenon.

Haenle: And finally, I think just to close out the discussion: what advice would you offer the Trump administration for dealing with this challenge right now?

Medeiros: The advice that I give in the op-ed is pretty clear, which is the United States has to take a leadership role and basically tell its two allies to stop and to stop now. The question is, how do you do this most effectively? Now, because of the sensitivity of the issue, it's important to be discreet. The Trump administration is not known for being discreet. So, my recommendation in the op-ed is that number one, Trump should pick up the phone and call Abe and Moon right now and basically tell them to cut it out. Now the question is: is he willing to do that and not Tweet about it or not put out a press release, and actually be discreet about it? Number two, the Secretary of State should get on a plane and go to both places. And look, he can be on a listening tour. But the reality is you may not need to call it mediation. But the United States has a substantial stake in not only stability between allies but also real cohesion. And right now, you've got a brewing trade war between us (Japan and South Korea). You've got to get the Secretary of State involved. Look, the United States is not going to be able to solve the history issue, and I'm not recommending that the U.S. try and mediate a history issue, but I think there is a diplomatic strategy out there put four corners around this: number one, prevent the issue from escalating, number two, figure out a strategy to walk back the actions on both sides, number three, come up with an agreement on things that are going to continue to happen even if disagreements over history issues continue. One of the big outcomes of Obama's meetings with Abe and Park in 2014 was they all agreed that they were going to resume senior-level consultations and coordination on North Korea, and in particular, they were going to all agree that regardless of what happens on history issues, that trilateral defense coordination and cooperation and exercises were going to go forward.

Haenle: That sounds like great advice, and I commend you for raising the issue and bringing awareness to it. And my own view is I hope the Trump administration accepts some of your recommendations; they sound quite sound. Thank you for joining the podcast again.

Medeiros: Thank you, Paul, it's always great to be back.

Haenle: I'd love to get you back here sometime soon and talk about other Asia issues including the U.S.-China relationship and other issues beyond that. So, thanks again.

Medeiros: Great, thank you Paul.