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JAPANESE ENERGY SECURITY AND CHANGING GLOBAL ENERGY MARKETS:
*AN ANALYSIS OF NORTHEAST ASIAN ENERGY COOPERATION AND JAPAN'S EVOLVING
LEADERSHIP ROLE IN THE REGION*

CULTURAL SECURITY PERCEPTIONS IN NORTHEAST ASIA
AND THEIR IMPACT ON ENERGY COOPERATION

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PREPARED IN CONJUNCTION WITH AN ENERGY STUDY SPONSORED BY
THE CENTER FOR INTERNATIONAL POLITICAL ECONOMY
AND
THE JAMES A. BAKER III INSTITUTE FOR PUBLIC POLICY
RICE UNIVERSITY – MAY 2000

Introduction

Asia as a whole appears poised for a period of sustained economic expansion – with important ramifications for world energy consumption. By 2005, Asia – defined to include the Indian Subcontinent, Southeast Asia, East Asia, Australia and New Zealand but excluding the countries of the former Soviet Union and the Middle East – could consume more energy than Europe. Five years after that, regional energy consumption could top one-third of the global total.

Asia's rapid economic growth, explosive urbanization, dramatic expansion in the transportation sector, and politically important electrification programs, will have a particularly dramatic effect on Asian consumption of oil and natural gas and the region's dependence on oil supplies from outside the region. At over 19 million barrels per day (b/d), Asia's oil use already exceeds that of the United States.¹ About 60% of this amount must be imported from outside the region. By 2010, total Asian oil consumption could reach 25 to 30 million b/d - of which 18 to 24 million b/d will have to be imported.²

Such a state of affairs clearly has important implications for the region. Asia's quest for fuel for its growing economies will create new economic and strategic challenges as well as alter geopolitical relations. The struggle to develop and secure sources of supply to meet rising energy requirements will be a major policy imperative for Asian leaders in the next century. Energy security concerns, while somewhat dormant in the mid-1980s through the mid-1990s in light of ample supplied oil markets, are starting to reemerge in the Asian strategic calculus. Asian leaders face daunting challenges in the energy arena. How will Asian countries marshal the financial resources to develop the massive infrastructure needed to meet soaring energy and electricity requirements of their growing economies? Will political relations allow Asian countries to cooperate across borders to enhance regional energy security? What role will energy policy play in promoting sustainable economic expansion into the 21st century?

Current trends in Asia – above all, the ongoing globalization of regional economies and deregulation of the energy sectors – are both increasing the incentives for cooperation and raising the costs of conflict for importing countries. Indeed, it is becoming increasingly clear to all the countries of the region that there are significant benefits to be reaped –both economically and

¹ IEA Annual Outlook, 1999.

² China and Long Range Energy Security, Baker Institute, April 1999.

strategically-- from cooperating on energy issues. This is especially true of Northeast Asia, which is the subject of this paper.

There is ample room for Northeast Asia to link energy infrastructure to create synergies and market efficiencies as well as improve the cost and access to foreign capital. Inter-country electricity trade in the region is not only technically feasible but also economically desirable. The benefits of such trade can easily be seen from the imbalance between the distribution of resources and demand centers in the region. Coal reserves are centered in east Siberia of Russia and North and Northeast China. Hydropower is abundant in east Siberia and the Far Eastern part of Russia and Southern China. In the Northeast and East China, Japan, and South Korea, fuel and energy sources are scarce. Overall, the base reserves of energy resources for power generation are located in the northwestern part of the region, while the main centers of power consumption are located in the southeastern part. Inter-country trading can provide useful solutions to the imbalance of resources, much the way it has in Latin America's southern cone.

At the same time, potential exists for joint efforts at alternative energy research and coordinated stockpiling. Rather than compete with each other to garner improved individual access to restrained Middle East oil supply, the major powers in Northeast Asia could mimic the members of the NATO alliance and Japan who, in the aftermath of the 1970s oil shocks, formed multilateral institutions to deal with energy supply vulnerability. The West learned quickly –a lesson that served it well during the 1990 Gulf crisis—that it could minimize the impact of supply disruptions from the Middle East by sharing resources in a coordinated fashion rather than by acting alone –militarily or otherwise.³

Finally, there are also areas of cooperation in the realm of security. Accident, terrorism and piracy in important sea-lanes constitute threats, real or potential, to all the importing countries of the region. All three – in addition to the direct financial costs they impose – raise the specter of an environmental disaster that could affect the whole region. While an uncoordinated expansion in defense establishments might fuel a destabilizing naval race, joint agreements on capture and prosecutions of outlaws and on environmental clean-up and emergency procedures could both provide areas for confidence building among the regional powers and garner tangible benefits for the security of sea lanes.

³ Yergin, Daniel, Eklof, Dennis, and Edwards, Jefferson, "Fueling Asia's Recovery," *Foreign Affairs*, Vo. 77, No 2 (March, 1998), p. 36.

Despite the apparent economic and strategic desirability of energy cooperation, cultural, historical and political barriers will have to be overcome. This paper investigates these barriers with an eye to identifying strategies to ameliorate them or possibly bypass them altogether in the energy realm, thereby opening up the possibility of limited energy cooperation within the region. If successful, such cooperation could help create a network of personal relationships and an ethos of consultation among traditionally suspicious governments –a benefit transcending the purely economic arena.

Despite the obvious benefits to energy cooperation, nonetheless, it would be wise to avoid jumping to the conclusion that such cooperation –once implemented-- would mean that conflict in the region would thereby be magically resolved. Despite globalization, territorial preoccupation and deep-seated nationalism still characterize strategic focus in the region. This reality will hamper any attempts to create multilateral solutions to regional problems no matter how clearly similar strategic interests might be with regards to energy security.

History of Conflict

There are any number of developments that could sharply curtail Asian cooperation on energy and, indeed, shift the region into a more confrontational mode. Conflict on the Korean peninsula or over the status of Taiwan cannot be ruled out. Rising nationalism inside China might also alter its foreign posture, prompting reaction from its neighbors. Already, China has tried to counterbalance U.S. international power in the wake of the Kosovo intervention by courting a closer relationship with Russia. Such pressures could well take precedence over the urge to cooperate on energy matters.

Beyond these active flashpoints, the Northeast Asian historical experience is also replete with territorial conflict, major wars and sharp cultural and political differences. Taken by itself, the diversity of political institutions and competing models of politics and economics within the region makes security cooperation difficult to accomplish. But when added together with a legacy of historical conflict and military occupation, the obstacles appear far greater.

War and occupation plague not one or two relationships in the region, but are the omnipresent backdrop of current bilateral relations among most of its states. Japan's relations with Russia, for example, are just now starting to improve from the Cold War freeze. This period of icy relations follows a history of war at the beginning of the 20th century. The ensuing territorial

dispute of the Kurile Islands remains unresolved and a domestic political problem for both countries. Despite a declaration of cease-fire in 1956 and a state visit by Russian President Boris Yeltsin of Russia to Japan in October 1993, problems still linger in the Japanese-Russian bilateral relationship especially where territorial issues are concerned.

By the same token, the brutal Japanese occupation of Manchuria in the 1930s and 40s remains an open wound in Sino-Japanese relations. This was demonstrated dramatically in July 1996 in the aftermath of Prime Minister Ryutaro Hashimoto's official visit to the Yasakuni shrine, the burial for Japan's war dead. The incident, taken together with a Japanese nationalist group's plans to build a lighthouse on the Senkaku Islands, prompted a frenzied response in the Chinese press, warning of the perils of resurging Japanese militarism. Even Taiwan and Hong Kong saw protests against Japanese activities in the islands. Although the islands are not strategically valuable, Chinese leaders and foreign policy analysts view the official silence in Tokyo as encouragement of an unofficial policy of expansion. The timing was particularly bad for fostering trust in trilateral relations between Japan, the U.S. and China. Chinese leaders and analysts at the time were deeply suspicious of Japan and concerned that the U.S.-Japan Security treaty was being redefined in a way that would allow for Japanese militarism and even involvement in potential Taiwanese independence. The dispute over the Senkaku Islands was thus an important symbol for masses and elite alike in Taiwan, Hong Kong and the Mainland.⁴

Since the end of the Cold War, Japanese leaders have offered a series of apologies acknowledging Japanese responsibility for the war, beginning with Emperor Akihito's historic trip to the People's Republic of China in 1992 and continuing with a series of statements by Japanese leaders since then.⁵ But the validity of the war crimes accusations and Japanese responsibility continue to be contested in Japanese discourse, and prominent Japanese individuals continue to voice unrepentant views of the war. This unfortunate by-product of democracy continues to fuel historically rooted animosity between Japan and China. Japan's seeming unwillingness to offer what the Chinese view as a sincere apology for atrocities, such as

⁴ Saunders, Phillip G., "China's America Watchers: Changing Attitudes Toward the United States," *China Quarterly*, No. 161, March 2000, pp. 41-65.

⁵ Kojima, Tomoyuki, "Sino-Japanese Relations: A Japanese Perspective," *Asia-Pacific Review*, Vol. 3, No. 1 (Spring/Summer 1996). Later statements were also made by Japanese leaders. See Wakamiya Yoshibumi, *Snego Hoshu no Ajiakan* (Tokyo: Asahi Shimbunsha, 1995, p. 212-213 and 219-220). For a more elaborate discussion of this subject, see Tom Berger, "The Return of Memory: The Social and Political Reconstruction of Japan's Historical

the rape of Nanjing, infuriates ordinary Chinese citizens and raises the suspicion that the Japanese have learned nothing from the past. Indeed, many Chinese feel that Japan's professed commitment to pacifism is nothing more than a sham.

For their part, the Japanese see China's unwillingness to accept the apologies that have been offered as evidence that reconciliation is impossible and many Japanese believe that the PRC leadership tries to make use of the history issue in order to cynically extract concessions on Taiwan and other issues.⁶ These historically rooted animosities exacerbate the danger of great power competition in Asia. In particular, the gap in perceptions of history between the two chief powers in the region, China and Japan, serves to reinforce the suspicions that each holds for the other.

Japan's long and brutal colonial history in Korea, extending from 1910-1945, also negatively influences the relations between Tokyo and Seoul today despite their close security relations with the United States and the growing compatibility of economic interests. As recently as 1997, when both nations were facing deep concerns about the potential nuclear status of North Korea, a verbal firestorm erupted between Japan and South Korea over the status of the Takeshima/Tokdo islands in the Sea of Japan.

Japan's official apology for the tragedies of the Colonial period --extended during the Kim Dae-Jung/Obuchi summit in 1998-- was considered a successful effort to create a new diplomatic atmosphere between the two countries, and indeed, relations between the two countries have improved significantly in the last two years. Although Japanese leaders had offered similar statements in 1983 and again in 1990, the 1998 apology was unique in that it was the first time a reference to the past Colonial period was incorporated into the formal communiqué of a bilateral summit, lending a stronger air of formality and importance.⁷ However, on the level of popular opinion, even the 1998 statement was seen as lacking because it failed to cover more specifically the issue of war crimes and atrocities, particularly the "comfort women" system imposed by Japan. South Korean Comfort women organizations continue to stage weekly protests in front of the Japanese Embassy in Seoul. The bitterness that

Memory" In Michael Mochizuki and Jitsuo Tsuchiyama, eds, *The Domestic Determinants of Japanese Foreign Policy* (forthcoming).

⁶ Tom Christensen, "China, the U.S.-Japanese Alliance and the Security Dilemma in East Asia," *International Security* 23:4 (Spring 1999).

⁷ Cha, Victor, *Alignment Despite Antagonism: U.S.-Korea-Japan Security*, Stanford 1999.

remains under the surface within the South Korean polity hinders the efforts of South Korean and American officials to strengthen ties between Seoul and Tokyo.

Over the last decade, both Russia and China have substantially improved relations with South Korea. However, these improved ties come against a backdrop of the history of conflict on the Korean peninsula when both Beijing and Moscow supported North Korea in its efforts to conquer the South in the early days of the Cold War.⁸

Finally, Sino-Russian relations have been similarly uneasy despite converging political and economic systems during the rise of communism in both countries. The improvement in U.S.-China relations in the 1970s, culminating in President Nixon's visit to Beijing in 1972, was driven by recognition inside China that its former ally, the Soviet Union, constituted the main threat to its security in the aftermath of the 1969 border clashes between the Soviets and the Chinese.⁹ The difficulties between the two countries in the 1960s and 1970s came against a backdrop of bitter memories of the bloody invasion of Manchuria by the Russian Red Army in 1945.¹⁰ More recently, in response to U.S. and NATO intervention in Kosovo, Beijing tried to create a rapprochement with Moscow to "counter" U.S. hegemony and interference in "internal affairs of sovereign nations," but such efforts have yet to establish credible cooperation beyond improved Chinese access to Russian weapons sales.¹¹

Security and Cultural Perceptions Shape Differing Views of the World

Against the historical backdrop discussed above come a wide range of differing security and cultural perceptions that will influence Northeast Asia's ability to forge cooperation on energy or other security matters. Unlike Europe, which enjoys not only close geographical relations promoting interaction and cooperation but a background of common political ideas, cultural movements and institutions, Northeast Asia has to overcome large geographic distances and natural barriers as well as sharply divergent world views. Japan, as a small island nation, has been dramatically influenced by its lack of resources. Russia, while resource rich, has for most of its history focused its external energy toward its Western rather than Eastern neighbors.

⁸ Goncharov, S.N., John W. Lewis and Xue Litai. 1993. *Uncertain Partners: Stalin, Mao, and the Korean War*. Stanford, CA: Stanford University Press.

⁹ Saunders, Op Cit.

¹⁰ See Willem van Kamenede, *China, Hong Kong, Taiwan Inc.*, (New York: Knopf, 1997) p.320-329.

China, with its extensive borders, hostile terrain and history of repeated devolution and decentralization, has been influenced over time by fears of encroachment from powerful neighbors or enemies. South Korea is stricken with its experience as a weak border state amid greater powers, creating a victim-like mindset that concerns itself with the possible loss of sovereignty and favors a bilateral security arrangement with a protecting force.

But more than geography is at work in forming the cultural framework under which the countries of Northeast Asia view security in so highly divergent ways. Cultural, historical, ethnic and social factors also play a decisive role. To demonstrate this point more clearly, this section will describe in more detail the security perceptions of three key regional powers -- Japan, China and South Korea-- and the influence of cultural, historical, ethnic and social factors in the development of these perceptions. These profiles demonstrate the lingering sense of mistrust and often strident nationalism that permeates regional interactions as well as the differing values and historical perspectives that need to be transcended to implement regional cooperative institutions and multi-lateral efforts.

CHINA

Inside China, elites worry that the country faces a deteriorating international security environment and growing internal difficulties and divisions. The country's beleaguered leadership is seen as having little room to maneuver, especially on international issues and Taiwan. International relations are analyzed from the perspective of trends in the balance of "comprehensive national power"—that is, economic, technological, political, and cultural as well as military power. Chinese assessments of these trends have been an important factor in formulating China's foreign policy since the founding of the People's Republic. For example, in the 1950s, the Chinese aligned with the Soviet Union to counter rising U.S. power. In the late 1960s, they found themselves in the strategically untenable situation of enmity with both the Soviet Union and the United States. Believing the U.S. to be a declining power, China opted to form a quasi-alliance with Washington against the Soviet Union which it saw as a rising, revisionist power bent on subjugating China in a quest for global hegemony.

¹¹ Nathan, Andrew and Ross, Robert, "The Great Wall and the Empty Fortress: China's Search for Security (New York: Norton, 1997). P. 48-53.

Cultural Security Perceptions in Northeast Asia And Their Impact on Energy Cooperation

After the aftermath of the Cold War era, Chinese leaders expected the world to rapidly evolve away from the collapsed bipolar structure toward increasing multi-polarity. They predicted that U.S. comprehensive national power would decline relative to the rising power of the other major “poles”—Japan, Europe, Russia and especially China. Multilateral institutions such as the United Nations were expected to play an increasingly important role in maintaining international security, while U.S. alliances with Japan and Europe were judged to be Cold War relics that would gradually fade away. The other poles of the multi-polar world would become not only stronger, the Chinese anticipated, but also increasingly independent and willing to challenge the United States.

In this environment, China expected U.S. tendencies toward “hegemonism” and “interference in the internal affairs of other states” to be checked by the international system, potentially enhancing China’s position in the world as a rising economic power. An increasing focus on economic development as the path to enhancing national power and status within the international community was thought to be a major benefit for China’s ultimate position because of its rising economic muscle. China's confidence was thus substantially bolstered by the World Bank and IMF reports of the early 1990s suggesting that China's economy, based on purchasing-power-parity measures of GDP, was the third or perhaps second largest in the world.

Chinese optimism about the country’s internal and external environment has been eroding over the last several years, however, as the U.S. lead over all the other poles has widened, not narrowed, and the expected multi-polar world has failed to emerge. Moreover, changes in the structure and institutions of foreign-policy decision-making in China have not yet produced more sophisticated and pragmatic analyses of U.S. intentions that might lead to more stable bilateral relations.

Chinese understanding of the domestic sources of American foreign policy, and Congress’ role in foreign policy making, is still weak and unsophisticated. This often leads to the conclusion that U.S. actions are the product of a coherent, strategic plan to contain China and not the result of a series of ad hoc measures designed to address both domestic political and economic concerns. Based on this perception, many of China’s leaders, especially the military elite and analysts, advocate hard-line measures and aggressive reactions as the only rational response.

Still, the number of Chinese leaders and foreign policy advisers who have a more realistic understanding of the domestic sources of U.S. foreign policy making is growing as academic exchanges continue and as younger generations of officials – including those with American degrees – rise through the ranks. Since taking over the Chinese Foreign Affairs Leadership Group from hard-liner Li Peng in 1997, Jiang Zemin has promoted the study of the U.S. Congress and the role of interest groups, and increased the number of congressional liaison staff at the embassy in Washington from four to 13. But these recent changes still need more time to take hold and the military and its research institutes still need a wide number of experts on American domestic politics.¹²

China's foreign affairs structure has also become much more susceptible to domestic politics, representing a major structural change in Chinese foreign policy making that in the near future will likely not help the development of stable relations with the U.S. Problems exist at several levels. President and Party Secretary Jiang Zemin, Premier Zhu Rongji and ex-foreign minister and Vice-Premier Qian Qichen took foreign policy control away from hard-liner Li Peng when he left the premiership for leadership of the National People's Congress in 1998. But by gaining formal control over both domestic and foreign policy, they now risk having foreign policy disputes serving as proxies for conflict over domestic policy issues, especially those on the costly and painful course of economic reforms. Until recently, reformers could afford to let the hard-liners take the blame for foreign policy failures. But as advocates of globalization and privatization, these reformist leaders now must bear direct responsibility for both failures in foreign relations and the domestic costs of opening up the global economy.

China's leaders are also likely to adopt more nationalistic policies, as they become more sensitive to popular perceptions and attitudes. Surveys of China's youth reveal strong nationalistic views, particularly toward the United States. These views are a "double-edged sword" for Chinese leaders, however, as they also come with unrealistic expectations about China's military strength and ability to assert itself in the international arena.¹³ Chinese leaders are both aware of these nationalistic popular perceptions and particularly sensitive to them.

¹² Saunders, *Op Cit.* Also for a very useful survey of decision-making in China, see Lu Ning, *The Dynamics of Foreign-Policy Decisionmaking in China*, 2nd ed., Boulder, Colorado: Westview Press, 2000).

¹³ Transnational China Project, 2000, "Chinese Values and Attitudes in the Era of Economic Reform: The State of the Art in Polling and Survey Research in China," executive summary of a workshop at the Baker Institute, Rice University, March 2000, and especially a paper presented at the workshop, Stanley Rosen, 2000, "Chinese Youth in the Year 2000: Internationalization, Nationalism and Pragmatism."

Contrary to the common wisdom about the isolated nature of decision-making in authoritarian political systems, Chinese leaders regularly commission sophisticated polls and surveys of popular views on foreign affairs.¹⁴ And Chinese leaders in the post-Cultural Revolution era have been especially mindful of the potential dangers of student and youth protests. Hu Yaobang and Zhao Ziyang were both forced to step down as Party General Secretary in response to politics set in motion by student protests.

In the context of these internal pressures on Chinese leaders and the unanticipated strength of the U.S. within the international community, the intractable and volatile problem of the status of Taiwan has increasingly come to trouble China's leaders. Former President Lee Teng-hui's perceived push toward independence, and the election of Chen Shui-bian of the pro-independence Democratic Progressive Party (DPP) as his successor, will likely remain a thorn in the side of China's weakened regime for some time to come. Although Chen has called for pragmatic negotiations with the Mainland, and even publicly asked the U.S. to normalize trade relations and support China's accession to the WTO, Beijing's leaders were both surprised by his election and unprepared to deal with a leader they have vilified. Chinese foreign policy experts suspect that the KMT and DPP are secretly working together to achieve independence rather than perceive the more complicated set of domestic issues that swept Chen into power.¹⁵

The U.S. historic role in this conflict is also resented and suspect in the eyes of Beijing's leaders. China's response to Lee's "provocative" visit to the United States in June 1995 led to the Sino-U.S. confrontation over Chinese missile tests near Taiwan in March 1996. Behind the scenes, Jiang Zemin and Vice-Premier Qian Qichen reportedly faced strong criticism from hard-liners and the military over their failure to persuade the U.S. to honor its commitment to deny Lee a visit.¹⁶ The result was the adoption of confrontational policies, including the missile tests.

Nevertheless, Beijing and Washington successfully turned the danger of the crisis into an opportunity to improve relations, leading to two summits in 1997 and 1998 and a declaration that the two sides were "building toward a constructive strategic partnership." But the underlying problems in Sino-American relations (including human rights, trade disputes, proliferation, and, most of all, Taiwan) have not been resolved. Deepening suspicions of each other's strategic intentions—especially within the broader body politics of both countries—were neither

¹⁴ Transnational China Op Cit.

¹⁵ Saunders Op Cit., interviews with foreign policy analysts.

addressed nor ameliorated. At the same time, NATO's U.S.-led intervention in Kosovo spurred widespread questioning inside China of Deng Xiaoping's dictum that the current era was one of "peace and development" and that world war was not inevitable. This belief was critical to China's decision to place top priority on economic development and place defense on the bottom of its lists of "Four Modernization."

In this context, the U.S. bilateral security relationships with South Korea and Japan take on a more threatening hue to Beijing, particularly in relation to the complex issue of Taiwan. The question is not so much whether Chinese policy and opinion makers would like to drive the U.S. out of Asia, as it is concerned that the U.S. will use its security partnerships to cater to a Taiwan that wants to change the status quo by becoming a *de jure* independent nation.

Concerns have emerged in Chinese security circles in recent years about a perceived broadening of the scope of the U.S.-Japan alliance to encompass the Taiwan Strait. To the extent that U.S. alliances and military forces are perceived to pose a threat of intervention in a Taiwan conflict—or provide peacetime psychological and political support to Taiwan independence forces—they pose a threat to China. In contrast, as long as the American presence is viewed as restraining Japan from pursuing an independent military capability and nuclear weapons and maintaining stability on the Korean Peninsula, it will be seen as contributing to regional stability. But concern about U.S. intentions regarding Taiwan and broader U.S. strategic intentions toward China are weakening support for this latter view. The Chinese are especially concerned that the United States will provide Taiwan with theater missile defense (TMD) that will encourage independence forces and re-establish the U.S.-Taiwan defense treaty on a *de facto* basis. They also worry that the United States will deploy a national missile defense that will neutralize China's nuclear deterrent force and undermine the strategic status quo.¹⁷

Chinese leaders recognize that the survival of the Communist Party requires that China actively participate in the globalization process. But successful participation has required increasing privatization in the Chinese economy and an opening of China's previously closed economy to obtain capital, technology and export markets. This reform process has brought an immense improvement in China's standard of living and provided the foundation for continued Party rule. But it has also led to the influx of foreign ideas and influences and the shrinking of

¹⁶ Saunders Op Cit.

¹⁷ See Tom Christensen, "Theatre Missile Defense and Taiwan's Security," *Orbis* 44:1, winter 2000. P. 79-90.

the state-run economy—and thus to the decline of Party control of the economy and society. Moreover, the abandonment in practice of Marxist-Leninist ideology has left millions of Chinese psychologically and morally adrift. Those who have benefited the least from reform—especially retired party and government officials living on small pensions and basically discarded by the society as useless—could represent a breeding ground for opposition groups. Some believe the Falun Gong is filling the vacuum left by the ideological confusion inside China.

To control the centrifugal forces unleashed by globalization and economic reform, Chinese leaders have chosen to promote nationalism and “patriotism” to counteract foreign influences and oppose U.S. “intervention in the internal affairs” of China and Taiwan.¹⁸ While this strategy may mitigate the political impact of the fragmentation of Chinese society, the Party’s increasing reliance on nationalism to rally the population behind the government has also exacerbated the Chinese leadership’s problem of dealing with the United States and the outside world. Thus, while nationalist, anti-U.S. sentiment can be a useful tool for sustaining support for the regime, it can also limit the leadership’s flexibility in its Taiwan and U.S. policies.

Successful modernization requires the maintenance of a peaceful international environment and, most importantly, good relations with the United States—the only superpower, the main force of globalization, and the key source of markets, capital and technology for China. But the focus of Chinese nationalism has been on the interrelated threats of Taiwan independence and U.S. “hegemonism.” Chinese hard-liners argue that engagement into Western institutions such as the WTO represents little more than surrender to the economic power of the U.S., Europe and Japan.

Despite rising nationalism in China and the objections of hard-liners, China’s leadership is still pursuing improved relations with the U.S. China appears to be content to rise as a civilian great power in the American, capitalist-led world order for the foreseeable future if U.S. choices in the region favor status quo politics. Chinese leaders see their overriding national interest in economic development, which they recognize requires good relations with the U.S. This more interdependent inclination, should it last, leaves open the possibility for cooperation on energy and other matters.

¹⁸ For more discussion of this point, see Lucian Pye, “Memory, Imagination and National Myths,” in Gerrit W. Gong ed., *Remembering and Forgetting: The Legacy of War and Peace in East Asia*, (Washington, DC: CSIS, 1996) p. 25-28.

Despite differences, neither the U.S. nor China appears to have hostile strategic intentions toward the other. The United States and China are not engaged in a life or death struggle between communism and capitalism. Rather, both sides have a compelling national interest in maintaining a cooperative relationship. It is from this base of common interest in cooperation that China can be urged to participate in multi-lateral activities in Asia.

JAPAN

As nationalism and related suspicions regarding other regional powers has grown in China, there has been similar renewed debate concerning resurgent nationalism in Japan. A number of developments are commonly pointed to as indicators of such a trend. In the autumn of 1999, after much debate, the Japanese flag (*Hinomaru*) and the traditional Japanese anthem (*Kimigayo*) were reinstated as official symbols of the Japanese State.¹⁹ Ishihara Shintarō, a right-wing politician noted for his outspoken anti-Americanism and his advocacy of an independent foreign policy, was voted in as the mayor of Tokyo.²⁰ One of the most popular (and controversial) films of 1999 in Japan was *Pride*, a sympathetic portrayal of Japanese War time militarist leader, Tojo Hideaki, drawing attention once again to the persistent gap between Japan's views of its responsibility for World War II and the views of its neighbors and partners.²¹ Finally, a number of observers see signs of growing assertiveness on the part of Japanese government leaders with respect to economic matters.

But, these signs of resurgent Japanese nationalism are not as new as might seem. In the 1950s, for example, concerns were sparked when after the end of the U.S. occupation, many right-wing figures associated with the militarist regime returned to positions of power and influence. They included Kishi Nobosuke (Tojo's Minister of Munitions at the time of Pearl Harbor), Shigemitsu Mamoru (Japan's Foreign at the end of the War) and Sasegawa Ryōichi (a

¹⁹ For details, see the *Asahi* August 10, 1999, p.1.

²⁰ Ishihara attracted perhaps even greater attention in the United States than in Japan in the early 1990s when the American media seized upon him as the poster boy for a new, aggressive Japanese nationalism. See Ishihara Shintaro and Morita Akio, *No to ieru Nihon e*, translated into English as *A Japan That Could Say No* (New York: Simon and Schuster, 1991).

²¹ For an English language review and commentary, see Mike Green, "Can Tojo Inspire Modern Japan?" *SAIS Review* XIX: 3 (Summer-Fall 1999). See in the same issue Ko Mishima, "The Ghosts of Ultrationalism Haunts Japan."

member of Japan's powerful ultra nationalist secret societies).²² In the 1960s, student protest movements led other analysts to warn of a nationalist contagion from the Left, one which it was feared could provoke an even more dangerous nationalist reaction on the right end of the political spectrum.²³ In the 1970s, the Japanese debate over an independent defense policy (*JishubÇei*) and Nakasone Yasuhiro's tenure as Director General of the Japanese Defense Agency (JDA) once again prompted concerns that Japan was about to remilitarize.²⁴ Likewise, as mentioned above, the specter of resurgent nationalism was evoked in the 1980s by Prime Minister Nakasone's efforts to instill a new sense of national pride and self confidence through such symbolic grand gestures as official cabinet visits to the Yasukuni shrine dedicated to the Japanese war dead in Tokyo.²⁵

To be sure, there have been many very real expressions of nationalist sentiment in Japan over the course of the past fifty years, and there can be little doubt that Japan as a nation and individual Japanese share a strong sense of national identity.²⁶ But this unifying logic is far from the virulently nationalist views espoused by the 90,000 or so members of far-right wing groups who rove Tokyo in sound trucks and periodically stage demonstrations in front of the Russian embassy. Rather than focusing on the past glory of the Emperor and Japan's divine

²² See Ivan I. Morris, Nationalism and the Right Wing in Japan: a Study of Postwar Trends (London, New York, Oxford University Press, 1960).

²³ George R. Packard, III, Protest in Tokyo: The Security Treaty Crisis of 1960 (Princeton, NJ: Princeton University Press, 1966).

²⁴ For a particularly inflammatory expression of such fears see Albert Axelbank, Black star over Japan: Rising forces of militarism (New York: Hill and Wang, 1972). For a more moderate Japanese analysis of the debates at the time see Otake Hideo, Nihon no Beoi to Kokunai Seiji (Tokyo: Sanichi Shobo, 1983).

²⁵ For an example of the kinds of fears that Nakasone's policies evoked in Japan see Kaminishi Akio, GNP 1% Waku (Tokyo: Kadokawa Bunko 1986). Coupled with Japan's apparently inexorable drive towards economic global dominance, even more extreme fears soon surfaced in evidence in the West, as reflected by George Friedman and Meredith Lebard, The Coming War with Japan (New York: St. Martin's Press, 1992). These fears spilled over into the popular domain with the publication of Michael Crichton's The Rising Sun (New York: Alfred A. Knopf, 1992) and the appearance of movie is such as Black Rain. For a thoughtful review of Crichton's novel and the type of popular suspicions regarding Japan at this time see Robert Reich in The New York Times book review section, February 9, 1992. For a more sustained analysis of Japanese nationalism as a political in the 1980s see Kenneth B. Pyle, The Japanese Question: Power and Purpose in a New Era (Washington, DC: AEI Press, 1992).

²⁶ For interesting recent overviews of the ways in which the Japanese perceive themselves as a nation see Tessa Morris-Suzuki, Reinventing Japan: Space, Time, Nation (Armonk, NY: M.E. Sharpe, 1998); Kosaku Yoshino, Cultural Nationalism in Contemporary Japan (New York and London: 1992); and Bruce Stronach, Beyond the Rising Sun (New York: Praeger, 1995)

mission to unify Asia, the dominant form of nationalism in postwar Japan emphasizes much more mundane things as Japan's economic prowess and social stability.²⁷

During the Cold War, Japan's national security culture was anchored in three things: 1) a particular interpretation of Japan's past which led to a de-emphasis of the military as an institution and a rejection of armed force as a legitimate tool of foreign policy; 2) the institutionalization of that particular conception of the past in various formal legal and organizational structures; and 3) an international environment which allowed this system to succeed in its own terms.

Japan's defeat in the Second World War was a catastrophic event that thoroughly discredited the old militarist regime and its depiction of Japan as a warrior nation.²⁸ In its place, a new identity of Japan as a "Merchant nation" was developed by Prime Minister Yoshida Shigeru and his followers. In this vision, trade and cooperation with the outside world were emphasized as a means of compensating for Japan's extreme vulnerability as a resource-poor island nation.

This change in identity was closely linked to a particular interpretation of the recent past and the kinds of lessons that were drawn from those experiences. Japan's wartime leaders were not condemned morally for their conduct of the war in the same way that the Nazi leadership was in Germany. Rather, Tojo and other war time leaders were portrayed as ultimately misguided figures who tragically misunderstood Japan's capabilities and who foolishly, even selfishly, sought to continue to prosecute the war long after it had become clear that the end result could only be Japan's complete and utter defeat.²⁹

The practical lessons that were drawn from these experiences were two fold. First, many Japanese leaders came to the conclusion that the costs of war in the modern age far outweighed any potential benefits, especially given the presence of nuclear weapons and especially for a resource-poor country like Japan. Thus, instead of pursuing the kind of strong, independent foreign policy that led to the creation of the Japanese Empire, Japan would be better off

²⁷ Pyle, Kenneth B., The Japanese Question: Power and Purpose in a New Era (Washington DC: AEI Press, 1992)

²⁸ For a detailed investigation of the psychology of defeat, see John W. Dower, Embracing Defeat (New York: W.W. Norton, New, 1999).

²⁹ For systematic discussions of the issue of Japan's war time memories, see Ian Buruma, The Wages of Guilt: Memories of War in Germany and Japan (New York: Farrar Strauss Giroux, 1994); George Hicks, Japan's War Memories: Amnesia or Concealment? (Aldershot: Ashgate, 1997); and Yoshida Yutaka, Nihonjin no Sens Okan: Sengo no Naka no Henyo (Tokyo: Iwanami Shoten, 1995).

following a path of peaceful cooperation with its neighbors and economic trading partners. This approach to foreign policy came to be labeled as the “Yoshida line” after the Prime Minister who is credited with first promulgating it.

Secondly, the war underlined in the minds of many Japanese the great risks associated with an overly powerful state that could impose domestic unity at home and pursue aggressive foreign policy objections abroad. Thus, the post-war Japanese democracy (in sharp contrast to Japan’s prewar democratic experiences) was structured to systematically limit the size and influence of the country’s armed forces and national security apparatus. The military was viewed as an institution that could not be fully trusted.³⁰

These experiences and lessons were institutionalized in the post-WW II Japanese political system in a variety of different ways. Most importantly, they were embodied in the Japanese constitution. The constitution expressly protects individual human rights and liberties and, in its famous Article 9, Japan renounces its sovereign right to wage war in the pursuit of national interests. Military forces are limited to the purpose of national self-defense. Japanese law also provides for the ban on the export of weapons, and the prohibition of the overseas dispatch of Japanese forces and the so-called Three non-nuclear principles that Japan will not develop, deploy or permit the transit through its territory of nuclear weapons. Organizationally, central functions of the Japanese Defense Agency (JDA) were placed under the control of outside Ministries to reinforce civilian control over the armed forces. For instance, budgetary matters have been managed by the Ministry of Finance, Procurement by the Ministry of International Trade and Industry and so forth.³¹

The Mutual Security Treaty with the United States relieved Japan of the burden of having to provide for its security on its own and allowed Japan the luxury to pursue an economic path without regard to the consequences of a limited military. Instead of having to create its own nuclear deterrent and maintain the kind of diplomatic presence and power projection capability needed to protect its vital sea lines of communication, Japan could rely on the United States to do

³⁰ One extreme reflection of this can be seen in the extreme difficulties that Japanese authorities had responding to the terrorist challenge of the Aum Shinrikyo doomsday cult.

³¹ See Peter J. Katzenstein, Cultural Norms and National Security: Police and Military in postwar in Japan (Ithaca: Cornell University Press, 1996) for a thorough overview of some of these legal and organizational constraints. The interpretation offered here, however, differs sharply from some of the distinction that Katzenstein tries to make

it for them. Arguably the primary purpose of its armed forces was to meet U.S. pressures for burden sharing and to maintain a residual capacity to rearm should the U.S. decide to withdraw. Thanks to this benign external environment, Japan was able to become the kind of “Merchant nation” that its leadership had aspired to in the 1950s. In the U.S.-Japan alliance, the Japanese people have found a means to create a form of “control” over the Japanese military that does not involve compromising national security. The U.S. military serves as “Yojimbo” or as a “bodyguard” and the U.S. alliance is a restraint on the Japanese military, preventing it from running amuck with ambition.

For many Japanese on both the Left and the Right end of the political spectrum, the nation’s de facto relinquishment of responsibility for its defense and foreign policy was profoundly humiliating. Moreover, at various points during the Cold War, this over reliance on the United States seemed increasingly foolhardy. It was argued on the Left that such dependence threatened to drag Japan into conflicts that were not in its national interest. On the Right, it was argued that the alliance with the U.S. was inadequate to meet the security threats that seemed to be emerging in Asia.

Evidence of anti-militarist sentiment still exists as reflected both by Japan’s continuing reluctance to participate in overseas military operations such as the Gulf War or the containment of North Korea. Moreover, the Obuchi government’s quick dismissal of the Political Vice Minister Nishimura of the Japanese Defense Agency in 1999 after he suggested in an interview that the Japanese legislature should reopen the debate on nuclear weapons demonstrates just how hot a potato the issue of rearmament can still be.³² Domestic opinion polls still indicate that a large majority of the population would like to see Japan evolve to a status similar to that of Switzerland. And, from the old image of militarism and warrior culture has evolved a new set of civilian values such as environmentalism, liberalism and consumerism.

Still, Japan’s security policies have undergone considerable adjustment since the end of the Cold War. For the first time, Japanese forces have been allowed to participate in peacekeeping missions abroad. The standing of the military as a bureaucracy, both in its relationship to other ministries and in terms of the relations within the JDA between its uniformed and non-uniformed members appear to have improved greatly over the past few years.

between the internal and external security fields.

Finally, the new Guidelines on U.S.-Japanese defense cooperation represent a major upgrading of the security relationship between the two allies and suggest that Japan will actively support at least logistically U.S. military operations in Korea and perhaps elsewhere should a crisis break out.³³

Japan certainly possesses the capacity to develop quickly significant nuclear weapons capability of its own and its military power projection capabilities have improved dramatically, especially with the launching of its own intelligence satellites and the acquisition of aerial in-flight refueling capabilities. But, in terms of outreach, the Japanese Maritime Self Defense Forces are far from being at the point where they could replace the U.S. Pacific fleet in defending the sea-lanes single-handedly. Even domestically, the Japanese armed forces remain a relatively small and weak, if now more broadly accepted, actor in Japanese politics, especially when compared to other political power houses such as the Ministry of Finance (MOF) or MITI, not to mention its pre-1945 predecessors. This reality, combined with a continued anti-militarist population, should argue against paranoia on the part of other regional players who fear the rise of pre-War Japanese imperialism.

In recent years, Japan has played a major role in developing intra-regional trade and supporting –with its considerable economic resources—the establishment of various political institutions, beginning with ASEAN and APEC, aimed at fostering continued interstate cooperation. The recent improvement of ties between Japan and the Republic of Korea could help bind a more unified Asian landscape. Japan has even exported its anti-militarist culture by offering technical assistance to Russia for its proper dismantling of deteriorating equipment from the declining superpower’s nuclear arsenal. Japanese private business has also been active in investing inside China, including in vital industries like telecommunications and energy.

³² See Asahi September 21, 1999, p.1.

³³ For a useful English language review of the new Guidelines and their significance for U.S.-Japanese security cooperation, see Paul S. Giarra and Akihisa Nagashima, “Managing the New U.S.-Japan Security Alliance: Enhancing Structures and Mechanisms to Address Post-Cold War Requirements,” in Michael J. Green and Patrick Cronin, eds. The U.S.-Japan Alliance: Past, Present and Future (New York: Council on Foreign Relations, 1999); and Richard P. Cronin, “Japan-U.S. Security Cooperation: Implications of the New Defense Cooperation Guidelines,” (Washington DC: Congressional Research Service Report for Congress, October 30, 1997). In Japanese, see Morimoto Satoshi, Kyokuto Yozi de Nihon wa Nani ga dekiru ka: Gaidorain to Yozi Hosei (Tokyo: PHP Kenkyo Osho, 1999)

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South Korea's strategic culture, despite globalization rhetoric and some policy initiatives to the contrary, is fundamentally grounded in what Johnston calls a *parabellum* or a hard realpolitik view of security.³⁴ At the center of the paradigm that defines Korean strategic choice are certain immutable geopolitical traits, particularly its position as a border state amid major regional powers. Throughout most of its history, Korea has been a relatively weak power in relation to its immediate neighbors, creating a mindset of national "victimization." Its collective experience has been one characterized by the bitter experience of foreign penetration by outside in the 19th century; the loss of sovereignty in the early 20th; and then division by war. Even in the post-cold war era, its strategic situation is characterized by proximity to a hostile, militarist state in North Korea that operates from a central principle focused on the efficacy of force and a potentially expansionist state in China. Balance of power politics is the primary template for the Korean strategic mindset which, like Japan, is also influenced by concerns about resource scarcity.

In addition, the history of pre-modern and modern international relations on the peninsula provides the lesson that only one orientation -- *bilateralism* -- works best for Korean security (as opposed to unilateralism or multilateralism). The reasons for this again derive from geopolitics and past systems of order in the region. Korea, even when unified, remained the "shrimp" in Northeast Asia, dwarfed by the relative power of its neighbors ("whales") in China, Japan, and Russia. In addition, past forms of order in the region have always centered on one of two arrangements: great power competition or great power concerts -- both of which tend to operate in ways that exploit or exclude the smaller powers. Under such conditions, bilateralism with a great power was Korea's primary form of power accretion.

Still, regardless of the inclination towards bilateral security solutions, modern South Korea (ROK) has also set its sights on economic modernization and diversification as means to further enhance security, matching the slogan: "rich nation—strong army." It has maintained its military spending plans even in the face of the 1998 economic crisis and has sought to cut the costs of military expansion by buying from cheaper suppliers such as Israel, Europe and Russia.

³⁴ Alastair Johnston, *Cultural Realism* (Princeton: Princeton University Press, 1995), p. 61.

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In the latter case, Soviet-South Korean normalization in 1990 was accompanied by a massive \$3 billion loan, which Moscow subsequently demonstrated a clear inability to repay. Seoul suspended the second half of this loan program and in August 1994 consented to an arrangement in which Russia would partially repay the debt with military hardware.³⁵ This largely consisted of small arms and logistic equipment, but the volume was large enough that the ROK created in October 1996 an infantry division outfitted with Russian-made equipment.³⁶

The new Russian relationship may prove to be an inexpensive way to modernize the ROK military under continued fiscal austerity. Russia through its state-run arms firm has been proposing a wide array of sophisticated weaponry to fulfill South Korean needs. The most well-known of these are the Russian Sukhoi SU-35 for the KFX program; 2300-ton Kilo class diesel submarines for the SSU program, and S-300 surface to air missile for the SAM-X program. These are all cheaper than their American counterparts (e.g., S-300 is 30 percent cheaper than the Patriot³). In addition, the liquidity requirements are further minimized because of Russian willingness to allow the ROK to debit up to 50% of costs from Russia's outstanding debt (e.g., Kilo-class submarines could be purchased 50% in cash and the remainder credited as debt repayment). Moreover, in accordance with ROK FIP priorities, Russians are extremely liberal with regard to transferring core technologies (e.g., SU-35, SU-37 and S-300).³⁷

Unlike small arms, these higher-technology weapons, if acquired by Seoul, would pose problems in terms of systems integration with existing U.S. systems.³⁸ Russian weapons also suffer from poor maintenance records and non-existent servicing in some cases. Nevertheless, because of the fiscal constraints, technology needs, and desire for greater autonomy, South Koreans talk as if they are proactively seeking out the Russian alternative. The Ministry of National Defense (MND) has made a point of explicitly noting that the Russian S-300 has as much chance of being the mainstay of SAM-X missile defense as the Patriot, which prompted a

³⁵ For a detailed treatment of this topic, see Tae-Hwan Kwak and Seung-ho Joo, "Military Cooperation between Russia and South Korea," paper presented at the 1999 APSA meeting, Atlanta, GA, September 4-5, 1999.

³⁶ This included BMP-3 armored fighting vehicles, T-80U tanks, anti-aircraft missiles and anti-tank missiles. MND's supplemental rationale for the Russian arms was for training purposes (as much DPRK equipment is Russian in origin, see Kwak and Joo, p. 7).

³⁷ For details, see Kwak and Joo, pp. 5-9.

³⁸ Russians cite the example of Greece where Russian and U.S.-made SAMs are both employed to rebut these claims, but most military experts see severe compatibility problems for an ROK military that has been so heavily dependent on U.S. systems to this point.

less-than-enthusiastic response from Cohen at the April 1997 SCM meetings.³⁹ The ROK established a cooperation agreement on military technology transfer.⁴⁰ And this past summer (May 1999), MND announced a plan to purchase three Kilo-class submarines for \$1 billion (this decision was postponed in July). These activities are currently minor and pose no threat to the alliance. However, if economic austerity puts increasing pressure on the Koreans to demand cheap weapons as well as core military technologies with which they can create domestic jobs, and procurement purchase decisions over the next few years fall in the direction of Russians, such developments could bring acute problems to the U.S. –ROK alliance.

South Korea's goal is clearly a more modern and autonomous defense capability, leading to speculation that the causal variable for force improvement is *not* the security threat from North Korea. Rather, the country's planned acquisitions indicate a gradual shift in the ROK military focus from the traditional ground-based contingencies to regional ones. Some argue that the primary contingency Korea is preparing for is conflict with Japan. Others argue that Korea's place in the region may be one of armed neutrality.⁴¹ In either case, the emphasis on naval capabilities and moderate power projection is clear. In 1995, a South Korean trading firm purchased two Kiev-class aircraft carriers (Minsk and Novorossiysk) from Russia, ostensibly for scrap metal purposes, but many believe the acquisition was aimed to attain the technology for future domestic development (the Navy has talked about developing a 12000 ton transport ship that could serve as a small aircraft carrier by 2010). Other programs include the planned purchase of four AWACS early-warning aircraft from the U.S. by 2010 at a cost of \$1.7 billion; CN-235 transport planes (from Spain and Indonesia); in-flight re-fueling capabilities; and development of a longer-range fighter plane (KTX 2).⁴² The ROK plans to put its first military satellite in orbit in 2005 (\$168 million).

³⁹ *Korea Herald* 15 September 1998.

⁴⁰ *Korea Times* September 4, 1998.

⁴¹ Arguments in these two veins are found in "ROK Navy Pursues Blue Water Navy," *Korea Times* 12 November 1995; *Wall Street Journal* 17 January 1995; *Joongang Ilbo* 23 January 1995; Kent Calder, *Pacific Defense* (New York: William Morrow, 1996); and Aidan Foster-Carter, *Korea's Coming Reunification: Another East Asian Superpower?* Economist Intelligence Unit, Special Report no. M212 (London: Economist Intelligence Unit, 1992).

⁴² On these points, see MND, *Defense White Paper 1997-98*; "Defense Ministry pushes Destroyer Plan," *Korea Herald*, 8 June 1998; Myung-ho Moon, "Debate on a Blue Water Navy," *Munhwa Ilbo*, 8 April 1997; "Military Concerned about Defense Budget Cuts," *Korea Herald*, 7 February 1998; Charles Morrison, ed., *Asia-Pacific Security Outlook* (Honolulu: East-West Center, 1997); "Major Military Procurement Projects to be Delayed or Canceled," *Korea Times*, 8 January 1998; South Korea to Buy Eight CN-235 Indonesian Military Aircraft, *Korea Herald* 20 November 1997; *Korea's Seapower and National Development in the Era of Globalization* (Seoul:

South Korea's push for more self-reliant defense capabilities, autonomy, and alternative military suppliers follow a philosophy toward self-help, potentially hedging against the future dissolution of the alliance. But it is widely assumed that if South Korea's military modernization initiatives ever push severely against the outside edges of the U.S. bilateral alliance, adjustments will be made to preserve the structure of the latter as opposed to staking out a truly unilateral, independent course.

Already, tensions have surfaced over the sensitive subject of TMD. The South Korean government has expressed decided disinterest in participating in an U.S.-led TMD initiative in the region. One of the primary rationales given for this decision is that the cost and technology requirements for participation are beyond the South's current means. But ROK officials informally admit that China's strongly expressed antipathy to TMD is another major reason for Seoul's policy, in keeping with a quiet desire to hedge by appearing neutral. Beijing has publicly applauded the ROK decision not to participate, and even made clear the implicit quid pro quo at assistant minister talks on Northeast Asia disarmament and nonproliferation issues in Seoul in early June. Depending on the degree to which support for TMD deployment becomes a defining characteristic of the American alliance network in the 21st century in Asia (i.e., anti-TMD bloc led by China, and pro-TMD with Japan, Taiwan, and Australia behind the U.S.), TMD deployment could be a major source of contention for the U.S. and South Korea.

Seoul's orientations towards the U.S. security alliance and power politics in Asia can't help but be modified if reconciliation and ultimately reunification become realizable, which seems more plausible in light of talk of summit possibilities. A unified Korea might be even more inclined to stake out more neutral ground in the region as a hedge against its larger geography and politically altered nature of its border with China.

PERCEPTIONS: Common Ground

At first glance, the national perceptions analyzed above seem to highlight key differences in history and outlook. China seems interested in seeing a change in the status quo that will enhance its position in the international system. Japan, with its anti-militarist bent, is looking for

Sejong Institute, 1995); Yong-sup Han, "Korea's Security Strategy for 21st Century: Cooperation and Conflict," *Korea Focus* 5.4 (July-August 1997); Joon-ho Do, "Security Strategy for 21st Century," *Wolgan Choson*, 25 November 1993; Seo-hang Lee, "Naval Power as an Instrument of Foreign Policy," *Korea Focus* 5.2 (March-April 1997).

alternative ways to gain favor and influence with its neighbors within status quo politics. South Korea, perhaps dissatisfied with its position within the status quo world, is seeking more autonomy of movement to enhance long-term security.

But beyond differing sentiments about the status quo, there is embedded in the attitudes of all three countries an acknowledgement that their position, power and security can be enhanced by a more multi-lateral approach. China has courted Russia, the U.S. and the Koreans to hedge its bets and improve its situation for both living within the status quo world and potentially altering it to its advantage by creating competition and checks and balances on U.S. power. Japan has pursued multi-lateral regional forums to push its own agenda forward outside the framework of its U.S. security relationship. South Korea's strategic choices demonstrate it feels insecure relying purely on the bilateral relationship with the U.S. and would like to appear more neutral in the region, particularly where TMD is involved.

Still, despite the perceived advantages of a more multi-polar world in Asia, all three countries –China, Japan and South Korea—still express concrete reasons to favor the status quo of bilateral alliances currently in place. The strong U.S. military presence and bilateral security relationships with Japan and South Korea provide a certain element of stability to the region and ensure no disruption will emerge in sea-lanes and trade.⁴³ Indeed, it can be argued that the U.S. presence equally assures the populace of China, South Korea and indeed Japan that Japan will be restrained in its options to remilitarize.

Yet, the U.S. should not take this logic about its usefulness to all players too far. Despite the obvious benefits to the U.S. role even in the post-Cold War environment, some aspects of the U.S. presence has changed. During the Cold War, Japan, South Korea and China each perceived a benefit of the U.S. engagement in Asia as a means to counter a concrete threat from the Soviet Union. Today, this threat is greatly diminished, and all three countries have made strides in improving relations with Russia. Thus, the more effort the U.S. makes to augment its bilateral security relationships with Japan and South Korea minus the concrete threat of Russia, the more this activity may be taken as threatening to other regional powers such as China as well as to North Korea. This interpretation is consistent with South Korea's discomfort on an U.S.

⁴³ Armacost, Michael H., "Friends and Rivals: The Insider's Account of U.S.-Japan Relations (New York: Columbia University Press, 1996. P. 78.

organized introduction of TMD to the region. U.S. military pro-action is also likely to jar against anti-militarist sentiment inside Japan.

U.S. pressure to thwart direct multi-lateral regional dialogue or security discussion in favor of enhancing its own position through its bilateral relations could easily backfire, potentially accidentally igniting one of the region's sensitive flashpoints by tapping paranoia and counter-reaction. Thus, the U.S. should be more interested and take more initiative to facilitate communication and cooperation within Asia outside the framework of itself as the middleman between all parties.

Cultural Attitudes Toward Energy Security –Similarities and Differences

Perhaps no where in the world do concerns about resource scarcity and the imperatives of self-reliance resonate with more vigor than in Northeast Asia. Policy-makers in China, South Korea and Japan alike remain gripped by the chimera of economic and resource self-sufficiency even when the tangible reality of international markets so argues for a different mindset.

The example of energy security policy in Northeast Asia dramatically illustrates this point. The last two decades of extraordinary growth in Japan and South Korea would seem to suggest that deficits of hydrocarbon resources are hardly key factors affecting either economic growth or national security. Still, Japanese officials cling to the notion of Japan as a “resource poor, island nation” needing unusual, stringent interventions to remedy its weak position. Japan and South Korean imports of oil and natural gas did not deter either nation from achieving positions as the world's second and twelfth largest economies respectively. Put in more concrete terms, Japan spends more than \$50 billion on oil imports a year and yet it runs annual trade surpluses of well over \$100 billion. And, yet, energy deficits seem to plague Japanese strategists in a manner suggesting the wolf of total deprivation is sitting right at the country's doorstep.

Far more than any other Asian nation, Japan has been obsessed with the question of energy security for much of the past century. Japan's colonial expansion in the 1930s and 40s was influenced by the urge to control energy resources. In more recent years, the notion of Japan as a resource poor, isolated island has become a relative fixation in the Japanese psyche, as core to its worries and self-identity as the obsession to store rice to prevent starvation. The country's sense of vulnerability is ironically countered by a cultural inclination to believe, however quixotically, that Japan's national will, if somehow properly directed, can counter any resource

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deficit through ingenuity and hard work. This mindset has led to a foreign policy course of “resource diplomacy” as well as countless, costly industrial debacles in the energy sector such unproductive investments in oil fields abroad and over expansion and then protection of its national refining industry. The Japanese government’s seemingly unshakable commitment to expansion of the nuclear power industry, despite popular opposition and countless accidents, finds its roots in the same attitudinal framework. Nuclear energy is a secure, domestically produced resource that promotes self-reliance. This priority takes precedence over any possibility of cheaper or safer alternatives.

In recent years, Japan's effort to attain greater energy security has opened up a new "Eurasian diplomacy," first aired publicly by Prime Minister Ryutaro Hashimoto in a July 1997 speech. After initially maintaining its historic ambiguity towards Moscow in the aftermath of the Cold War, Japan’s views began to shift by mid-decade. Growing concern about China spurred worries about Asian sea-lanes. This helped spur a rethinking of Japan's Russia policy which, apart from historic distrust, had been impeded by a long-standing territorial dispute over the Kurile Islands. Renewed interest in Russian natural gas resources prompted a warming of relations, and Japan also joined the excitement over prospective new oil and gas resources in Central Asia.

Tokyo shifted its Russia policy, calling for "balanced expansion," which meant a lower profile for the Kurile Islands dispute in Russo-Japanese relations. This new approach has a complex logic in which energy plays a central role in geopolitical calculations. Japan seeks better ties to Russia in order to balance China. At the same time, development of Russian energy resources is hoped both to benefit Japan directly in terms of secure energy supplies, but also to aid China's need for energy, reducing the possibility that energy shortages could lead to more aggressive Chinese behavior. Thus, Japanese companies have invested in two major Sakhalin projects and are exploring other pipeline prospects, expressing a willingness to link in the effort with China.

As China has shifted from a net exporter of oil to a net importer, its focus on energy security as part of its strategic calculus has grown exponentially. Like neighboring Japan, energy supply vulnerability has struck a powerful chord and spurred a broad and public campaign of resource diplomacy in a similar manner to Japan’s basic flailing around in the 1980s.

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In one short year in 1997, China's state CNPC spent billions acquiring oil fields as far afield as Peru, Venezuela, Sudan and nearby Kazakhstan, with paltry regard for commerciality or long-term strategic analysis. It has also made a play to enter the prospective acreage of Iraq and Iran. It launched warships to assert its claims to the Spratly Islands, which may hold some modest resources. And, like Tokyo, despite a history of distrust and tension, Beijing has more recently courted Russia about potential hydrocarbon supplies from Irkutsk, Yakutia and even as far away as Siberia. All these activities were taken with the same alacrity as in neighboring Japan to solve overnight the dire consequences of supply vulnerability.

Unlike Japan, however, China still has vast unexploited national resources at its disposal, and it has launched a campaign to develop its internal resources of natural gas to help diversify its economy from rising dependence on imported oil. Self-sufficiency remains a powerful aspiration among the ruling party that is likely to have an even more difficult time than Japan's hierarchy acknowledging vulnerability to international waterways and events given its more tense relationship with the U.S., which plays the dominant role in securing access to needed Middle East supply. But unlike Japan, whose government remains committed to costly, go-it-alone strategies to achieve self-reliance, China has made several overtures to regional players and the U.S. to participate in bilateral or multilateral initiatives to cooperate on energy issues. China has aired the possibility of enhancing natural gas use and development with the assistance of U.S. companies. It has approached Japan, South Korea and Russia about joint venture supply routes. It has also courted other regional suppliers in Central Asia and the Middle East, including Saudi Arabia, which would like to invest in China's refining industry.

Ironically, South Korea, which lacks the economic muscle of Japan or the richer resource potential of China, holds a more sanguine view of its energy supply vulnerability than its two neighbors. South Korea seems more willing to rely on markets and market solutions and has had only a muted interest in oil investments abroad. South Korea's attitude reflects a more modest goal of coping in a tough environment rather than the unattainable myth of self-reliance. South Korea was among the first Asian nations to encourage foreign (and Middle Eastern) investment in its refining sector, and it is now implementing a fairly aggressive path toward market deregulation. Like Japan, South Korea has pursued the nuclear energy option but currently favors a rise in imported natural gas as the best course to meet rising electricity demand.

Conclusion

While South Korea, China and Japan seem to share similar concerns about energy supply and thereby share common interests in this area, there are nonetheless daunting barriers to cooperation. Concerns about sovereignty and nationalism hinder development of multi-lateral institutions and frameworks. It remains a bit of a paradox that in an era where territory and sovereignty are being redefined by the global economy, the Internet and rapid technological change, long-standing territorial disputes and historical enmities appear to loom large as defining issues in Northeast Asian inter-state relations. The status of Taiwan notwithstanding, there are lesser disputes that involve near barren rocks in the Senakaku, the Spratly's, the Kuriles, the Tokdo islands, to name a few.

The region is also beset with competing power rivalries and hedging agendas.⁴⁴ China has articulated a vision of Asia in which it plays a more dominant role and American alliances are greatly diminished. Yet, it hedges by pursuing cooperative relations with the U.S. while at the same time modernizing its conventional and nuclear forces. Japan's national desire to carve out its own identity as a major regional power politically and militarily as well as economically is evident but Tokyo simultaneously is strengthening the U.S.-Japan security alliance in part due to its concern about growing Chinese power and possible isolation from other neighbors. Seoul pursues the ultimate hedging strategy enhancing autonomous self-defense programs while at the same time deepening its ties to Japan and the U.S. while simultaneously courting China and Russia. North Korea continues to constitute a threat while at the same time responding to diplomatic initiatives from the U.S. and renewing ties to China, Russia and even Japan.

Northeast Asia is perhaps decades away from having the established institutions and shared values of the European community. This difference is highlighted in comparing the E.U.'s willingness to implement a single passport and currency in sharp contrast to the more racially exclusive concept of citizenship until recently practiced in Japan and South Korea.

For example, immigrants to Japan can have a difficult time acquiring citizenship, despite the existence of approximately 600,000 Korean minorities. Even immigrants of Japanese descent, coming from Peru or Brazil are not offered citizenship outright but are the only category

⁴⁴ For an excellent discussion of these strategies and their implications, see Manning, Robert and Przystup, James J., "Asia's Transition Diplomacy: Hedging Against Futureshock," *Survival*, Vol. 4, Autumn 1999, p. 43-67

of foreign labor that is given a legal, work-permit and residency status.⁴⁵ In September 1997, the South Korean Ministry of Justice revised the 1948 law so that any child born in marriage to a Korean citizen –man or woman—would be entitled to Korean citizenship. But, mixed heritage children are not drafted into military service. South Korea also established gender equality in citizenship requirements for foreign-born spouses of South Koreans by mandating that any such foreigner who has resided in Korea for two years or more can qualify for Korean citizenship. Japan adjusted a similar law as far back as 1985. Still, even with reforms, new arrivals of immigrants from Southeast Asia are viewed as “dirty,” uneducated and somehow disruptive to the Japanese and Korean “way of life.”

Moreover, many of the major countries of Northeast Asia fears the influx of immigration from their less fortunate neighbors. The South Korean government is nervous about the possible influx of hundreds of thousands of North Korean refugees either through the collapse of the Pyongyang regime or reunification. China also remains concerned about the influx of North Koreans to its border areas. Anxieties about flow of workers across borders also hinders Sino-Russian joint economic projects. Even Japan fears an influx of migrant workers from China.

Geography is another culprit. Great distances and difficult terrain separate the countries of Northeast Asia, rendering the costs of cooperation on energy infrastructure to exorbitant levels. Still, the occasional array of summitry –bilateral and multi-lateral—demonstrates the underlying interest in improved regional relations and the clear strategic benefits that can ensue from cooperation in key areas like energy. For Asia, energy has the potential to serve as an integrative force, creating a larger sense of shared interests and a stake in overall cooperation. By virtue of the strategic importance of energy supply, a gesture to voluntarily link one’s energy fate to others is a form of interdependence that requires and thereby creates trust and confidence.

Asia can certainly learn a lot from the West’s energy insecurity experiences of the 1970s. As the lesson of the 1990 Gulf crisis demonstrated, oil-consuming nations can minimize the impact of supply disruptions from the Middle East by sharing resources in a coordinated fashion rather than by acting alone.

More generally, common regional activities in the energy arena could foster both the formal structures and informal norms that could lead to broader cooperation in the region. Even

⁴⁵ Weiner, Myron and Hanami, Tadashi, eds. Temporary Workers or Future Citizens: Japanese or U.S. Migration Policies (London and New York: MacMillan, 1997).

limited cooperation –if successful—can help create a network of personal relationships and an ethos of consultation among traditionally suspicious governments. A shift from process-based multilateralism to solution-oriented, problem-solving institutions in Asia might help countries better transcend ideology and history.

Areas for cooperation on the energy front are multifold. The key Asian consumers can mimic (or possibly join in some fashion) the IEA systems by creating their own joint stockpiling and research organizations. There is room for Northeast Asia to link energy infrastructure to create synergies and market efficiencies as well as improve the cost and access to foreign capital. While political obstacles might be great, the experience of the Latin American cone is instructive on the benefits of inter-national natural gas and electricity grids in improving access to supplies and lowering energy costs to consumers. Several grids have been proposed in Asia, including natural gas grids linking ASEAN countries, one linking Burma, Bangladesh and India, and another more ambitious scheme that would carry Russian oil and gas to Japan, China and the Koreas. Russia's Irkutsk region is also investigating exporting spare hydroelectric power to Mongolia and Northern China. Finally, there are also areas of cooperation in the realm of security of sea-lanes.

On balance, current trends in Asia – above all, the ongoing globalization of regional economies and deregulation of the energy sectors – are both increasing the incentives for cooperation and raising the costs of conflict for importing countries. There are signs that the countries of the region are prepared to create multilateral institutions to deal with energy issues of mutual concern. However, historically grounded animosities and suspicions continue to hamper these efforts. It remains true that despite the powerful incentives for greater cooperation on energy, any number of developments could, rather, shift the region into a more confrontational mode.

In this regard, the U.S. role in the region could be a pivotal factor. The United States should avoid at all costs an U.S. drawdown in the Pacific, which might open space for security competition –for example, between China and Japan—to fill the vacuum. It should also avoid fueling tendencies toward enmity and paranoia in Northeast Asia by pushing programs that will be perceived as untenable direct security threats against China and North Korea unless circumstances clearly warrant them. Advantage will not be gained by pressing policies that will result in a divisive domestic reaction in Japan or a sharp destabilizing response from Beijing.

**Cultural Security Perceptions in Northeast Asia
And Their Impact on Energy Cooperation**

China's limited force projection capabilities give the U.S. the luxury to take a wait and see approach to containment strategy. At the same time, the U.S. should encourage regional dialogue aimed at overcoming mutual suspicions on the security front –both on a bilateral and on a multilateral basis. The region would benefit from a pro-active U.S. policy that has a more positive approach to multilateralism than it has had historically in the region.