



Delhi Policy Group

Advancing India's Rise as a Leading Power



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Cover Image:

U.S President Joe Biden, Japan's Prime Minister Fumio Kishida and South Korea's President Yoon Suk-yeol on the day of trilateral engagement during the G7 Summit in Hiroshima, Japan, May 21, 2023. (Source: [President Biden/Official Twitter](#))

China's Minister of National Defence and State Councillor, General Li Shangfu speaks on the subject of 'China's New Security Initiatives' at the IISS Shangri-La Dialogue 2023 in Singapore on June 4, 2023. (Source: [IISS Shangri-La Dialogue/Official Website](#))

South Korea's President Yoon Suk Yeol with US President Joe Biden at the State Dinner in the White House on April 27. (Source: [President Biden/Official Twitter](#))

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China unlikely to soften its policy toward Japan after the Defence Ministers' Meeting

by

Pradeep Taneja

In his meeting with the Japanese Defence Minister, Yasukazu Hamada, on the sidelines of the Shangri-La Dialogue in Singapore in the first week of June, the Chinese Defence Minister, General Li Shangfu, began his opening remarks by urging Japan to abide by the four communiqués between the two countries. He said that the Taiwan issue is China's domestic issue and he hoped Japan will not send the "wrong signal" to pro-independence forces in Taiwan. In other words, Japan was warned not to join the US in making comments or taking actions that would contribute to the growing pro-independence sentiment in Taiwan.

With the customary warning about Taiwan out of the way, the Chinese general then turned to the dispute over the Senkaku islands, which are administered by Japan but claimed by China as Diaoyu. Li surprised observers when he told Hamada in front of the world's media that "the Diaoyu issue is not the entirety of China-Japan relations" and that the issue should be considered "from a long-term and comprehensive viewpoint."

According to one seasoned Japanese China watcher, Li's comments were a "bombshell" and a "clear departure from recent policy" over the tiny islands.¹ While Japan has consistently maintained there is no "territorial issue" between the two countries, both the PRC and Taiwan lay claim to the almost barren outcrops in the East China Sea.

Until September 2012, when the Japanese government bought the islands from a private owner, China's policy had been that the issue should be handled from a long-term perspective, keeping in mind the overall bilateral relationship. But since 2012, which also coincided with Xi Jinping's rise to power, China has adopted a much more aggressive position on the Senkaku/Diaoyu dispute, and it regularly sends coastguard and naval ships in the waters around the islands.

The Chinese and Japanese defence ministers had also spoken briefly over the newly established hotline between the senior defence officials of the two countries two weeks before their Singapore meeting. The Japanese commentator mentioned above has also attributed General Li's remarks about the islands dispute to a softening of China's attitude towards Japan which may

¹ Katsuji Nakazawa, 'Analysis: Chinese general signals new strategy with Senkaku remarks', Nikkei Asia Review, 8 June 2023. <https://asia.nikkei.com/Editor-s-Picks/China-up-close/Analysis-Chinese-general-signals-new-strategy-with-Senkaku-remarks>

indicate a “course correction” by Beijing, because of the “worsening international situation surrounding China.”²

But there is evidence to suggest that this view is overly optimistic. China’s actions speak louder than words. There are three important reasons that militate against such a conclusion.

First, China was scathing in its criticism of Japan after the G-7 meeting in Hiroshima. It accused Japan of colluding with other countries in “smearing and attacking China” and interfering in China’s internal affairs, pointing to the joint communique issued at the end of the G-7 Summit. China’s Vice Foreign Minister, Sun Weidong (a former Chinese envoy to India), summoned the Japanese Ambassador, Hideo Tarumi, to lodge a protest over the G-7 Summit communique and other documents.³ Ambassador Tarumi, however, stood his ground and reportedly told the Chinese minister: “It is natural for G7 countries to discuss a source of shared concerns. Things are not likely to change unless China changes its behaviour.”⁴ Earlier, the G-7 leaders’ communique had taken China to task for its actions in the East and South China Seas and for the Chinese response to the Russian aggression in Ukraine. The communique also deplored economic coercion by China, albeit without mentioning it by name.⁵

Second, China has recently intensified its naval activity around the Senkaku islands and Japanese waters. In a provocative move, a PLA Navy flotilla led by a Type 075 amphibious assault ship *Guangxi*, along with a Type 052D destroyer *Baotou*, recently sailed from the East China Sea through the Osumi strait off Kagoshima prefecture towards the West Pacific Ocean in late June. At the same time, the PLAN frigate *Anyang* and the Type 903A replenishment ship *Chaohu* sailed from the East China Sea through the corridor between Amami Oshima and the volcanic island of Yokoate-jima into the same West Pacific region. China’s nationalist tabloid Global Times described these voyages as aimed at giving a warning to those with a “guilty conscience”, including “Taiwan independence” secessionists as well as “external interference forces.”⁶

²ibid

³ CGTN, ‘China summons Japan’s ambassador over G7 summit’, 21 May 2023.

<https://news.cgtn.com/news/2023-05-21/China-summons-Japan-ambassador-over-G7-statement-1jZlvm9VHva/index.html>

⁴ Kiyota Higa, ‘Japan Ambassador Rebutts Chinese Minister’s Criticism of G7 Communique’, The Japan News, 23 May 2023. <https://japannews.yomiuri.co.jp/politics/g7-summit/20230523-111517/>

⁵ For a detailed discussion of the references to China in the G-7 2023 communique, see Mirna Galic, ‘At the G7 Summit, Leaders Talk Tough on China but Moderate Tone’, United States Institute of Peace, 25 May 2023. <https://www.usip.org/publications/2023/05/g7-summit-leaders-talk-tough-china-moderate-tone>

⁶ Liu Xuanzun, ‘China’s Type 075 amphibious assault ship spotted breaking island chain from straits south of Japan for first time’, Global Times, 1 July 2023. <https://www.globaltimes.cn/page/202307/1293523.shtml>

Lastly, China's increased attempts to encourage opposition to US bases in Japan's Okinawa indicate that China regards Japan as a key link in what it labels the US containment strategy aimed at China. During a visit to the China National Archives of Publications and Culture in Beijing in early June, Xi Jinping raised eyebrows in Japan when he said, while serving as the governor of the southern province of Fujian, he had learned about the "deep" connections between Fujian and the Ryukyu Islands, which also include the Okinawa prefecture and where a large proportion of US forces in Japan are based. Xi Jinping's comments were interpreted in Japan as "inflaming" relations between the Okinawans and Tokyo and aimed at "disrupting plans involving Okinawa and US forces based on the island."⁷

The governor of Okinawa, Denny Tamaki, is expected to visit Beijing and Fujian province in the first week of July as part of a delegation of the Japanese Association for the Promotion of International Trade, which is led by the pro-China veteran politician Yohie Kono. While in China, Tamaki is likely to promote the campaign against the US bases in Okinawa. In this context, Xi's remarks about Ryukyu are being seen as a warning to Japan to stop siding with the US on the Taiwan issue.

The above moves by Beijing make it clear that it has no intention of softening its hard-line policy towards Japan. On the contrary, as the Biden administration intensifies its efforts aimed at dissuading China from using force to achieve its uncompromising goal of reunification of Taiwan with the mainland, Japan is likely to come under even more pressure from Beijing.

⁷ Maria Siow, 'Beijing stokes opposition to US bases in Japan's Okinawa as it seeks to 'win hearts and minds' amid Taiwan tensions', South China Morning Post, 2 July 2023. <https://www.scmp.com/week-asia/politics/article/3226123/china-stokes-opposition-us-bases-japans-okinawa-it-seeks-win-hearts-and-minds-amid-taiwan-tensions>

The Situation on the Korean Peninsula

by

Biren Nanda

The recent past has seen some remarkable developments in Northeast Asia. First, in March there was a thaw in Japan-ROK relations. South Korean President Yoon Suk Yeol visited Tokyo in March this year and held talks with Japanese Prime Minister Fumio Kishida – the first visit by a South Korean President in 12 years. The two countries struck a deal on the issue of forced Korean labor during World War II. This was followed by President Yoon's high profile visit to the US – also the first in 12 years. A key outcome of the visit was the "Washington Declaration" which aimed at strengthening extended deterrence measures. The third significant development was the release of a new 'National Security Strategy', 'National Defense Strategy' and a 'defense buildup program'⁸ by the Kishida government December 2022.

All these developments put together appear to be a reaction to Chinese assertions and the DPRK's unpredictable belligerence which poses a continuing threat to Japan, ROK and the US.

In light of the renewed focus of the US alliance on Northeast Asia it is pertinent to examine in generic terms how these countries view the longer term developments in the region.

The situation on the Korean Peninsula often reminds one of a pendulum swinging from a recurrent crisis to negotiations and back. The process is a vicious circle. Typically the US Administration faces a national security crisis in the wake of DPRK's relentless pursuit of an ICBM that could reach the west coast of the United States or another nuclear test. The US reaches out to China to restrain North Korea and put a freeze on its nuclear and missile capabilities that threaten the United States and its allies in the region, while holding out the possibility of unspecified US actions if China does not deliver.

In response to the United States' appeal, China at the highest level agrees to increased cooperation in reining in North Korea's missile and nuclear program⁹.

Amidst the continuing tensions on the Korean Peninsula, this paper seeks to examine the policy objectives of the great and middle powers in the region.

⁸ Adam P Liff, Jeffrey W Hornung. (March 27, 2023) Japan's New Security Policies a long road to full implementation. Brookings Institution.

<https://www.brookings.edu/articles/japans-new-security-policies-a-long-road-to-full-implementation/>

⁹<http://www.reuters.com/article/us-usa-china-idUSKBN1792KA>

The Democratic Peoples Republic of Korea

After the Cold War ended, the DPRK developed the State ideology of *songun* (military first). Kim Jong Un adopted the *Byungjin Line*¹⁰ calling for simultaneous emphasis on the economy and the development of civil and military nuclear technology. On March 31, 2013, a plenary session of the Korean Workers Party laid down the *byungjin line*¹¹:

“ The DPRK’s nuclear armed forces represent the nations life which can never be abandoned as long as the imperialists and nuclear threats exist on earth...only when the nuclear shield for self defense is held fast, will it be possible to shatter the US imperialists’ ambition for annexing the Korean peninsula by force and making the Korean people modern slaves.”

The DPRK has refused to discuss denuclearization as it undermines the basic tenets of the security strategy of the regime. In the past it has offered to discuss regional security, nuclear disarmament and other issues – but not denuclearization. The DPRK’s steadfast stand has been that they will denuclearize when the rest of the world does.

North Korea has developed its nuclear weapons capability after reneging on almost every agreement reached in past nuclear negotiations. The likelihood of North Korea returning to the negotiating table to discuss denuclearization is near zero.

Pyongyang cites external threats to justify its nuclear weapons program. The DPRK pursues a national narrative of never ending threats and external hostility. Repeated cycles of diplomatic engagement in the past have been short-lived and often quickly followed by an elevation of tensions.

In the past, Pyongyang’s official position on returning to talks has been that it will return “without preconditions,” whereas the US and the ROK contend that first Pyongyang must show its sincerity and be willing to implement previous denuclearization commitments.

¹⁰<http://www.globalsecurity.org/military/world/dprk/byungjin.htm>

¹¹“Our party's line on carrying out the economic construction and the building of nuclear armed forces simultaneously is a strategic line for reinforcing and developing the nuclear armed forces... so as to impregably bolster the country's defense capabilities and channel greater efforts into the economic construction, thereby building a powerful state [kangso'nggukka] where our people enjoy the wealth and honor of socialism to their hearts' content.” - extract from concluding speech of Kim Jong-n at the Korean Worker's Party Plenum on March 31, 2013.

Even as the DPRK continues its inexorable pursuit of its nuclear ambitions, the uncertainty induced by political transitions in the US, South Korea and China exacerbates the risks of dangerous escalation in the Korean peninsula. There will be a new Administration in the US in 2025. There is always the possibility that the DPRK may take advantage of the leadership transition to further advance its agenda.

Japan

Through repeated cycles of nuclear and missile testing by the DPRK followed by negotiations and sanctions, Japan has gradually lost its ability to shape events on the Korean peninsula. During the visits of Prime Minister Koizumi to Pyongyang in 2002 and 2004, he did to a limited extent succeed in strengthening the strategic position of Japan. However, since the succession of Kim Jong Un, Japan has focused more on military preparedness and sanctions. On denuclearization Japan has worked with the United States, the ROK and others in the region.

The lack of leverage on North Korea has been a major handicap for Japanese policymakers. Japan stopped imports from North Korea after nuclear tests by the DPRK in 2006; exports to the North were banned in 2009 in similar circumstances; remittances by the North Korean community in Japan – a major source of funds for the DPRK were tightened the same year. Prime Minister Koizumi's efforts to negotiate the release of Japanese abductees, and the successful negotiation of a moratorium on missile tests, was forgotten in a huge domestic backlash against his handling of the abductees issue. The resolution of that issue became a precondition of talks with Pyongyang.

North Korean provocations have had a profound impact on the Japanese defense posture. There were new rules of engagement with North Korean agents and suspicious vessels entering Japanese waters. The Japanese coast guard was responsible for the first post war sinking of a DPRK vessel in December 2001. The DPRK's growing nuclear and missile capabilities resulted in Japan developing a ballistic missile defense capability.

Three developments have influenced Japanese strategic thinking. **First**, DPRK's acquisition of growing missile and nuclear capability and China's rapidly increasing military might have caused concern about the reliability of the United States' extended deterrence. **Second**, China's maritime and territorial assertions in the East China Sea have alarmed the Japanese establishment. **Third**, these developments are gradually testing and in the longer term are likely to erode the Japanese domestic consensus on its peace constitution. One indication has been the ability of the Abe Government to reinterpret article 9 of the Constitution to allow Japanese Self Defense Forces to participate in collective self-defense under the security alliance with the US.

In mid-January 2023, the Japanese Prime Minister Fumio Kishida and key cabinet officials visited Washington to highlight Japan's new NSS, NDS and defense buildup program and discuss them with the Biden administration. The new NSS describes the policies of China and North Korea as the "greatest strategic challenge... and a grave and imminent threat". The NSS calls for fundamentally reinforcing Japan's own capabilities. The documents also called for Japan's armed forces to acquire counterstrike missile capabilities and launch new efforts to overcome the civil–military divide that has long undermined Japan's defense sector by hindering the development and adoption of new capabilities.

The Republic of Korea

There is a wide range of opinion amongst the leadership and policymakers in the ROK on how to best deal with the threat from the DPRK. Policies pursued by each President have therefore covered the full spectrum, from engagement to deterrence and containment.

ROK conservatives believe that the endgame in the Korean peninsula should be the collapse of the North Korean regime followed by the unification of Korea. They are therefore skeptical of engagement with Pyongyang or any consideration of proposals for gradual reunification through political mechanisms like the establishment of a confederation as an intermediate step towards reunification. In the past, they have strongly criticized conciliatory policies and dialogue as measures of appeasement that gave Pyongyang time and space to pursue its nuclear and missile programs.

Leftists range from those who sympathize with the DPRK to those who prefer peaceful coexistence till peaceful unification can be achieved.

The United States

The US feels threatened by the growing nuclear and missile capabilities of the DPRK. The United States' alliance commitments mean it also has to consider the threats that these capabilities pose for the security of its allies – the ROK and Japan. The continuing growth of North Korea's nuclear and missile capability also raises questions about the adequacy of the US "nuclear umbrella" or extended deterrence, the more so, as the US does not maintain any theatre nuclear weapons in East Asia. Both China and Russia feel the US exaggerates the capabilities of Pyongyang and the threat it poses to the US and its allies in the region.

The US view is that the offer to talk without preconditions, neither shows flexibility nor goodwill, and masks DPRK's refusal to honor earlier

denuclearization commitments. Therefore, returning to talks with little prospect of success could risk a backlash from domestic public opinion.

There is therefore, very little likelihood that the US will resume talks with the DPRK due the trust deficit based on the experience of the 1990s and – even more so under the Trump Administration – on account of the potential for a domestic blowback from a failed diplomatic effort. In case there is a continued impasse, Washington may have to fall back on deterrence and containment.

The policy of the Biden Administration towards the DPRK represents more of continuity than change¹². The US is committed to the complete denuclearization of the Korean Peninsula. It will use pressure and diplomacy to achieve its goals. It will respond to threats from the DPRK by closer cooperation between alliance partners. The US holds no hostile intent towards the DPRK. It is prepared to meet without pre-conditions and to take practical steps towards regional security and address the concerns of both sides.

In the past the US has reached out to China for help in restraining the DPRK and bringing it to the negotiating table. China will counsel strategic restraint and put up a show of compliance, but also ask for its pound of flesh. Which means that confronting China on trade or its territorial assertions in the South and East China Seas will have to take a back seat. It will take a few months for the new US Administration to realize that China is unable or unwilling to restrain the DPRK from provocative actions. In the medium term, should the DPRK continue with its brinkmanship, Japan may revisit its position on nuclear deterrence and develop a pre-emptive strike capability.

The Peoples Republic of China

China and the DPRK have much in common. First, as Communist states, Beijing and Pyongyang share an ideological bond. Second, national unification is a core objective for both countries. Third, the imperatives of geopolitics unite them – however unstable and unpredictable, North Korea is China's ally.

Geography and history have made the Korean peninsula vitally important for China. The two countries share a 850 mile long border. Korea had been the route Imperial Japan used for invading China in the early 20th century. US forces had intervened in the Korean war by crossing the 38th parallel and approaching the Chinese border in 1950. China has therefore, tended to regard the DPRK as a buffer state between the US alliance in the Korean peninsula and the PRC.

¹²Cha Victor (December 1, 2022). A Statement of US Policy on North Korea. CSIS Washington <https://www.csis.org/analysis/statement-us-policy-north-korea>

The Korean peninsula is a vital part of the regional balance of power in East Asia where China seeks to balance with the DPRK and Russia – to the extent possible – against the US-led alliance with Japan and the ROK. On the Korean peninsula, however, it is the two bilateral alliances – the US with ROK and China with the DPRK that are pitted against each other.

South Korea has tried to balance its security alliance with the US with the reality of a substantial and growing economic relationship with China. China would like South Korea to move away from the US on account of geopolitical compulsions, using the leverage China enjoys on account of economic relations with the ROK. China seeks to drive a wedge into ROK-US ties. At the same time, China does not wish to see an enhanced US presence on the peninsula.

China also opposes steps taken by the US and its allies to counter Pyongyang's nuclear and missile threats. In the past China has protested strongly against the deployment of the anti ballistic missile systems in South Korea as it dilutes the effectiveness of the Chinese nuclear deterrent. China has imposed informal sanctions on the South Korean economy and criticized the ROK Government. In fact, Beijing's hostile actions may have had the opposite effect and pushed the ROK closer to the US.

Conclusion

Despite the United States' reservations, 'engagement' and a mix of 'deterrence', 'containment' and 'sanctions' seems to be the only way forward for the United States and the ROK. If the DPRK bites on the economic reforms pushed by China and the ROK in the past and a degree of interdependence is created between the economies of the North and the South, it will be a factor for stability on the Korean peninsula in the long term, but the unresolved nuclear overhang will remain a destabilization factor in East Asia.

Meanwhile, the status quo suits China, giving it leverage on the US, the ROK and Japan in a number of ways. **First**, China remains the sole intermediary with some restraining influence on the DPRK. **Second**, the present situation keeps the US and its alliance partners under pressure and from the Chinese perspective contributes to a wider regional and narrower peninsular balance of power.

China's priority has been to stabilize and strengthen the regime in Pyongyang, whereas the US would appear not to be averse to the idea of regime change in the North. Beijing's first priority is regime survival whereas Washington's focus is on denuclearization or at least a freeze on the development of nuclear weapons by the North. Getting Pyongyang to the negotiating table appears to

represent the outer limits of what China is willing or able to do. Progress beyond that point depends upon Pyongyang and Washington.

South Korea is caught between the imperatives of reunification, economic interdependence with China and the security alliance with the US. It remains for Japan to ponder how best it can defend itself - as a member of the alliance with the United States or independently through an indigenous nuclear weapons option. Consideration of the latter, though, is some way off into the distant future, – subject to the glacial pace towards a new domestic consensus, away from the peace clauses in the constitution. In the short run, Japan will have to depend on strengthening its conventional capability and missile defenses, and rely on the reassurance of US alliance commitments.

Japan-South Korea Rapprochement and the US East Asian Alliance Network

by
Anshita Shukla

The US alliance and partnership networks in Asia had for some time been hobbled by the rift between its two critical East Asian allies – Japan and South Korea-making their bilateral ties the weakest link in the resistance against rising geopolitical challenges. The longstanding differences between Japan and South Korea, were exacerbated under the erstwhile leadership of Moon Jae-in and the late Shinzo Abe. These differences inhibited extensive military cooperation between Tokyo and Seoul and endangered critical supply chains. In the recent rapprochement between Japan and South Korea, facilitated by the leadership change in the two countries and shared geopolitical challenges, the US now has a much-awaited opportunity to bolster the effectiveness of its trilateral security network.

The fervour of diplomatic rapprochement initiated a flurry of dialogues between the allies. Soon after the thaw in bilateral relations, President Biden met with Prime Minister Kishida and President Yoon on May 21¹³ to discuss ways “to take their trilateral cooperation to new heights. On June 3, the United States-Japan-Republic of Korea Trilateral Ministerial Meeting (TMM) was convened in Singapore¹⁴. The meeting was followed by the trilateral national security advisors’ meeting on June 15 where US National Security Advisor Jake Sullivan met with Japanese National Security Secretariat Secretary General Akiba Takeo and ROK National Security Office Director Cho Tae-Yong in Tokyo¹⁵.

The focus of these trilaterals predominantly was on the common challenges emanating from North Korea’s nuclear and missile programme. The countries reiterated their shared commitment towards the complete denuclearization of the Korean peninsula. To that end, the countries have agreed to launch a data-sharing mechanism to exchange real-time missile warning data by the end of 2023¹⁶. The 2014 U.S.-Japan-ROK Trilateral Information Sharing Arrangement will work as the framework to facilitate coordination, enabled by the reinstatement of the Japan-ROK General Security of Military Information Agreement. All three countries have emphasized the need to expand trilateral

¹³ Readout of President Biden’s Meeting with Prime Minister Kishida Fumio of Japan and President Yoon Suk Yeol of the Republic of Korea, [The White House](#), May 21, 2023

¹⁴ United States-Japan-Republic of Korea Trilateral Ministerial Meeting (TMM) Joint Press Statement, [U.S. Department of Defense](#), June 3, 2023

¹⁵ Readout of National Security Advisor Jake Sullivan’s Meeting with the National Security Advisors of Japan and the Republic of Korea, [The White House](#), June 15, 2023

¹⁶ Japan, U.S., and South Korea agree to share North Korea missile data in real-time, [The Japan Times](#), June 3, 2023

exercises to address security challenges through coordination in the East and South China Seas. The importance of maintaining “peace and stability across the Taiwan Strait” was also shared by the US and its East Asian allies.

The North Korean nuclear threat has become more pronounced in East Asia as the country tested a record high of 26 projectiles, including short-range and intercontinental ballistic missiles, over 11 test launches in just the first three months of 2023¹⁷. The country tested its first solid-fuel intercontinental ballistic missile in April¹⁸. The geopolitical threat in the continent was further exacerbated due to Chinese ships' repeated intrusions into Japanese territorial waters, growing unauthorized maritime activity by “foreign survey boats” inside Japan's Exclusive Economic Zone (EEZ), and increasing joint military exercises by China and Russia¹⁹. South Korea's tryst with engaging with Beijing, under the previous government, also did not yield the desired outcomes as China imposed an unofficial economic blockade on South Korean consumer goods companies in 2016²⁰. The threat perception from China was heightened by the Ukraine conflict, as fears grew of a similar fate befalling Taiwan and destabilising the continent.

Amidst the conflicted geopolitical landscape, the domestic political headwinds shifted in South Korea and Japan. The conservative President-elect Yoon Suk-yeol, repositioned the country's foreign policy away from the line pursued by his predecessor Moon Jae-in, who engaged with North Korea and China while distancing his policies from those advocated by the US and Japan. President Yoon has stacked his cabinet with Japan experts like Foreign Minister Park Jin, National Security Advisor Kim Sung-Han, and Deputy National Security Advisor Kim Tae-hyo. In Japan, Prime Minister Kishida, a leader of the most liberal faction of the Liberal Democratic Party- Kochikai, sought reciprocity in response to the proactive initiatives of his South Korean counterpart. PM Kishida had previously played a critical role as Japan's foreign minister in brokering the 2015 comfort women agreement with South Korea.

Despite the radical shift in South Korea's US and Japan policy, Yoon's administration has been strategic in avoiding antagonizing China. Since coming to power, Yoon cancelled his meeting with U.S. House Speaker Nancy Pelosi after her controversial trip to Taiwan on grounds of a “comprehensive consideration of national interest”²¹. In the country's first-ever Indo-Pacific Strategy document, the country has been careful in characterizing it as an

¹⁷North Korea Is Ramping Up Its Missile Tests. How Worried Should We Be?, [Time](#), April 12, 2023

¹⁸North Korea Fires 2 Ballistic Missiles, [The New York Times](#), June 15, 2023

¹⁹Japan ocean policy vows tougher security amid China threat, [The Times of India](#), April 28, 2023

²⁰China's pressure on 'weakest link' South Korea falls flat amid tensions with US, [Financial Times](#), June 13, 2023

²¹South Korea Leader Snubs Pelosi Over Holiday, Adding to His Woes, [Bloomberg](#), August 4, 2022

“inclusive region where nations that represent diverse political systems can peacefully co-exist”²². The document states China is a “key regional partner”, a view distinct from that of the US. Seoul continues to balance the two great powers as it participates in the talks on the Chip 4 alliance while signing a bilateral agreement to boost supply chain cooperation and communications with Beijing²³.

The relationship with Japan is further strained by the strong opposition against the rapprochement in the two countries. The previous leadership in South Korea had been forced to reverse its engagement with Japan in the face of strong public opposition. Given Yoon’s marginal victory in the presidential election and the opposition’s strong foothold on South Korea’s national assembly, the leader might be far more susceptible to negative reviews. On the other side, Japan’s Kishida also suffers from low approval ratings. This issue is aggravated by the actions of Japan’s Ministry of Education which soon after the Japan-South Korea Summit approved history text books that have omitted references to comfort women, forced labour and claimed disputed islands. These trends suggest that the rapprochement might be short-lived and is intertwined with the fates of these two leaders and might be overturned under a new leadership in either country in the future.

Despite these challenges, the trilateral push is likely to persevere on the basis of converging interests, as is evident from the clearance for THAAD deployment in South Korea²⁴. As geopolitical challenges in the neighbourhood grow, domestic public opinion is also shifting, with China replacing Japan as South Korea’s most disliked country²⁵. The complex and contested geopolitical landscape, shared threat perceptions and national security interests are likely to propel the Japan-South Korea partnership at least in the short to medium term.

²²Strategy for a Free, Peaceful, and Prosperous Indo-Pacific Region, [Ministry of Foreign Affairs, Republic of Korea](#), December 28, 2022

²³ S. Korea, China sign first MOU on supply chain cooperation, [Yonhap News Agency](#), August 27, 2022

²⁴THAAD & Patriot Missiles To Roar In China’s Backyard As US Defense System Approved For S.Korea Deployment, [The Eurasian Times](#), June 22, 2023

²⁵South Koreans Now Dislike China More Than They Dislike Japan, [The New York Times](#), March 8, 2022

The Payoff of Strengthening Air Connectivity between ASEAN and India

by

Prabir De

During the peak phase of the last pandemic, India supplied millions of free doses of COVID-19 vaccines around the world and secured recognition as a global power. Millions of people in South and Southeast Asia and Africa benefited from those vaccines supplied by India. It is air connectivity that facilitated the shipment of vaccines and medicines at a time when the airlines industry itself was the direct victim of pandemic. Later, India's vaccine diplomacy was a factor in elevating its relationship with the ASEAN from a strategic to comprehensive strategic partnership in 2022. Today, with rising intra-regional trade in goods and services and value chains between India and ASEAN, stronger air connectivity becomes an enabling factor to facilitate cross-border investment, tourism and knowledge exchange.

Strengthening air connectivity enhances both goods and services trade, GVCs and FDI flows. The ASEAN-India Trade in Goods Agreement has enabled greater economic depth. Today, trade and investment between ASEAN and India are growing fast. In 2022-23, India's total merchandise trade with ASEAN crossed US\$ 140 billion and is expected to exceed US\$ 200 billion by 2025. India's services exports and FDI flows to ASEAN are also quite substantial and growing rapidly. Besides, India's GVC linkages with ASEAN - both forward and backward - have been growing in the areas of pharmaceuticals, automobiles, electronics, etc. India's growing trade and GVC linkages with ASEAN, call for stronger air connectivity, since airborne trade has significant potential, particularly in the case of high value and low volume goods. On top of this, air connectivity and productivity are positively related. Faster air services help countries (and regions) sourcing intermediate goods and services for 'just-in-time' manufacturing, which feed into industries and transportation of finished goods to their final destination. The ASEAN and India aviation partnership is a case in point, where faster and reliable air services may help India to become world's leading manufacturer of technology-intensive products like Apple iPhone. Stronger and reliable air connectivity is critical to supply chain resilience.

India presently has 131 airports, of which 16 are major airports and 115 are non-major airports. Out of a total 29 international airports, 16 airports are now connected with the Southeast Asian region. India's Northeast is yet to be connected by air in a proper way with neighboring South and Southeast Asia. There were good attempts in the past under the 'UDAN scheme', but there were

no takers, and incremental subsidies cannot help sustain economic relationships in the long run.

The pandemic had disrupted the air services between India and ASEAN for quite some time. Post-pandemic, the emerging scenario looks positive. Given the importance of GVCs and regional production networks, there is a growing demand for air cargo services between India and ASEAN. Faster movement of raw materials, components, parts and spares help firms in maintaining lower inventories and enhancing production efficacy. Today, the percentage change in Air Shipping Ratio (ASR) (i.e. the products that can be transported through air) for India's export to ASEAN for the period 2000 and 2022 is higher for the countries like Vietnam, Brunei, Myanmar, Cambodia and the Philippines, compared to the other major trading countries such as Singapore, Malaysia, Indonesia and Thailand. The ASR for India's imports from ASEAN countries shows a similar trend. For the year 2021-22, the share of Singapore (52 percent) and Thailand (36 percent) together contributed to 88 percent of total cargo carried to ASEAN countries, followed by Malaysia (10 percent). Most of India's global trade routed by air, is carried by Singapore Airlines, Malaysian Airlines, Thai Airways, DHL, UPS and FedEx. The potential for air cargo growth in India can be gauged from the fact that some of the global airports such as Hong Kong, Dubai and Incheon handle more cargo volume than all Indian airports put together. What may be concluded from this trend is that there is a need for liberalizing air connectivity between ASEAN and India, especially in air cargo, that would help in the long run to unlock the tremendous potential of the region by removing constraints and bottlenecks to growth.

In terms of international passenger flow between ASEAN and India, out of 10 ASEAN countries, as on date, only six ASEAN countries, namely, Malaysia, Myanmar, Singapore, Thailand, Vietnam and Indonesia have direct flights with India and vice versa. For the rest, four ASEAN countries (Cambodia, Lao PDR, the Philippines, Brunei), there is no direct flight, but have inter-connection from other ASEAN airports. For the year 2021-22, there was almost 43 per cent increase in the passenger flow between ASEAN and India compared to 2020-21, mostly from Singapore, Thailand and Malaysia. Till date, a total 10 airlines from ASEAN and India have been serving passenger traffic. While some of the capital to capital flights have been reintroduced, post-pandemic; cities, which are known for being popular holiday destinations and businesses, are also getting connected. However, tourism destinations like Angkor Wat (airport Siem Reap), Varanasi (airport Varanasi), Bali (airport Denpasar), Andaman (airport Port Blair), etc. are yet to be connected by airlines of ASEAN and India.

Overall, the difference in the number of Indian passengers travelling to ASEAN countries is much higher than the number of ASEAN countries' passengers travelling to India. Besides, there is an increasing trend in the inflow of the number of passengers travelling from ASEAN to India, which suggests that

there would be a potential increase in the flow of passengers travelling between ASEAN and India.

In terms of city-wise passenger flow between India and ASEAN countries, the air services are available mostly for metro cities like Chennai, Delhi, Mumbai, Kolkata, Bangalore and Hyderabad and Tier I cities like Gaya, Thiruvananthapuram, Bhubaneswar, Cochin, etc. In the post-pandemic period, airlines from ASEAN countries such as Singapore, Thailand and Malaysia are yet to re-launch the air services with Tier II Indian cities.

In view of the high demand for travel between India and Southeast Asia in the post-pandemic period, airlines of India and ASEAN have started new flights and more air services are likely to start operation. While current dominant airlines have been adding additional frequencies between metro cities, several new airlines have announced new flights. For example, Indonesia's Batik Air is all set to start new direct services between North Sumatra (Kualanamu) and Chennai in August 2023. Vietnam's VietJet has already started flights from Hanoi and HCM City to Delhi and Mumbai. VietJet has also announced new routes between Hanoi and Ahmedabad. India's IndiGo has already introduced direct flights from India to several ASEAN countries. Recently, it has started four flights between India and Southeast Asia, including two new routes between Bhubaneswar and Singapore and Bhubaneswar and Bangkok, adding a second weekly flight on the Bangkok-Kolkata route in June 2023. IndiGo is also going to start direct flights between Mumbai and Jakarta this month. IndiGo currently connects Delhi, Mumbai, Bengaluru and Kolkata to Bangkok and Tiruchirappalli, Bengaluru, Chennai, Kolkata to Singapore. With these new additions, the airline will directly connect 6 cities to Singapore and 5 cities to Bangkok, catering to the increased demand for international travel. This enhanced air service has significantly enhanced air connectivity and accessibility between India and Southeast Asia. Still, a large part of air connectivity potential has remained unrealized. Three major factors that have been preventing countries from the realization of their full potential: first, ASEAN is yet to become a single aviation market; second, the Indian aviation market is mostly driven by private players and market conditions, whereas airlines from Southeast Asia are still operating as public sector units; and third, ASEAN and India have failed to conclude a regional air services agreement even though India has bilateral ASAs with all 10 ASEAN member states.

The air liberalization indices (ALI) for ASEAN and India's Bilateral Air Service Agreements shows that all ASEAN countries except Cambodia, Laos PDR and Thailand have first to fifth freedom granted to India on a reciprocal basis, whereas, Cambodia provides first to fourth freedom while negotiations are still ongoing with Thailand and Lao PDR. Besides, ALI scores suggest that the ASEAN-India Bilateral ASAs are restrictive for all the ASEAN countries. For instance, Thailand holds the highest value of 16, out of 50, for ALI standard,

which is not even close to very open ones (i.e. 50). This may be due to limited air connectivity between India and ASEAN countries. Offering fifth freedom rights on a reciprocal basis may help countries in expanding trade, tourism and GVCs.

Air services could facilitate larger numbers of tourists between India and ASEAN countries. There is considerable interest from the ASEAN countries for tourist traffic to visit Northeast India and other region specific Buddhist temples located at Tier II or Tier III cities. This is very important at a time when India has offered visa-on-arrival to all the ASEAN countries. A majority of the ASEAN countries, on the other hand, do not offer visa-on-arrival to Indian tourists. This anomaly must be corrected at a time when ASEAN and India have been pursuing their 'comprehensive strategic partnership' for growth and integration.

While ASEAN is yet to become a single aviation market, India offers single aviation market benefits to all its trade partners including ASEAN. In such an anomaly, going for an 'open sky' in passenger services between ASEAN and India may encourage more country-specific barriers. Under the ASEAN-India Trade in Services Agreement, India and ASEAN have agreed to apply the GATS Annex on Air Transport Services, *mutatis mutandis*. This is an opportunity for both ASEAN and India, and the services trade agreement should be utilized to enhance air traffic.

As a way forward, a comprehensive ASEAN-India Air Transport Agreement (AIATA) is needed to expand tourism and trade between ASEAN and India. Let's conclude the negotiations on the agreement that have been going over a decade now. India and ASEAN shall have more cooperation for building new airports, aviation technology, safety and security, warehouse management, sharing of cargo resources and logistics know-how. This is an area where both will have 'win-win' opportunities. More cooperation between cargo and airlines industry associations of ASEAN and India will strengthen their institutional links. Indian airline associations or air cargo associations may consider signing cooperation agreements with their counterparts in ASEAN countries. Spinoffs will be more rewarding. A stronger aviation relation between India and ASEAN may help strengthen their mutual cooperation in the supply chain pillar of the IPEF. The aviation sector will continue to be critical for the Indo-Pacific partnership.



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