

The University of Tokyo Studies on Asia

Muhui Zhang

# China—Japan—South Korea Trilateral Cooperation

Institution Building and Power Politics



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Muhui Zhang

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# Preface

The evolvement of political and economic ties among China, Japan, and Korea has vital importance to the peace and prosperity of East Asia. Recent years have witnessed the ups and downs of the trilateral cooperation among the three countries. The development of trilateral institution building emerged as a joint gesture in response to the Asian Financial Crisis in the late 1990s. The three countries jointly established multilayered cooperative mechanisms in a wide range of fields. Nonetheless, trilateral cooperation among the three major powers has been proceeding in hardship in the shadow of longstanding geopolitical complexity and the deepening Sino-US confrontations. Despite growing economic and social linkages, political animosities have constantly impeded the trilateral cooperation. Despite of a variety of literature addressing the geopolitical risks and bilateral confrontations, this book aims to review the history, achievements, and challenges of trilateral cooperation among the three countries in a systematic way. The book offers numeral perspectives to explain the emergence of trilateral institution-building processes and the fluctuations of trilateral cooperation, and underscores three countries' respective policy stances toward the building of the triangle.

In the past decade, I have been living and working in China, Japan and Korea. The book was extended from Ph.D. dissertation at the University of Tokyo, and also included my published articles in the subjects of East Asia's international relations, political economy, and regional cooperation. Prior to the research career, I served as the political affairs officer at the Trilateral Cooperation Secretariat among China, Japan, and Korea, the first intergovernmental organization among the three countries. I am thankful to this working experience, which granted me with professional knowledge and first-hand documents regarding the past development of trilateral relationships and cooperation. After obtaining the Ph.D. degree from the University of Tokyo, I worked and taught at Pusan National University and Sungkyunkwan University. During my teaching in two of Korea's leading universities, I felt the rising popularity toward the concept of trilateral cooperation among the academic community and Korea's general public. This has encouraged me to further my research in the politico-economic cooperation and institution building efforts among the three countries.

During the writing of this book, my sincere thanks goes to Institute of Advanced Asian Studies at the University of Tokyo for supporting this book publication and Professor Matsuda Yasuhiro for his supervision for my Ph.D. study and continuous academic guidance. I also wish to express my deep gratitude to the Department of East Asian Studies and Sungkyun Institute of China Studies at Sungkyunkwan University for providing me a high-end research platform and broad academic networks among China, Japan, and Korea. Finally, I am thankful to my family. My wife, Seryeong, has been supportive of my research activities including this book and my life in Korea.

Seoul, Korea (Republic of)

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# Abbreviations

ACFTA	ASEAN-China Free Trade Agreement
ADB	Asian Development Bank
AIIB	Asian Infrastructure Investment Bank
AMRO	ASEAN Plus Three Macroeconomic Research Office
APEC	Asia-Pacific Economic Cooperation
APT	ASEAN Plus Three
ARF	ASEAN Regional Forum
ASC	ASEAN Standing Committee
ASEAN	Association of Southeast Asian Nations
ASEM	Asia-Europe Meeting
BRI	Belt and Road Initiative
BRICS	Brazil, Russia, India, China and South Africa
CICA	Conference on Interaction and Confidence-Building Measures in Asia
CJK	China, Japan and Korea
CJKFTA	China-Japan-Korea Free Trade Agreement
CKFTA	China-Korea Free Trade Agreement
CLRTAP	Convention on Long-range Transboundary Air Pollution
CNDRC	China's National Development and Reform Commission
CP	Charoen Pokphand Group (of Thailand)
CPTPP	Comprehensive Progressive Trans-pacific Partnership
CVID	Complete, irreversible, verifiable denuclearization
DDG	Deputy director general
DPJ	Democratic Party of Japan
DRC	Development Research Center of State Council (of China)
DSG	Deputy secretary-general
DSS	Dust and sandstorms
EANET	Acid Deposition Monitoring Network in East Asia
EAS	East Asian Summit
EAVG	East Asian Vision Group
EEC	Eastern Economic Corridor (of Thailand)

EPC	Engineering, procurement, and construction
EU	European Union
FDI	Foreign direct investment
FOIP	Free and Open Indo-pacific Strategy
FTA	Free trade agreement
GSOMIA	General Security of Military Information Agreement
HSR	High-speed railway
IAM	Integrated assessment modelling
IMF	International Monetary Fund
JBIC	Japan Bank for International Cooperation
JCEA	Japan-China Economic Association
JETRO	Japan External Trade Organization
JKFTA	Japan-Korea free trade agreement
KIEP	Korea Institute for International Economic Policy
KHE	Kayan Hydro Energy
LDP	Liberal Democratic Party (of Japan)
LTP	Long-Range Transboundary Pollution
METI	Ministry of Trade and Industry (of Japan)
MOFA	Ministry of Foreign Affairs
MOU	Memorandum of Understanding
NACI	Northeast Asian Cooperation Initiative
NAFTA	North American free trade agreement
NAPCI	Northeast Asian Peace and Cooperation Initiative
NEACAP	Northeast Asia Clean Air Partnership
NEASPEC	Northeast Asian Sub-regional Programme for Environmental Cooperation
NGO	Non-governmental organization
NIER	National Institute of Environmental Research (of Korea)
NIRA	National Institute for Research Advancement (of Japan)
NSC	National Security Council
PM	Particulate matter
ODA	Official Development Assistance
OECD	Organisation for Economic Co-operation and Development
RCEP	Regional Comprehensive Economic Partnership
SCO	Shanghai Cooperation Organization
SG	Secretary general
SMEs	Small and medium enterprises
SOEs	State-owned enterprises
SOM	Senior officials' meeting
S-R	Source–receptor
TCF	Trilateral Cooperation Fund
TCCS	Trilateral Cooperation Cyber Secretariat
TCOG	Trilateral Coordination and Oversight Group (among the United States, Japan and Korea)

TCS	Trilateral Cooperation Secretariat among China, Japan and South Korea
TCVG	Trilateral Cooperation Vision Group
TDGM	Tripartite director-general Meeting
TEMM	Tripartite Environmental Ministers Meeting
THAAD	Terminal High Altitude Area Defense
TIVA	Trade in Value Added
TPDAP	Trilateral Policy Dialogue on Air Pollution
TPMC	Third-party market cooperation
TPP	Trans-Pacific Partnership
TRM	Trilateral Regulators' Meeting (on nuclear safety)
TRM+	Trilateral Regulators' Meeting Plus (on nuclear safety)
TTX	Table top exercise (for disaster management)
UNESCAP	United Nations Economic and Social Commission for Asia and the Pacific
WTO	World Trade Organization

# Chapter 1

## Conceptualization of China–Japan–Korea Trilateral Cooperation in East Asia



### Nascent Trilateralism in East Asia

The evolution of economic, social, and political ties among China, Japan, and Korea (CJK) has substantial significance for regional and global affairs. The three countries as a whole cover 23.2% of the world's gross domestic product (GDP) in 2023, below that of the North American Free Trade Agreement (NAFTA), but higher than that of the European Union (EU); in terms of trade, the three countries account for 20.2% of the total world trade and exceed NAFTA as the second-largest economic zone after the EU. In the early 1990s, the great economic leap of the East Asian countries was known as the “East Asian miracle” (World Bank 1993). Early in 2001, the East Asian Vision Group (EAVG)<sup>1</sup> submitted a policy report to the 3rd ASEAN Plus Three (APT) Summit in Brunei and proposed, for the first time, the concept of the “East Asian Community” (EAVG 2001). Since the global financial crisis in the late 2000s, these three Northeast Asian economic giants have not only fueled the global economy, but have also functioned as the engines of East Asian economies. They are active contributors to the economic growth in East Asia. Japan has been the main donor of the Asian Development Bank (ADB) and taking the initiative in the Free and Open Indo-Pacific (FOIP) Strategy. China, on the other hand, is proceeding with its ambitious Belt and Road Initiative (BRI) in Eurasia, Southeast Asia, and Africa.

The formation of trilateral cooperation is a relatively new institutional creation. It has a much shorter history in comparison with the development of other East Asian institutions such as the APT and the East Asian Summit (EAS). Since the Asian Financial Crisis in 1997, the three countries have made joint efforts in response to common challenges. The first trilateral summit occurred in 1999 under the auspices of the APT summit and adopted the informal format of a breakfast meeting. In 2003, the three countries adopted the *Joint Declaration on the Promotion of Tripartite*

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<sup>1</sup> The EAVG was first proposed by Korean President Kim Dae-jung in the second APT Summit in Hanoi on December 16, 1998. It gathered together 26 experts from 13 APT countries to conduct policy research to pursue closer regional cooperation in response to the Asian Financial Crisis.

*Cooperation*, in which they prioritized 14 cooperative fields and agreed on the establishment of a Three-Party Committee in charge of brainstorming future directions for trilateral cooperation. In 2008, the trilateral summit was developed into an independent (from APT occasions) and regularized mechanism. At the 3rd standalone trilateral summit in 2010, the three countries adopted the *Trilateral Cooperation Vision 2020*, which systematically put forward the guideline for trilateral cooperation in five grand categories: institutionalization of political partnership, economic cooperation, sustainable development, human and cultural exchange, and coordination in regional and international affairs. Furthermore, in 2011, an intergovernmental Trilateral Cooperation Secretariat (TCS) was established in Seoul with the aim of providing administrative services and think-tank-style advice to the three governments. With a small size and budget, the mandates given to the TCS are rather ambitious, covering not only basic administrative assistance and interstate coordination, but also a certain degree of initiative-taking in project planning and public diplomacy. The establishment of the secretariat has shown a strong commitment to running trilateral cooperative frameworks in a more systematic manner.

The institution building of CJK trilateralism has been structured by a pyramid “summit–minister–working level” pattern. The trilateral summits combine the political messages of each country’s leaders and have acted as core engines in determining the agenda for trilateral cooperation. The leaders’ initiatives have facilitated the expansion of trilateral cooperation to various areas (Shin 2015; Yoshimatsu 2008, 67). In addition to summit-level meetings, the three countries have established over 20 minister-level meetings and over 100 cooperative projects (see Table 1.1). To a large extent, ministerial meetings are the central pillars and executive performer of leaders’ political commitment. Unlike the European Commission, the three countries have not yet developed an “umbrella organization” to manage and supervise the overall progress of cooperation in each specific field. Ministerial meeting mechanisms follow up with the leaders’ agreements and proposals, and take charge of the duty of project implementation.

## **Fragile Trilateralism and Power Politics in Northeast Asia**

This book defines three sets of concepts in the analysis of the relationship among CJK: triangle/trilateral grouping, trilateral cooperation, and trilateralism. First, “triangle” and “trilateral grouping” are neutral and factual nouns that depict a special group containing three member states. It does not embody specific positive or negative indications in academic terms. Second, “trilateral cooperation” refers to the government-led cooperation spanning politico-security, economic-commercial, and socio-cultural fields. It can be either ad-hoc based or can proceed in a more regularized way. Lastly, “trilateralism” marks an upgraded stage of “trilateral cooperation.” It can be defined as “the construction of cooperative institutions among three states or strategic polities to promote specific values and orders.” (Tow 2015, 24). Trilateralism implies a series of common political agendas and shared politico-economic



**Table 1.1** China–Japan–Korea intergovernmental cooperative mechanisms (ministerial level or above)

Mechanisms	Participating agency	Starting year	Note
Trilateral summit	Chinese Premier/Japanese Prime Minister/Korean President	2008 (annual)	Suspended 2013–2014, 2016–2017, and 2020–2023
Trilateral summit (on the occasion of ASEAN + 3 Summit)		1999 (annual)	Last convened in 2011
Foreign ministers' meeting	Foreign ministry	2007 (annual)	
Senior foreign affairs officials consultation		2007 (annual)	Deputy-minister level
Heads of government agency meeting on disaster management	(C) ministry of civil affairs/(J) cabinet office/(K) national emergency management agency	2009 (biennial)	
Environment ministers meeting	Ministry of environment	1999 (annual)	The first trilateral ministerial mechanism
Meeting on earthquake mitigation	(C) earthquake administration/(J) meteorological agency/(K) meteorological agency	2004 (biennial)	
Trade and economic ministers meeting	(C) ministry of commerce/(J, K) ministry of economy, trade, and industry	2004 (annual)	
Meeting for transport and logistics	(C) ministry of transport/(J, K) ministry of land, infrastructure, transport and tourism	2006 (biennial)	
Customs heads meeting	Custom offices	2007 (annual)	
Top regulators meeting on nuclear safety	(C) national nuclear safety administration/(J) nuclear regulation authority/(K) nuclear safety and security commission	2008 (annual)	
Mechanisms	Participation agency	Starting year	Note
Policy dialogue among the commissioners of property/patent office	Intellectual property/patent office	2001 (annual)	
Governors meeting among Central Banks	The People's Bank of China/The Bank of Japan/The Bank of Korea	2009 (annual)	
Finance ministers meeting	Ministry of finance	2000 (annual)	

(continued)

**Table 1.1** (continued)

Mechanisms	Participation agency	Starting year	Note
Science and technology cooperation meeting	(C) ministry of industry and information technology/(J) Ministry of internal affairs and communication/(K) ministry of science, ICT and future planning	2007 (biennial)	
Information and telecommunication Ministerial meeting		2002 (irregular)	
Health ministers meeting	Ministry of health (and welfare)	2007 (annual)	
Agricultural ministers meeting	Ministry of agriculture	2012 (annual)	
Water resources ministers meeting	(C) ministry of water resources/(J, K) ministry of land, infrastructure and transport	2012 (triennial)	
Culture ministers meeting	(C) ministry of cultural affairs/(J)agency of culture/(K) ministry of culture, sports and tourism	2007 (annual)	
Tourism ministers meeting	(C) national tourism administration/(J) ministry of land, infrastructure, transport and tourism/(K) ministry of culture, sports and tourism	2006 (annual)	
Heads meeting of personnel authorities	(C) ministry of personnel/(J) national personnel authority/(K) civil service commission	2005 (annual)	
Education ministers meeting	(C,K) ministry of education/(J)Minister of education, culture, sports, science and technology	2016 (annual)	
Sports ministers meeting	(C) general administration of sport/(J)ministry of education, culture, sports, science and technology; (K) ministry of culture, sports and tourism	2016 (biennial)	

Source Compiled by the author from the TCS online archive (<http://en.tcs-asia.org/en/data/overview.php>)

interests among the three stakeholders. Trilateralism proceeds as the three countries agree on information exchange and policy coordination in the area of security or other functional and pragmatic domains (Jo and Mo 2010, 71). Thus, “trilateralism” refers to the process of institution building and organizational coherence among the three states. It is a behavior that can be developed into institutionalized efforts of government-to-government arrangements, and points to the regularized efforts of establishing transnational connectedness, frameworks, mechanisms, and organizations. In this sense, we see “trilateralism” as an important tool for advancing “trilateral cooperation.”

Despite the development of institution building among the three countries discussed in the previous section, Northeast Asia has remained a region rife with geopolitical paradox. In the fields of politics and security, issues and problems that may provoke potential conflicts have existed for decades, including the three countries' long entanglement in war memories, territorial disputes, and geopolitical complexity. As a result, the performance of CJK trilateralism at the level of high politics has been much less solid than in functional fields, thereby remaining unstable and dysfunctional. It is therefore still too early to expect a "spillover" effect in the form of benign interactions between functional cooperation and national security to explain the nexus of economics and politics in Northeast Asia.

The making of CJK trilateralism has so far only dealt with cooperative relations; resolutions or even dialogues on disputed issues, such as the territorial or historical issues or the North Korean nuclear issue, have not been on the agenda of institution building among the three countries. For instance, the 7th trilateral summit in May 2018 was convened after Korean President Moon Jae-in's proposal of Sunshine Policy 2.0. Yet, China was reluctant to list the North Korean issue as a key agenda item, and the summit issued an ambiguous statement that omitted any reference to the concept of complete, irreversible, verifiable denuclearization (CVID). As a result, the wording of the joint statement was an exercise in cautious compromise and ultimately was not what Japan and Korea were hoping for.

At present and for the foreseeable future, policy-makers of the three countries seem to have a tacit understanding that the key focus of trilateral cooperation should be limited to functional areas and not extended to diplomatic, security, or strategic levels. In May 2024, the 9th trilateral summit was held in Seoul, Korea, after a hiatus of four and a half years. Since 2019, the trilateral relations have been fraught with twists and contradictions, compounded by the global COVID-19 pandemic, leading to the postponement of the summit. Hosted by Korea, the summit resulted in the issuance of a "Joint Declaration" that primarily outlined three areas of cooperation: (1) science and technology, the digital economy, artificial intelligence, and intellectual property; (2) youth exchange; and (3) public health and infectious disease prevention. Additionally, two specific annexes were released, addressing intellectual property and infectious disease prevention. Notably, unlike the outcome documents of previous summits, the 2024 Joint Declaration prioritized cultural, educational, and youth exchange cooperation as "trilateral cooperation projects for the peoples of the three countries."<sup>2</sup> This not only highlights the significant potential for people-to-people cooperation, but also indicates that the declaration did not address the core

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<sup>2</sup> See "Joint Declaration of the 9th ROK–Japan–China Trilateral Summit." Available at <https://www.tcs-asia.org/en/cooperation/mechanism.php?topics=2>. In comparison, the "Trilateral Cooperation Vision for the Next Decade" released after the 8th trilateral summit in 2019 outlined the areas of cooperation among the three countries as follows: durable peace and security, scientific and technological revolution, connectivity and infrastructure, sustainable development, people-to-people exchanges, and overall revitalization and common development. This indicates that, according to the usual practice of previous trilateral summits, cooperation in cultural and people-to-people exchanges typically appeared later in the text.

challenges of trilateral cooperation. The two specific annexes can largely be seen as reiterations and confirmations of outcomes from previous ministerial meetings.<sup>3</sup>

In the meantime, the design of the working responsibilities of the TCS presents a good case in that the TCS is strictly restricted in getting involved in problematic issues such as those related to North Korea and islands disputes. This design implies another key issue—whether or not the three countries can develop as a shared code of behaviors. CJK trilateralism has grown as a sub-regional product under the auspices of the APT framework. Thus, the three countries simply extended the ASEAN Way (non-intervening, respect for sovereignty, consensus-building, informality, and avoidance of dispute issues) to the process of trilateral cooperation. Although some researchers have attempted to propose a so-called “Northeast Asia trilateral summit way” (Chakravorty 2013), the common identity within the trilateral grouping, if it exists, is still firmly rooted in basic norms of the ASEAN Way.

CJK trilateralism remains unstable as an institution and have been overly susceptible to fluctuations in bilateral relations. The periodical fluctuations caused by political discords have repeatedly posed serious challenges to the stability and sustainability of the trilateral relationship. In the eyes of the Chinese and the Koreans, Japan’s unwavering positions on historical perception and maritime disputes appear to be the root causes of the failure of true trilateralism. Early in 2005, Japanese Prime Minister Junichiro Koizumi visited the Yasukuni Shrine, despite diplomatic protests from China and Korea. China was infuriated and publicly declared that it would postpone the trilateral summit, and rejected any high-level meetings with Japanese officials. Korea backed China in its refusal to meet with Koizumi as well. In 2012, a new round of disputes over the Diaoyu/Senkaku Islands began when Tokyo Governor Ishihara Shintaro, known for his nationalist statements, announced his intention to purchase the islands by establishing a Senkaku fund. In response, the Japanese central government purchased the islands in order to place them under national control. This was seen by the Chinese government as an aggressive attempt to unilaterally change the status quo. The resulting tensions between China and Japan created a vacuum of high-level diplomacy. When Shinzo Abe returned as Prime Minister in 2012, China and Korea appeared to reach a tacit understanding to avoid both bilateral and trilateral summit diplomacy with Japanese leaders in 2013 and 2014. Further, in 2016, the dispute between China and Korea over Seoul’s deployment of the US Terminal High Altitude Area Defense (THAAD) missile defense system also cast a long shadow over the convening of a trilateral summit.

In recent years, amid the global strategic competition between China and the US, Japan and Korea have increasingly deepened their involvement in the US-led Indo-Pacific strategy, which has directly led to a deterioration in Chinese-Japanese and Chinese-Korean relations and further paralyzed trilateral high-end diplomacy. In particular, the inauguration of Korea’s Yoon Suk Yeol government in 2022 marked a downturn in trilateral cooperation. With the shift toward a more pro-US and Japan

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<sup>3</sup> The two ministerial meetings are the 23rd Trilateral Policy Dialogue Meeting among the Commissioners of the intellectual property offices (November 2023) and the 16th Trilateral Health Ministers’ Meeting (December 2023).

stance and distancing from China, Korea has proposed the vision of becoming a “global pivotal state,” and gradually reduced its policy inputs to trilateral cooperation. President Yoon has shifted away from the cautious approach of previous administrations under Park Geun-hye and Moon Jae-in toward the US-Japan partnership, focusing on deepening the Korea-US alliance and enhancing security cooperation between Korea and Japan. The 2023 Camp David Summit between the US, Japan, and Korea marked the gradual formation of a “semi-alliance” among the three nations. Consequently, for Japan and Korea, the trilateral cooperation mechanism with China appears to be increasingly marginalized. At the end of May 2024, the US, Japan, and Korea held a deputy Foreign Ministers’ Meeting. According to reports from media outlets such as Nikkei Asia, the three countries are planning to establish a permanent US-Japan-Korea secretariat (Nikkei Asia 2024). If this initiative materializes, it will have a greater impact on the existing CJK trilateral cooperation mechanisms.

In the face of rising public hatred and emotional sentiments, the three countries have also failed to arouse sufficient public awareness of its importance. Nationalism could be a driving force for the development of regionalism in the broader range of “East Asia,” commonly known as the argument of “Asianism” in early 1990s (Funabashi 1993). However, nationalist sentiments triggered by historical and territorial disputes are one of the biggest obstacles for regionalism in Northeast Asia (He 2008, 72). Thus, the spirit of self-restraint and tolerance from the three governments has been deemed necessary in order to suppress the spread of irrational sentiments (Park 2010, 52). More seriously, the progress of trilateralism in recent years has been relatively less well known by the general public in the three countries. Trilateralism at the intergovernmental level, such as the trilateral summits and other minister-level and working-level mechanisms, has not conveyed strong messages regarding the importance of trilateral cooperation to the people of the three countries (Kan 2014, 52). The spirit of trilateralism and trilateral cooperation, in the current situation, appears to be mostly confined to the government-to-government level and desperately needs to reach out to the general public.

## Explanatory Gaps in the Existing Literature

The establishment of CJK trilateral cooperation mechanisms, as well as the process of institution building among the three countries, is a relatively new phenomenon. Theories of regionalism have tended to define “region” according to three variables: materialist (geographic), political, and ideational behavior (Katzenstein 2005, 6–12). The use of this definition of “region” suggests that, despite their embrace of geographic affinity, the three countries obviously have a long way ahead of them in terms of facilitating common political integration and a shared identity. Thus, it is no surprise that few cases in the existing literature have examined the development of CJK trilateralism. Most previous studies on regional cooperation in East Asia have not seen the CJK grouping as an independent institutional unit, but rather as a

sub-grouping of the APT framework. Thus, there has been a shortage of literature that examines the origin, function, and future visions of this triangle.

Ever since the early 2010s, the formation of this trilateral grouping has begun to gradually draw attention from both the policy and academic circles (Pieczara 2012; Yeo 2012; Byun 2011). Scholars have started to re-examine the cooperative model of the APT, on the observation that the capacity of ASEAN to “lead” China, Japan, and Korea has become increasingly difficult in the broader process of East Asian regionalism. Ever since the Asian Financial Crisis in the late 1990s, APT has been one of the main pillars of East Asian economic regionalism. Despite ASEAN’s continuous place in the driver’s seat as the norm-builder and agenda-setter for East Asian regionalism, there has been rising scholarly skepticism over its long-term sustainability. Moon Woosik (2012, 117) questions whether ASEAN countries are truly interested in East Asian regional integration or are merely taking advantage of the Sino-Japanese rivalry and maximizing their own benefits. He further questions the position of ASEAN centrality and concludes that cooperation among CJK is the *de facto* driving force of East Asian regionalization. It would be less possible for ASEAN, restrained by economic weakness, not to mention the economic gaps and internal discord among its member countries in order to boost regional cooperative efforts without the support of either China or Japan (Oba 2014, 277). Traditionally, a rising number of studies have been conducted on a geographic coverage of “East Asia,” with the institutionalization of the APT, the EAS, and the Asian Regional Forum (ARF) centering on the regional institution building. Nowadays, more research has started to focus on the rising roles of Northeast Asian countries in the broader spectrum of East Asian regionalism, and to argue that the success of East Asian regionalism increasingly rests with the collective efforts of Northeast Asian countries rather than the ASEAN countries (Calder and Ye 2010; Yoshimatsu 2008; Rozman 2008; Pablo-Baviera 2007).

Against this backdrop, recent scholarship has considered the development of the CJK trilateral cooperation of greater significance than cooperation within the APT (Qin and Wei 2008). An increasing number of studies have adopted issue-specific approaches to examine trilaterally-based pragmatic cooperation in financial and trade negotiations, as well as a wide range of non-traditional security issues. Rising studies noticed that cooperative trilateralism in these areas has steadily taken shape, and outcomes and achievements in these areas have been positive and worthy of praise. As geographic neighbors, the three countries share a series of common cross-border challenges: the convening of the Tripartite Polity Dialogue on Air Pollution<sup>4</sup> and the expansion of the Campus Asia program<sup>5</sup> are cases in point.

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<sup>4</sup> The Tripartite Policy Dialogue on Air Pollution was initiated in Beijing in March 2014 upon an agreement of establishing a policy dialogue on air pollution at the 15th Tripartite Environmental Ministers Meeting (TEMM 15). It became a regularized mechanism at the 2nd dialogue held in March 2015.

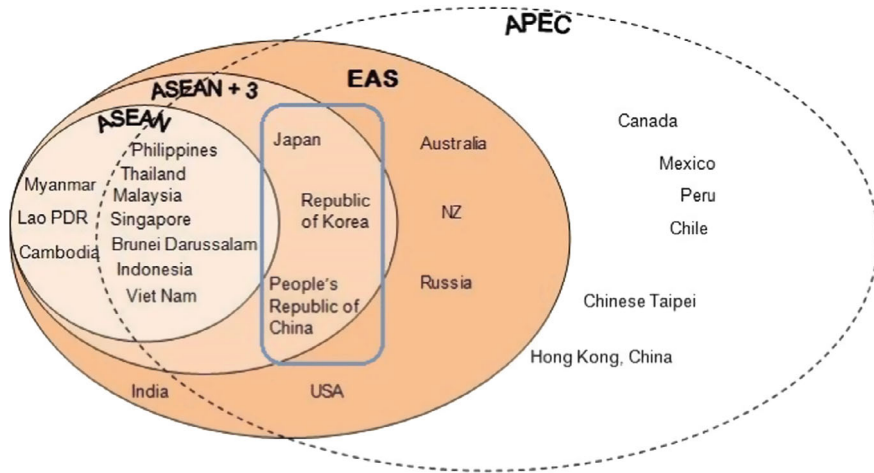
<sup>5</sup> The Campus Asia program was agreed on in the 2nd independent trilateral summit in 2009. It takes reference from the Erasmus Mundus program in Europe and encourages student exchanges among universities in the three countries.

Nonetheless, the existing literature on nascent CJK trilateralism remains limited to empirical studies on selective issue-specific fields, such as CJK trilateral Free Trade Agreement (CJKFTA) negotiations and environmental protection, leaving the dimension of institution building undeveloped. In recent years, a number of works have been made to fill in this research gap. Wirth (2015) and Iida (2013) delineate the history of the trilateral summits and present a relatively optimistic view that the architecture of trilateral cooperation may produce positive outcomes to alleviate the current rocky situation of regional security in East Asia. Kan (2014), on the contrary, presents a supra-pessimistic view and argues that the CJK trilateral cooperation has failed to generate any substantive achievement except the Campus Asia program and an administrative secretariat. In 2015, Shin Bong-kil, the inaugural Secretary-General (SG) of the TCS, published *The Evolution of CJK Trilateral Cooperation*, the first monograph to address the history and the present state of trilateral cooperation. As a high-ranking Korean diplomat, Shin discloses a large number of inside stories on diplomatic bargains concerning the institutionalization of the trilateral summits and the establishment of the TCS. Undoubtedly, these studies are pioneering works that have been of great relevance to the writing of this volume. Nevertheless, these works remain more empirical and descriptive, and have not attempted to place the ups and downs of the CJK trilateral relationship in a systematic theoretical framework.

## Research Perspectives and Hypotheses

To better understand the making of CJK trilateralism and its challenges, this monograph endeavors to answer three sets of research questions: (1) why has CJK trilateralism started to emerge in recent years? As a new sub-regional grouping in East Asia, how can we evaluate its overall performance?; (2) why is CJK trilateralism fragile and unstable? What values and public goods could CJK trilateralism offer to regional stability and co-prosperity?; and (3) what are the three countries' respective policy stances on the process of institution-building within this trilateral grouping?

This research begins with a perspective that sees the CJK triangle as a newly established and independent unit of a multilateral framework in East Asia rather than a part of broader regional frameworks such as the APT or the EAS. As shown in the Fig. 1.1, the making of CJK trilateralism can be seen as a new tide of institution building efforts among existing regional architectures in East Asia. More importantly, this study distinguishes the pattern of CJK trilateralism from the model of regional cooperation under the APT frameworks. A notable fact is that, despite extensive criticism of the APT as merely a “talk shop” with very limited concrete cooperative outcomes (Tanaka 2007b, 69), the process of institution building within the APT has never been halted. In contrast, the fate of CJK trilateralism and the trilateral summit have fluctuated intermittently. One may ask why CJK trilateralism periodically suffers severely from historical and territorial disputes whereas the APT framework appears to be immune to it. In other words, if Beijing's policy-makers were infuriated by Tokyo's assertive stances over historical perception and decided



**Fig. 1.1** Regional frameworks in East Asia

to cancel meetings with Abe in both bilateral and multilateral occasions, why did they merely refuse to convene the trilateral summit but did not boycott any other regional multilateral occasions such as the APT, EAS, and APEC? In this sense, this study adopts a basic research perspective that these two regional architectures—the CJK trilateral grouping and the APT framework—essentially have distinct structures of governance that cannot be entirely equated.

Neo-realist, neo-liberalist, and constructivist approaches have each provided theoretical basis to explain the international relations and regional cooperation in East Asia. Alternatively, this research undertakes an eclectic approach and set up the analysis from the governance of trilateralism. Among various forms of multilateralism, trilateralism has the least number of member actors. It thus marks a point of juncture between bilateralism and multilateralism. This study sees that trilateral groupings in East Asia have structural strengths on the one hand, and limitations on the other hand. The strengths of a trilateral grouping are its rising efficiency to reduce transaction costs, as well as serving as an anchor for policy coordination toward a broader multilateral framework such as the APT. On the other hand, trilateralism is overwhelmingly subject to fluctuations when its embedded bilateral relations change. Meanwhile, a trilateral agreement or institution is likely to be established only on the condition that each of three actors realizes that the payoffs of trilateralism are higher than they would be when cooperating with the other two actors in bilateral approaches respectively. Otherwise, cooperative outcomes within a trilateral grouping are prone to being diluted by embedded bilateral approaches. In this regard, a rational analysis indicates that the utility of trilateralism—whether it succeeds or fails—is a result of weighing benefits and costs.

This volume considers trilateral cooperation as operating on three levels: low politics, middle politics, and high politics. Low politics refers to a wide range of



functional and non-traditional security issues, such as environmental protection, disaster relief, and other humanitarian fields that are less likely to be constrained by geopolitical configurations and require a low level of political consensus. Thus, regional organizations can be expected to play bigger roles with more administrative autonomy. Middle politics refers to complicated economic and political bargains in the trade and financial fields. In particular, trade negotiations are widely considered as highly complicated issues with the involvement of business interests and political bargains, given that trade agreements are not only deals between national governments, but also lead to the redistribution of interests among various industrial sectors within each member country. High politics refers to diplomatic ties among the three countries, with a special emphasis on summit diplomacy. Issues of high politics encompass all matters that are vital to national security, including the issues of military alliances, regional security cooperation, and confidence-building measures and exchanges. Cooperation in issues of high politics is viewed as very sensitive action, and thus demands the convergence of political will among the highest level of officials. Regional organizations can hardly bypass national governments and their roles are most likely to be very limited.

This volume presents two sets of assumptions. First, cooperative trilateralism at all three stages captures risk-driven approaches. Common crises have seemingly provided momentum for the trilateral cooperation. The critical juncture approach is effective in terms of elevating the payoffs of cooperative trilateralism during times of exigency. Second, the crisis-driven pattern is unsustainable. Once these common problems and crises dissipated, trilateral cooperation at these three stages has also revealed distinctly varying trends. The nascent wave of institution building among the three countries has begun to emerge, particularly reflected as the increasingly solid efforts of functional trilateral cooperation. On the other hand, trilateralism at the middle politics level has been substantially diluted by bilateral approaches, as exemplified by the rivalry between the China-Korea FTA and the trilateral FTA. Furthermore, in high-politics areas, trilateralism has been subject to the fluctuations of its embedded bilateral relations. Trilateralism can be thought of as more of an extension of bilateral relations than a truly mature form of minilateral or multilateral arrangement (Pieczara 2012; Yeo 2012).

This book provides a full descriptive picture on the trilateral relationship in East Asia, and also renders an analytical perspective in how to understand existing progresses and policy challenges. It begins with the theoretical framework via an analysis of the costs and benefits within a trilateral setting in Chap. 2. Chapters 3–5 examine the performances of trilateral cooperation in non-traditional security fields and trade liberalization, and discuss the fluctuation of trilateral summit diplomacy in recent decades. Chapters 6–8 examine the three countries' policy stances toward the trilateral cooperation. Combining the three chapters together, readers can see the three countries' shared interests of pragmatic benefits and conflicting paths of national strategy. The three chapters also explore the historical, economic, ideational, and geopolitical factors that explain each state's policy preferences. Chapter 9 turns its attention to the TCS, a nascent intergovernment organization among the three countries. It investigates its foundation, structure, and policy influence, and also puts

forward specific recommendations for secretariat building in terms of institutional reform and capacity building. Chapter 10 investigates an emerging third-party market cooperation (TPMC) mechanism among the three countries, which has the aim of reducing vicious rivalry and seeking for potential of win–win situation in extra-CJK regions. This study presents a relatively pessimistic vision for Sino-Japanese TPMC due to the absence of major cooperative outcomes and politico-economic asymmetries between China and Japan. The final chapter concludes the book and makes prudential predictions to the future. I also try to provide a forward-looking perspective and come up with a number of policy recommendations.

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## Chapter 2

# Theories and Analytical Frameworks: Theorizing the Utilities of Trilateralism in East Asia



### An Overview of Nascent Trilateralism in East Asia

Minilateralism is widely known for its efficiency with a small number of players. According to the theories of multilateralism, the transaction costs of multilateral arrangements are expected to be proportional to the number of actors involved (Kahler 1992; Snidal 1995; Keohane and Ostrom 1995). In East Asia, the minilaterals have mainly taken the form of trilateral groupings. Three US-led trilaterals (US-Japan-Australia/US-Japan-Korea/US-Japan-India/US-Australia-New Zealand) have been built on the “hub-and-spokes” alliance system. On the other hand, trilateralism can also be extended to other domains, such as economic development. Unlike the US-centered triangles aimed at security cooperation, the nascent CJK trilateral focuses on non-security issues such as pragmatic cooperation in the economic and functional fields.

How do we explain the rising popularity of trilateralism in Asia and assess its performance? Recent works on international relations have hailed the success of nascent US-centered trilateralisms and have suggested that these trilaterals have and will continue to display effective cooperation for three reasons (Green 2014, 770; Tow 2019; Jo and Mo 2010). First, the driving force of trilateralism stems from the deficiency in the current “hub-and-spokes” system of US bilateral alliances. Increasing rivalry and rising tensions between China and the US, as well as the unsettled denuclearization issue of North Korea, has brought about new challenges for joint actions between the US and its allies. The weakening of US power in the Asia–Pacific region has led to the increasing necessity of a trilaterally or multilaterally based security policy coordination.

Second, a well-crafted trilateral grouping not only provides a supplementary mechanism to the “hub-and-spokes” regime but also possibly serves as an anchor for a broader multilateral cooperative framework (Schoff 2005). Notably, Jo and Mo added their analysis on the governance structure of trilateralism by dividing trilateralism into two categories: “independent trilateralism” and “multilateral trilateralism”

(Jo and Mo 2010). One example is that of the US-Japan-Korea trilateralism, which operates independently in the form of the Trilateral Coordination Oversight Group (TCOG) and also acts as an embedded patchwork for the Six-Party Talks and the G20. They investigated the evolution of US-Japan-Korea trilateralism, and argued that the effect of “independent trilateralism” appeared to be undesirable, given that the embedded pairs of bilateral relations frequently fluctuated and the discussion agenda for the TCOG had been limited to issues concerning North Korea. Thus, Jo and Mo expected “good” trilateralism to serve as a stepping stone toward the creation of an effective multilateral security institution.

Third, existing studies view informality and flexibility as critical components for these trilateral arrangements. Ad hoc and issue-specific trilaterals have enhanced the cooperative outputs more in security fields than in formal multilateral security settings. The US-centered trilaterals act like caucuses within a legislature rather than as collective security arrangements that are clearly aimed at a third party (Green 2014). Unlike the “hub-and-spokes”-type regime, trilateralism presents an effective way for circumventing traditional alliance politics associated with the problem of collective goods, and is thus less likely to lead to the escalation of military confrontation (Tow 2015). For instance, most recent studies have observed that China has stayed diplomatically quiet in the formation of these US-led trilaterals (Wuthnow 2019).

This book reconsiders the utility of trilateralism from a theoretical perspective and questions existing appraisal for the effectiveness of trilateralism in Asia. I ask questions like: what makes a “good” trilateralism? To answer these questions, this study analyzes the strengths and weaknesses of trilateralism. The central hypothesis is that trilateralism does not appear to be unconditionally “good.” Trilateralism also has its inherent structural weaknesses and may be confronted with risks and uncertainties. The remarkable aspect of trilateralism is that it involves only three members, making it the smallest form of multilateralism (Kamphausen et al. 2018, 4). Accordingly, it occupies a unique position between bilateralism and multilateralism. In this regard, this study aims to enrich existing studies of bilateralism, trilateralism, and multilateralism in East Asia.

There are three main independent variables affecting the functioning of institutionalized trilateralism. First, shared interests or values among the three members to tackle with a common external challenge or crisis are necessary to catalyze the creation of a trilateral arrangement. It is particularly important to note that a “good” trilateral institution must be an authentic multilateral arrangement rather than combinations of three pairs of embedded bilateral ties. In other words, each of the three members must recognize that the benefits of joining such a trilateral arrangement can be greater than having two separate bilateral deals with the other two players. Second, the strength and stability of bilateral relations provide the foundations for the running of a trilateral institution. This study posits that the impact of bilateral discords is unlikely to paralyze the overall functions of a multilateral setting with a larger number of participants. However, it can easily cause devastating outcomes to trilateral settings. This logic helps to explain the malfunctions of the US-Japan-Korea and CJK trilateralism in recent years, as bilateral conflicts between Japan and

China have endangered the operation of trilateral actions. Finally, an effective leading country is vital for implementing coherent policy responses and for stabilizing the relations within a trilateral setting.

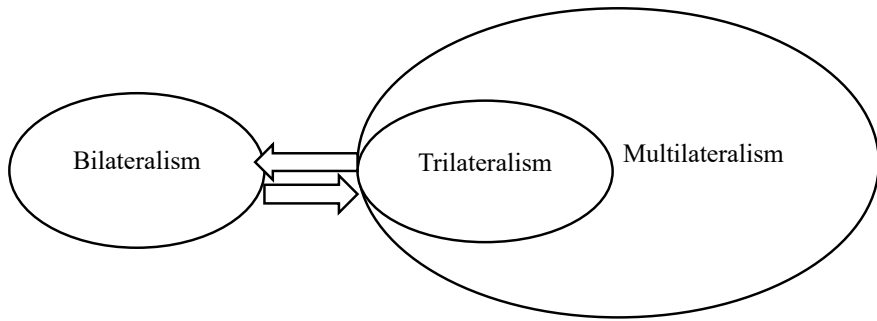
This chapter comprises two sections. The first section extends from the existing literature on minilateralism and explores a theoretical framework to analyze the governance and utility of trilateralism. I see a three-party arrangement as potentially problematic, as it may be diluted by embedded bilateral approaches and more vulnerable to fluctuations of bilateral relations. Two structural uncertainties of trilateralism will be identified—the efficiency problem and the solidarity problem—followed by a cost–benefit analysis of trilateral groupings through a comparison on the utility of trilateralism in East Asia with those of bilateral and multilateral arrangements. The second section then investigates two contingent variables—common exogenous crises and political leadership—that create conditions for the change of costs and benefits of trilateralism and trilateral cooperation.

## **Theorizing the Utilities of Trilateralism: Concepts and Challenges**

### ***Number of Members, Minilateralism, and Trilateralism***

Minilateralism has increasingly become a heated topic in the existing literature on multilateralism. It can be understood as “usually three, but sometimes four or five states meeting and interacting informally to discuss issue-areas involving mutual threats to their security or, more often, to go over specific tasks related to building regional stability or order” (Tow and Envall 2011, 62). With a relatively small membership, minilateralism has been widely regarded as being more efficient. In the meantime, scholars have also given credit to its effectiveness as an “anchor” for driving cooperation within a multilateral regime with a large number of memberships (Naim 2009). Kahler (1992) argues that a minilateral grouping embedded in a larger multilateral institution is more likely to attain cooperative outcomes, because the small-group collaboration forms a “progressive club within a club” that can be used as a means of reaching more ambitious agreements than the lowest common denominator. Once the agreement is reached, it could also serve as a “broker” for the spill-over of the agreement to other actors in the multilateral arrangement. Empirical studies on multilateralism as well as regional collaboration seem to bolster this argument. The evolution of multilateral institutions is always depicted as a slow process rather than a “one-shot” development (Downs et al. 1998). For instance, the success of European integration is widely understood as a step-by-step spill-over from the original core European Community members to the current EU-27 (Telo 2007) (Fig. 2.1).

The number of members within a multilateral regime can be highly debatable. The equilibrium between cooperation efficiency and cooperation effectiveness is



**Fig. 2.1** Relational diagram: trilateralism, bilateralism, and multilateralism

hard to attain in practice. General studies on multilateralism have suggested that complications and obstacles in bargaining are directly proportional to the number of actors. An increase in the size of the group may bring about dispersing interests among its members. The rising difficulty in coordination may lead to the fractioning of group benefits, rising negotiation costs, as well as rising feasibility of cooperation defectors (Oye 1986, 18; Kelley 2013, 81; Morgan 1993, 352). A multilateral arrangement with a large number of actors is thus more likely to be confronted with declining effectiveness and existence of free riders. In recent decades, an increasing number of scholars in trade governance and climate change have turned their attention to the formation of minilateralism. Caporaso provides a brilliant synthesis of “the logic of the  $k$  group” and the “minimal contributing set,” which refers to the smallest number of actors who could collectively provide a public good if they are willing to do so (Caporaso 1992). He illustrates that the smaller the  $k$  group is, the easier it is for its members to cooperate, but the less multilateral the arrangement will be. The larger the  $k$  group is, the more multilateral the cooperative arrangement may be, but the more difficult it would be to achieve cooperation.

Nonetheless, existing studies remain incapable of finding an ideal equilibrium of membership numbers that can perfectly balance between cooperation efficiency and effectiveness. Without denying the logical proposition of the “ $k$ -group/minimal contributing set” (Caporaso 1992) and the “magic number” formula (Naim 2009), this study argues that the number of members within a multilateral arrangement is not always “the less, the better.” By definition, trilateralism refers to “the building of cooperative institutions among three states or strategic polities to promote specific values and order” (Tow 2015, 24). Importantly, the number “three” bears special significance. Arguably, trilateralism may have two facets. On the surface, it belongs to the category of “multilateralism” as it consists of more than two players. However, its governance structure may essentially distance it from that of multilateralism, as it appears closer to that of bilateralism. A failed trilateral grouping can be characterized as “multilateral on the surface, bilateral in essence,” referring to a scenario that the trilateral arrangement falls into a simple extension of three separate pairs of bilateral ties. The biggest potential risk of trilateralism lies in its overwhelming reliance on the

operability of embedded bilateralism, which can eventually lead to the “efficiency problem” and the “solidarity problem” within a trilateral setting. Thus, assuming that there a scenario of “pareto optimality” for the number of members in a multilateralism does exist, “three” does not appear to be the most appropriate answer.

### ***The Efficiency Problem and the “Dilution Effect”***

Cooperation efficiency and transaction costs are two key concepts for understanding the comparative advantage of trilateralism over that of bilateralism. It refers to all the costs incurred in exchange, including the costs of acquiring information, bargaining, and enforcement, as well as the opportunity cost of the time allocated to these activities. In general, in comparison to bilateral arrangements, multilateralism (including unilateralism) has the advantage of saving transaction costs, given that the scale effect that the signing of  $n$  bilateral treaties is much costlier than the signing of one treaty with  $n$  participants. It allows a set of negotiations to be carried out or agreements to be finalized by incorporating all stakeholders. In contrast, the bilateral approach multiplies transaction costs because a new contract has to be negotiated, drafted, and safeguarded between each of the two participants (Thompson and Verdier 2010). Following this logic, the making of a three-way agreement is less costly than negotiating two bilateral agreements with the other two countries respectively.

Nonetheless, the effects of reducing transaction costs appear less significant in a trilateral arrangement than in a larger multilateral one. This is because the concepts of “the demand for cooperation” and “transaction costs” are, in many circumstances, two sides of the same coin. This study therefore posits that, for a certain actor in a trilateral grouping, the transaction costs of signing a trilateral agreement may not be substantially different from those of signing separate bilateral agreements with the other two actors. Assuming that countries A, B, and C are three actors in a trilateral grouping, the transaction costs of trilateralism may not be substantially lower than the sum of costs of A-B bilateralism and A-C bilateralism. In other words, the efficiency of a trilateral negotiation does not appear to be substantially higher than through bilateral bargains with B and C. With this in mind, country A’s need for trilateralism is most likely to drop and instead be replaced by a need to seek bilateral agreements with countries B and C.

Thus, for a member country in a trilateral setting, the cooperation will for constructing such a trilateral arrangement is likely to drop and be diluted by bilateral approaches. Jo and Mo (2010) posited that the payoffs of a trilateral grouping must amount to more than the sum of the bilateral relations between countries that are willing to cooperate. In other words, a trilateral agreement or institution is likely to be established only on the condition that each of three actors realizes that the payoffs of trilateralism are higher than they would be when cooperating with the other two actors in bilateral approaches respectively. In this regard, this research defines the concept of “dilution effect” as such a scenario in which the relative merits of trilateralism may be diluted by bilateral approaches embedded within a trilateral framework.



The “dilution effect” thus applies to the way that separate bilateral approaches pose a critical threat in eclipsing the utility of trilateralism.

### *The Solidarity Problem and the “Defection Cost”*

Trilateral groupings do not always precede multilateral groupings, as trilateralism can be constantly confronted with solidarity problems. The “defection cost” can be seen as a key factor that can help explain the weakness of trilateralism. Compared with larger forms of multilateralism, the low cost of defection can undermine the utility of trilateralism in two ways.

First, the country that decides to defect from a multilateral architecture may incur diplomatic condemnation or even diplomatic sanctions from other member countries. For each of the actors, the cost of defection is usually proportional to the number of actors within a multilateral setting. Thus, the cost of defection from a trilateral setting appears to be smaller than those derived from other multilateral settings with more actors. Moreover, with merely three actors, the governance structure of trilateralism does not allow defection, exit, or withdrawal by any member state. Otherwise, it would inevitably collapse and be degraded to a bilateral setting between the two remaining countries. Ideally, the advantage of multilateralism over bilateralism is that there will almost always be levels of cooperation that are less than universal but nonetheless yield cooperative outputs better than at the point where all defect. Moreover, normal multilateral mechanisms often include a certain “exit” mechanism, meaning that the non-cooperative attitude of a single member state will not affect the integrity of the multilateral framework. For example, the rules of the EU enable its member states to undertake exiting options as per existing agreements. The Lisbon Treaty, which came into effect in 2009, provided an exit mechanism for EU Member States, leading to the UK becoming the first country to formally achieve “Brexit” on an institutional level. However, trilateralism lacks this institutional flexibility.

Second, defection in a trilateral setting is more likely to occur once the embedded bilateral relationships break down. The operability of trilateral groupings, in comparison to that of other larger multilateralism, can be overwhelmingly subject to the fluctuations of its embedded bilateral relationships. Under a multilateral framework with a large number of actors, the deterioration of one embedded pair of bilateral relations is unlikely to spill over to the overall multilateral setting or paralyze the entire multilateral arrangement. However, within a trilateral setting, the freezing of one embedded bilateral dyad may cause devastating outcomes to the overall functioning of trilateralism. Jo and Mo point out the strength of bilateral relationships along the trilateral axis as a main independent variable affecting the well-functioning of the trilateralism (Jo and Mo 2010, 71). For instance, the relatively weak Japan-Korea bilateral tie endangers both US-Japan-Korea trilateralism and CJK trilateralism. Thus, the functioning of trilateralism is susceptible to the change of conditions of embedded bilateral relations.

### ***What Makes Good Trilateralism? A Cost-Benefit Analysis of Trilateralism***

This study aims to explore the operability and stability of trilateralism, and presents a cost-benefit analysis by comparing the utility of trilateralism with those of bilateralism and multilateralism. Table 2.1 characterizes the nexus among bilateralism, trilateralism, and multilateralism.

Admittedly, a three-way agreement can have structural strength. In comparison to bilateralism, it can reduce transaction costs and thus be expected to offer greater efficiency; in comparison to multilateralism, it appears easier to find mutual benefits and thus may be expected to offer greater effectiveness. The formation of trilateral groupings acts as a stepping stone for broader regional/multilateral cooperative frameworks. Trilateralism presents a political venue in which the subgroup of three countries can shape a unified voice in order to maximize their collective interests.

Nevertheless, the functioning of existing trilateralism has also been confronted with structural uncertainties and vulnerabilities. The utility associated with a trilateral grouping is likely to be offset by the negative impacts of “dilution effects” and “low defection cost.” On the one hand, participants within a trilateral grouping do not always prefer a three-way negotiation over two separate bilateral talks with the other two parties. Thus, with trilateralism, it appears more difficult to offer clearer benefits to each actor in comparison to bilateral arrangements. On the other hand, compared with multilateralism with a larger number of memberships, the operability of trilateralism appears to be overwhelmingly more susceptible to the fluctuations of embedded bilateral relationships. As a case in point, the freezing of Sino-Japanese relations has never “spilled over” to the ASEAN plus occasions, nor caused the interruptions of the APT summit and the EAS. However, in comparison, the breakdown of Sino-Japanese and Sino-Korean relations paralyzed the CJK trilateral relations and led to a suspension of trilateral summits during 2013–2015 and 2016–2017. Thus, once embedded bilateral relations fluctuate, trilateralism may reveal an ease in defection and small defection costs. The decision of defection by one actor, or the breakdown of any of the three bilateral ties within the trilateral grouping, may disable the operability of the entire trilateralism. In this sense, the weakest link among the three bilateral ties is likely to be the most vulnerable part of the entire trilateral arrangement.

**Table 2.1** Cost–benefit analysis of trilateralism

	Benefits	Costs
Versus bilateralism	Efficiency (lowering of transaction costs)	‘Dilution effects’ (difficulty to offer clearer benefits)
Versus multilateralism	Effectiveness (easy to find mutual benefits)	Susceptibility to embedded bilateral tensions Low defection costs and lack of exit mechanisms

Thus, a rational structural analysis indicates that the utility of trilateralism—whether it succeeds or fails—is a result of weighing benefits and costs. Despite the magic number “three” bringing about the benefits of efficiency, effectiveness, and progressiveness, it does not always yield positive outcomes in absolute terms. Thus, the performance of a trilateral simply rests in its capacity to maximize advantages and minimize weaknesses. This study puts forward three basic independent variables that create conditions for the change of costs and benefits of trilateralism in East Asia.

First, “shared interest” can create demand for trilateralism and facilitate the process of institution building among the three countries. “Shared interest” can thus range widely in terms of its scope. It covers coherent policy responses and military intelligence actions to jointly tackle with common external security threats; it can also take the form of a commonly shared set of values and international norms, as pursuits for democracy, liberty, and the freedom of navigation have served as key cornerstones that have bonded US-Japan-Australia and US-Japan-India trilateralism. On the other hand, “shared interest” also points to policy coordination and cooperation in non-traditional security fields (such as energy, disaster relief, environment protection, cybersecurity, and nuclear safety), and other areas of finance or trade liberalization. However, the existence of “shared interest” among the three parties does not always guarantee unanimous actions in terms of foreign policy. Certain differences may exist with respect to the demands for cooperation among the three actors. The logic of “dilution effects” is more likely to occur when one actor within a trilateral arrangement perceives the others more as rivals than as partners. In this context, as the neorealist view has pointed out, the prevailing logic of “relative gain” can easily trigger the negative “dilution effect” during the process of trilateralism. This is exactly the case in relation to competing relations between Japan and Korea in the economic sectors, and between China and Japan over regional leadership in East Asia (Dent 2008; Oba 2008; Komori 2012).

Second, the bilateral goodwill lays down a foundation for the evolution of trilateral arrangements. Otherwise, trilateralism is subject to the fluctuations of a bilateral relationship and from time to time ends up as the victim of bilateral discords. More specifically, the weakest bilateral tie among three pairs of embedded bilateral relationships is vital for the trilateral tie. Such occasions may happen to the Japan-Korea tie within a US-Japan-Korea triangle and to Japan-India relations within a US-Japan-India triangle. In these circumstances, it would be necessary to examine the gaining of shared interest within a trilateral setting relative to the gravity of bilateral animosity. Thus, foreign policies will be formulated on a rational basis after carefully calculating the benefits of continuing trilaterally based joint actions on one side, and the costs of making diplomatic concessions in bilateral domains or even enduring the domestic nationalist sentiments that may follow on the other side. For instance, the US-Japan-Korea triangle and the operation of the TCOG provide such examples. Korea, given its external security threat from North Korea and historical-territorial disputes with Japan, has to face a policy dilemma and thus delicately shift its foreign policy depending on the benefits and detriments of US-Japan-Korea trilateralism. It may prioritize trilateral military and intelligence cooperation upon pressing threats from North Korea. Otherwise, prior to the current President Yoon Seok Yul, Korea

did not show a strong interest in aligning with the US and Japan in terms of dealing with regional issues, but rather preferred to separate Korea-US relations and Korea-Japan relations into different tracks. If not confronted with pressing threats from North Korea, Korea tends not to over-institutionalize the US-Japan-Korea triangle.

Third, the role of leadership also matters in order to implement coherent policy responses (Tow 2015, 26). As previously analyzed, trilateralism has the fatal structural weakness in that it cannot afford any defector, nor does it allow any form of exit option—otherwise the trilateralism will be degraded into a bilateral arrangement. For this reason, an effective leading country that can encourage conflict avoidance mechanisms is deemed necessary to guarantee the operability and sustainability of trilateral arrangements. The trilaterals in East Asia can be divided into two categories: the US and its regional allies; and a nascent CJK trilateral. In the former, the US has been taking a leading role in facilitating trilateral cooperation in East Asia. In the meantime, US hegemony also pursues systematic stability relative to two less powerful states by working to forestall conflicts, or directly intervenes in the quarrels between them (Tow 2007, 26–27). Nonetheless, US foreign policy inputs in these trilaterals, as well as the willingness of the US to undertake leadership roles, can also be changeable over time. On the other hand, the nascent CJK trilateral features a regionalist approach. It is founded on the basis of economic interdependence and lacks a dominant power to take the lead. The institution-building process of the CJK trilateral has been filled with rivalry for leadership between China and Japan, with each appearing to be skeptical of the other’s predominance on the agenda settings and future direction of the trilateral. Korea’s “middle power” status within the CJK trilateral is no match for the US hegemony within other trilaterals. It can contribute to bridging between China and Japan toward CJK trilateral cooperation, but yet remains inadequate in applying sufficient pressure on either side (Zhang 2016).

## **The Utility of CJK Trilateralism: Variables and Affecting Factors**

The previous section has aimed to provide a general theory on the utility of trilateralism. A rational structural analysis indicates that the utility of trilateralism—whether it succeeds or fails—is a result of weighing benefits and costs. Despite the magic number of “three” bringing about the benefits of effectiveness and progressive “club good,” it does not always yield positive outputs in absolute terms. Thus, the performance of a trilateral simply rests in its capacity to maximize advantages and minimize weaknesses. In this section, this research hypothesizes structural and contingent independent variables that can be deemed as critical to affect the costs and benefits of CJK trilateralism, in order to provide a logical explanation of the ups and downs within CJK trilateralism in recent years. Table 2.2 provides a list of factors that have been subjectively defined as facilitating and restraining forces to the development of CJK trilateralism.

**Table 2.2** Factors that affect the benefits and costs of CJK trilateralism

<i>Structural variables</i>	
<i>Facilitating factors: shared interests</i>	<i>Restraining factors: power politics</i>
<ul style="list-style-type: none"> <li>• Economic interdependence</li> <li>• Socio-cultural closeness</li> </ul>	<ul style="list-style-type: none"> <li>• Bilateral antagonism and conflicts</li> <li>• Geopolitical constraints</li> </ul>
<i>Contingent variables</i>	
<ul style="list-style-type: none"> <li>• Common exogenous crises</li> </ul>	<ul style="list-style-type: none"> <li>• Political leadership</li> </ul>

### ***Structural Variables: Shared Interest and Power Politics***

Two sets of facilitating and restraining variables have affected the utility of CJK trilateralism. On the one hand, shared interests can create demand for trilateralism and have facilitated the process of institution-building among the three countries. Within the CJK trilateral grouping, despite the three countries having conflicting security interests, they share a wide range of common interests in functional fields and have developed close economic and socio-cultural ties. On the other hand, the pattern of power politics in Northeast Asia have in many aspects amplified the structural weaknesses of trilateralism and undermined the three countries' incentives of deepening trilateralism, leading to the popularity of separate bilateral approaches rather than an integrated trilateral approach in resolving regional issues.

CJK trilateral cooperation is primarily based on economic partnership driven by economic and socio-cultural interdependence. As close geographic neighbors, the three countries have a wide range of shared economic interests and socio-cultural links. It thus helps to lay down a solid material basis for the institution-building process. Regional cooperation usually incorporates two concurrent trends: state-driven regionalism in a top-down manner and market-driven regionalization in a bottom-up manner (Breslin 2000; Breslin and Higgott 2000; Ravenhill 1995; Hurrell 1995). In East Asia, market-oriented forces play as principal driving forces for regional cooperation, as politically-driven forces once did in Western Europe after World War II (Katzenstein 2005, 96; Pempel 2008a; Haba 2012). Mattli (1999) argues that motivations for regional institutional arrangements do not come from the top, but from the bottom. The bottom-up economic interdependence and market integration act as catalysts for regional integration not only by creating policy-level demands for cooperation, but also by fostering special domestic interest groups who favor economic exchanges and the removal of trade barriers. Ever since the 1990s, CJK have achieved rapid economic growth in recent decades, and have been integrated into the global value chains (Beeson and Liew 2002). In this regard, close business ties and deepening people-to-people exchanges among the three countries constitute a bottom-up facilitator force for advancing trilateral cooperation at intergovernmental levels. For these reasons, deepening interdependence among the three countries has also created significant demand for policy coordinations. So far, the three countries have created more than 20 ministerial-level consultative mechanisms in a wide range of fields, such as agriculture, science and technology, health, education, tourism,

information and telecommunication, transportation, and water resources. These non-sensitive subjects appear to be less vulnerable to fluctuations of political relationships and have paved way for the steady development of pragmatic cooperation.

On the other hand, the pattern of power politics in Northeast Asia has provided basic configurations of international affairs in this region, and acts as a key structural restraining factor for the development of CJK trilateralism. Neorealists assume that states pursue and struggle for power and survival in the arena of international politics. The conflicting security interests among the three countries have stalled the further development of CJK trilateralism. Gilbert Rozman (2004 and 2008) asserts that the precondition for formal institutions in Northeast Asia is great-power balance. The US and its two regional allies—Japan and Korea—have continuously re-adjusted and reinforced the “hub-and-spokes” system. Northeast Asia appears to be deeply trapped in the security dilemma. The region lacks mature multilateral arrangements on security issues and confidence-building mechanisms even at the basic level (Pempel 2005 and 2008b), and remains far from the formulation of a cohesive security community.

To be specific, the geopolitical pattern of power politics impedes the development of CJK trilateralism in two ways. First, three pairs of embedded bilateral relations within the CJK trilateral grouping have become increasingly unstable in recent years. Historical conflicts and territorial disputes—two decade-long problems in Northeast Asia—remain unresolved and will continue to be two potential sources for conflicts. Japan’s geopolitical strategy of containing an ascending China is unquestionable. A pattern of “new bilateralism” implies that China and Japan’s geographic proximity and cultural similarities have fallen in importance among the factors that shape the bilateral relationship (Ruland 2012). The deterioration of Sino-Japanese relations has spread to a wide range of political, economic, and socio-cultural dimensions. Specialists on Japan have argued that Japan has shifted its security strategy from engagement to hedging or balancing (Grønning 2014; Hornung 2014; Hughes 2016). Meanwhile, despite Korea adopting hedging strategies in the past by reaffirming the US-Korea alliance in maintaining its security and maintaining a stable economic relationship with China, the current President Yoon Yeok Sul has stressed on its “value-based” diplomacy and directed a radical policy shift toward containing China’s regional influence. In the shadow of Sino-US tensions and rivalry, both Korea and Japan have been gradually been showing a “divergent” rather than “convergent” approach toward China. Both of their relations with China have been exacerbated, motivating Korea and Japan to strategically distance themselves from China.

Second, a neorealist view of geopolitical conditions in this region may easily lead the three countries to pursue their respective national interests based on the perspective of “relative gain” instead of “absolute gain.” This has in fact intensified the fierce competition among the three countries either within the CJK triangle or within the APT framework. The prevailing logic of competition and “relative gain” can easily trigger the negative “dilution effect” during the cooperation process. This is because, in comparison to a three-way agreement that may create a win-win-win situation, a two-way agreement can secure the self-interest while keeping the third party from gaining benefits. The CJK trilateral relationship within APT frameworks has been well known as a dilemma of “competitive regionalism,” referring to China and

Japan's dual leadership in the process of regionalism and their rivalry for strategic support from ASEAN countries (Renwick 2008; Dent 2008; Hamanaka 2008; Oba 2008; Yasumasa 2012). Ever since the inauguration of the APT, the ASEAN has been seated in the central position as a norm-maker and agenda-setter, and, in the meantime, takes advantage of the internal competition among the plus three countries, with the aim of maximizing its own interests (Pablo-Baviera 2007; Moon 2012, 117). Thus, APT functions more as an aggregate of the three pairs of ASEAN + 1 than a platform for comprehensive policy coordination and cooperation among the plus three countries (Yoshimatsu 2008, 161–164). Recent decades have increasingly witnessed an increase in Sino-Japanese political and economic rivalry over the issue of regional leadership in Southeast Asia. The full-dimensional rivalry takes the form of an interest-based approach in which each side adopts various diplomatic initiatives and economic statecraft to carry out development financing and infrastructure construction (Yoshimatsu 2018; Zhao 2019). Meanwhile, the two countries have fallen into a value-based politico-economic rivalry, and Japan has begun to search for quality-based infrastructure and embracing the FOIP (Satake and Sahashi 2021; Yoshimatsu 2023). Fueled by the US-China tensions, Japan's ideational approach to economic diplomacy contrasts with China's interest-based pragmatism (Sahashi 2020).

### ***Contingent Variables: Common Exogenous Crises and Political Leadership***

In addition, two contingent variables—common exogenous crises and political leadership—affect the performance of CJK trilateral cooperation. The market demand for regional cooperation created by shared interests is not yet sufficient for mobilizing the national governments toward pro-regionalist policy. The common exogenous crises serve as the first critical contingent variable for the formation of trilateralism. Scholars refer to such pivotal turning points as “critical juncture.” A critical juncture is defined as “a period of significant change, which typically occurs in distinct ways in different countries and which is hypothesized to produce distinct legacies” (Collier and Collier 1991, 29). Critical junctures have significant influences on institutional development. A crisis or other emergency event calls the legitimacy of existing institutional arrangements into serious question and creates windows of opportunity for change, which then generate a demand for establishing new institutional forms, powers, and precedents (Yoshimatsu 2016). To be specific, the critical juncture catalyzes regional institutions in four aspects (Randall 2013, 174): first, common crises generate deeper political demands for transnational frameworks; second, crises stimulate the re-alignment of domestic social groups and transform domestic political regimes; third, crises strengthen the needs for communication, discourse, and negotiation among governments and reinforce intergovernmental networks and connectedness; and, lastly, crises empower the political leadership and liberate leaders from

interest groups and bureaucratic politics, temporarily giving them more political leverage for maneuvers.

The critical juncture approach has long been considered as a key research approach in understanding East Asian regionalism, where the institutionalization process evolves from market-driven to crisis-driven and finally policy-driven forces. A substantial number of previous studies have addressed the key role of the Asian Financial Crisis in 1997 in creating and catalyzing APT cooperation (Yoshimatsu 2014 and 2016; MacIntyre et al. 2008; Beeson 2003 and 2011). In recent years, the critical juncture approach has more recently been applied in studies of regionalism and multilateralism in Northeast Asia. Hong (2015) points out that the Six-Party Talks arose as a result of the North Korean nuclear crisis. Further, the agreement on regularizing the standalone trilateral summit in 2008 was largely borne out of a shared intention of overcoming political animosities and jointly responding to the global financial crisis (Calder and Ye 2010; Jo 2012; Shin 2015, 112).

The logic of the critical juncture facilitates the formation of trilateral groupings in East Asia as well. Scholars raise the concept of “contingent trilateralism” to explain the booming trend of US-centered security triangles (Tow et al. 2007). In the face of North Korean crises and the threat from China, a timely trilateral joint response is more efficient and cost-effective than separate bilateral talks. Likewise, the process of institution building within the CJK trilateral grouping is more likely to emerge during periods of common exogenous crises, in which the demand for trilateralism and the utility of trilateralism rise accordingly. In this regard, a critical juncture may provide a turning point in encouraging three countries’ policy-makers to start a new institutional path. The effects of critical junctures may emerge in functional fields, such as finance, trade, and investment. In other non-traditional security areas, including environmental protection, disaster relief, anti-terrorism, and nuclear safety, the confrontation of common challenges also generates strong incentives for joint policy innovation. Meanwhile, it is also important to examine the sustainability of trilateralism in post-crisis processes; that is, whether and to what extent the three countries have committed to developing their trilateral cooperation after exogenous shocks have ended.

Political leadership acts as another contingent variable affecting the evolution of trilateralism. This study extends from the basic arguments of intergovernmentalism and sees the three governments as key players and agenda-setters in trilateral cooperation. The intergovernmentalist approach is a popular school of studies in East Asian regionalism resting in between neo-realism and neo-institutionalism. Intergovernmentalism places the negotiation process and preference convergence among nation-states at the core of regional cooperation, while sharing neo-realism’s conception of the anarchic order of international relations and neo-institutional emphasis on transnational institutions (Jaung 2004, 8; Peng 2004). In particular, intergovernmentalists posit that heads of states and governments act as ultimate players in the process of regional cooperation, and argue that regional integration can best be understood as a series of bargains between heads of government backed by small group of ministers and advisers in a region (Yoshimatsu 2008, 62–63).



Mattli (1999) creates a research diagram of supply and demand in explaining regional cooperation behaviors. He argues that despite interdependence creates demand for region integration, it is the willingness of political leaders that supplies necessary support to address and develop such bottom-up demands. Despite varying political systems, all the three CJK countries retain a long tradition of statism. The three countries all inspire the concept of “developmental states,” which underpins the roles of governments to intervene and direct the course of economic development (Jessop 2003; Beeson 2007). In the foreign policy-related fields, the national leaders in these countries are always bestowed with a high degree of freedom to extract and direct national resources to achieve foreign policy goals (Yoshimatsu 2014, 20). The three countries’ foreign policies have demonstrated an explicit feature of “personality politics,” that is, a top-down pattern of a political leader-centered process of decision-making. China’s party-state regime still retains the top-down fashion of decision-making to manage political, economic, and social affairs. Korea has an institutionally strong presidency that enables the President to wield substantial leverage and power to mobilize the National Assembly and to appoint high-level officials. Along with the change of the presidency, Korean politics and foreign policy have been well known for their periodic switch between liberalist and conservative stances. In Japan, despite the fact that bureaucratic agencies are traditionally powerful in relation to foreign policy making, politicians in recent years have increasingly striven to strengthen their political influence over domestic and foreign policy making. President Abe’s ascendance to power in 2012 has declared the reinforcement of “politician-led politics” (*seiji shudou* in Japanese) in Japan.

Thus, in either democratic countries like Japan and Korea or countries with one-party dominant political system like China, the issue of legitimacy is undoubtedly the primary concern for its ruling leaders. Unfortunately, in the face of increasing bilateral tensions and rising nationalist sentiments in all three countries, the leaders have been increasingly catering to public sentiments and adopting hardline foreign policies toward the triangular relationship. In this regard, the evolution of trilateral institution-building represents a delicate foreign policy issue that requires the convergence of political support. Shin (2015, 222–233) argues that further deepening of trilateralism requires the convergence of the three countries’ political will in terms of facilitating historical reconciliation and smooth policy coordination with respect to the presence of the US in this region. For instance, trade policy provides another convincing case in point. Given that FTAs can bring benefits to certain industrial sectors while damaging the vested interests of others, the voices from different bureaucratic agencies may vary. Thus, trade negotiations are unlikely to progress without national leaders’ political decisions to coordinate, persuade, and mobilize all relevant ministries and agencies.

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# Chapter 3

## Deepening Webs of Functional Trilateralism and Challenges: A Case of Transboundary Air Pollution Cooperation



This chapter looks at trilateral institution-building in functional fields and selects the emerging cooperation on transboundary air pollution as a case study. Recent scholars have presented divided views on two prevailing perspectives on CJK trilateralism. Kan (2014) presents a relatively pessimistic view and points out that existing trilateral-based dialogues and talks have produced extremely limited concrete results, such as the Campus Asia student exchange program, and the TCS. Most of existing cooperative frameworks are merely intergovernmental and have few audiences among the general public, so that it can hardly affect the people of three countries. Conversely, other writers have also started to highlight the strengths and outcomes of trilateral cooperation. Yoshimatsu puts forward the concept of “regional governance” and argues that the three countries have not only recognized the necessity of boosting transnational functional cooperation, but have also steadily established various regulatory frameworks in the process of cooperation. He also states that business actors of the three countries have been increasingly influencing policy-makers toward deeper cooperation in functional fields such as information technology (Yoshimatsu 2010, and 2008, 102).

The chapter presents two sets of hypotheses. First, a broad range of multilayered intergovernmental mechanisms have been established, and the three governments have also set up regular connections to deal with common challenges. The cooperative outcomes of trilateralism in functional fields have appeared to be more than “talk shops.” Second, it remains too early to expect trilateral cooperation in non-traditional security fields to spill over to politico-diplomatic subjects in Northeast Asia. Heated disputes over the responsibility of transboundary air pollution present a case that trilaterally based functional cooperation has not yet been fully delinked from political confrontations.

## Rising Frameworks for Environmental Cooperation

Given the current volatile security environment in Northeast Asia, trilateralism in non-traditional security areas have become the cutting point for confidence building among three governments. In recent decades, the concept of “security” in international politics has been extended from a narrow geopolitical interpretation to broader landscapes (Akaha 2004). In many non-traditional security fields, risks have emerged through transboundary or transnational dynamics. Examples of such risks include but are not limited to environmental protection, terrorism, natural disaster responses and post-disaster relief, and global diffusion of infectious diseases (Lee, Alice Park 2011; Yoshimatsu 2010). States in a region subject to these risks are likely to take joint actions to tackle region-wide issues and risks. As neighboring countries, CJK are facing a wide variety of common cross-border challenges.

Environmental protection is one of pivot areas for trilateral cooperation. China, Japan, and the Korean Peninsula form a single ecological community due to their geographic proximity. Rapid industrialization, urbanization, and economic development within this region have caused severe environmental degradation. The three countries emit considerable levels of sulfur dioxide (SO<sub>2</sub>), and are leading emitters of carbon dioxide (CO<sub>2</sub>) in the international community (Drifte 2005). In the Northeast Asian region, China has become a source of transboundary air and water pollutants. Japan and Korea remain weaker than China and may have limited effective countermeasures, as “receptors” of transboundary environmental pollution naturally have an inferior status compared to “polluters” (Zhang 2023). For these reasons, Japan and Korea have been eager to push China toward regional environmental commitments, and meanwhile China is also interested in obtaining advanced environmental technologies from Japan and Korea. The three countries have thus raised the common necessity of managing environmental risks.

The inauguration of the Tripartite Environmental Ministers Meeting (TEMM) in January 1999 marked the first unified effort among the three countries to jointly respond to cross-border environmental risks. The TEMM is the first minister-level consultation meeting amongst the three countries. The establishment of the TEMM happened prior to the inauguration of trilateral summit in November 1999. Since 1999, the TEMM has been convened on a rotating basis among the three countries and has never been interrupted regardless of politico-diplomatic confrontations. Although many critics have pointed out that the TEMM has not produced many substantial outcomes with binding agreements (Wirth 2010; Kim 2007), trilateral environmental cooperation headed by the TEMM appears to be the most well-developed and productive form compared to all other fields (China-ASEAN Center 2018). It has been developed into one of the few domains within a broad range of trilateral cooperation in which public-private partnerships have begun to take shape through dynamic participation of civil society forces and non-governmental organizations (NGOs) (Yoshimatsu 2010; Cui 2013; Takahashi 2000). The agenda and projects underlying the TEMM have kept pace with the times. At the 22th TEMM, the

three countries adopted the Tripartite Joint Action Plan on Environmental Cooperation 2021–2025 and identified eight priority areas in trilateral environmental cooperation: (1) air quality improvement; (2) 3R/circular economy/zero waste city; (3) marine and water environment management; (4) climate change; (5) biodiversity; (6) chemical management and environmental emergency response; (7) transition to green economy; and (8) environmental education, public awareness and engagement (TCS 2022).

The institutionalization of the TEMM framework features an exogenous risk-driven approach. This policy was originally proposed by Korean President Kim Dae-jung on the occasion of the 6th United Nations Commission on Sustainable Development in May 1998 (Takahashi 2000; Kim, Inkyoung 2014). Korea's proactiveness could be explained by its strong concerns regarding dust and sandstorms (DSS) pollution originating in northern China and Mongolia (Yoshimatsu 2010). The risks associated with DSS became the direct motivation for the three countries to convene the TEMM. Beneath the TEMM umbrella, Japan and China also take the lead in various categories of environmental pollutions respectively. Japan showed a strong interest in photochemical oxidants, given that its domestic oxidants exceeded environmental standards (Yoshimatsu 2010). Japan proposed to list photochemical oxidants as a discussion agenda at the TEMM. The three countries began to host tripartite workshops on scientific research regarding photochemical oxidants in 2008. The three government's joint gestures on e-waste provides another example of risk-driven cooperation model. China proposed developing a circular economy and was eager to promote 3Rs (recycle, reuse and reduce) in e-waste, and wished to acquire advanced technologies from Korea and Japan. China proposed policy dialogs on developing circular economy at the 6th TEMM in 2004. Japan and Korea responded to China's proposal positively and the three countries launched the first circular economy symposium in 2005. Moreover, China also took a lead in organizing workshops on e-waste control and e-waste management since the late 2000s.

## **Emerging Connectedness and Joint Responses to Transboundary Air Pollution**

Among varying environmental projects among the three countries, air pollution has been generally considered to be the top priority due to the pressing risks of particulate matter (PM) 2.5 pollution. In recent years, the heated debate over transboundary fine dust pollution responsibilities continues between the three countries. Amongst all categories of air pollutions, particulate matter (PM) includes PM10 and PM 2.5, generally known as "fine dust." Located downwind from the prevailing air currents over China, some of Japan and Korea's environmental scientists and policymakers view China as a "polluter" and themselves as "receptors." In 2017, the Seoul metropolitan government publicly announced that more than half of Seoul's fine dust pollution originated in China (The Korea Times 2017). However, China has never



acknowledged itself as a major source of pollution in Northeast Asia. Chinese environmental scientists indicate that the majority of fine dust in Japan and Korea comes from local industrial and energy sectors; hence, China should not be responsible for the deterioration of air quality in Korea (Wang and Zhang 2015).

### *Multilateral Frameworks and Joint Actions*

Regional cooperation on transboundary fine dust coexists in three different channels: the TEMM, the Northeast Asian Sub-regional Programme for Environmental Cooperation (NEASPEC), and Long-range Transboundary Pollution (LTP). These three parallel frameworks share similarities in terms of their scientific aspects and have all developed research arms. In all cases, the main focus of air pollution has shifted from sulfate and sandstorms in previous years to fine dust in recent years.

TEMM is the only ministerial-level environmental mechanism in Northeast Asia in the membership of CJK. It was proposed by Korea and was initiated in 1999. TEMM is considered to be the most well-developed mechanism among all other areas of trilateral cooperation (China-ASEAN Center 2018), and it was even launched prior to the first trilateral summit meeting. It has an intergovernmental nature and has been managed by the environmental ministries from the three countries. It covers a wide variety of sub-fields, including e-waste, water pollution, sandstorms, maritime pollution, and air pollution. In recent years, the three countries have recognized the deterioration of air quality as being the most urgent environmental problem. At the 17th TEMM in 2015, the three countries updated a five-year Tripartite Action Plan on Environmental Cooperation (2015–2019), and the new action plan was further reconfirmed via a Joint Statement at the 6th trilateral summit in the same year. The new action plan highlighted “air quality improvement” as the top priority among nine pivot areas, and confirmed the “compelling need of tackling air pollution caused by fine particulate matters (PM 2.5), ozone (O<sub>3</sub>), and volatile organic compounds in a prompt and effective manner” (JMOE 2015). Against this backdrop, the three countries initiated a Trilateral Policy Dialogue on Air Pollution (TPDAP) under the TEMM in 2014, with a special focus on the issue of fine dust. The TPDAP began as a loose policy-based dialogue. Following the 3rd meeting in 2016, the dialogue started to cover technical fields by establishing two working groups, which gathered data and technical knowledge and reported to the director-level officials of the TPDAP. The first group works on scientific joint research on emission controls, while the second targets the monitoring and prediction of air pollutants (JMOE 2019; Chu 2018; Shim 2017).

LTP is another environmental regional mechanism among CJK that specifically deals with air pollution. It has a longer history than the TEMM and is run primarily by experts. It was initiated by the Korean government in 1995, and the National Institute of Environmental Research (NIER) of Korea acts as an interim secretariat for the LTP and manages regular communication and administrative issues (Kim, Inkyoung 2007 and 2014). To date, Korea has displayed leadership in terms of bringing the national

environment research institutes of China and Japan into the joint research program, and Korea is also the main financial supporter for LTP activities. The LTP project has two expert groups, which are focused on monitoring and modelling. The monitoring group studies the state of air quality in each of the three countries. The modelling group examines the source–receptor (S-R) relationship to identify the cross-border transmission of air pollutants. Each country has set up two monitoring sites and has produced data for comparison and analysis.<sup>1</sup> Since 2000, four out of the five stages of these joint research studies have been concluded, with the fourth stage (2013–2017) specifically focusing on the S-R relation of PM 2.5 concentration over China, Japan, and Korea. In 2019, LTP issued the summary report to the fourth stage of joint research on transnational PM 2.5 (2013–2017), suggesting that China’s contributions were 32.1% to major cities in Korea and 24.6% to major cities in Japan (Secretariat of LTP Working Group 2019). In recent years, experts have completed work on the action plan for the fifth stage (2018–2022). This plan facilitates collaboration between researchers and Pandora, a network of remote monitoring equipment that spans a larger spatial area (NIER 2019, 35; Secretariat of LTP Working Group 2019).

The NEASPEC represents another example of environmental cooperation in Northeast Asia. Proposed by Korea, the NEASPEC was initiated in 1993. It is the only regional environmental entity that incorporates all six countries in this region (China, Japan, Korea, Mongolia, North Korea, and Russia). The local Incheon office of the United Nations Economic and Social Commission for Asia and the Pacific has been acting as a permanent secretariat since 2010. The senior official’s meeting (SOM) serves as the main governing body, which takes charge of providing policy guidance and project coordination. For this, the governance structure of the NEASPEC reflects a semi-intergovernmental approach. The SOM meeting has been convened annually on a rotating basis, with decisions being made by consensus. The NEASPEC differs from LTP and the TEMM, and has the status of an international organization. The NEASPEC has two main funding sources. One comes from the ADB, which pays most of the organizational costs. The other source of funding is voluntary contributions from participating countries through the establishment of a “core fund.” However, the NEASPEC is severely limited by its budget, as its funds appear to be insufficient and are unpredictable (Kim, Inkyoung 2014, 153).

In 2017, the NEASPEC launched a “Northeast Asia Clean Air Partnership (NEACAP)” project that primarily focused on particulate matter (PM 2.5 and PM 10). The program has been developed based on two tracks: science-based cooperation and policy-oriented collaboration. In comparison, the NEASPEC lies between the policy-based TPDAP and the research-based LTP. With the support of a standing organization, the NEASPEC appears to have developed clearer policy goals and corresponding working agendas than LTP and the TEMM. The NEACAP proposed cooperative plans in three directions: first, to build emission inventories as common information basis; second, to strengthen the compatibility among various national databases and create an open platform for scientific communication; and, third, to

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<sup>1</sup> The monitoring sites of each country are Dalian and Xiamen in China, Oki and Rishiri in Japan, and Kangwha and Kosan in Korea.

**Table 3.1** Multilateral frameworks on transboundary fine dust

Body	Initiated	Member states	Area of focus	Participating agency	Level
TEMM	1999	China, Japan, Korea	Policy-oriented (all environmental issues)	Ministry of Environment	Minister-level
TPDAP	2014		Mainly policy exchanges		Director-level
LTP	1995	China, Japan, Korea	Scientific joint research	Experts	Experts
NEASPEC	1993	China, Japan, North Korea, Korea, Russia, Mongolia	Mixed (policy exchanges and scientific research)	Ministry of Foreign Affairs	Experts and working-level

promote and encourage the use of integrated assessment modelling (IAM) among member states<sup>2</sup> (NEASPEC Secretariat 2018 and 2019). The IAM approach has been widely applied and practiced by the Convention on Long-Range Transboundary Air Pollution (CLRTAP) in Europe. It helps to link scientific results with real environmental policies, and presents various scenarios of cost-effective emission reductions. In East Asia, the modelling and monitoring standards vary by country. The use of different calculation models or scenarios creates problems of incompatible scientific research outcomes and data monitoring.

To summarize, three parallel multilateral frameworks are currently involved in transboundary air pollution in Northeast Asia. Nonetheless, these three mechanisms have different organizational structures and operate in different approaches. Table 3.1 shows their functions in a comparative manner. The TEMM (including the TPDAP) primarily targets policy exchanges; LTP, on the other hand, represents a purely technical approach. The NEASPEC presents an integrated approach and seeks to establish a region-wide network of scientific research and policy dialogues. We thus find that there has been visible and steady progress in transnational cooperation on the subject of air pollution, as various action plans and working agendas have emerged in recent years. Notably, cross-border cooperation over PM 2.5 pollution has displayed substantial institutional solidarity. The TEMM, LTP, and NEASPEC mechanisms are convened on an annual basis, and these institutions have never been interrupted or cancelled, even during periods of diplomatic tensions in the region (Park 2019, 93–94). In this sense, nascent regional environmental governance in Northeast Asia has been developing in recent years.

<sup>2</sup> IAM is an integrated set of scenario analysis, air quality assessment, and cost-efficient abatement measures to be delivered to policy-makers. The use of IAM is widely considered to be a cornerstone of interactive processes between science and policy by analyzing emission trends and their impacts on health and the environment.

## ***Bilateral Fine Dust Diplomacy Between China and Korea***

China and Korea are certainly two major players of environmental interaction in Northeast Asia. In addition to multilateral approaches in which both are involved, the two countries have also carried out bilaterally based negotiations on core controversial issues regarding transboundary fine dust pollution. Unlike multilateral frameworks that operate on working levels, the bilateral fine dust cooperation between China and Korea mostly began with the convergence of political will via diplomatic channels.

Korean society is highly concerned by air pollution and now sees fine dust reduction as the top priority on its environmental agenda (Choi et al. 2020). Therefore, Korea has expressed great eagerness and enthusiasm in its environmental engagement with China. Bilateral fine dust cooperation is concentrated in two directions. First, it begins with scientific data exchanges and information sharing. Korea is eager to establish nationwide fine dust warning and forecasting systems. To improve accuracy and promptness, it is imperative to acquire real-time PM 2.5 data from China. Second, Korea hopes to provide advanced green technologies and cleaning facilities to China, in exchange for China's policy commitments to reduce domestic PM 2.5 emissions so that transboundary fine dust that flows to the Korean Peninsula can also be reduced accordingly.

Bilateral "fine dust diplomacy" began in 2014. On the occasion of Chinese President Xi Jinping's state visit to Korea in July, the two governments issued a joint statement, announcing for the first time that they would closely cooperate in the joint monitoring of air quality and would share PM 2.5-related data. Moreover, in a Memorandum of Understanding (MOU) signed by the two countries' environmental ministries, they agreed to establish an air quality joint research team. The Korean government promised to share its advanced technologies on dust collection, denitrification, and desulfurization with China's steel industries. In exchange, the Chinese government made a commitment to pursue large-scale investment (amounting to US\$280 million) to reduce domestic fine dust emissions by 2017 (Korea's Ministry of Environment 2014). In the following year, the two countries announced the official commencement of bilateral real-time data exchange on PM 2.5. The exchange was first proposed by Korea in order to enhance the forecasting accuracy for fine dust. In October 2015, Chinese premier Li Keqiang visited Korea to attend the CJK trilateral summit. The two environmental ministries capitalized on this opportunity and signed another MOU on data sharing, and agreed that these exchanges would be conducted between Korea's National Institute of Environmental Research and the Chinese National Environmental Monitoring Center, through existing LTP networks. According to this deal, real-time data monitoring from 35 Chinese cities and three Korean cities would be shared (KMOE 2019).

Likewise, Korean President Moon Jae-in's visit to China in December 2017 signified another high point in the two countries' cooperation on reducing PM 2.5. The

two governments signed a new Korea-China Environmental Cooperation Plan 2018–2022. The highlight of this plan was to create a Korea-China Environmental Cooperation Center. In the following years, there has been a boom in the establishment of institutions and policy exchanges between the two countries. As shown in Table 3.2, at least four new governmental, academic, and business frameworks have been initiated in the past five years. First, new ministerial-level and director-level consultations were initiated. In addition to the China-Korea environmental ministers' meeting that is normally held on the occasion of TEMM, the two environmental ministries initiated an additional annual conference in 2019. Second, the China-Korea Environmental Cooperation Center was inaugurated in 2018 as a gesture of enhanced joint research. It is affiliated to the Chinese Research Academy of Environmental Sciences in Beijing, and the two countries equally share the burden of the budget and labor. Finally, there are also increasing models of business-to-business cooperation on technology transfer. In 2018, the two countries launched the "Korea-China Cooperation Initiative for the Demonstration of Environmental Technologies for Fine Dust Reduction." Korea promised to select 12 candidate companies and provide 20 new technologies to China's corporations. This has been considered as a win-win situation in that it contributes to China's air quality improvement while simultaneously increasing market share for Korean companies in China's environmental industries (KMOE 2018).

Additionally, one of the recent initiatives between China and Korea includes the launch of a research-based "Blue Sky Plan." This concept was first proposed in 2017 and was formalized during the first bilateral annual environmental ministerial meeting in 2019. One of the primary goals for this plan was to raise the air quality forecasting level by sharing forecast information and technologies. The two governments decided to expand their ground observation points for analyzing the chemical composition of air pollutants, and to improve the accuracy of air quality simulations. They also authorized the China-Korea Environmental Cooperation Center as a focal point for the "Blue Sky Plan."

**Table 3.2** Selective China-Korea bilateral mechanisms on environmental protection

Mechanisms	Initial year	Levels
China-Korea environmental minister meeting (on the occasion of the China-Japan-Korea TEMM)	1999 (annual)	Minister
China-korea annual environmental ministerial meeting	2019 (annual)	Minister
China-Korea directors general policy dialogue	2017 (annual)	Director-general
China-Korea joint committee on environmental cooperation	1994 (annual)	Director/working level
China-Korea environmental cooperation center	2018	Working level
China-Korea cooperation initiative for the demonstration of environmental technologies for fine dust reduction	2018	Business

Overall, China-Korea bilateral fine dust cooperation has brought about more tangible outcomes than other existing multilateral frameworks. The position of “fine dust diplomacy” has been elevated in recent years in the sense that this environmental issue is no longer a side issue of the China-Korea bilateral relationship. The issue of fine dust pollution has frequently emerged as an important item for discussion during the bilateral summit meetings. Korea has wisely and tactically activated a diplomatic approach in recent years, that is, to bind the air pollution issue to bilateral relations, and to arrange the issue as part of the agendas of bilateral summits. As mentioned above, Xi’s visit to Korea in 2014 and Moon’s visit to China in 2017 served as milestones for the two countries’ cooperation on transboundary fine dust. These visits led to the subsequent signing of agreements or MOUs between the two environmental ministries. Next, ministerial-level and working-level consultations followed, with top political commitments being carried forward through specific joint actions. Therefore, the diplomatic approach has its own strengths and has proven to be effective. Once the leaders’ wills converge, it is easier to mobilize the bureaucracies to proceed with specific joint actions at the working level. Furthermore, the commencement of data sharing in 2015 and the initiation of the “Blue Sky” project can be considered as two direct cooperative outcomes.

## **Existing Challenges and Politico-Diplomatic Concerns**

This section analyzes the limitations of ongoing trilateral cooperation on transboundary fine dust, and identifies the prevailing use of political-diplomatic approaches in resolving common environmental risks. This has led to the “politicization” of transboundary air pollution issue among the three countries. Unlike other forms of transboundary water, maritime, and atmospheric pollutants, the issue of fine dust appears to be controversial due to the lack of scientific consensus on the S-R relationship. For this reason, this study contends that the ambiguity of pollution responsibilities has substantially exacerbated the complexity of atmospheric politics in Northeast Asia. This causes Japan and Korea to have more difficulties in enabling peer pressure during their environmental engagements with China. Against this backdrop, national governments are still maintaining a monopoly over environmental institutions and tend to adopt diplomatic approaches that avoid triggering discussions on state responsibilities and obligations. Independent regional organizations have limited capacity and room in regional environmental governance. Furthermore, the sensitivity of fine dust pollution has led to a situation where China still holds the key to unlocking this issue, and its environmental engagement with neighboring countries remains volunteer-based. The improvement of domestic conditions acts as the major motivation for its participation in transnational fine dust cooperation. Although China has been gradually shifting away from its former closed-door passivism, its openness and cooperative stances are still limited and conditional. Moreover, the issue of rivalry among multiple environmental institutions led by Japan and Korea respectively, as well as the non-binding and volunteer-based approaches have further

hindered the deepening of cooperation. As such, conflicting codes of conduct and stagnancy of rule-making exist at the scientific and institutional levels (Zhang 2021).

### ***The Limitations of Joint Research and Underdeveloped Epistemic Community***

The management of the joint research outcomes among CJK is problematic in two ways. First, it appears to be not always apolitical. For example, the public release of LTP annual reports and other joint research studies have been “politicalized,” as this requires the approval of the three governments before doing so. As elucidated in the previous section, China has been highly concerned about the public outrage against its environmental responsibility, due to which it blocked the publication of LTP annual reports before 2018. Another example can be found in the meeting agenda of the TPDAP in the first two years. China did not consent to Japan and Korea’s proposal of focusing on PM 2.5 issues in the joint research. Instead, China merely agreed to conduct joint studies on volatile organic compounds, a topic with limited political sensitivity (Chu 2018).

Second and more importantly, ongoing joint studies have not led to the reaching of scientific consensus on the S-R relationship of transboundary fine dust in Northeast Asia. These scientific efforts have failed in terms of narrowing the gaps between China and Korea, who have handled and interpreted the joint research outcomes in their preferred ways respectively. The Chinese side cites the LTP report and argues that the majority of PM 2.5 pollutants in Korea come from local sources, as China merely contributes to 32.1% of Korea’s annual fine dust concentration (CMOE 2018). Conversely, Korea has been “dissatisfied” with the report, arguing that it helps mitigate China’s responsibility of drifting fine dust pollutants toward neighboring countries. Korean experts argue that overall annual emission is not always the ideal criteria for measuring the severity of fine dust pollution because a moderate daily increase of PM 2.5 resulting from local-based emission in Korea would not result in substantial harm to people’s health. Instead, they argue that when daily PM 2.5 concentration exceeds  $75 \mu\text{g}/\text{m}^3$ , the exposure to fine dust can have detrimental health effects. Thus, the count of “heavy pollution days” ( $\text{PM 2.5} > 75 \mu\text{g}/\text{m}^3$ ) is far more critical than the annual concentration and should be used as a key index for monitoring air quality (Kim et al. 2018). In 2017, the number of “heavy pollution days” in Seoul rose sharply, and the city of Seoul began to recognize the PM 2.5 issue as a “disaster” in 2018. Although China is responsible for only 32.1% of Korea’s fine dust on average, it is responsible for 80–90% of fine dust on “heavy pollution days.” Thus, the majority of the Korean society still considers China to be the most significant contributor to fine dust pollution (Park and Shin 2017; *Yonhap News* 2020).

In addition to the underdevelopment of existing joint research, scientific cooperation on transboundary fine dust also stagnated due to the absence of integrated scientific standards. These technical barriers refer to the use of different modeling

methodologies, monitoring standards, and emission inventories in each country, which creates the problems of comparability and compatibility in scientific aspects (Secretariat of LTP Working Group 2019). For instance, China and Korea have adopted different air quality standards on PM 2.5 pollution. China recognizes days of average PM 2.5 concentration beyond  $150 \mu\text{g}/\text{m}^3$  as “heavily polluted”—a standard that is much lower than Korea (heavy pollution days  $>75 \mu\text{g}/\text{m}^3$ ) (Center for Statistical Science at Peking University 2015). In addition, the variation of scientific standards can also lead to conflicts on pollution responsibilities. One study pointed out that Korea-invested high-polluting enterprises in China also account for part of China-produced PM emission. It remains contentious whether or not China should be held responsible for this part of pollution (Shapiro 2016).

In this regard, government-led approaches and the mutual respect for environmental sovereignty have substantially restricted Northeast Asian states from advancing deeper cooperative actions. On the surface, regular expert meetings and policy exchanges have been created through existing environmental frameworks such as LTP, the TPDAP, and the NEASPEC. Nonetheless, our research shows that these exchanges have been largely limited to simple introductions of each country’s domestic environmental policy. In 2019, the environmental ministries of CJK jointly issued an “Air Quality Policy Report” to summarize the cooperation outcomes of the TPDAP since its inauguration in 2014. However, the report merely listed the policy measures and future goals of each country, and admitted that “the policy directions and goals are different among the three countries” (JMOE 2019). In other words, transnational environmental efforts remain volunteer-based, and joint working plans that demand transnational collaborations among states are not yet visible.

To be specific, the current political-diplomatic approach fails to facilitate scientific cooperation in two aspects. First, a full-scale exchange of fine dust-related data has not yet happened in Northeast Asia. The mutual share of 24-h real-time PM data, which helps to develop the accuracy of national fine dust forecasting systems, is the very foundation for scientific cooperation. However, the multilaterally based mechanism on real-time data exchange remains absent under the TEMM and the NEASPEC at present. On the other hand, although China and Korea have established a bilateral real-time exchange system on PM data, China merely agrees to provide data regarding PM concentrations and emissions. Environmental researchers in Korea are eager to obtain more comprehensive PM data regarding the origins, composition, and transmission routes. Second, professional voices from scientific experts and international environmental organizations have been largely detached from policy channels. For instance, despite LTP releasing policy reports on each of its five-year-long research phases, these professional opinions have seldom been accepted by national policy-makers (Shim 2017). In past years, the NEASPEC has prioritized the integration of varying national databases and inventories in its working agenda. In spite of existing dynamics of working-level consultations and expert-level meetings, the NEASPEC remains incapable of persuading and motivating national governments to formulate integrated environmental standards (NEASPEC Secretariat 2019).



### ***Rivalry and the Absence of Legalized Arrangements***

Recent years have witnessed intensifying rivalry between China and Japan for regional leadership. In the environmental field, Korea also acts as a key player and aims to solidify its environmental leadership in East Asia. The pattern of cooperation alongside rivalry exists, as Northeast Asian countries have differing preferences for institution building and cooperation approaches. This has caused overlap among the various environmental institutions. As a result, existing regional environmental frameworks on transboundary air pollution (LTP, the TPDAP, the NEASPEC, and the Acid Deposition Monitoring Network in East Asia [EANET]) share similar functions and visions, and do not appear to have a clear division of tasks. The ambiguity of division of labor among these environmental institutions has led to increased transaction costs and a decline in cooperation efficiency (Chu 2018). What is worse, policy-makers in China, Japan, and Korea have all hoped to play leading roles in environmental institutions for maximizing their self-interests. Japan is the initiator and agenda-setter in the EANET, with a broader geographic coverage of East Asia. Japan also attempted to push forward legal arrangements within the EANET in its early years. On the other hand, Korea is unwilling to see Japan's display of leadership, and its vision on environmental regionalism is mainly Northeast Asian-based. This helps to explain Korea's initiation and continuous contributions to the NEASPEC and LTP in recent decades. Likewise, China has shown low engagement within the frameworks of the EANET and the NEASPEC, as it appears to be skeptical of Japan's leadership in the EANET and the organizational structure of the NEASPEC (Shim 2017, 20; Shapiro 2018).

Overall, transboundary fine dust cooperation in this region remains limited to preliminary and volunteer-based approaches. On the China-Korea bilateral track, China's commitments on PM 2.5 reduction appear to be non-coercive, and Korea is unable to pressurize the Chinese government merely through diplomatic channels (Lee and Paik 2020). Regarding multilateral efforts, the TEMM is running strictly on an equal basis. It lacks an organizational base and respects the environmental sovereignty of each member state. The NEASPEC, on the other hand, despite having developed a model of international organization, has not been fully favored by other member states (except Korea) in terms of policy support and financial contribution. For these reasons, a long-term vision for binding and enforcement mechanisms is not forthcoming in Northeast Asia. In this regard, the European experience is instructive. Admittedly, the CLRTAP, one of the most sophisticated and science-based regimes, has also been closely tied to political maneuvers in negotiation processes and the scientific cooperation procedures (Ishii 2011; VanDeveer 2004). Nonetheless, despite the CLRTAP starting in a non-binding form in initial stages in the 1970s, legal arrangements were adopted in following decades (Drifte 2003; Yarime and Li 2018). In 2012, the Convention was updated to address the fine dust issue and adopted new goals to be achieved by 2020. The European model points to differentiated responsibilities regarding emission reductions among its members, so that each member

state shoulders international responsibilities when formulating their domestic environmental policies. Moreover, it includes certain punishment mechanisms in the event that any member state fails to achieve its goal of emissions reduction (Zhang 2021). The “polluter pays principle” has been currently accepted as a code of conduct in some regions, which places the burden of handling pollution squarely among polluting countries (Lee 2019; Park 2019, 89). On the other hand, unfortunately, it appears that such a legally based responsibility-sharing environmental model is unlikely to work in Northeast Asia.

## Conclusion

In recent years, environmental protection has grown into a flagship area of trilateral cooperation in non-traditional security fields. The crisis-driven approach works well, and exogenous risks and crises provided momentum for institution-building. In addition to policy and information exchange venues such as meetings, workshops and policy dialogues, nascent joint research, and technological projects are beginning to take shape. Yoshimatsu (2010) specifically examines trilateral cooperation in environmental protection and technical innovation. He argues that a preliminary mode of “regional governance” has emerged and that the three countries have adopted harmonious regulatory policies and fostered partnerships between the public and private sectors in these fields. The shape of “regional governance” in functional trilateralism helps to ensure that these cooperative efforts are enacted through an integrated trilateral approach, and helps to overcome the possible dilution effects caused by bilateral approaches. To date, bilateral environmental frameworks among the three countries were established in the early 1990s: Japan signed an agreement on environmental conservation with China in 1994, and mobilized its Official Development Assistance (ODA) agency to fund China’s specific environmental protection projects; and Korea and China also signed a similar agreement in 1993 to formalize their bilateral environmental cooperation. Since the TEMM was inaugurated in 1999, all of these bilateral efforts have been incorporated and integrated under the umbrella of cooperative trilateralism.

The performance of trilateral non-traditional security cooperation varies according to field. In certain fields that are less “sensitive” to politico-diplomatic entanglement, a rising pattern of de-politicization has emerged, and existing cooperative trilateralism has been less subject to fluctuations in the parties’ political relationships. Table 3.3 shows the development of nascent trilateral networks in non-traditional security areas. The trilateral ministerial meetings in environmental protection and disaster relief, for instance, have never been interrupted due to political fluctuations in the bilateral dyads. The immunity from political turbulence has demonstrated an increasingly solid and productive mode of cooperative trilateralism in functional fields.

Nonetheless, it remains too far to conclude that these nascent institutions have enabled a “spill-over” effect to alleviate political conflicts among the three countries.

**Table 3.3** List of major trilateral frameworks in non-traditional security fields

Frameworks/mechanisms	Field	Level	Inauguration year
Tripartite environmental ministers meeting	Environment protection	Minister	1999 (annually)
Tripartite meeting on dust and sandstorms		Director-General	2007 (annually)
Tripartite policy dialogue on air Pollution		Working level	2014 (annually)
Trilateral heads of government agency meeting on disaster management	Disaster management	Minister	2009 (biennially)
Tripartite meeting on earthquake disaster mitigation		Vice-minister	2004 (biennially)
Top regulators meeting on nuclear safety	Nuclear safety	Vice-minister	2008 (annually)
Trilateral counter-terrorism consultation	Anti-terrorism	Working level	2011 (annually)
Trilateral cyber policy consultation	Cybersecurity	Working level	2014 (annually)

Source TCS website ([www.tcs-asia.org](http://www.tcs-asia.org)), compiled and summarized by the author

This chapter has examined a case of transboundary air pollution in Northeast Asia, and analyzes how the three countries have responded to the atmospheric crisis. It has also shed light on the current conditions of bilateral, trilateral, and multilateral environmental cooperation, and has found both encouraging and discouraging prospects. Transboundary cooperation on air quality in Northeast Asia has gone through many changes in recent decades. In the past, the air pollution issue was mainly embodied by non-PM pollutants such as acid rain and yellow dust. In recent years, air quality has remained poor, and the haze weather caused by fine dust has posed a new environmental challenge. PM 2.5 pollution is far more harmful to people's health than other pollutants, and environmental scientists have more difficulties in identifying its transmission routes.

At present, transboundary fine dust cooperation remains inadequate of shared norms at the scientific and institutional levels. China remains a "polluting country" and has faced peer pressure from Japan and Korea, who stand as "polluted countries." So far, trilateral atmospheric cooperation remains volunteer-based, and current achievements regarding PM 2.5 reduction should be credited to each country's respective domestic efforts on a volunteer basis, while a joint environmental agenda with binding norms and enforcement measures remain missing. For these reasons, there can hardly be a reliable pact with institutional or legal assurance for trilateral fine dust cooperation, and the issue appears to be more "political" than solely "environmental." In this regard, regional atmospheric cooperation mirrors the complexity of geopolitics in Northeast Asia, a region that has been struggling for decades in

rule-making and with rivalry for leadership. Furthermore, the prevailing political-diplomatic approach has led to the incapacity and limited roles of independent international organizations, which can hardly provide professional guidance to national governments. The role of scientific knowledge has been downplayed, and scientific consensus on the S-R relationship and pollution responsibilities are not yet visible in the near future.

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## Chapter 4

# The China–Japan–Korea Free Trade Agreement: Politico-Economic Explanations for the Stalled Negotiations



CJK have shown impressive economic growth and trade development. Nonetheless, economic integration efforts among the three countries remain largely undeveloped. Against this backdrop, the launch of CJKFTA negotiations in 2013 was a significant move. The progress of the CJKFTA has inspired various scholarly studies on this subject. Concerning the launch of the CJKFTA negotiations and the progress of other bilateral and multilateral FTAs in East Asia, various scholarly work has provided a certain level of optimism that an early agreement on a CJKFTA arrangement would build a reference model and have a demonstration effect for Regional Comprehensive Economic Partnership (RCEP) negotiations (Park 2017; Li et al. 2015; Trilateral Joint Research Committee 2008).

The first point of optimism identifies a crisis-driven approach and argues that economic crises have a significant influence on institutional development in East Asia. Similar to the Asian Financial Crisis in the late 1990s that caused the rise of the intra-regional trade ratio in East Asia, many optimists contend that the global financial crisis in the late 2000s increased the mutual economic dependency among the three countries (Nagano 2003; Kuroiwa and Ozeki 2010; Yoshimatsu 2016). However, despite the global financial crisis acting as the main catalyst for the political decision to launch the CJKFTA negotiations, the crisis-driven model remains insufficient in terms of explaining the hardy negotiations in the following years. Therefore, crisis-driven models do not last long and their effects have never been sustainable. The second point of optimism contends that the accomplishment of the China-Korea FTA (CKFTA) can serve as a stepping stone for the CJKFTA negotiations and provide a sample draft for sensitive items such as agricultural goods (Li et al. 2015; Chiang 2013). However, ongoing scholarly debates point out that the conclusion of a CJKFTA faces two choices of paths—a “sequential path” and a “trilateral path.” This chapter sees that the effect of the CKFTA on the CJKFTA was unclear, and the CKFTA may exacerbate the rivalries among the three countries (Choi, Jong Kun 2013; Madhur 2013).

In reality, subsequent CJKFTA negotiations have not been proceeding as expected. Thus far (by late 2024), the three governments have held 16 rounds of negotiations, including director-level and vice-minister-level talks, but these have failed to make any major breakthroughs. During recent trilateral summits in 2018 and 2019, the three countries' leaders conveyed a strong political will to support CJKFTA negotiations. Nonetheless, these political commitments appear to be far more symbolic than substantial. The three countries have not even achieved full agreement on the basic modality of the CJKFTA. They have not narrowed the gaps regarding the scope of goods, investments, and services covered by the agreements, and they have not adopted any specific future-oriented road maps. According to the relevant ministries of the three countries, what can be called “progress” stops at merely the establishment of a number of working groups in the service, finance, and telecommunication sectors during the 13th round of negotiations in March 2018 (*Yonhap News* 2018). Even for optimists who advocate the importance of the CJKFTA, its future vision remains unclear. In the most recent 2024 summit, although the leaders of the three countries reached a principled consensus on resuming negotiations, no clear timetable has been set. Moreover, similar statements were also seen in the joint declarations following the 7th and 8th trilateral summits in 2018 and 2019, respectively, making it difficult to consider this as anything new. In this regard, whether the three countries can resume the CJKFTA in the near future and achieve substantial progress remains to be seen.

During the 2010s, RCEP negotiations and CJKFTA negotiations were progressing in a dual track. As a result, the former was signed in 2020 and took effect in early 2022, so that the three countries are eventually bound by a free trade arrangement now. Nonetheless, given the strong economic links and complementarities among the three countries, CJKFTA has the potential to mark a higher level of economic liberalization than the RCEP, and the establishment of a CJKFTA would further contribute to enhancing the three countries' economic growth through trade and investment. A simulation study shows that a scenario of a “trilateral CJKFTA at once” would create the largest welfare gain for all three countries, under which the GDP of China would increase by 0.4%, the GDP of Japan would increase by 0.3%, and the GDP of Korea would increase by 2.8% (Trilateral Joint Research Committee 2008). In the meantime, the construction of a CJKFTA would not only bring about GDP growth but would also contribute to accelerating economic structural adjustment and industrial upgrading in all three economies.

This chapter endeavors to ask that what factors have caused the CJKFTA negotiations to stall in recent years, and contends that the conclusion of an FTA demands the following three sets of pre-conditions: first, a rising economic interdependence among its members to demonstrate the necessity of further economic integration; second, a domestic policy arrangement to coordinate among various interest groups; and, third, joint diplomatic efforts in international bargains and the coordination of respective trade policies. However, a specific investigation of the CJKFTA indicates that various economic considerations, domestic politics, and political-diplomatic factors have halted the negotiation process. The trilateral economic interdependence has shown a downward trend in recent years and has weakened the bottom-up



economic foundation among the three countries. In the meantime, sectoral interests remain highly divergent over a potential CJKFTA. Opposition from groups in Japan that may suffer from a CJKFTA remains strong, and the majority of the Korean business world still regards the payoff of an accomplished CKFTA more highly than an accomplished CJKFTA. Finally, the three countries have failed to narrow their gaps during past negotiations because no party views the CJKFTA as a top priority or wishes to take the leadership role. China does not want a high-level CJKFTA; Japan's lack of political incentive and Korea's cautious "wait-and-see" stance have also led to a stalemate of the negotiations.

This chapter comprises three sections and focuses more on the "problems" of the CJKFTA than on its "development" in recent years. The first section explores an analytical framework that explains the evolution of the CJKFTA. The second section briefly reviews and explains the short-lived progress of the CJKFTA in recent years. The third section specifically analyzes the main problems and challenges of ongoing CJKFTA negotiations and considers various factors in the trade performance, sectoral interests and respective national policies.

## **Determinants of the CJKFTA Analysis**

Since the early 2000s, a growing number of countries have increasingly focused on the establishment of regional FTAs. FTAs have been widely understood as a mixed product of political considerations and economic gains. This study provides three basic interdependent variables to understand the evolution of the CJKFTA negotiations.

### ***Economic Interdependency***

There can be little doubt concerning the ongoing dynamic business exchanges and deep trade ties among CJK. However, this study contends that continuing the upward trend in the total volume of bilateral-based and trilateral-based trade does not unconditionally lead to increasing mutual interdependence among the three countries. For instance, notwithstanding China's increasing trade volume with Japan and Korea, China's foreign trade dependence on these two countries has dropped in recent years. Kan (2014) argues that the progress of globalization has canceled out the increase in the number of exchanges among the three countries with a greater increase in exchanges with countries in other regions. The greatest factors in the declining importance of Japan and Korea to China are China's growth and globalization. Accordingly, the increase in the trade volume among these countries may not signify any essential increase in trade dependence and mutual importance. To evaluate the mutual economic interdependence among the three countries, this study investigates the

intra-regional trade ratio as the main indicator and examines its shift since the early 2000s.

### ***Domestic Politics and Interest Groups***

Trade negotiations have always faced the constraints of domestic politics and have to accommodate the interests of various business groups and labor unions. For instance, a high-level regional FTA may cover a broad range of items, including goods, services, investment, intellectual property rights, legal commitments, and trade dispute settlement mechanisms. An FTA usually creates economic winners in exporting industries and losers in import-competing industries (Ahn 2008). Thus, it is never an easy task to coordinate between the losing groups and the winning groups in each country. Trade politics normally demands political decisions from national leaders in order to improve coordination among the various interest groups within each country. On some occasions, trade politics are also interpreted as a type of “middle politics,” that is, somewhere in between “low politics” and “high politics” (Oshimura 2008, 125–126). The three countries have rather distinct industrial structures and comparative advantages: China is labor-abundant, Japan is technology and capital-abundant, and Korea is technology and high-skilled labor-abundant. Accordingly, this study provides a sectoral analysis on the benefits and costs of the CJKFTA to various industries in each of the three countries.

The domestic political and economic structures also act as a significant determinant of a country’s FTA policies. Currently, the Chinese market environment remains filled with non-tariff barriers and double standards that are exclusive and discriminatory to foreign investors (Kimura and Ando 2008). This partly explains why China has less intention of signing high-level FTAs than Japan and Korea. However, the Chinese domestic economic environment differs considerably from the domestic markets of Japan and Korea. In democratic economies such as Japan and Korea, domestic voices have been much more divisive with respect to the building of FTAs. In contrast, the Chinese government’s highly centralized governance structure has made proactive FTA strategies highly efficient (Jin et al. 2006).

### ***International Politics and FTA Policies***

FTAs are commonly considered to be political leverage and are subordinated to changes in the political climate. FTAs normally create conditions for a win–win situation among the participants in terms of GDP growth and industrial renovation; meanwhile, they create political intimacy and stronger socio-economic relations among the participants. According to Mansfield and Pevehouse (2000), countries with trade agreements are less likely to be trapped in conflicts and disputes than

countries without these arrangements. However, the construction of a mutually beneficial regional FTA essentially excludes non-members. It provides “club goods” to its member countries, but will undermine the economic interests of non-participants. Thus, the choice of members within an FTA arrangement normally requires prudent political decisions.

FTA issues also provoke an essential problem of weighing “absolute gains” and “relative gains” in the arena of international politics. Northeast Asia has increasingly turned into a region filled with a security and economic nexus. In the context of growing China-Japan rivalry in the region, both sides have increasingly pursued “relative gain” rather than “absolute gain.” Prevailing scholarly views tend to see Japan as the main hurdle to the CJKFTA, given Japan’s leadership role in the formation of the Comprehensive Progressive Trans-Pacific Partnership (CPTPP) as an institutional balance against the rise of China (Yoshimatsu 2015; Wang and Xu 2016). In addition to Japan’s current passivism, China and Korea’s vacillating postures have also led to a missing leadership during the CJKFTA negotiations. The three countries have put forward highly distinct policies regarding the future prospects and time tables of the CJKFTA. Scholars and policy-makers increasingly see the three countries’ political commitments as the greatest driving force for the CJKFTA negotiations. The development of the CJKFTA has primarily depended on the diplomatic objectives of the three countries.

## **Into Negotiations: What Facilitated CJKFTA in the Late 2000s?**

In the three countries, integrated production networks and supply chains with a division of labor started to appear in the 2000s. The three countries have created closer industrial production networks and have developed a “triangular trade” structure pattern (Yang and Liu 2013). This has resulted in the rise of a China-centric trade regime in East Asia through which China has developed into a trade hub that imports primary and intermediate goods from Japan and Korea, and finally acts as an “assembly factory” and exports final consumption products to the US and EU markets (Xing and Detert 2010; Ravenhill 2008). Corporate production networks are therefore substantially expanding across the three countries by capitalizing on economic complementarities and deepening industrial divisions in the global value chain. In this regard, trade in value added (TIVA) indicators provide a broad view of where value is created in each stage of global value chain. According to a recent Organisation for Economic Co-operation and Development (OECD) report that covers the global TIVA since 2005, in value-added terms, the three countries’ have shown steady industrial links among each other (OECD 2018).

Although the CJKFTA would generate a win-win-win situation for all three countries from a macroeconomic point of view, the evolution of the CJKFTA process has been full of twists and turns. Since the early 2000s, China has been taking the

lead in advancing the CJKFTA. In contrast, Japan's passive stance prevented the nongovernmental joint studies from proceeding to intergovernmental stages. Japan faced a policy dilemma in that it hoped to build closer economic ties with China but was also highly concerned by the escalating competition with China in matters of regional leadership (Aggarwal and Koo 2005). As a result, Japan's major efforts in promoting trilateral economic cooperation were initially devoted to the development of a trilateral investment agreement but not an FTA. Hence, despite seven years of joint research and the creation of seven policy reports evaluating the overall costs and benefits, the CJKFTA did not make any substantive progress from 2002 to 2009.

The true turning point for trilateral cooperation in trade liberalization came in the late 2000s, when all three countries' economies and foreign trade were severely damaged by the global financial crisis in late 2008. Unlike the Asian Financial Crisis in the late 1990s that disrupted the financial stability of East Asia, the impact of the global financial crisis evolved into a trade crisis in East Asia. The turmoil in the US brought about a sharp decrease in its foreign trade volume and then also led to the economic decline of the foreign trade-oriented East Asian countries (Oba 2013).

Against this backdrop, the crisis facilitated the CJKFTA after an almost decade-long stalemate and acted as a catalyst for the evolution of the CJKFTA. It created the blessing of converged political will among the three countries. For the policy-makers of the three countries, one of the critical lessons learned from the global financial crisis was to diversify trade destinations and reduce trade dependency on the US and EU markets. Once the Western economies went into economic stagnation, the three countries would unavoidably suffer from the loss of major export markets. To overcome such structural vulnerability, it steadily became a shared consensus that these three major economies needed to develop trade among themselves in order to offset their losses from external crises. In addition, the crisis empowered pro-FTA domestic business groups and weakened opposing voices. The three countries launched a number of non-state channels that influenced the three countries' economic policies, including the establishment of a trilateral business forum since 2009 (as a side event of the trilateral summit). The forum acted as a Track II platform and conveyed the strong willingness of business groups to support a trade agreement to policy-makers.

Against this backdrop, intergovernmental talks on trilateral trade liberalization and investment/services were accelerated from 2010 to 2012. Japan's policy shift in this area was particularly noteworthy. Prime Minister Hatomaya Yukio characterized his foreign policy with references to "fraternity" and the "East Asian community," and envisioned concrete cooperative measures to establish FTAs with neighboring East Asian countries. Japan's economic engagement and political intimacy with China and Korea paved the way for the acceleration of the CJKFTA. In 2009, the three countries eventually launched a semi-governmental joint study that involved scholars, business groups, and governmental officials. With this joint study, the three governments entered a substantive preparatory stage prior to actual negotiation. The official government-led joint study of the CJKFTA lasted for two years and was completed at the end of 2011; its final report suggested the signing of a "comprehensive and high-level FTA covering trade in goods, services, investment and other

policy areas” (Trilateral Joint Research Committee 2011, 147–148). Eventually, in November 2012, the three countries’ economic and trade ministers announced the official launch of CJKFTA negotiations.

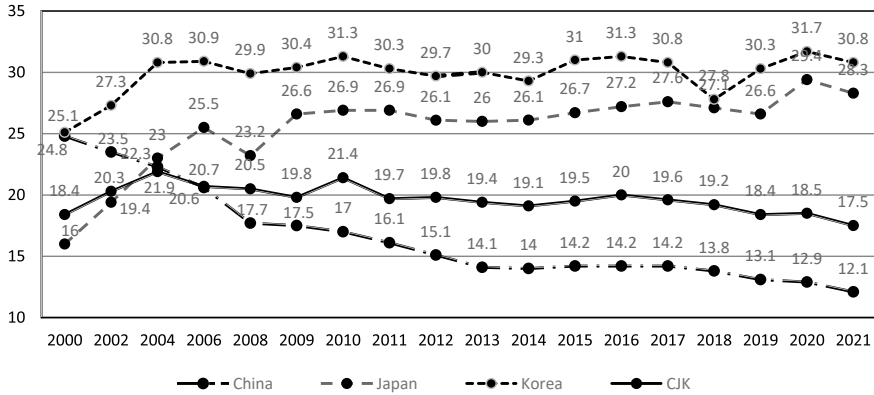
## **Empirical Analysis of the CJKFTA: What Stalled the Negotiations?**

The crisis-driven approach was effective during a time of exigency in that the three countries accelerated their joint studies and declared their intention to start CJKFTA negotiations in late 2012; however, this analytical approach was not convincing and reliable in the following years. Thus, it is also important to examine the sustainability of trilateralism in post-crisis processes—that is, whether and to what extent the three countries have committed to developing their trilateral cooperation after the crucial exogenous shock has ended. The slowdown of the real negotiations among CJK implies that once common problems and crises have dissipated, the outputs of trilateral economic liberalization remain inadequate. Various political and economic factors have added new uncertainties to ongoing CJKFTA negotiations.

### ***Waning Economic Interdependency***

Despite the continuing upward trend in the total volume of bilateral-based and trilateral-based trade, the degree of mutual interdependence among the three countries has not revealed a steadily rising trend. The increase in the trade volume between these countries does not signify any essential increase in mutual importance. Fluctuations of political relations pose another fatal challenge to the deepening of economic interdependence.

Recent scholarship has noted the three countries’ declining economic and business interdependence (Lee and Kwon 2015). Figure 4.1 shows the intra-regional trade ratio among the three countries: Korea has a higher intra-regional trade ratio than Japan and China, indicating that healthy and close trilateral economic ties are of somewhat greater significance for Korea than for the other two countries. In terms of CJK as an integrated region, the intra-regional trade ratio remained relatively unchanged by 2017. Thereafter, the trade interdependence among the three countries began to decline, due to the THAAD friction within the China-Korea dyad, trade disputes within the Japan-Korea dyad during 2018–2020, and Japan and Korea’s economic decoupling from China in recent years. This ratio is much lower than the trade ratios of the ASEAN, ASEAN + 3, and EU-15, which in 2020 were approximately 23%, 47%, and 54%, respectively. Overall, we see that the economic interdependence among the three countries remains largely questionable.



**Fig. 4.1** Intra-regional trade ratio among China, Japan, and Korea. *Source* World Integrated Trade Solution, <https://wits.worldbank.org/Default.aspx?lang=en>, calculated and compiled by the author

A similar stalled situation is found in the recent flow of investment among the three countries. As a world-leading investor, Japan’s foreign direct investment (FDI) flow to China peaked during 2011 and 2012, but after that, a drastic decline occurred (JETRO 2015). Thereafter, the crushing downturn in Sino-Japanese relations acted as a turning point in terms of Japan’s FDI flow to China. Japanese business owners were more cautious about investing in China. Japanese enterprises now see investments in China as less profitable than investments in other emerging markets such as India and Southeast Asia, largely due to China-Japan bilateral political tensions and China’s rising human costs (CSIS-Nikkei Virtual Think-Tank 2016). On the other hand, the China-Korea bilateral investment has also revealed a fluctuated trend in recent years. After the global financial crisis, the mutual investment between China and Korea appeared to follow a stably upward trend, and the decline of Japanese investment in China created something of a vacuum for Korean companies. Korean firms started to invest much more aggressively in China than in Japan and saw the Japanese enterprises in China as potential business rivals. Nonetheless, the THAAD conflict has seemingly marked a watershed for Korea’s investment flow to China, and has severely weakened the market confidence of Korean business owners. Korea’s FDI to China peaked to US\$1.32 billion in 2012 and dropped to US\$0.66 billion during the THAAD tensions in 2017. In 2021, Korea’s FDI to China further declined to US\$0.48 billion, amounting to merely one-third of its highest record in 2012. Due to China’s domestic anti-Korea sentiments and the quick rise in China’s labor costs, large Korean enterprises, such as Samsung and Lotte Group, have been ceding their market share to fast-growing Chinese local rivals. For instance, Samsung declared to close a major Chinese smartphone factory in Tianjin in late 2018 and plans to shift its manufacturing to India (Martin 2018).

## *Sectoral Analysis and Domestic Politics*

Political economists tend to analyze the costs and benefits of a CJKFTA through factor-based models and industry-based models. All three countries are large manufacturers in the global market and major importers of agricultural projects and raw industrial materials. The Chinese economy is highly complementary to the economies of Japan and Korea, while Japan and Korea have a homogenous industrial structure and relatively similar comparative advantages. Thus, despite the overall positive effects of a CJKFTA, its impacts on each individual industry will highly differ depending on the comparative advantage.

Simulation studies on the sectoral impacts show that under a CJKFTA, China will have a high comparative advantage in its food, agricultural, and textile industries. However, the formation of the CJKFTA will bring substantial challenges to China's high-end domestic manufacturing industries, such as the steel and petroleum industries (Wang and Xu 2016). Both Japan and Korea have comparative advantages in manufacturing and electronics and are much weaker than China in their agricultural sectors. Nonetheless, the two countries still have a division of labor. Japan is particularly strong in automobiles and general machinery. In contrast, Korea is between Japan and China in terms of its industrial production line. Korea considers specialized chemical products and electronic components to be sensitive items vis-à-vis Japan and considers some primary electric parts and components to be sensitive items vis-à-vis China (Ahn et al. 2006).

Agriculture and manufacturing are two key sectors to analyze the influence of the CJKFTA on various industries in the three countries. First, for Japan and Korea, the agricultural sectors remain the most vulnerable part of their economies and have been consistently protected by the governments in every FTA arrangement. In both countries, the agricultural sector has represented the largest opposing group. Both governments have been unwilling to fully open up their agricultural markets, given the strong resistance from domestic agricultural groups. In Japan's case, the agricultural sector accounts for approximately 7% of its GDP, and its tariff level for agricultural products is high (12.2%) among developed countries. Although the Japanese government has continuously proposed a high-level CJKFTA, it does not wish to unconditionally and completely open up its agricultural industry. The Liberal Democratic Party (LDP) wins solid political support from Japanese farmers, and traditionally, Japanese agricultural groups have had a strong political influence on politicians and bureaucrats. In the Korean case, the situation is worse, and the negative impact of a CJKFTA on agriculture is even more serious. Table 4.1 shows the current most favored nation-based tariff rates of major products in the three countries. Compared with the tariff rate of China (14%) and Japan (12.2%), Korea has applied a higher tariff to its agricultural imports (57%) in 2023, even though it officially renounced its "developing country" status within the World Trade Organization (WTO) in 2019. Moreover, its agricultural tariff rate has been growing in recent years compared with its level of 48% in 2010, for instance. It can be predicted that Korea's farmer groups may continue to act as the greatest opposition to a future CJKFTA.

**Table 4.1** Applied most favored nation tariff rate for main products in China, Japan, and Korea (2023) (%)

Product groups	China		Japan		Korea	
	Average	Import share	Average	Import share	Average	Import share
Animal products	13.2	1.2	9.0	1.7	21.7	1.0
Fruit and vegetables	12.8	0.2	10.8	1.0	67.4	0.3
Coffee, tea, cocoa and spices	12.1	0.1	7.2	0.4	52.9	0.3
Cereals and food preparations	20.2	1.1	28.2	1.5	211.7	1.4
Oilseeds, fats, and oils	11.8	3.6	6.9	0.8	45.6	0.5
Fish and fish products	7.1	0.7	5.7	1.7	16.7	0.9
Minerals and metals	6.1	28.8	1.0	26.4	4.5	23.7
Petroleum	5.3	16.3	0.6	13.8	4.4	18.1
Chemicals	6.3	7.6	2.1	11.9	5.5	10.7
Textiles	7.0	0.5	5.3	1.7	9.0	1.2
Clothing	6.8	0.3	8.9	2.8	12.5	1.7
Electrical machinery	5.3	21.1	0.1	13.8	5.0	18.1
Transport equipment	8.9	3.6	0.0	2.9	5.6	3.7
Other manufactures	6.5	3.3	1.1	4.9	5.2	4.1
Agricultural products	14.0		12.2		57.0	
Non-agricultural products	6.4		2.4		6.5	
<i>Overall</i>	7.5		3.7		13.4	

Source WTO, “World Trade Profiles,” [https://www.wto.org/english/res\\_e/publications\\_e/world\\_tariff\\_profiles23\\_e.htm](https://www.wto.org/english/res_e/publications_e/world_tariff_profiles23_e.htm)

Second, an examination of the manufacturing industries indicates a more complicated and unclear vision. On the one hand, the electronics industries have offered an optimistic future that indicates that all three countries’ relevant sectors are likely to welcome an early conclusion of the CJKFTA. Currently, the three countries have reflected a high record of the intra-regional trade ratio in intermediate goods, particularly electronic accessories. For instance, a case study of iPhone construction shows the complete transnational production process in which Japanese and Korean enterprises supply the high-tech electronics accessories and other components, while Chinese enterprises assemble them into final products for export to the US and the



rest of the world. During the entire process, China, Japan, and Korea contribute to the share of value added in manufacturing by 3.8%, 36%, and 13.6%, respectively (TCS 2013).

On the other hand, in other manufacturing sectors, a possible Japan-Korea bilateral competition is likely to stall the negotiation process because Korea has shown tremendous anxiety, given that Japan and Korea have a relatively homogenous industrial structure and comparative advantage, and Korea's manufacturing capacity remains weaker than Japan's manufacturing capacity (Xu 2012). The Japan-Korea Free Trade Agreement (JKFTA) negotiation started in late 2003, but has been suspended since 2004 due to the countries' bilateral economic and industrial competition. Conversely, the CKFTA has been in effect since the end of 2015, which implies a trade policy advantage of Korean enterprises over Japanese enterprises in the Chinese market. For this reason, Korea's manufacturing sectors are deeply concerned that once the CJKFTA is signed, Korea may lose its competitiveness against its Japanese counterparts in securing the large Chinese market (Ahn 2008; Chiang 2013; Kimura and Ando 2008). For instance, in 2014, electronics, machinery, and other chemical products covered 61% of Japan's exports to China. However, since the CKFTA took effect in 2015, a certain trade diversion effect has occurred. Japan's exports of these products to China with an approximate value of 5.3 billion dollars were replaced by Korea (Li et al. 2015). Obviously, the CKFTA has largely disadvantaged the competitiveness of Japan's products in the Chinese market. For instance, the automobile industry offers a case in which the CJKFTA negotiation has been resisted by special interest groups. Japanese automobile makers will be the winner, while the Chinese automobile industry will be severely damaged by a CJKFTA. In the meantime, the impact of a CJKFTA on Korea's automobile industry is a double-edged sword. Specifically, a CJKFTA may increase Korea's automobile exports to China, while Korea's automobile market share in China may also be challenged by its Japanese rivals. In addition, it may also increase Korea's automobile imports from Japan and decrease Korean auto makers' domestic market share.

Given these factors, it could be presumed that the CJKFTA negotiation would incur substantial domestic resistance. At the 6th independent trilateral summit in November 2015, the three countries' leaders called for the acceleration of negotiations and the establishment of a "high-level and mutually beneficial" deal. Admittedly, researchers have used scientific methods to demonstrate that a high-standard CJKFTA would maximize the economic interests of the three countries (Shi 2014). Nonetheless, the resistance from each country's expected FTA loser groups is not easy to overcome. The possibility of a mid-level FTA cannot be ruled out. In this scenario, negotiators from each country may exclude certain "sensitive items" from CJKFTA coverage.

Meanwhile, the domestic political and economic structures have also affected the preferences of interest groups, and the three countries' business communities have adopted different stances toward the CJKFTA. China has a very powerful and centralized government, and its economy has been increasingly driven by state-owned enterprises. The Chinese government is more likely to mobilize various policy tools and exercise power over its FTA strategy. The voices of opposing groups can be weak

and marginalized in China. Thus, the effects of a sectoral analysis in China are less influential than in Japan and Korea.

Korea's domestic business world, led by the *chaebol* groups, which integrated banks, trading companies, and industrial firms into full-blown conglomerates, constitutes the strongest interest groups that affect the country's FTA strategy. These highly centralized business empires have been known for leveraging their influence over the policy-making process. Calder and Ye specifically illustrated the cases of the engagement of the Daewoo Group and the Hyundai Group in Korea's energy diplomacy in Northeast Asia (Calder and Ye 2010, 197–198). In particular, these manufacturing sectors realize that a close economic alignment with China is vital for their economic growth. These business monopolies have exerted substantial policy pressure on the government to adjust the trade ties with China and Japan. This helps explain the strong incentive of the Korean business communities toward a CKFTA in recent years and their vacillating attitudes toward a prospective CJKFTA.

Compared with Korea, Japan's small and medium-sized enterprises (SMEs) are far more developed. Japan's SMEs and agricultural sectors, which constitute a large share of the total employment in the country, have little interest in developing free trade frameworks with China and Korea. Although Japan's largest enterprises have been the main driving force for a CJKFTA, their strategies have also begun to change in recent years. In the early 2000s, Japan's domestic business sector pressed the government for deeper ties with China and Korea after the Asian Financial Crisis. However, in recent years, a reverse flow has occurred, given that Japanese capital and production lines are flowing into the ASEAN nations. In this regard, the silence of the Japanese business sector contrasts with the Korean *chaebol* groups' passionate engagement in seeking a stronger trilateral relationship (Zhang 2016).

### ***Varying Diplomatic Pursuits and Diverging FTA Policies***

Political considerations have had a serious impact on CJKFTA negotiations. The recent stalemate of CJKFTA negotiations also results from a missing leadership among the three countries. China's strategic refocus toward the BRI and the RCEP as well as Japan's preference for "soft balancing" against China via the CPTPP have seemingly demonstrated that the CJKFTA is no longer a priority for both countries.

Admittedly, China took the role of leading actor for the CJKFTA in its early years. And even today, China remains the most active player among the three countries. The very early idea of creating a CJKFTA was made by Chinese Premier Zhu Rongji in 2002. China embraced an ambitious vision as the driving force for East Asian economic growth and regional integration, and was also eager to promote the image of a "peaceful rise" to its East Asia neighboring countries. In 2007, President Hu Jintao for the first time explicitly proposed that China should implement the FTA strategy to facilitate bilateral and multilateral economic and trade cooperation. Under Xi Jinping's leadership, China's FTA strategy was further strengthened. In December 2015, China's State Council issued a new FTA strategy that called for "facilitating

FTAs with peripheral countries first, and aiming to building a global-wise high-level FTAs.”

In the past, China adopted a positive attitude toward the CJKFTA and wished to see its early conclusion. The CJKFTA, once signed, would become one of China’s few FTA arrangements with advanced economies and the world’s leading manufacturing industries. China expects the CJKFTA to make available larger markets and more advanced technologies from Japan and Korea. Under such an approach, the CJKFTA could catalyze China’s domestic industrial and economic reforms given that the growth of the Chinese economy has been slowing down in recent years. Furthermore, in signing a CJKFTA, China also seeks to obtain recognition from the advanced economies for China’s “market economy” status. From a long-term perspective, China tends to see the CJKFTA as a window that offers entry into the European and US markets. As it is still premature for China to initiate FTA negotiations with Western countries, the establishment of the CJKFTA could serve as a stepping stone toward gaining acceptance by Western economies.

However, China has seemingly lowered its strategic inputs toward the CJKFTA in recent years mainly for two reasons. First, China does not seem to welcome a high-level CJKFTA, but rather expects merely a moderate level of tariff deduction and limited abolition of non-trade barriers. China wishes for a CJKFTA that primarily focuses on goods, but it is relatively unwilling to completely open its investment, service, and financial markets to foreigners. This unwillingness has in fact created a large gap for three-party negotiations and has undermined the other two countries’ willingness to cooperate. China remains in the lower part of the industrial supply chain among the three countries and has the comparative advantage in terms of labor-intensive and resource-intensive products over Japan and Korea. For these reasons, early on in the second round of CJKFTA negotiation in July 2013, China proposed a trade liberalization rate of 40%, whereas Japan proposed increasing the rate to above 90% within ten years (Yu and Bai 2016).

Second and more importantly, China saw the RCEP as a priority for trade liberalization with other Asian states. Conversely, China appears to no longer see the CJKFTA as a priority and has not conveyed strong messages to its Japanese and Korean counterparts in recent years. During the late 2010s, two sets of FTAs that incorporate CJK coexisted in East Asia—the CJKFTA and the RCEP. China understood that the CJKFTA faced more regional complexity and uncertainty, such as political antagonism and domestic nationalist sentiments. More importantly, China’s ambitious BRI can be characterized as “looking to the West and South” rather than “looking to the East.” At present, Southeast Asia seems to be one of the most crucial target regions among China’s proposals of six prospective “economic corridors” that reach Eurasia, Southeast Asia, South Asia, and Central Asia. On the other hand, Northeast Asia has so far been excluded from the BRI due to geopolitical risks. In this regard, China certainly finds policy links between the RCEP and the BRI blueprint, and deems its diplomatic inputs toward the RCEP negotiations to be more strategically rewarding. After the RCEP took effect, China turned its attention to the CPTPP and officially delivered the request for participation negotiation in 2021.

From both the economic and political perspectives, Japan has shown a more vacillating stance toward the CJKFTA. First, from a purely economic perspective, Japan considers the CJKFTA to be an important platform to stimulate its economy. Japan's policy shift from passivism to activism primarily was the result of the external factors of the CKFTA and the CPTPP. In fact, after witnessing the signing of the CKFTA in 2015, Japan understood the importance of competing with Korean enterprises in the massive Chinese market. In the meantime, the agreement of the TPP deal in 2015 has pushed Japan to open up its domestic agriculture market. Within the TPP, Japan has agreed to abolish tariffs on 81% of more than 2,300 agricultural, forestry, and fishery imports (Mulgan 2015). The Abe government seized the opportunity to propose that Japanese farmers actively adapt to globalization while also advancing the reform of Japan's agricultural cooperatives. These domestic reforms could contribute to facilitating the CJKFTA negotiations by removing barriers in the agricultural sectors. Notably, Keidanren (Japan Business Federation), the most influential business federation in Japan, has played a constructive role in calling for an early deal concerning a high-level CJKFTA. Keidanren has been well known for its deep involvement in policy-making and its capacity of pressing the government to formulate necessary industrial and foreign policies (Yoshimatsu 2005). In recent years, Keidanren has submitted a number of policy recommendations that propose establishing a CJKFTA that incorporates high-level rules concerning the elimination of trade barriers and non-trade barriers (Keidanren 2013 and 2016).

Nonetheless, it remains overly optimistic at this stage to argue for Japan's active engagement in CJKFTA negotiations. Thus far, large gaps still exist between Japan and China concerning ongoing negotiations. Japan considers its potential benefits from a CJKFTA more from investment and the service field than simply from the traditional trade of goods. Japan does not favor a low-standard FTA focused primarily on goods; instead, it aims to build a high-standard CJKFTA that includes significant tariff reductions alongside the liberalization of services, intellectual property rights, environmental standards, and labor policies. The conflict between Japan's high expectations for the CJKFTA and China's unwillingness to entirely open its market has stalled the negotiation process.

To date, despite Japan showing great intentions in terms of promoting the CJKFTA in the late 2000s during the Hatoyama administration, its strategic interest did not last for long and quickly faded once Abe took office in 2012. Since then, Japan has embraced the TPP and the RCEP as its vision for future regional trade governance, aiming to achieve both economic and politico-diplomatic gains.

From a purely economic perspective, the CJKFTA has been secondary to the priorities of the RCEP and the TPP, according to the agenda of Ministry of Economy, Trade, and Industry (METI). The signing of the RCEP was more appealing than the completion of the CJKFTA. The effect of the RCEP on Japan's GDP growth was projected to be 1.1%, compared with the projected effect of 0.74% for the CJKFTA (Kawasaki 2011). Moreover, although the direct economic benefits of Japan's participation in the TPP are lower than the benefits of participating in the RCEP and the CJKFTA (the effect on GDP growth was projected to be 0.54% for the TPP compared to 0.74% for the CJKFTA), the TPP contributes to creating trade and investment

opportunities abroad for Japanese companies and advancing domestic reforms in services and agricultural liberalization. Thus, the TPP was considered a centerpiece of “Abenomics” and is closely associated with one of the three arrows—“economic structural reforms.”

In the meantime, the RCEP and the TPP also had crucial politico-diplomatic significance for Japan’s policy-makers back in the mid- and late 2010s. The RCEP has also been closely associated with Japan’s Indo-Pacific strategy. It thus marks a sign of diplomatic intimacy with the ASEAN countries and their “quasi-allies”—India and Australia. The Abe administration has also undoubtedly placed the TPP at the top of the diplomatic agenda, as the TPP had been overwhelmingly used as a political tool to mitigate the rise of China. The TPP aimed to establish a regional institution with shared universal values of freedom, democracy, fundamental human rights, and the rule of law (Yoshimatsu 2018). Even as President Trump declared his intention to exit the TPP in early 2017, Japan was instrumental in leading the way toward a TPP-11 agreement. In fact, Japan’s successor of leadership from the US can also be understood as having filled the vacuum in Asia created by Trump’s withdrawal, which China was expected to strive to fill via the BRI blueprint (Terada 2018).

Korea’s uncooperative stance has posed another uncertainty for the future of the CJKFTA. Korea’s economy is heavily trade-oriented, and Korea has been mapping out proactive FTA strategies in recent decades. Korea takes pride in its broad “FTA territory,” as it has concluded FTAs with all three economic giants of the world—the US, China, and the EU—and aims to become an “FTA hub” in East Asia (Ahn and Kim 2012). However, in past years, Korea has been reluctant to conclude free trade agreements with Japan. On the one hand, the sectoral analysis suggests that among the three countries, Japan continues to dominate the upstream industrial supply chain, while China occupies the lower end. In contrast, Korea’s middle position has largely eroded its comparative advantage relative to the other two countries. On the other hand, it is important to note that Korea has constantly run a trade deficit with Japan and a trade surplus with China in recent decades. For these two reasons, both Korean businesspeople and the government have been highly supportive of an FTA with China, while they hesitate about signing an FTA with Japan. For instance, one major reason why Korea’s Ministry of Trade, Industry and Energy has been hesitant in terms of joining the TPP negotiations stems from Korea’s loss of the agricultural and automobile sectors to Japanese rivals (Choi and Oh 2017; Chiang 2013). The difficult progress of the JKFTA negotiation contrasts starkly with the smooth process of the CKFTA negotiations. The JKFTA negotiations started in late 2003, but has been suspended since 2004, due to both bilateral diplomatic disputes and respective domestic resistance from the free-trade loser interest groups (Ahn 2008). Some policy studies also showed that a JKFTA would generally be more beneficial to Japan than to Korea (Madhur 2013). In contrast, the CKFTA negotiations that began in 2012 were blessed by strong political support from the two countries’ leaders.

Against this backdrop, the impact of the accomplished CKFTA has generated a “dilution effect” on the CJKFTA negotiations. The establishment of the CKFTA has created a situation in which Korea has shown reluctance toward Japan’s inclusion,

which could result in a fierce rivalry between Korea and Japan's high-tech companies for market share in China. Thus, Korea has prioritized the CKFTA over the CJKFTA based on both political and economic considerations, and has shown elements of a "wait-and-see" passivism in the frustrated process of the CJKFTA negotiations (Zhang 2016). In this regard, the influence of the bilateral CKFTA on the CJKFTA remains complicated and unclear. The "dilution effect" caused by the bilateralism-trilateralism rivalry has been highly disruptive. Ideally, model simulation results show that the benefits of a single trilateral CJKFTA would be greater than the sum of the benefits of three separate bilateral FTAs (KIEP 2005). In reality, however, the construction of the regional FTA in Northeast Asia has taken a dual-track approach in the form of simultaneous efforts to advance bilateral FTAs and the CJKFTA.

The CKFTA is expected to have both positive and negative influences on the ongoing CJKFTA negotiations. The existing CKFTA contributes to CJKFTA negotiations from a purely technical perspective. For instance, the CKFTA stipulates that China and Korea will reduce tariffs for over 70% of the agricultural products in bilateral trade. Given that Korea has conducted a more protective trade policy in its agricultural sectors, this tariff cut may also be easily acceptable to Japan. From this perspective, the CJKFTA could borrow the detailed provisions and terms of the CKFTA and in particular take reference from the development of China's manufacturing and service sectors and Korea's liberalization of the agricultural sector.

However, a broader strategic analysis does not appear to favor this argument. The construction of a mutually beneficial regional FTA provides exclusive "club goods" to its member countries, but will undermine the economic interests of non-participants. For this reason, among CJK, any of the bilateral FTAs would inevitably harm the interests of the third party. Choi furthered this analysis and explained that the CJKFTA would be less likely to be concluded through "sequential paths" by which a bilateral FTA is established first and expands to incorporate the remaining third party later (Choi 2013). To some extent, this has been proven to be the case by the slow progress of CJKFTA negotiations after the CKFTA deal since 2012. Back to the 5th standalone trilateral summit in 2012, the Japanese media reported that Seoul was unwilling to include a specific timetable on starting the FTA negotiations in the summit joint declaration (Yomiuri Shimbun 2012). China is also adopting a double standard of settling on a 90% tariff reduction in the CKFTA while merely promising an approximate 40% reduction pact in the CJKFTA (Yoshimatsu 2015). Thus, it might be overly optimistic to expect the CKFTA and the RCEP to serve as a stepping stone to the formation of the CJKFTA in the near future.

## Conclusion

Although the inauguration of the RCEP in 2022 has eventually bound CJK into a free trade arrangement, the three countries are still working on the CJKFTA negotiations and aim at a high level of trilateral economic liberalization. This chapter has reviewed the fluctuated history of the CJKFTA and has considered three sets

of factors in explaining its current stalemate—namely, economic interdependency, sectoral interest groups, and international politics/national FTA strategies. The global financial crisis catalyzed the early concept of the CJKFTA by increasing the trade interdependency and by harmonizing the interests from various industries, which created a friendly political environment and coherent FTA policies among the three countries. However, this study contends that the “crisis-driven” approach appears not to be sustainable. Although the common economic crisis persuaded the three countries to prepare for trade negotiations, it could not guarantee continuous policy support and steady progression toward an early conclusion of trade negotiations. Although the three countries declared their intention to launch CJKFTA negotiations in late 2012, the CJKFTA negotiations are not proceeding smoothly, and little tangible progress has been made in recent years.

At present, the CJKFTA negotiation faces a variety of challenges and uncertainties. Above all, an examination into intra-regional trade finds that economic interdependence among CJK has been weakening in recent years, given that the intra-regional trade flow has been diluted and offset by the effects of globalization. The globalization of trade and industrial supply chains has largely diversified China and Japan’s destination of imports and exports.

Furthermore, domestic politics and trans-industry bargains have also posed challenges. China has always been unwilling to fully liberalize its service market and lift non-trade barriers in relation to finance and intellectual property rights. Similarly, Japan shows little interest in a CJKFTA that mainly focuses on goods, and its domestic farmers and small business owners are likely to boycott the CJKFTA. In the case of Korea, a sectoral analysis may be even more complicated. Korean farmers will be unconditionally against the CJKFTA, while its manufacturing industries may have differing voices. The stalemate of the JKFTA since the mid-2000s and the operation of the CKFTA indicate that the majority of Korea’s business groups are supportive of a CKFTA, but are wary of the participation of Japan. Taking these factors into consideration, it can be presumed that the final product of the CJKFTA is more likely to be a mid-level FTA than a high-level FTA.

Lastly, international politics and rivalries have largely affected each country’s FTA strategies and have thus led to the absence of leadership in the negotiations. As a consequence, the three countries appear to have adopted differing stances to maximize their own national interests. Japan has exhibited a dual-track perspective regarding the CJKFTA: it considers the importance of the CJKFTA from a purely economic perspective, but remains politically wary of being overwhelmingly close to China. Thus, Japan prioritizes the CPTPP and has reduced its diplomatic inputs toward the CJKFTA. For China, the CJKFTA signifies one of few pivot cases of China’s FTA deals with developed economies. Although China has so far displayed more enthusiasm toward the CJKFTA than Japan and Korea have, it has recently made the RCEP and the CPTPP as a priority over the CJKFTA. In addition, Korea’s wavering stance has also slowed down the negotiation process and it appears unwilling to face rivalry with Japanese business groups for the large Chinese market. The CKFTA took effect in 2015, while the trilateral CJKFTA still has a long

way to go. In this regard, the logic of “dilution effects” concerning the trilateralism-bilateralism nexus helps explain Korea’s prioritization of the CKFTA over a trilateral CJKFTA.

At present, under the premise that the RCEP has already come into effect, both China and Korea are actively exploring the possibility of joining the CPTPP. China officially applied to join the CPTPP in 2021 but has not been accepted so far. One of the key reasons for this was Japan’s desire to maintain its dominance within the CPTPP, leading to its veto of China’s approach of “market for CPTPP entry.” Although the Yoon Suk-Yeol administration in Korea has expressed a willingness to participate in the negotiations, domestic agricultural issues remain the biggest obstacle to Korea’s entry into the CPTPP (Suh 2022). Against this backdrop, China and Korea may prepare for dual strategies in advancing trade liberalization and may choose to prioritize CPTPP. If setbacks occur in their efforts to join the CPTPP, they may instead return to CJKFTA negotiations as a back-up option.

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## Chapter 5

# Proceeding in Hardship: Uncertainties and Fragility of Trilateral Summit Diplomacy



The three Asian powers have traditionally viewed each other more as rivals than as allies—a legacy that has stymied development of ties for decades. The trilateral summit, by bringing the three together under the auspices of trilateral cooperation, serves as a means to a shared and desired end: peace and stability in East Asia. The summit provides an important buffering mechanism to ease bilateral conflicts, and thus serves to help build a region that is plagued by historical anxieties and territorial disputes and that is in the midst of structural changes in the balance of power as China re-emerges as a major player on the world stage. This mechanism is of increasing importance because bilateral tensions have been high in recent years. Diplomatic relations between China and Japan were suspended in 2012 when Japan nationalized a chain of disputed islands (Diaoyu/Senkaku) in the East China Sea. China-Korea relations also markedly deteriorated: China saw the deployment of the US-developed THAAD system in Korea as a direct military threat and responded with harsh economic sanctions. These included a freeze in 2017 on a variety of Korean imports and a halt on outbound tourism from China to Korea. Meanwhile, Japanese-Korean relations have also been filled with uncertainties and fluctuations in recent years. Heated disagreements over the legacy of Japan's imperial past, fueled by nationalistic sentiment in both countries, plague the bilateral relationship. Although bilateral relations have been significantly restored since Korean President Yoon Suk Yeol took office, the bilateral ties were in trapped in risks during previous Park Geun-hye and Moon Jae-in administrations. Bilateral relations dropped to the lowest point in 2019 and 2020, when the two countries were confronted with trade conflicts and political disputes.

Against this backdrop, CJK trilateral cooperation at the high politics level has remained unstable in recent years, and it has been overwhelmingly subject to fluctuations when the embedded bilateral relations change. For instance, the trilateral summit diplomacy and part of ministerial dialogues ended up being postponed due to Sino-Japanese historical and territorial disputes from 2012 to 2015. From 2015 to 2017, the trilateral summit was absent again due to the Sino-Korean conflicts over the

THAAD installment. By the same token, the broken ties of the Japan-Korea dyad and escalating bilateral trade frictions became one of the key reasons for the cancellation of the trilateral summit in 2019 and 2020. In this regard, the periodic ups and downs caused by bilateral political discord have repeatedly posed serious challenges to the stability and sustainability of the trilateral relationship.

This chapter looks at the process of trilateral institution-building and major obstacles at the political and diplomatic levels in recent years. Existing mainstream studies have seen historical and territorial disputes as the major obstacles impeding trilateral cooperation (Chakravorty 2013; Choi, Jong Kun 2013). For instance, in the eyes of the Chinese and the Koreans, Japan's unwavering positions on historical perception and maritime disputes are the root causes of the failure of trilateral summit diplomacy in 2012–2015. Without denying the validity of this analytical logic, this study explores a deeper structural explanation for the fluctuations of trilateral summit diplomacy and other trilateral arrangements. When Beijing's policy-makers were infuriated by Tokyo's stance on historical perceptions or Seoul's provocative actions regarding THAAD deployment, China postponed the trilateral summits unilaterally. However, China has never boycotted any other regional multilateral summit meetings, such as the APT, the EAS, or APEC. Why has the CJK trilateral architecture been a victim of bilateral tensions, while other East Asian multilateral and regional frameworks have been immune to such tensions?

The key hypothesis of this chapter is that CJK trilateralism at diplomatic levels remains more an extension of bilateral relations than a mature form of minilateral arrangement. It is thus important to identify the nature of trilateralism between authentic multilateralism on the one hand, and the aggregate of three embedded pairs of bilateral relationships on the other hand. In view of the fluctuations arising from the trilateral summits and other high-level trilateral dialogues, this chapter investigates the trilateralism-bilateralism nexus and argues that the fate of trilateralism is overwhelmingly dependent on the goodwill of bilateral relationships. It examines the history of institution-building among the three countries with special emphasis on the summit diplomacy. The year 2024 marks the 25th anniversary of CJK trilateral cooperation. Dating back at the historical progress over these 25 years, the three countries have exhibited different attitudes toward cooperation. Based on the evolution and changes in their respective policies, the institution-building history of the triangle is filled with periodical developments and fluctuations, and can be divided into several sub-stages.

## **The Early Establishment Stages and the Emerging Process of Institution-Building: 1999–2006**

The institution-building process of CJK trilateralism started from the late 1990s as a byproduct of APT cooperation. The early proposal regarding the convening of a trilateral summit emerged as a Japanese idea and was then welcomed by the Korean side.

The idea was first floated at an internal meeting in Japan. In October 1998, during Korean President Kim Dae-jung's visit to Japan, Prime Minister Obuchi Keizo delivered this message to Kim (Shin 2015, 71–72). In the following month, Korean Prime Minister Kim Jong-pil told the journalists at Japan-Korea cabinet members' meeting in Kagoshima prefecture that he suggested that Obuchi Keizo should hold a CJK trilateral summit meeting on the occasion of the APT Hanoi Summit (*Asahi Shimbun* 1998a). In this context, Obuchi proposed creating CJK trilateral mechanisms (such as in the environmental field) to address common challenges at the APT Hanoi Summit in December 1998 (*Asahi Shimbun* 1998b; Obuchi 1998). However, China was wary of an immediate beginning of formal trilateral talks. Chinese Premier Zhu Rongji rejected Kim and Obuchi's joint proposal due to the concern that the meeting might cover the issues of North Korea and Taiwan (*Asahi Shimbun* 1999).

The trilateral summit mechanism was realized in the mobilization of the APT Manila Summit in 1999. Obuchi delivered an unexpected request to Chinese and Korean sides in Manila, and the offer was accepted by China a few days before the actual meeting. Thus, the first trilateral summit appeared to be an unprepared event without working-level coordinations beforehand, and it took place solely with the convergence of top-level political will (Shin 2015, 72–73). Although China's foreign ministry officials were highly cautious on the summit, Premier Zhu Rongji exerted political leadership and extended his individual support to the summit meeting. Nonetheless, Zhu raised three preconditions for the meeting participation—no hosting side, no fixed agenda, and informal formats (*Mainichi Shimbun* 1999a). Hence, the meeting took the form of an informal breakfast dialogue and lasted for approximately one hour. Japan and Korea respected China's demands for the non-sensitive discussion agendas, so that the Taiwan and North Korean issues were not mentioned at the meeting. The key agenda was opinion exchange regarding the Asian Financial Crisis and strengthening financial policy coordination. Kim and Obuchi also expressed their support for China's application for WTO membership (*Asahi Shimbun* 1999). Obuchi also proposed the regularization and formalization of the trilateral summit. The proposal was warmly accepted by Korea, while China refused to give clear policy commitments (*Nikkei Shimbun* 1999).

The first trilateral summit, held on the sidelines of the APT summit in 1999, emerged as an institutional response to the Asian Financial Crisis. It created a win-win-win situation, with all three countries deriving diplomatic benefits. Korea's economy was severely damaged during the crisis, as a result of which Korea was yearning for financial and economic cooperation with Japan and China. This explained why Kim Dae-jung suggested that the national research institutes of the three countries should conduct joint studies on trilateral economic cooperation (Iida 2013, 170). From China's perspective, China hoped to gain support from Japan and Korea regarding its application to join the WTO. Meanwhile, Japan anticipated that the trilateral summit could grow into a policy coordination platform regarding the North Korean nuclear crisis. Although this agenda was excluded from the first trilateral summit, Japan had been repeatedly calling for the expansion of trilateral summit's discussion agendas to incorporate regional security issues (*Mainichi Shimbun* 1999b).

The institutional establishment of the trilateral summit mechanism is never an easy diplomatic task. Besides the Asian Financial Crisis that served as an external critical juncture, well-performed Japan-Korea bilateral relations also played a significant role, as the first trilateral summit in 1999 can be considered a diplomatic outcome under Japan-Korea joint leadership. Back in the late 1990s, Japan's policy enthusiasm toward CJK trilateral summit contrasted starkly with China's concerns and caution. In this context, Korea's mediation role was vital in bridging the gap between China and Japan (*Nikkei Shimbun* 1999). Prior to the APT Hanoi Summit in 1998, Kim Dae-jung's state visit to Japan contributed to the improvement of Japan-Korea bilateral ties, which further helped lay the solid foundations for the breakthrough of trilateral diplomacy. Japan and Korea's joint gesture was a key factor that eventually helped ease China's concerns and persuaded China into the formation of a trilateral summit.

CJK trilateral cooperation has made steady progress in two domains in the following years. On the one hand, the trilateral summit mechanism was institutionalized and regularized, as the three countries agreed to upgrade the summit from informal breakfast gathering into a formal meeting in 2002. On the other hand, the trilateral summit began to cover a wide range of agendas. Trilateral ministerial-level meetings on finance, the economy and information technology were initiated and further regularized in the early 2000s.<sup>1</sup> Chinese Premier Zhu Rongji suggested launching a joint study on the CJKFTA at the 4th trilateral summit in 2002. Despite Japan and Korea adopting cautious stances concerning whether China could fulfill its commitments on abolishing trade barriers as per the WTO obligations, the three governments still agreed to make the CJKFTA a subject of trilateral economic research (JMOFA 2002). In addition, the North Korean nuclear issue was discussed for the first time at the 2002 summit, and China explicitly expressed its claim for denuclearization in the Korean Peninsula. Japanese media highly evaluated the summit outcome and saw the nascent CJK trilateral summit mechanism could supplement the US-Japan-Korea trilateral diplomacy in pressurizing North Korea (*Asahi Shimbun* 2002). Moreover, trilateral summits in 2003 and 2004 made new diplomatic breakthroughs. The three countries adopted the *Joint Declaration on the Promotion of Tripartite Cooperation* and *Action Strategy on Trilateral Cooperation*, and formulated 14 cooperative areas, including trade and investment, information technology, environmental protection, disaster management, and regional security affairs. Despite the non-binding nature of the two documents, they marked the first intergovernmental agreements among the three countries and helped provide a guideline for the future road map of trilateral cooperation. The three governments also adopted the first joint

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<sup>1</sup> Trilateral finance ministers' meetings began in 2000 and regularized since 2002 on an annual basis; trilateral trade and economic ministers' meetings began in 2002 on an annual basis; trilateral information and telecommunication ministerial meetings began in 2002 on an annual basis.

research report on the feasibility of the CJKFTA<sup>2</sup> and announced the launch of a joint study on a trilateral investment agreement.<sup>3</sup>

Nonetheless, the benign climate of trilateral relationship did not last for long. Koizumi Junichiro was elected as Japan's Prime Minister in 2001. During Koizumi's tenure from 2001 to 2005, he paid visits to the Yasukuni Shrine for five times and deliberately selected a sensitive date (August 15, the day of Japan's surrender in World War II) for the shrine visit in 2005. Against this backdrop, China and Korea's tolerance of China came to an end in 2004 and Tokyo's relations with Beijing and Seoul began to deteriorate sharply. On the occasion of the Asian-Europe Meeting (ASEM) in October 2004, China canceled the bilateral summit meeting with Japan (*Mainichi Shimbun* 2004). In 2005, the conflict over Japan's historical textbooks emerged, leading to widespread anti-Japan demonstrations in major Chinese cities in April. In response, Chinese Vice-Premier Wu Yi unilaterally canceled the meeting with Koizumi, which was interpreted as diplomatic rudeness by Japan. When Japan's Foreign Minister Machimura Nobutaka sought China's support for Japan's bid for a permanent seat on the UN Security Council, China rebutted Japan's request. In the meantime, the Japanese-Korean relationship was no better. In addition to historical disputes, bilateral relations were further damaged due to Dokdo-Takeshima territory disputes. In 2005, Japan's Shimane Prefecture publicly announced February 22 as "Takeshima Day." Korean President Roh Moo-hyun expressed diplomatic protest during a Japan-Korea bilateral summit in June 2005, and claimed that Japan's behavior was an effort of legitimizing its colonial past in East Asia (Berger 2008, 109). Ongoing Japan-Korea FTA negotiation was affected by political antagonism and ground to a halt (Iida 2008, 234) When China's Foreign Minister Li Zhaoxing urged the three countries to conduct trilaterally based joint studies on modern history, Korea responded in a positive manner. However, Japan claimed that the historical disputes should be tackled via bilateral tracks and should not be extended into trilateral settings (*Mainichi Shimbun* 2005a).

Against this backdrop, the trilateral relationship fell as a victim of worsening bilateral relations (Zhang 2018). In 2005, China refused to hold a bilateral summit meeting with Japan on the sidelines of the November APEC Summit in Busan. Even though Roh Moo-hyun fulfilled the courtesy as the APEC host country and met with Koizumi, he told Koizumi that the Yasukuni shrine visit was unacceptable (Iida 2013, 175). At the APT summit in Kuala Lumpur in December, China publicly

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<sup>2</sup> The first joint research report titled "Strengthening Economic Cooperation among China, Japan and Korea" was written by China's Development Research Center of State Council (DRC), Japan's National Institute for Research Advancement (NIRA), and the Korea Institute for International Economic Policy (KIEP).

<sup>3</sup> The three countries signed bilateral investment treaties prior to the signing of the Trilateral Investment Agreement. The China-Japan investment agreement was enforced in 1989, the Japan-Korea investment agreement was enforced in 2003, and the China-Korea investment agreement was revised and was enforced later in 2007. In late 2003, Japan showed great enthusiasm in pushing forward with the Trilateral Investment Agreement. This was largely because Japan was interested in securing the same rights of doing business in China as those it just obtained from the bilateral treaty with Korea.



declared that it would postpone the CJK trilateral summit and denied any form of high-level officials' meeting with Japan in either bilateral or trilateral approaches (*Mainichi Shimbun* 2005a and b). Korea aligned with China in its refusal to meet with Koizumi. Wen Jiabao and Roh Moo-hyun held a bilateral summit in Kuala Lumpur and determined that Koizumi would be the person blamed for the cancellation of the trilateral summit (*Asahi Shimbun* 2005a). The suspension of the trilateral summit and the lack of political trust led directly to a delay in the trilateral investment agreement negotiations (*Asahi Shimbun* 2005b).

In this regard, CJK trilateral summit diplomacy was undoubtedly disastrous in the later period of the Koizumi administration. The summit meeting was canceled in 2005 and 2006, and the resumption of the summit only happened in early 2007 after Abe Shinzo succeeded Koizumi as the new Japanese Prime Minister. The structural weakness and fragility of CJK trilateralism were accordingly fully exposed. Koizumi's unyielding policy on historical perception was undoubtedly a key catalyst for the tensions among the three countries. In the meantime, China's responses laced with diplomatic ambiguity in not distinguishing between cooperative trilateralism and bilateral disputes were also problematic. China appeared to see trilateral summit diplomacy as an extension of bilateral relations rather than as a separate and independent platform of multilateral diplomacy in East Asia.

## **Resurrection and Honeymoon for Trilateralism: 2007–2012**

The damaged trilateral relationship was restored after Koizumi left office in September 2006. His successor Abe Shinzo paid visits to China and Japan respectively. During his visit to Beijing, China and Japan confirmed their "strategic mutual beneficial relationship," signifying the normalization of the Sino-Japanese relations. Next, Chinese Premier Wen Jiabao also paid a return visit to Japan in April 2007, which was widely interpreted as "ice-melting" (Takahara and Hattori 2012, 452). A solid and stable China-Japan bilateral relationship paved the way for the rejuvenation of trilateral dialogues at political-diplomatic levels. The 7th trilateral summit was resumed on the sidelines of the APT Philippines summit in January 2007, and the three countries announced the inauguration of two new mechanisms in the foreign policy field: a trilateral foreign ministers' meeting and a trilateral senior foreign affairs officials' consultation meeting (SOM) on a regular basis. In economic aspects, the three countries declared the starting of negotiations on the trilateral investment agreement and extended expectations that CJKFTA joint research could proceed in a new stage with the participation of government officials.

Against this backdrop, CJK trilateral cooperation showed a steady upward trend during the period 2007–2012 and made certain institutional progress. The most fruitful outcomes were the inauguration of a standalone trilateral summit independent of the APT occasions in 2008 and other ministerial-level trilateral consultative mechanisms in disaster management, science and technology, customs policy, agriculture,

culture, etc. This ushered in a new era in which CJK trilateralism was developed into a nascent sub-regional framework in East Asia.

The preliminary idea regarding the trilateral foreign ministers' meeting and the independent trilateral summit both came from Korean President Roh Moo-hyun. Early on at the 6th trilateral summit in 2004, Roh proposed to his counterparts Koizumi and Wen the possibility of convening an independent trilateral summit (Shin 2015, 239). In 2007, President Roh proposed establishing trilateral foreign minister meeting mechanisms on a regular basis to replace previous ad hoc three-party committee (in which the three foreign ministers would participate) (*Mainichi Shimbun* 2007a). In the same year, President Roh repeated the proposal of a standalone trilateral summit at the 7th trilateral summit on the sidelines of the APT Philippines summit. However, Abe was disappointed by the failure to include expressions on Pyongyang's abduction of Japanese citizens in the summit's joint press statement, and consequently rejected the proposal to hold an independent trilateral summit (*Hankyoreh* Online 2007). Nonetheless, Japan's change of political leadership provided a turning point. Fukuda Yasuo succeeded Abe as Japan's Prime Minister with his "New Fukuda Doctrine" and "pivot to Asia policy," which emphasized a strategic balance between the US-Japan alliance and diplomatic approaches to East Asian countries. Thus, Fukuda agreed with President Roh's proposal at the 8th trilateral summit on the sidelines of the APT Singapore summit in November 2007 (Shin 2015, 102), and also consented to another proposal of Roh's regarding the establishment of a trilateral online secretariat for documenting and achieving cooperation outcomes in various fields (KMOFA 2008, 80).

Two facilitating factors played key roles in the inauguration of an independent trilateral summit mechanism in 2008: favorable bilateral relationships and the global financial crisis in late 2008. First, Japan's relations with both China and Korea were significantly improved, and these two dyads of bilateral ties had recovered from the wound caused by Koizumi's conservativeness. Within a short two-year period (2007–2008), unprecedentedly frequent state visits were recorded among the three countries' leaders.<sup>4</sup> Fukuda met with Korea's new President Lee Myung-bak in April 2008 and suggested hosting the first standalone trilateral summit in Japan (JMOFA 2008a). During Hu Jintao's visit to Japan in May, Fukuda delivered the message to Hu and secured China's agreement (JMOFA 2008b). The political-diplomatic coordination was finalized through Lee's visit to China in May. In this regard, the convergence of high-level political goodwill laid down a solid foundation for mutual trust and expanded the diplomatic coordination process.

Second, the global financial crisis acted as an external catalyst for solidifying the trilateral consultations. The financial contingency catalyzed joint actions and

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<sup>4</sup> In 2017 and 2018, these mutual visits among leaders included: Japanese Prime Minister Fukuda Yasuo's state visit to China in December 2007, a courtesy visit to the opening ceremony of the Beijing Olympic Games in August 2008, and a state visit to Korea in February 2008; Chinese President Hu Jintao's state visits to Japan in May 2008 and to Korea in August 2008; Korean President Lee Myung-bak's state visit to Japan in April 2008, a state visit to China in May 2008, and a courtesy visit to opening ceremony of the Beijing Olympic Games in August 2008. The count does not include informal bilateral summits on other multilateral occasions.

formed a shared intention to overcome political animosities (Calder and Ye 2010, 49; Jo 2012; Shin 2015, 112). In this context, the common exogenous crisis thus helped elevate the utility of cooperative trilateralism for the three countries. In reality, the actual realization of the first independent trilateral summit was filled with obstacles and exigency. Iida (2013, 177–179) recorded unexpected incidents that occurred prior to the summit. The summit was originally scheduled in September 2008. However, the Japanese Ministry of Education was preparing teaching guidelines for the new middle-school curriculum that incorporated mandatory discussions on the Takeshima/Dokdo controversy. The incident ignited public protests in Korea and disrupted Lee Myung-bak’s plan to visit Japan to attend the summit. In the meantime, Fukuda’s resignation in September also led to the postponement of the summit to the end of the year. However, the outbreak of the global financial crisis served as a critical juncture that eventually engaged the three countries together. The Lehman Brothers shock in September 2008 reminded Korea of its miserable memory of the Asian Financial Crisis. Thus, Korea softened its anti-Japan gesture. President Lee Myung-bak proactively proposed an urgent trilateral finance ministers’ meeting jointly addressing the financial challenges on the sidelines of the ASEM in October (*Nikkei Shimbun* 2008a), in which the three countries agreed to explore increase in the size of bilateral current swap arrangements (CMOFA 2009, 239).

Therefore, the hosting of the first standalone trilateral summit in December 2008 can be considered as a political initiative driven by both internal and external pushing factors. The benign climate of bilateral relations, national leaders who conveyed strong political support to trilateral cooperation, and the common exogenous crisis worked together to overcome existing bilateral disputes. The summit adopted two documents—*Joint Statement for Tripartite Partnership* and *Action Plan for Promoting Trilateral Cooperation*, along with two attachments on disaster management and international finance and economy (CMOFA 2009, 20–35). The major achievements of the summit were laid in terms of both trilateral and bilateral tracks. First, it marked a great leap forward in trilateral institution-building, as the leaders agreed to regularize the standalone trilateral summit and establish a Trilateral Cooperation Cyber Secretariat (TCCS), as well as to launch ministerial-level consultation among central banks (*Nikkei Shimbun* 2008b). China and Korea showed respect for Japan’s pursuit on linking North Korean issues with the trilateral diplomacy, and pledged their support to Japan’s resolving of the abduction issue<sup>5</sup> (Japanese Kantei 2008). Second, the summit made tangible achievements in financial fields (Iida 2013, 179). China and Japan agreed to expand bilateral currency swap exchanges with Korea. The amount was more than doubled from than Chiang Mai Initiative<sup>6</sup> (*Yonhap News* 2008).

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<sup>5</sup> At the joint press conference after the summit meeting, Japanese Prime Minister Aso Taro expressed his gratitude to China and Korea in “understanding and supporting” Japan’s efforts in resolving the abduction issue.

<sup>6</sup> Japan and Korea reached a deal to increase the bilateral currency swap from existing US\$13 billion to US\$30 billion; China and Korea also announced the increase from the existing US\$4 billion to US\$30 billion.

During the past 25 years of trilateral cooperation (1999–2024), the five-year period between 2007 and 2012 can be considered as a true honeymoon for trilateral diplomacy. The reason for such a judgement is threefold. First, the global financial crisis undermined the domestic demands of the US and European states, and had thus affected CJK's foreign exports. The three countries realized the necessity of reducing their export dependency on the US and Europe and diversifying their trade partners. Thus, the exploration of a CJKFTA, which could contribute to increasing trade independence among CJK, was widely seen as an effective policy option for all three countries. In this context, the three countries agreed to elevate the existing non-governmental CJKFTA joint research into a semi-governmental initiative involving scholars, business circles and governmental officials at the 2nd independent trilateral summit in 2009. The government-business-academia joint study on a CJKFTA was concluded in 2011. The final study report suggested signing a “comprehensive and high-level FTA covering trade in goods, services, investment and other policy areas” (Trilateral Joint Research Committee 2011, 147–148). In 2012, the CJKFTA negotiation was formally launched, whilst the trilateral investment agreement was also signed and sent for respective domestic legal procedures. The articles of the agreement include the national treatment, prohibition of performance requirement, most favored nation treatment, intellectual property rights, and investor-state dispute settlements (TCS 2013b, 13).

Second, the first intergovernmental organization—the TCS—was inaugurated in Seoul in September 2011, with the aim of providing assisting and think-tank-style services to trilateral cooperation. The negotiation of establishing the TCS was a long process. Initial concepts of setting up interstate secretariat were first proposed by Korean President Roh Moo-hyun. The idea was formally proposed by Lee Myung-bak at the 2nd independent trilateral summit in 2009 and was warmly supported by Hatoyama. He found this idea in accordance to his “fraternity diplomacy” and “East Asian Community” concepts, and exerted strong political leadership in supporting the establishment of the TCS (Shin 2015, 184). The proposal was accepted at the 3rd trilateral summit in 2010, followed by the signing of the founding agreement at the end of the year.<sup>7</sup>

Third, trilateral cooperation in various fields was widened and deepened. New ministerial-level consultations were created in the fields of disaster management, customs, central bank and financial policy, science and technology, health, agriculture, water resources, and culture. The 3rd trilateral summit in 2010 adopted *Vision 2020*, delineating institution-building, economic cooperation, sustainable development and environmental protection, and socio-cultural exchanges as four potential areas of cooperation. Despite being of a non-binding nature, it endeavored to setting a timetable and specific road maps for future cooperation. Besides, the three countries started to strengthen policy coordination in regional and global affairs. Three working-level consultations on counter-terrorism, African affairs, and Asian affairs

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<sup>7</sup> See Chap. 9 for details regarding the history and function of the TCS.

were initiated with the aim of facilitating policy coordination and regional confidence building.<sup>8</sup>

Nonetheless, the trilateral summit diplomacy also exposed its weakness and incapacity in terms of addressing regional security challenges. China refused to adopt any binding agreement against North Korea through trilateral diplomacy. The 2010 trilateral summit provided a disappointing case that the summit was not an effective mechanism to facilitate negotiations toward the peace and denuclearization of the Korean Peninsula. In 2010, the 3rd trilateral summit was convened soon after the *Cheonan* sinking incident. The Korean government intensified the US-Japan-Korea trilateral coordination in defense and security issues, and held a high expectation of China's understanding and agreement on tighter sanctions against North Korea. At the summit, the Chinese and Japanese leaders "expressed condolences for sinking incident and attached importance to the international joint investigation" (Japanese Kantei 2010). However, the Chinese government refused to admit North Korea's responsibility for the torpedo attack, and rebutted additional sanctions against the North Korea (Shin 2015, 156). In the end, the summit failed to adopt any joint statement regarding the referral of the incident to the UN Security Council (*Asahi Shimbun* 2010). The three countries merely issued a modest expression on the North Korean issue, reiterating to "make concerted efforts to realize the 9.19 Joint Statement through the Six-Party Talks."

To summarize, the institution-building of CJK trilateralism reached a climax during the period 2007–2012. Two factors help explain these positive changes. First and foremost, closer relations in the China-Japan and the Japan-Korea dyads laid a solid foundation for shaping a grand atmosphere for trilateralism. The restoration of the trilateral relationship became possible on a prerequisite that Koizumi left the office in the latter half of 2006. Second, the eruption of the global financial crisis rendered a historical opportunity for binding the three countries together. Three countries' rising demands for financial policy coordination expedited further institutionalization of the trilateral relationship. In particular, Korea, trapped in the most precarious position in late 2008, put aside historical disputes with Japan, and sought China and Japan's financial assistance in both bilateral and trilateral approaches.

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<sup>8</sup> Existing trilateral consultations include a Latin American affairs director-generals' meeting (since 2006), a policy dialogue on Africa (since 2008), a counter-terrorism consultation meeting (since 2011), a policy dialogue on Asian affairs (since 2012), a cyber-policy consultation dialogue (since 2014), and a high-level dialogue on the Arctic (since 2016).

## Crushing Decline of Trilateralism and Geopolitical Risks in Northeast Asia

The year 2012 was one of transition in political leadership and a watershed for the trilateral relationship.<sup>9</sup> The intensive change of leadership sparked academic discussions on rising uncertainties in Northeast Asia (Tanner et al. 2013). In the meantime, this year also marked the 40th anniversary of diplomatic relations between China and Japan, and the 20th anniversary between China and Korea. However, the change of leadership in all three countries did not contribute to reconciliation and cooperation, but rather triggered various politico-diplomatic incidents in the region. Table 5.1 gives a full list of trilateral summits in past years, including those held on the sidelines of the APT and rotated independently among the three countries. In the former case, the summits have been halted since 2011; in the latter, standalone trilateral summits were cancelled in three periods: 2013–2014, 2016–2017, and 2020–2023. Trilateral summit diplomacy suffered a serious decline due to the breakdown of all three dyads of bilateral relations. Following a time order, Sino-Japanese tensions rose in 2012 due to Japan's nationalization of the Diaoyu/Senkaku Islands; in 2016, Chinese-Korean relations were impacted by Korea's deployment of the THAAD missile defense system. China adopted diplomatic retaliations by blocking Korea's content industry and postponing summit talks with Korea. In 2019–2020, Japanese-Korean relations deteriorated during President Moon Jae-in's time in office. The decision of the Korean Supreme Court on Japan's wartime labor compensation acted as a catalyst for the bilateral frictions, and such frictions were further transformed into all-dimensional conflicts in trade and supply chains. Moreover, the trilateral summit diplomacy was again interrupted during the global COVID-19 pandemic. From 2020 to 2023, even virtual meetings among the leaders were not held. Being absent from the summit diplomacy, trilateral cooperation in various functional fields also stagnated accordingly.

Abe Shinzo's landslide victory in 2012 election led to various chain effects in foreign policy fields. Sino-Japanese bilateral tensions occurred concerning a new round of disputes over the Diaoyu/Senkaku Islands began in April 2012 when Tokyo Governor Ishihara Shintaro, known for his nationalist statements, announced his intention to purchase the islands by establishing a Senkaku fund. In response, the Japanese central government claimed to purchase the islands under national control in September. This behavior irritated the Chinese government and was seen as an aggressive attempt to change the status quo unilaterally. Widespread anti-Japanese street protests erupted in major Chinese cities, whereby some demonstrators lashed out violently against Japanese businesses. The diplomatic confrontation peaked in late 2013 when China set up the air defense identification zone over the East China

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<sup>9</sup> Early in the year, Kim Jong-un consolidated his power in North Korea and in summer, Vladimir Putin was elected to a new presidential term in Russia. In the fall, U.S. President Obama was re-elected for the second term, followed by Xi Jinping's nomination of the party SG and Abe Shinzo's beginning of his second tenure as Prime Minister. Lastly, Park Geun-hye won the presidential campaign in December.

**Table 5.1** List of trilateral summits (1999–2024)

	Year	Date	Place	Participants
<b>Standalone trilateral summits</b>				
1st	2008	December 13	Japan (Fukuoka)	Wen Jiabao; Aso Taro; Lee Myung-bak
2nd	2009	October 10	China (Beijing)	Wen Jiabao; Hatoyama Yukio; Lee Myung-bak
3rd	2010	May 29	ROK (Jeju)	Wen Jiabao; Hatoyama Yukio; Lee Myung-bak
4th	2011	May 29	Japan (Tokyo)	Wen Jiabao; Kan Naoto; Lee Myung-bak
5th	2012	March 13	China (Beijing)	Wen Jiabao; Noda Yoshihiko; Lee Myung-bak
6th	2015	November 1	Korea (Seoul)	Li Keqiang; Abe Shinzo; Park Geun-hye
7th	2018	May 9	Japan (Tokyo)	Li Keqiang; Abe Shinzo; Moon Jae-in
8th	2019	December 24	China (Chengdu)	Li Keqiang; Abe Shinzo; Moon Jae-in
9th	2024	May 26	Korea (Seoul)	Li Qiang; Kishida Fumio; Yoon Suk Yeol
<b>Trilateral summits on the sidelines of the ASEAN Plus Three (APT) summits</b>				
1st	1999	November 28	Philippines (Manila)	Zhu Rongji; Obuchi Keizo; Kim Dae-jung
2nd	2000	November 24	Singapore	Zhu Rongji; Mori Yoshiro; Kim Dae-jung
3rd	2001	November 5	Brunei (Bandar Seri Begawan)	Zhu Rongji; Koizumi Junichiro; Kim Dae-jung
4th	2002	November 4	Cambodia (Phnom Penh)	Zhu Rongji; Koizumi Junichiro; Kim Dae-jung
5th	2003	October 7	Indonesia (Bali)	Wen Jiabao; Koizumi Junichiro; Roh Moo-hyun
6th	2004	November 29	Laos (Vientiane)	Wen Jiabao; Koizumi Junichiro; Roh Moo-hyun
7th	2007	January 14	Philippines (Cebu)	Wen Jiabao; Abe Shinzo; Roh Moo-hyun
8th	2007	November 20	Singapore	Wen Jiabao; Fukuda Yasuo; Roh Moo-hyun;
9th	2009	April 11	Thailand (Pattaya)	Wen Jiabao; Aso Taro; Lee Myung-bak
10th	2010	October 29	Vietnam (Hanoi)	Wen Jiabao; Kan Naoto; Lee Myung-bak
11th	2011	November 19	Indonesia (Bali)	Wen Jiabao; Noda Yoshihiko; Lee Myung-bak

Sea, whilst Abe paid a visit to the Yasukuni shrine in December. Both sides deviated from the diplomatic pragmatism and fell into open mutual condemnations. A live debate between China and Japan's ambassadors on the BBC in early 2014 marked the internationalization of Sino-Japanese disputes, and both were striving for global public opinion support (*BBC Newsnight* 2014). Moreover, China and Japan also had intense clash of security interests regarding Japan's exercise of collective defense bills in 2015 and open pursuits for freedom of navigation in the South China Sea.

Meanwhile, the relationship between Japan and Korea was also in a problematic place. In August 2011, the Korean Constitutional Court decided that the comfort women cases were not within the scope of the 1965 Japan-Korea Agreement Concerning the Settlement of Problems in Regard to Property and Claims and Economic Cooperation. The judge ordered the Korean government to seek a solution with Japan to provide compensation to former comfort women. In late 2011, Korea's civil rights groups built a statue to commemorate comfort women in front of the Japanese Embassy in Seoul. Notwithstanding Japan's diplomatic backlash, President Lee Myung-bak referred to the comfort women issue directly during his visit to Japan in December. The tension was further deteriorated after Abe took office and denied the forced mobilization of comfort women. In June 2014, Abe's query for an investigation into the Kono Statement, which acknowledged the existence of the coercive enlisting of comfort women and delivered an apology in 1993, ignited Korea's nationalist sentiments and created a diplomatic backlash. The Dokdo/Takeshima Islands dispute was another issue that created a deadlock between Japan and Korea. In August 2012, Lee Myung-bak landed on the island claiming Korea's sovereignty. In response, Japan's Shimane prefecture held a "Takeshima Day" celebration event in February 2013 with the participation of high-level officials.

In this regard, broken Sino-Japanese and Japanese-Korean ties paralyzed CJK trilateralism, and severe tensions among the three countries created a vacuum in terms of high-level diplomacy. Ever since Abe became Japanese Prime Minister, China and Korea have seemingly embraced a tacit understanding to avoid bilateral summit diplomacy with Japanese leaders. China canceled both the summit-level and foreign ministerial-level meetings with Japan in 2013 and 2014, and also postponed the trilateral foreign ministers' meeting and the trade and economic ministers meeting for months. The institutional interruption of trilateral summit in 2013–2014 resembled that in 2005–2006. Koizumi and Abe's stances on historical perceptions enraged the Chinese and Korean governments. The interruption of summit diplomacy led to a series of disastrous chain reactions on ministerial meetings, working-level dialogues, and ongoing cooperative projects. During 2013 and 2014, Korea, as the chairmanship country for the summit, tended to take a "wait-and-see" strategy—it wanted to bridge the gap between China and Japan, but meanwhile did not want to touch upon sensitive issues or bring uncomfortable feelings to either side. Many critics pointed out that although Korea continued its working-level coordination with Japan and China during 2013 and 2014, it did not convey strong political messages to persuade China back to the summit (Zhang 2016).

Although the summit was eventually resumed in 2015, another two-year interruption of trilateral summit diplomacy occurred in 2016 and 2017, due to the breakdown



of Sino-Korean relations. Initially, the two countries enjoyed their “honeymoon” during the early part of the Park Geun-hye administration. In 2014 and 2015, the repatriation of Chinese soldiers killed during the Korean War and President Park’s attendance in China’s parade commemorating the 70th anniversary of World War II were both successful diplomatic initiatives to improve bilateral goodwill (Kim and Zhang 2021). However, the Sino-Korean bilateral dyad, seemingly the strongest bilateral tie within the trilateral relationship, has been in deep trouble since 2016. Bilateral relations plummeted when President Park Geun-hye and President Xi Jinping both adopted a non-compromising stance over the THAAD deployment in 2016 and 2017. China adopted various retaliatory countermeasures, including restrictions on group tourism to Korea and a ban on Korea’s entertainment industry.

Sino-Korean quarrels over the THAAD installment thus stood in the way of trilateral summit diplomacy. Japan had repeatedly delivered appeals for an early convening of the summit as the chair country. Korean media reports disclosed that Japan initially proposed holding the summit in December 2016. Given Korea’s domestic political chaos in 2016 and 2017, Japan even consented to Korea’s provisional proposal of sending Hwang Kyo-ahn, the acting Korean President (December 2016–May 2017), to attend the trilateral summit on behalf of Park Geun-hye, who had been impeached and charged with bribery and the abuse of official power in 2017. Despite Korea’s support for Japan’s proposal, China rejected the convening of the summit within 2016, which exacerbated Sino-Korean diplomatic tensions and domestic anti-Korea sentiments (*Yonhap News* 2017).

The disastrous cancellation of trilateral summits in 2016 and 2017 mirrored events that occurred during 2013 and 2014, and China’s diplomatic ambiguity in blurring the line between trilateralism and bilateralism was highly problematic. In both periods, trilateral summit diplomacy fell as a victim of embedded bilateral tensions. China declared the suspension of trilateral summit diplomacy as a measure of retaliation against Japan and Korea. This indicates that China sees the triangular relationship as an extension of Sino-Japanese or Sino-Korean bilateral relations rather than as an independent multilateral arrangement.

In addition, fluctuations of Japan-Korea bilateral ties also restrained the stability and continuity of trilateral summit diplomacy, and accounted for the absence of trilateral summits in 2020 and 2021. Undoubtedly, the outbreak of the COVID-19 global pandemic was an unexpected external factor that led to interruptions of leader-level mutual visits. However, the COVID-19 factor should not be exaggerated, given that all other multilateral frameworks in East Asia except the CJK trilateral summit (such as the ASEAN + 1 and APT summits) still managed to be convened online. Japanese-Korean relations began to sour when President Moon Jae-in disbanded the Reconciliation and Healing Foundation in 2008, which was set up between Japan and Korea in 2016 to support wartime comfort women. President Park Geun-hye reached a comfort women deal with Japan in 2015 and the two sides agreed that the accord was agreed upon as a “final and irreversible solution.” However, the Moon government called the deal “gravely flawed” and agreed without sufficient efforts to gather opinions from aged victims and civic groups in Korea. Following Moon’s decision to dissolve the fund, Japanese Prime Minister Abe urged Seoul to deal

with the issue “in a responsible manner as a member of the international community” (*Nikkei Asia* 2018). In subsequent years, disputes over wartime history had been escalating between Moon’s liberal-leaning government and Abe’s conservative government. In November 2018, the Supreme Court of Korea ordered Japanese private companies to compensate wartime forced labor workers who were forcibly hired by Japan during World War II. In response, the Japanese government rejected this and further imposed export restrictions on key high-tech materials crucial to Korea’s semiconductor and display industries, citing national security concerns. The bilateral tension started to spiral out of control when the two countries removed each other from its white list of countries entitled to receive preferential trade treatments in 2019. Bilateral historical and trade disputes not only strained economic relations but also endangered bilateral security ties, as Korea threatened to terminate the General Security of Military Information Agreement (GSOMIA) in August 2019, a critical military intelligence-sharing pact between Korea and Japan.

Against this backdrop, regional dynamics in Northeast Asia were also significantly affected, and Japanese-Korean bilateral animosity blocked the trilateral summit in 2020 and 2021. The Korean government adopted an ambiguous attitude toward the hosting the 9th summit in 2020 as a chair country. On the surface, President Moon sent Park Jie-won, director of the National Intelligence Service to visit Japan in November 2020 and delivered messages calling for convening trilateral summit meeting. However, the Korean side did not propose any date or specific arrangements and agendas regarding the summit. Therefore, Japan questioned Korea’s sincerity for hosting the summit, and saw Korea’s policy ambiguity as a result of Japan-Korea historical discords, trade conflicts, and legal battles (*Nikkei Shimbun* 2020).

## **Analyzing the Periodical Fluctuations of Trilateral Summit Diplomacy**

In recent decades, CJK trilateralism has transformed from a byproduct of the APT events to an independent sub-regional grouping. However, the process of institution-building among the three countries at the political-diplomatic levels has been filled with uncertainties and fluctuations. Trilateral summit diplomacy has captured a cyclical approach, reflected as institutional progress and retrogression in various periods of development stages. The logic of the critical juncture can be also applied in the development of CJK trilateralism. An examination into the history of trilateral summit diplomacy whereby the “first” two trilateral summits in 1999 and 2008 emerged provides support for this argument. However, this crisis-driven pattern is unsustainable. Once these common problems and crises have dissipated, trilateralism at the political-diplomatic level has been in a state of deep instability and fluctuations.

Many existing studies have argued that factors such as historical perceptions, territorial disputes, Chinese-Japanese regional rivalry, as well as US foreign policy have hurdled the deepening and widening of CJK triangular relationship. In contrast to

prevailing analytical frameworks, this study examines the bilateralism-trilateralism nexus and posits that CJK trilateralism does not characterize a truly multilateral pattern. The rise and fall of cooperative trilateralism have been highly contingent on embedded bilateral relationships. In a long-term perspective, the deterioration of Sino-Japanese relations has acted and may continue to act as the “Achilles’ heel” within the trilateral grouping. The bilateralism-trilateralism nexus has thus undermined the utility of trilateralism in two dimensions.

### ***Waning Common Interests and Declining Payoffs of Trilateral Joint Actions***

The “crisis-driven” model of CJK trilateral cooperation has fatal weaknesses. While common external crises at specific times can indeed prompt international coordination and cooperation in the short term, such a “crisis-driven” pattern often lacks policy continuity and stability. The “critical junctures” theory emphasizes the concept of “legacy” in the post-crisis era, meaning that countries involved in regional cooperation need to establish self-replicating and reproduction mechanisms while addressing crises (Collier and Munck 2017; Soifer 2012). This ensures that even after the crisis subsides, countries can continue to implement the transnational cooperation policies initiated during the crisis.

As was analyzed in Chap. 4, the fluctuations of CJKFTA negotiations present a case of the three countries’ weakening demands for a CJKFTA. Since 2012, as the aftershocks of the global financial crisis have gradually faded, the urgency and necessity of the CJK has diminished. On the one hand, the establishment of the CKFTA somewhat “diluted” the potential benefits of the CJKFTA. Before the THAAD incident, Korea even surpassed Japan to become China’s second-largest trading partner in 2015–2016. Against this backdrop, Korea naturally sought to expand its economic interests in China through the CKFTA. Meanwhile, considering the homogeneity of the industrial structures of Japan and Korea and Korea’s competitive disadvantage relative to Japan, Korea was reluctant to face fierce competition from Japanese companies in the Chinese market. For these reasons, Korea’s ambiguous stance toward the CJKFTA contrasts sharply with its proactive approach to the CKFTA.

On the other hand, for the three governments, the political, economic, and strategic value of the RCEP takes precedence over the CJKFTA. This suggests that a broader multilateral FTA framework involving more participants can bring greater economic benefits compared to the CJKFTA. Theoretically, the trilateral framework could exist as a sub-framework within the multilateral mechanism, providing the three countries with a supplementary coordination mechanism to enhance policy communication within the broader multilateral framework. For example, in post-World War II Europe, the Benelux Customs Union, which officially took effect in 1947, was further upgraded to an economic union in 1960. The Benelux model provided a practical

reference for the development of the European Union. While European integration was led by France and Germany, the economic integration within the Benelux countries also facilitated the subsequent expansion and deepening of the European Economic Community. In examining the relationship between the CJKFTA and the RCEP, this positive interaction between a trilateral mechanism and an expanded multilateral mechanism has not materialized. On the contrary, after achieving trade liberalization through the RCEP agreement, the three countries have not yet clearly outlined a road map or timeline for the CJKFTA based on the RCEP provisions.

Furthermore, trilateral cooperation mechanisms have been based on cooperative relations so far—that is to say, resolutions or even dialogue on disputed issues, such as territorial and historical issues, or the North Korean nuclear issue, are not strictly on the agenda of the trilateral summits. Thus, the key focus of trilateral cooperation remains limited to functional areas, and tangible outcomes of trilateral summit diplomacy related to politics/security issues have been very limited.

For instance, the three countries could hardly have a unified outlook regarding North Korean issues. The first independent trilateral summit in 2008 may be considered a “historical necessity” (Japanese Kantei 2008).<sup>10</sup> Despite continuous coordination and discussions on North Korean issues, the trilateral summits could hardly make any substantive and enforcing agreements. China has been constantly unwilling to issue any joint statements with Japan and Korea condemning North Korea on the occasions of trilateral summits. China’s stance was clearly reflected in its refusal to referring the *Cheonan* sinking incident to the UN Security Council in 2010. Even at the 2018 trilateral summit, the movement toward a rapprochement among the three is clear, but less clear is what tangible solutions can be delivered (Zhang 2018). The three countries adopted a *Joint Statement on the 2018 Inter-Korean Summit*, appreciating and welcoming the “Panmunjeom Declaration” signed between the two Koreas. Some may have surmised that the summit could be a mechanism to facilitate negotiations toward the denuclearization of the Korean Peninsula. However, such a view is overly optimistic: China was reluctant to list the North Korean issue as a key agenda, and the summit adopted an ambiguous statement that did not include any expression related to the concept of complete, irreversible, verifiable denuclearization (CVID). As a result, the wording of the joint statement was an exercise in cautious compromise and not ultimately what Japan and Korea were hoping for. In this regard, the dysfunction of trilateral summits in addressing regional security concerns has substantially weakened Japan and Korea’s strategic interests in trilateral summit diplomacy, particularly given that Japan’s primary strategic expectation on this triangle used to be security-oriented rather than economic cooperation-oriented since the early 2000s. Thus, in comparison, along with the strengthened US-Japan alliance and US-Japan-Korea triangle to protect Japan’s security interests against North Korea, Japan’s interest toward CJK trilateralism at the political-diplomatic levels has shown a downward trend in recent years. For this reason, some Japanese

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<sup>10</sup> Cited in Japanese Prime Minister Aso Taro’s speech at the Joint Press Conference of the first standalone trilateral summit in 2008.

scholars saw that trilateral-based cooperative outputs remain inadequate, and further questioned the necessity of holding independent trilateral summits (Kan 2014).

For these reasons, it is essential to clarify the benefits, value, and strategic positioning of CJK trilateral cooperation and not to overestimate the influence of CJK trilateral cooperation on shaping the geopolitical security landscape. Instead, the policy outputs of CJK trilateral cooperation remain limited in pragmatic fields. Lee Hee-sup, the current Secretary-General of the TCS, recently wrote an article following the 9th trilateral summit in May 2024. He pointed out that against the current backdrop of intensifying US-Chinese competition, CJK trilateral cooperation has different focuses from existing US-Japan-Korea trilateral frameworks. The former emphasizes economic issues closely related to people's daily lives, while the latter is more concerned with geopolitical security matters (Lee 2024, 31–32).

### *Bilateral Constraints and the Limited Utility of Trilateralism*

At present, the strength or circularity of bilateral relationships along the trilateral axis will always hold the key to the stability and functioning of trilateralism. The process of trilateral institution-building originally arose from the goodwill of embedded bilateral relationships among the three countries. The history of trilateral summit diplomacy reveals that stable bilateral relationships and close bilateral exchanges create conditions for fruitful trilateral talks. The two epoch-making summits in 1999 and 2008 benefited from effective bilaterally based shuttle diplomacy among the three countries beforehand, and these bilateral dynamics paved the way for the inauguration of trilateral summits. In addition, the construction of the triangle could be divided into two periods, one led by the Japan-Korea alignment and the other by the China-Korea partnership. Japan's policy transition from leadership to passivism is noteworthy. Back in the late 1990s, Obuchi Keizo and Kim Dae-jung made joint efforts to persuade China toward the construction of trilateralism. However, Japan's role declined following the inauguration of the EAS in 2005. Japan's non-committal stance on trilateralism contrasted starkly with China's leadership in functional cooperative fields and Korea's intellectual contribution to the institution-building process.

Moreover, the operability of trilateralism appears to be overwhelmingly vulnerable to the fluctuations of embedded bilateral relationships, and the weakest link among the three bilateral ties is likely to be the most vulnerable part of the entire trilateral arrangement. This chapter has outlined the background reasons for four major setbacks of trilateral summit diplomacy: 2005–2006, 2013–2015, 2016–2017, and 2020–2023. The interruption of trilateral summits in the four periods share similarities that, while common external crises initially facilitated trilateral cooperation, once these common problems and crises dissipated, the utility of the trilateral setting seemed to yield to the aggregate utilities of separate bilateral diplomatic bargains. Bilateral disputes over historical and territorial issues are not the only factors that led to the suspension of trilateral summit diplomacy. What is worse, once embedded

bilateral relations fluctuate, trilateralism may expose defections and low defection costs. For instance, Japan's conservative stances over wartime historical perceptions enraged the Chinese and Korean governments, and thus paralyzed trilateral summit diplomacy in the early 2010s. Yet, China's "defection" to trilateral summits was also disastrous. This implies that the decision of defection by one actor, or the breakdown of any of the three bilateral ties within the trilateral grouping, may disable the operability of the entire trilateralism (Zhang 2020). The interruptions of trilateral summit diplomacy in 2013–2015, 2016–2017, and 2020–2021 have demonstrated that all three countries merely saw trilateralism as an extension of bilateral relations rather than an independent multilateral arrangement.

### **Potential Outputs of Trilateralism: A Mediation Mechanism for Bilateral Tensions**

In sum, the tangible outcomes of nascent CJK trilateralism appear to be limited in the politico-diplomatic fields. The concrete outcomes of a trilateral policy framework may not always follow a trilaterally oriented approach, as cooperative outputs of CJK trilateralism have not always amounted to the sum of the outputs from separate bilateral approaches. The policy significance of trilateral summit diplomacy turns out to be more symbolic than substantive. This logic further extends to a structural analysis which reveals that major outputs of a trilateral arrangement may indeed arise from bilateral processes embedded in the trilateral pattern. In other words, the trilateral talks offer a near-symbolic diplomatic event or policy forum for the gathering of the three governments. Given that running bilateral talks alongside a multilateral event is a common diplomatic practice, trilateral summit diplomacy helps create a new buffering pattern whereby three dyads of bilateral relations can be integrated into a cooperative minilateral setting. In this regard, trilateralism is expected to serve as a new diplomatic occasion and a potentially effective back-up political option for restoring broken bilateral ties. Hence, the trilateral summit offers a platform to transcend the roiling bilateral hostilities by moving diplomatic relations into a collective framework for negotiation and the defining of common interests. This pragmatic approach is desperately needed. What may be untenable bilaterally becomes possible multilaterally on issues of mutual interest to all three parties (Zhang 2018).

A comparative example comes from the role of the US as a stabilizer and mediator within US-Japan-Korea trilateralism. The US appears to be vital for the operability of the US-Japan-Korea trilateral, given that it can mobilize the US-Japan-Korea summit and mediate between the other two countries. Both the Obama and the Trump administrations endeavored to intensify the process of US-Japan-Korea trilateral security and defense frameworks in the early 2010s and 2019–2020 respectively. When neither Japan nor Korea wished for a summit talk to ease bilateral deadlocks, the Obama administration assumed the leadership role and arranged US-Japan-Korea

trilateral summit talks in March 2014 to help restore the Japan-Korea bilateral dyad. Likewise, the Trump administration proactively intervened into Japanese-Korean disputes over trade and security issues in 2019, and persuaded the Korean government to retract its decision to terminate the GSOMIA.

Likewise, the installation of such a trilateral crisis management mechanism within the CJK triangle also has diplomatic significance. Despite this triangle lacking a regional hegemon, it retains practical policy significance in providing a mediation platform for bilateral tensions. For instance, when confronted with intensive antagonism during 2013 and 2015, China and Japan restored their diplomatic ties via multi-lateral processes. The frigid bilateral tensions began to thaw following Xi and Abe's courtesy meeting at the APEC Beijing Summit in November 2014, the Asian-African Conference in April 2015, and the 6th CJK trilateral summit in November 2015. Meanwhile, 6th trilateral summit also generated tangible outcomes for restoring Japanese-Korean relations. Early in August 2015, Korean Foreign Minister Yun Byung-se said in a media interview that if the pending summit could be resumed, a bilateral meeting between Abe and Park Geun-hye would be possible (Tanaka 2017, 332). In this regard, the convening of the summit was not only conducive to an early realization of Abe-Park summit talks, but also facilitated a Japan-Korea landmark agreement on comfort women issues in December 2015, in which Japan offered an official apology and a financial pledge surviving former comfort women.

By the same token, the 7th trilateral summit in 2018 provides another case whereby trilateralism could supplement bilateralism by helping restore the fracture of bilateral relationships. In 2017 and 2018, Japan's containment policy toward China and China's hardline policy toward Japan have led to diplomatic dilemmas for both sides. Pressured by domestic politics and public sentiment, leaders in both countries have not been willing to show gestures of diplomatic compromise. Even if Beijing and Tokyo share a willingness to put bilateral relations back on a normal track, the arrangement of frequent direct visits and bilateral meetings between political leaders appears to be a distant proposition. Thus, the trilateral summit serves as an institutional platform that avoids diplomatic sensitivities and circumvents many of the nationalistic domestic pressures thwarting more robust political relations (Zhang 2020). The summit had two agendas: trilateral meetings and bilateral meetings. The former was largely used to produce joint statements (such as the Joint Statement on the 2018 Inter-Korean Summit) and to build a consensus on cooperative initiatives, such as regional free trade negotiations. The latter was used to address the many and varied bilateral challenges undermining harmonious relations. Together, the two agendas accomplished otherwise untenable diplomatic programs. For example, in the lead-up to the trilateral summit in May 2018, Chinese Premier Li Keqiang visited Japan for the first time in seven years. This included a formal banquet and audience with the Japanese Emperor. In the week prior to Li attending the summit, Japanese Prime Minister Shinzo Abe held a phone conversation with Chinese President Xi Jinping—the first time the two had spoken directly by phone to each other. Ultimately, a stepwise arrangement to coordinate restoration of diplomatic relations between the two countries was reached, as was an agreement to restart the maritime and aerial communication mechanism for avoiding conflict along their national borders. The

two countries have since been coordinating on a two-step process—first Li’s visit to Japan in May, and then Abe’s state visit to China at the end of 2018. All of this was made possible by the trilateral summit (Brummer and Zhang 2018).

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## Chapter 6

# Korea's Middle Power Diplomacy and Cooperation Initiatives



Korea's increasing status in regional and global affairs has started to attract substantial attention. Korea's rise to economic and cultural prominence has made research on Korea's middle power policy a widely discussed topic. Today, scholars classify a wide and diverse range of countries into the "middle power" category in terms of their influence at the sub-regional, regional, or global level. The current literature on Korea's gaining of middle power status diverges into two major schools. One school argues that Korea primarily plays the role of a "regional middle power" among the major stakeholders in Northeast Asia (Armstrong, Rozman, and Kim 2006; Shim and Flamm 2012; Shim 2009; Chun 2014; Yoshihide and Lee 2014; Kim 2010). The other school of optimists regards Korea as a "middle power" that could exert influences not limited within Northeast Asia, but more broadly in East Asia or the Asia-Pacific region. According to this view, Korea's "middle power" status would be comparable with other well-acknowledged worldwide middle power countries such as Australia and Brazil (Robertson 2007; John 2014; Bridges 2014; Hundt 2011).

Among Korea's various regionalist visions, this chapter argues that Korea has proactively mobilized its diplomatic resources in enhancing the institutionalization of CJK trilateralism since the late 1990s. It also sees Korea's exercise of middle power diplomacy as being vital for the success of trilateralism, and argues that Korea's diplomatic activism fits into the middle power theories' assumptions that middle powers are likely to act as cooperation facilitators and bridgers. Gilbert Rozman notes that Korea's bridging role between China and Japan as one of the key factors for regionalism in Northeast Asia (Rozman 2004). He argues that "if both (China and Japan's) national identities and national interests are driving tensions ... Seoul may set its sights on quietly advancing trust while biding its time before pursuing a more proactive role as facilitator for powers already inclined to a multilateral security system" (Rozman 2007, 198). History shows that the Korean Peninsula, whether divided or not, has always been regarded as a "shrimp" amongst great powers in Northeast Asia. Although the contemporary international politics of the Korean Peninsula has not completely abandoned this geopolitical pattern, this chapter argues

that Korea's increasing facilitation of cooperation in the CJK triangle has revealed more independent bridging behavior since the late 1990s.

This chapter explains Korea's proactive stances in the construction of CJK trilateral cooperation and explores its middle power bridging role between China and Japan. Despite Sino-Japanese relations remaining the most decisive factor in terms of determining the fate of trilateralism, Korea's middle power role is indispensable for advancing the stability and efficiency of CJK trilateral relationships. In recent years, Korea showed intellectual leadership as a "wiseman" in putting forward a wide variety of cooperation proposals and visions, but also contributed in bridging the gap between China and Japan as a broker. This chapter is composed of four sections. The first section explores a theoretical framework explaining Korea's middle power bridging role and intellectual leadership. The second section presents historical and political-economic perspectives to explain Korea's rising enthusiasm for CJK trilateral cooperation. The third section reviews Korea's policy stances on the evolution of trilateral cooperation in recent decades and finds that ever since the Asian Financial Crisis in the late 1990s, CJK trilateral cooperation has been listed as an important diplomatic agenda for each Korean administration. Lastly, this chapter looks at Korea's middle power diplomacy since 2012, when the trilateral relationship fell to its lowest point in recent years. This study puts forward the concept of "conditional bridging" referring to Korea's proactive promotion of trilateral diplomacy, thereby nudging forward Sino-Japanese relations while adopting highly cautious a "wait-and-see" stance on the selections of timing and diplomatic climate.<sup>1</sup>

## **Korea as a Middle Power: Theory and Diplomacy**

Middle powers are normally understood as "states that are neither great nor small in terms of international power, capacity and influence, and demonstrate a propensity to promote cohesion and stability in the world system" (Jordaan 2003, 165). The concept of "middle power" may point to two approaches: a material approach on a certain state's national strength and a behavioral approach that emphasizes the middle powers' diplomatic intention and capacity to act in the international politics arena as a bridging and facilitating actor (Cooper et al. 1993; Ping 2005).

Admittedly, there is no doubt that, in comparison to China and Japan, Korea stands as more of a "small power" than a "middle power" in terms of its material strengths, given the huge gap between it and China and Japan in terms of economic size and political influence. However, when adopting a behavioral approach and looking at the history of institution-building of CJK trilateral cooperation, Korea's diplomatic efforts in deepening trilateral cooperation have never stopped by falling into a passive or subordinated "followership" role within the triangle. This research links Korea's proactive bridging diplomacy within the CJK triangle with prevailing middle power

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<sup>1</sup> This chapter has been amended and supplemented based on the research article published in the *Korean Journal of International Studies* 14(2) (2016).

theories. Specifically, this chapter argues that Korea's role in the triangle fits into the middle power diagram in two major aspects. These factors help explain Korea's solid intellectual contribution and highly flexible bridging diplomacy.

First, middle powers, with relatively limited capacity, are more prone to opt for multilateral and regionalist diplomacy, while great powers generally have stronger preference for unilateralism and bilateralism. Given the limited power and incapability of middle powers to challenge existing great powers, it is not difficult to understand middle powers' strong preference for multilateral coordination or regional cooperation, by which their voices could be better heard and respected through forming transnational groupings. In other words, middle powers tend to promote cooperation with other states or non-state actors like international organizations and institutions, rather than solely relying on their own national power. Accordingly, middle powers can help maintain the international order and peace by serving as mediators and bridgers through coalition-building, international conflict management, and resolution activities (Neack 1995). The relationship between regionalism and middle powers has been addressed before in the literature. For instance, some of the studies characterize Australia's middle power activism in the creation of APEC (Cooper et al. 1993), and the roles of Argentina, Mexico, and Canada in the regionalism process in the Americas in the 1990s (Belanger and Mace 1999). They argue that middle powers that seek to expand their policy influence within regional frameworks are enthusiastic in advancing the institutionalization of regionalism processes.

Second and more importantly, middle powers do not always stand in a followership position in a multilateral arrangement, but can also exert leadership under certain conditions. In their analysis of rising middle powers, Cooper et al. (1993) noted that the post-Cold War period has empowered small and medium-sized countries with more policy room in exerting greater influence in the field of low politics. Cooper's edited volume *Niche Diplomacy: Middle Powers after the Cold War* also helps shed light on this score. According to Cooper, it is more practical for middle powers to stay humble and follow other great powers' leadership. However, in the event that a middle power tries to show greater influence on certain issues, it has to know its own strengths well and put them to use wisely. To do this, a middle power country needs to wisely centralize its limited resources and capacities in appropriate policy fields after careful selection. Moreover, in order to become a leading actor, a middle power needs to select the right timing and grand environment, and makes sure that its fulfillment of a leadership role does not challenge the interests of any other great power. This sort of "conditional leadership" played by middle powers is commonly known as "niche diplomacy" (Cooper 1997). International relations scholars divide "leadership" into three basic categories: structural leadership (the hard power of states in the stage of world politics), entrepreneurial leadership (science and knowledge, technology innovation), and finally intellectual leadership (new ideas and creativity) (Young 1991). Comparatively, middle powers are more likely to exert intellectual leadership—that is, to act as an active idea-generator in the institution-building process.

To sum up the above, Korea's proactive stance within the CJK trilateral grouping is in line with middle power theory's hypothesis that middle powers could serve

as solid supporters and initiators for transnational institution building. The Sino-Japanese relationship has proven to be the most precarious factor that might stagnate trilateral cooperation. Under such circumstances, Korea, as a middle power, offers not only simple followership but also a substantial intellectual contribution in designing an institutional road map for trilateral cooperation. Korea has started to reveal an increasingly pro-regionalist foreign policy since the late 1990s. As illustrated in the following section, despite Korea's regionalist diplomacy shifting with the change of presidency, the construction of CJK trilateralism was consistently listed as a diplomatic agenda. On the other hand, middle powers do not always intend to take on leadership roles. Even if they do, they need to select the suitable area and timing with sophisticated tactics. Korea after all has no intention to challenge or compete with China and Japan. In this sense, its bridging role between China and Japan has to be flexible.

## Explaining Korea's Activism on Trilateral Cooperation

### *A Historical Perspective*

As posited by middle power theories, the formation of transnational arrangements such as regional connectedness, institutions, and organizations can help ensure their national interests. Specifically, a combination of historical, functional, and political factors have been at work in driving Korea toward closer trilateralism.

First, Korea's activism in trilateral cooperation has deep roots in its miserable historical memories. The fate of the Korean Peninsula was miserable due to its being surrounded by great power neighbors in pre-modern history. It is a sound metaphor to depict the geopolitics of the Korean Peninsula as "a shrimp amongst whales" or being "sandwiched" by China and Japan (Shim 2009; Ha 2003; Bluth and Dent 2008). In a broader sense, the "Sino-Japanese war" refers not only to the battles between the two countries in the late nineteenth century and the 1930s, but also to at least three other large-scale wars in pre-modern history.<sup>2</sup> Korea's affiliation to the Sino-centric tributary system in pre-modern history and colonization by the Japanese empire in the early twentieth century offers the Koreans a unique perspective of the history of the triangle. Willingly or not, the Korean Peninsula was unavoidably dragged into war whenever the two big power neighbors came into conflict (see Table 6.1). In either case, the consequences of war were disastrous for the Korean Peninsula, including not only the huge human casualties and material damages, but also the shifting power structure as a result of the winning side of the war increasing its influence and tightening its control over the peninsula.

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<sup>2</sup> Mongol's invasion is considered as a Sino-Japanese war here, in the sense that the Mongols were the conqueror and ruler of the Chinese mainland in the thirteenth century. The Mongols enlisted the expedition forces from both the Chinese mainland and the Korean Peninsula.

**Table 6.1** Sino-Japanese wars and the Korean Peninsula in history

	Sides of conflicts	Roles of the Korean Peninsula	Consequence of the war and influence
Battle of Baekgang River (663)	Tang and Silla v. Japan and Baekje	Split and civil war	Japan’s defeat and learning from Tang; Silla’s unification of the Korean Peninsula
Mongols’ invasion of Japan (1274 and 1281)	Mongols and Goryeo v. Japan	Forced by the Mongols to provide armory supplies	Mongol’s defeat and the myth of <i>kamikaze</i> (sacred winds) in Japan
Imjin War (1592–1598)	Ming and Chosun v. Japan	Sided with Ming against Japan	Hideyoshi Toyotomi’s death and the start of Tokugawa period; severe devastation caused by the wars in the Korean Peninsula; Ming’s massive loss of military forces and its conquest by the Manchus
1st Sino-Japanese War (1894)	Qing v. Japan	Lighting the fuse for the Sino-Japanese war	Collapse of the Sino-centric tributary system and Japan’s later annexation of the Korean Peninsula

Sandwiched between China and Japan, and kidnapped by the stronger side, it is important to understand Korea’s instinctive “victim consciousness” in regional politics. The Koreans have a firm geopolitical perception that the safety of the Korean Peninsula lies in peace between China and Japan, and good Sino-Japanese relations would be in accordance with Korea’s national interests as well. The turbulence of Sino-Japanese relations could also trigger a precarious situation or even the advent of war in the Korean Peninsula. To avoid such a situation, Korea should act as a peace broker in Sino-Japanese relations. In the early twentieth century, this regional logic was seen in Ahn Jung-geun’s embryonic theory of “peace on East Asia,” which envisaged a vague vision of establishing multilateral institutions among the three countries (Hong 2014 and 2015).<sup>3</sup> Nowadays, this historical and geopolitical logic is still embodied in Korea’s current diplomatic strategy.

***Economic and Political Perspectives***

Second, Korea’s activism in trilateral cooperation is associated with its hedging strategy between the US-Japan-Korea triangle for security interests and the CJK triangle for functional gains. Korea participates in these two parallel triangles with varying expectations of outcomes. Korea’s hosting of the 3rd standalone trilateral

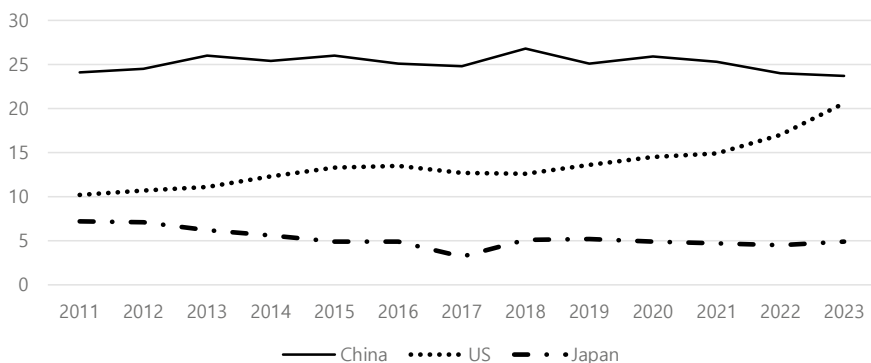
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<sup>3</sup> Ahn Jung-geun, who assassinated Ito Hirobumi at Harbin in 1909, is a highly controversial figure who is respected as a national patriot in Korea, but is considered a brutal assassin in Japan.

summit in May 2010 was a typical case. Shortly after the *Cheonan* sinking incident in March, US-Japan-Korea security coordination was intensified. On the other hand, due to China's opposition, the 3rd standalone trilateral summit failed to adopt any joint statement regarding the referral of the incident to the UN Security Council (*Asahi Shimbun* 2010). Despite this, a series of outcomes were still achieved at the summit, including a series of agreements on pragmatic cooperation—technology, innovation and standardization, the adoption of *Vision 2020*, as well as the announcement of the establishment of the TCS. Korea clearly understands that the CJK triangle yet lacks mutual trust, although the trilateral summit and the TCS exist largely as a measure for confidence-building through a combination of Track I and Track II meetings (Green 2014, 761; Yeo 2012). Korea's main expectation from CJK trilateralism is more functional than strategic.

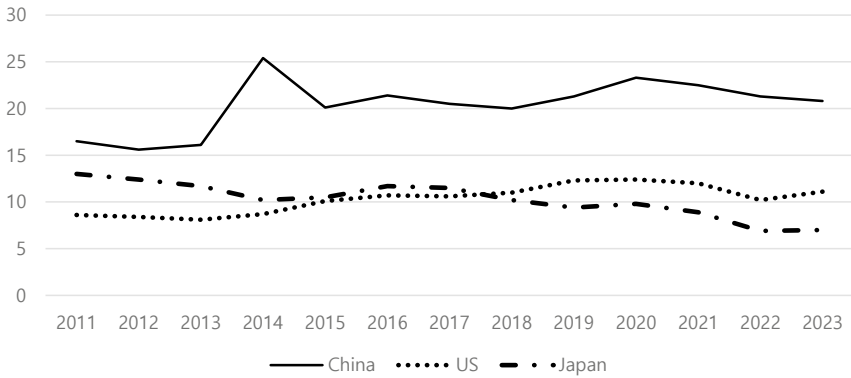
Korea's economic dependence on China and Japan is vital. In terms of economic performance, Korea's economy is highly trade-oriented and has a high degree of trade dependency. Figures 6.1 and 6.2 show that China and Japan are Korea's leading partners in terms of both imports and exports. Meanwhile, if we consider CJK as an integrated "region," among the three countries Korea has the highest intra-regional trade ratio, which indicates that healthy and close trilateral economic ties are of greater significance for Korea than for the other two countries. Figure 6.3 indicates that Korea's trade dependence on China and Japan has been maintained to a high level of over 30% in the past decade, despite a temporary decline in 2017–2019 due to THAAD conflicts with China and trade frictions with Japan, as well as shrinking exports to China since 2022.

From an industrial perspective, Korea's role in shaping integrated CJK value chains and closer industrial cooperation should not be underestimated. Korea is clearly aware of its favorable position as a gateway for American and European companies to gain better access to the Chinese markets, while facilitating Chinese firms' outward movements toward American and European markets (Moon 2012, 117). Noticing the great functional needs and economic benefits, Korea's domestic

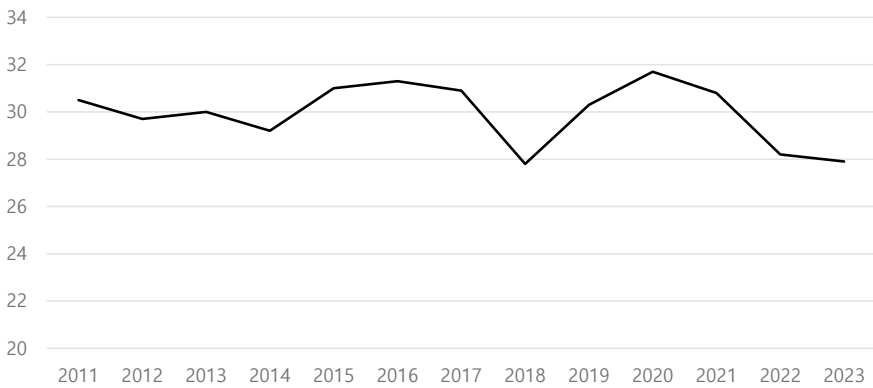


**Fig. 6.1** The major partner's share in Korea's Exports, 2011–2023 (%) *Source* World Integrated Trade Solution, <https://wits.worldbank.org/Default.aspx?lang=en>





**Fig. 6.2** The major partner's share in Korea's imports, 2011–2023 (%) *Source* World Integrated Trade Solution, <https://wits.worldbank.org/Default.aspx?lang=en>



**Fig. 6.3** Korea's intra-regional (CJK) trade ratio, 2011–2023 (%) *Source* World Integrated Trade Solution, <https://wits.worldbank.org/Default.aspx?lang=en>

business world, led by the *chaebol* groups that integrated banks, trading companies, and industrial firms into full-blown conglomerates, constitute the strongest interest groups that solidly call for proactive diplomacy in deepening trilateral cooperation. These highly centralized business empires have been widely known for grasping tremendous resources in influencing the policy-making process. Calder and Ye (2010, 197–198) specifically highlighted cases where the Daewoo Group and Hyundai Group were engaged in Korea's energy diplomacy in Northeast Asia. Similarly, these business monopolies also exerted substantial policy pressure on the government to stabilize the trilateral relationship. When Korea's relations with China fell to their lowest point in 2016–2017 due to the THAAD deployment and its relations with Japan fell as a result of trade frictions in 2019–2020, Korea's domestic business-industry groups called for diplomatic efforts to break the ice.

In the meantime, Korea also uses CJK trilateralism as a political tool to help restore its bilateral relations with China and Japan. Structurally, trilateralism can work as a supplementary mechanism to its three pairs of embedded bilateral relations and to ease bilateral conflicts. For instance, in 2014 and 2015, Korea was requested by the US to maintain good relations with Japan because the US did not expect to see conflicts between its two Far East allies. In this context, to restore relations with Japan through the trilateral summit became the most feasible solution, given the needs of both accommodating US requests and domestic anti-Japanese voices that opposed the government's holding of a bilateral summit directly with Japanese leaders. Similarly, the convening of the 8th trilateral summit in December 2019 also contributed to the resilience of Korea-Japan political ties at the time of bilateral trade conflicts.

## **Consistent Activism and Intellectual Leadership in Trilateralism**

Korea's middle power diplomacy within the CJK triangle can be interpreted in its intellectual contribution, that is, offering public goods in agenda settings, vision designs and institution building. Korea's democratic system is well known for its personality politics—Korea's presidency is institutionally strong, and has substantial leverage and power in terms of mobilizing the National Assembly and other civil societies in its five-year tenure (Robertson 2006, 10). Shin (2015, 242) argued that Korea's political leadership always constituted the key motivation for Korea's foreign policy-making. The aftermath of the Asian Financial Crisis served as a critical momentum for Korea's regionalist diplomacy. To date, these proposals include Kim Dae-jung's APT, Roh Moo-hyun's "Northeast Asian Cooperation Initiative (NACI)," Lee Myung-bak's "New Asian Diplomacy," and Park Geun-hye's "Northeast Asian Peace and Cooperation Initiative (NAPCI)," as well as Moon Jae-in's "New Southern Policy" and "New Northern Policy." Among all the various regionalist visions, Korea has maintained consistent diplomatic activism in CJK trilateral cooperation. The development of CJK trilateral cooperation has been always listed as an important diplomatic agenda.

Dating back to the 1990s, Kim Dae-jung was well known for his diplomatic activism in the APT. President Kim, together with Malaysian Prime Minister Mahathir Mohamad, was regarded as a supporter of East Asian regionalism led by the East Asians. The Kim Dae-jung government (1998–2003) made two major contributions to the evolution of trilateralism. First, realizing the ineffectiveness of the International Monetary Fund (IMF) and APEC in helping to resolve the Asian Financial Crisis, the Kim Dae-jung government turned to the newly burgeoning APT mechanism and played a key role in institutionalizing the APT scheme. In the 2nd APT summit (Hanoi 1998), Kim Dae-jung proposed the idea of creating a Track II EAVG. Second, as was illustrated in Chap. 5, Kim Dae-jung was the initiator of the trilateral summit, together with the then Japanese Prime Minister Obuchi Keizo.

Korea's interests in trilateralism reached a peak during the Roh Moo-hyun government. Following its inauguration in February 2003, Korea's regional policy shifted toward the NACI. President Roh declared a "peaceful and prosperous Northeast Asia" as one of his key diplomatic goals, and shared his vision that Korea stood as a "Northeast Asian business hub" in the region. This domestic and regional context stipulated Korea's intention to make a greater contribution and take a leadership role (Cha 2007). To do this, the Roh government made efforts to expand Korea's FTA network with other East Asian countries. In particular, he made strong suggestions to China and Japan in concluding a CJKFTA at an early stage (Ahn 2005, 9). In addition, he created the Presidential Committee on the NACI. A policy report published by the Committee elaborated that Korea aimed at three roles in Northeast Asia: the "bridging" state among regional powers, the "hub" state for peace, finance, logistics and tourism, and the "promoter" state for regional cooperation (Presidential Committee on the Northeast Asian Cooperation Initiative 2004, 17–18). The NACI specifically put forward projects including energy cooperation, transportation network cooperation, environmental cooperation, and socio-cultural cooperation (Moon 2006, 237–238). In 2005, President Roh furthered his NACI concepts and disclosed a new strategy defining Korea as a "balancer" in Northeast Asia (Roh 2005a and b). The new strategy saw Korea as a bridging nation between continental and maritime powers, as Roh himself pointed out in an ambitious way, "the power equation in Northeast Asia will change depending on the choices Korea makes" (Roh 2005b). It might have been this overconfident stance and relatively aggressive use of diplomatic terminology that resulted in the NACI being subject to a number of criticisms. Many argued that it was unrealistic and exaggerated Korea's position versus big powers such as China, Japan, and the US. Nonetheless, although the NACI perished after President Roh left office, it left behind a great variety of intellectual legacy and regional cooperation ideas.

The CJK trilateral relationship was a key part of the NACI concepts during Roh's presidency. Roh embraced a long-term vision that Northeast Asia needed to push forward with reconciliation, as had been accomplished in Europe. He expected Japan and China to emulate the roles of Germany and France, under which conditions Korea would act as a mediator and promoter of cooperation (Rozman 2007, 208). Noticing the dilemma between growing intra-regional economic interdependence among the three countries on the one hand, and increasing political discords among the three on the other, the Roh Moo-hyun government for the first time publicly addressed the need for strengthening trilateral policy coordination and institutionalizing the trilateral summit independently of the APT process (Presidential Committee on the Northeast Asian Cooperation Initiative 2004, 10–23). Early on in the trilateral summit (on the sidelines of the APT summit) in 2004, President Roh proposed to his counterparts Koizumi Junichiro and Wen Jiabao the possibility of convening an independent trilateral summit (Shin 2015, 239). He repeated this proposal on several other occasions in the following years, but was rejected by Japanese Prime Minister

Abe Shinzo (*Mainichi Shimbun* 2007b and *Hankyoreh* Online 2007).<sup>4</sup> His proposal was ultimately adopted in 2007 when Fukuda Yasuo came to power in Japan with his “pivot to Asia policy.” In fact, although President Lee Myung-bak was the one who attended the first standalone trilateral summit in December 2008, the majority of diplomatic coordination was carried out during Roh’s presidency. Thus, the hosting of the standalone trilateral summit in 2008 was a result of a growing need for a joint response to the global financial crisis, but was also largely attributable to Korea’s proactive policies under the NACI concepts.

Korea’s regional policy underwent a big change during President Lee Myung-bak’s term in office (2008–2013). Lee Myung-bak restored the US-led bilateral alliance as a priority for foreign policy and made the ratification of the Korea-US FTA a key aim (Kang 2010, 552). In contrast to his predecessors, President Lee detached his regional policy from Northeast Asia and adopted a broader view that Korea should not limit its influence within Northeast Asia, but rather should expand into East Asia and the rest of the world. He also showed a great interest in accommodating international organizations in Korea. As a result, in 2012, the Global Green Growth Institute became the first international organization located in Korea (John 2014, 338). On the other hand, in East Asia, the Lee administration put forward the “New Asian Diplomacy” concept in 2009, proclaiming Korea’s intention to bypass China and Japan and seek a detour toward the ASEAN countries. It marked an ambitious bid to compete with China and Japan in the leadership of East Asian regionalism (Hundt 2011, 81).

Nonetheless, Korea’s diplomatic efforts toward trilateralism did not slow down. Indeed, the idea of institutionalizing trilateral cooperation was listed in the “100 promises of administration agendas” announced by the Lee administration in June 2011 (Lee 2011, 51).<sup>5</sup> President Lee himself was the critical figure in the negotiation process of establishing the TCS. He was the first proposer for establishing a permanent secretariat body in Seoul at the 2nd standalone trilateral summit (Beijing, 2009) (JMOFA 2009). His proposal was ultimately agreed upon and adopted in the following 3rd summit (Jeju Island, 2010). From Korea’s perspective, the establishment of the TCS in Seoul was not merely one part of its East Asian diplomacy, but was also one crucial component of the “Global Korea” strategy in order to attract more international organizations to Seoul (Lee 2012). The successful inauguration of the TCS in Seoul instead of Beijing or Tokyo demonstrates that Korea is at the equilibrium point of power distribution within the CJK triangle. In the context of Sino-Japanese competition, Korea’s proposals are thought to have better “neutrality” and “credibility.” Partly for this reason, regarding the TCS budget and regulations, both

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<sup>4</sup> Back in 2006, Korea and China took a soft approach toward North Korea at the Six-Party Talks, whereas Japan maintained a hardline stance. In this summit meeting, because Japan failed to include expressions on Pyongyang’s abduction of Japanese citizens in the joint press statement, Japan judged that to regularize the summit would damage its interests. See Chap. 5 for details.

<sup>5</sup> “To facilitate pro-Asia diplomacy” was listed as the 85th national political agenda. It had 17 detailed policy goals, and “to institutionalize the trilateral cooperation” was one of them.

the Chinese and Japanese governments finished domestic legal procedures quickly and did not face insurmountable domestic resistance.<sup>6</sup>

During this period, Korea’s intellectual contribution took the form of the productive chairmanship of the 3rd standalone trilateral summit in 2010, which was widely considered to result in highly fruitful outcomes. The three countries not only agreed on the establishment of the TCS as a permanent assisting body, but also adopted the *Vision 2020* for trilateral cooperation. Despite the *Vision 2020* presenting a non-binding guideline or blueprint for the future trilateral cooperation, it is the first intergovernmental agreement among the three countries that sets up a timetable and delineates specific road maps for future cooperation (Table 6.2).

**Table 6.2** Selected Korean proposals on CJK trilateral cooperation

Proposals	Progress	Notes
Trilateral sports minister meeting	Achieved	The 1st meeting was convened in November 2016
Trilateral high-level dialogue on the arctic	Achieved	Proposed in the 6th trilateral summit. The 1st dialogue was convened in Seoul (April 2016)
Top regulators meeting on nuclear safety plus (TRM + )	Achieved	Expanded from Top Regulators Meeting (TRM) to TRM + with increasing membership
Trilateral visionary group	Achieved	Similar to the Korean-proposed Trilateral Cooperation Vision Group (TCVG) for track II cooperation <sup>7</sup>
Northeast Asia Development Bank	Pending	Included in the joint statement at the 6th trilateral summit
Trilateral cooperation fund (TCF)	Pending	Agreed in principle at the 6th trilateral summit, but the relevant statement did not appear in the joint declaration following the 9th summit in 2024
Northeast Asian nuclear safety consultative body	Pending	Proposed by Korean Foreign Minister Yoon Byung-se in the 8th TRM +
Trilateral ministerial meeting on public administration	Pending	Proposed by the Korean Ministry of Security and Public Administration to China’s Ministry of Civil Affairs in October 2015 ( <i>Yonhap News</i> 2015b)
Trilateral employment and labor ministers meeting	Pending	Proposed by the Korean Ministry of Employment and Labor in 2013

<sup>6</sup> The three countries signed the Agreement on Establishing the Trilateral Cooperation Secretariat on December 16, 2010. A series of negotiations on the regulations and rules, as well as domestic legal procedures were finished within the following half year. On May 17, 2011, the three countries publicly released the news of secretariat inauguration in September.

<sup>7</sup> Initially in 2014, the TCVG was jointly proposed by Korea’s Ministry of Foreign Affairs. According to the initial plan, the TCVG will be composed of 13 experts, including four from each country and one from the TCS. Eventually in April 2023, the Trilateral Visionary Group, which carries out similar functions with the TCVG, was convened in Xiamen, China. The mechanism is scheduled to be convened on an annual basis.

All three countries underwent leadership transitions in 2012. In Korea, like her predecessors, President Park Geun-hye proposed her regionalist vision in 2013: the NAPCI. The NAPCI was based on the core concept of “trustpolitik” that aims at confidence building among various regional stakeholders in Northeast Asia (Park 2011). Nonetheless, according to the official interpretation from the Korean Ministry of Foreign Affairs, the NAPCI took a “process-oriented” approach toward regional confidence building, but did not set up specific goals for such cooperation (KMOFA 2015). The primary aim of the NAPCI lies in formulating the “habit” for regional cooperation through existing intergovernmental mechanisms, multi-layered frameworks and non-governmental networks. The NAPCI followed the neo-functionalism doctrines on the “spill-over” effect and suggested starting interstate cooperation from non-traditional security areas to high politics. Yet, the NAPCI remained at the conceptualization stage and did not resonate sufficiently to be a well-structured national strategy with relatively clear goals, road maps, and action plans (Choi 2013, 27). More skeptical voices pointed to Korea's capacity to convince and mobilize other regional countries to hail to the NAPCI, particularly given the passive stances of Washington and Tokyo.<sup>8</sup>

The advancement of CJK trilateralism was one of the most important pillars of the NAPCI concept. Despite the Korean government officially clarifying the difference between the two—CJK trilateral cooperation focused on technical and functional cooperation while the NAPCI aimed at a broader concept of peace and security cooperation—it had also addressed the need for mutual complementation between the two regionalist visions (KMOFA 2015, 30). Among all existing mechanisms that the NAPCI has been envisioned to link with (APEC, APT, TCS, EAS, and ARF), CJK trilateralism appears to be the only existing Northeast Asia-based regional architecture. Existing CJK trilateral frameworks are far more specific than vague NAPCI concepts and “ought to be the cutting point for further steps of NAPCI move.” To mobilize and expand the functions of the TCS is also one of the easiest ways to develop NAPCI ideas (Park 2013, 47–48; Lee 2014). Early in 2012 when Park Geun-hye ran her election campaign as a presidential candidate, she declared in a speech that “three political agendas would be the key issues in order to overcome the Asian paradox: grand reconciliation, construction of a responsible Northeast Asia, and the CJK trilateral cooperation”<sup>9</sup> (Shin 2015, 245–246). For instance, the convening of the Top Regulators Meeting Plus (TRM + ) on Nuclear Safety has been widely deemed one of the major NAPCI outcomes. Its origins trace back to the original CJK trilateral-based TRM (2008–2013), which was elevated to TRM + in 2014 with the participation of Mongolia, Russia, and the US. The Korean government further proposed the establishment of a Northeast Asia Nuclear Safety Consultative Body in a meeting of October 2015 and tried to make it a sample progress within NAPCI

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<sup>8</sup> Interview with Professor Moon Chung-in, the current special advisor for unification, diplomacy, and national security affairs for President Moon Jae-in and former Chairman of Korea's Presidential Committee for the Northeast Asia Cooperation Initiative (December 4, 2015).

<sup>9</sup> The speech was given by Park Geun-hye on the one-year anniversary ceremony of the TCS (October 15, 2012).

agendas (*Yonhap News* 2015c). The TRM + has created a model of “spill-over of membership” from the already-institutionalized trilateral cooperation to a broader geographic coverage.

In the following years, signaled by the President Moon Jae-in, Sino-Korean relations had been significantly improved following the THAAD tensions. The Moon government adopted an approach on the THAAD issue that accommodated the requests of both the US and China. During Moon’s visit to the US in June 2017, he gave a speech at the US Congress and promised that “his administration will not reverse the THAAD deployment,” but would merely delay the process due to domestic democratic procedural legitimacy. Korea’s agreement with the US set a policy guideline for Moon’s engagement policy with China. The rapprochement of Sino-Korean relations followed later at the end of 2017. During Moon’s visit to Beijing in December 2017, he softened Korea’s policy toward the THAAD issue and gave the pledge of “three nos’—no further THAAD deployment, no participation in the US-led regional missile defense network, and no willingness to further formalize the US-Japan-Korea security trilateral (Kim and Zhang 2021). Thus, the resilience of Sino-Korean ties paved the way for the restoration of the CJK trilateral summit that had stalled since 2015.

Such consistent policy support for the trilateral institution-building has also been sustained by the incumbent President Yoon Suk Yeol. Despite the fact that President Yoon adopted new foreign policy routes toward historical reconciliation with Japan while distancing Korea from China, Korea has also been striving to exert its chairmanship for the resuming of the 9th trilateral summit during the global pandemic. In November 2023, a trilateral foreign ministers’ meeting was held in Busan, Korea, at which Korea attempted to persuade China to hold the 9th trilateral summit by the end of the year. However, China insisted on holding the meeting after the National People’s Congress in March 2024, which directly led to the postponement of the 9th trilateral summit to May 2024 (Joongang Ilbo 2024).

## Limitations of Middle Powers and Conditional Bridging

Middle power theories posit that middle powers’ bridging policy and ability to assume a leadership role are subject to a lot of limitations. Middle powers are expected to be able to assume intellectual leadership and entrepreneurial leadership, but have few opportunities in terms of structural leadership. Meanwhile, middle powers should be understood as a relative concept. Despite Korea gradually rising as an influential regional stakeholder in East Asia and an increasingly proactive actor in global politics, it remains a “small power” compared to China and Japan. Recent researchers have pointed out the loss of momentum in Korea’s middle power diplomacy in recent years (Green 2019). Recent ideas of the NAPCI and New Northern/New Southern Policy have not been warmly received by neighboring countries. In particular, under the current shadow of the great power rivalry between the US and China, Korea is facing the rising dilemma of having to choose a side and has limited space to exert

middle power diplomacy. Against this backdrop, this chapter puts forward the concept of “conditional bridging.” This has two implications—on the one hand, during the darkest times of the trilateral relationship, Korea fulfilled its chairmanship and acted as a responsible cooperation facilitator, while adopting a “wait-and-see” bridging strategy on high-politics issues on the other hand.

When confronted with sensitive political issues, Korea's middle power bridging diplomacy in the triangle became more flexible and cautious. Korea's fulfillment of the chairmanship toward the resumption of the trilateral summit in 2013–2015 is a good case in point. First, Korea does not seek to step into Sino-Japanese disputes, but rather to offer a series of trilateral diplomatic arrangements that could incorporate the Sino-Japanese bilateral relationship into a mini-lateral diplomatic setting. President Roh's declaration of Korea as a “hub” of Northeast Asia and a mediator between China and Japan was the subject of harsh domestic criticism and skepticism from neighboring countries (Rozman 2008, 96). The following Korean governments have learned from this and have realized that it is not wise to overplay its role. Korea has a rather clear understanding that the Sino-Japanese grand reconciliation is unlikely to come about in the foreseeable future. Whenever the atmosphere of holding Japan-Korea and China-Japan bilateral summits is not supportive, Korea's hosting of the trilateral summit could be a back-up option that incurs less domestic resistance in all three countries. Despite trilateralism remaining subordinated to bilateral approaches in Northeast Asia, it still helps supplement the prevailing bilateralism by offering diplomatic buffering. Thus, Korea's hosting of the 6th trilateral summit (November 2015) is not only a trilateral-based mechanism, but also an important policy tool to put Sino-Japanese relations back on track.

Second, Korea tends to adopt a “wait-and-see” strategy—it wants to make a contribution by bridging China and Japan, but meanwhile does not want to touch upon sensitive issues or create uncomfortable feelings to either side. Korea was very concerned about giving the wrong impression that it was taking sides. Yoshimatsu (2014, 182–183) shares a similar view that Korea does not intend to show leadership between the two great powers, but adopts a check-and-accommodate strategy by clearly examining the intentions of China and Japan, and firmly adhering to its position as a middle power. Many critics point out that although Korea continued its working-level coordination with Japan and China in 2013 and 2014, it did not convey strong political messages to China in order to convince China to come back to the table.<sup>10</sup> During 2013 and 2014, Park Geun-hye and Xi Jinping met at least three times in bilateral visits and at the APEC summit. However, it seems that President Park did not push China hard to set the agenda for the trilateral summit. Korea's attitude changed when Xi had a courtesy meeting with Abe at the APEC summit (Beijing, November 2014). Noticing the symbolic turnaround of Sino-Japanese relations, President Park reacted quickly and openly suggested resuming the trilateral summit during her attendance at the APT summit in Myanmar only a few days after the APEC summit (*Yonhap News* 2014). Subsequently, Park increasingly called for the resumption of the trilateral summit on a series of diplomatic occasions, including the trilateral foreign minister

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<sup>10</sup> Interview with Ambassador Shin Bong-kil, former SG of the TCS (November 19, 2015).



meeting (March 2015) and her visit to China on the occasion of the 70th anniversary of the victory in World War II (*Yonhap News* 2015a). Korea's shift from quiet diplomacy to being an enthusiastic urging actor was interpreted as its "conditional" bridging role—it intended to put trilateralism back on track whilst taking into account China and Japan's sensitivities in order not to provoke either side.

Under the current US-China competition and confrontation, the Yoon Suk-yeol administration's approach to CJK trilateral cooperation also reflects a "wait-and-see" strategy. The Yoon administration's caution and reduced policy input shifts can be particularly explained by two reasons. First, there was a significant change in Korea's policy toward China. Unlike the long-standing pragmatic approach between the US and China, the Yoon administration advocated for value-based foreign diplomacy and pursued Sino-Korean relations based on mutual respect and international norms rules. Second, trade relations between China and Korea have undergone significant changes in recent years, with Korea experiencing a trade deficit with China for the first time in 2023. Due to the rapid rise in China's industrial competitiveness, the cooperative and complementary relationship between China and Korea over the past 30 years (1992–2022) has gradually shifted into one of industrial competition. The Korea International Trade Association's Institute for International Trade previously published a report titled *Changes in the Trade Structure and Implications after 30 Years of China-Korea Diplomatic Relations*, which noted that economic relations between the two countries have shifted from a complementary division of labor to rising competition. Korea's advantages in fields such as smartphones, electric vehicles, and new energy batteries have diminished in the face of fierce competition from Chinese companies (Korea International Trade Association 2022). Meanwhile, US sanctions on China's high-tech industries have affected major Korean semiconductor and chip companies like Samsung and SK Hynix, leading to a "decoupling" from China. Combined, these two factors have led to a shift in the traditional complementary industrial structure between China and Korea, with many in Korea's economic and industrial sectors believing that the trade deficit with China is likely to become a long-term issue. The increasing competition among the three countries' economies and industries may undermine CJK trilateral cooperation by weakening Korea's policy inputs toward CJKFTA negotiations.

## Conclusion

The Korean Peninsula, even prior to its division into North and South, has always been overshadowed by its two larger neighbors China and Japan, to the extent that it has often been treated as a client state of one or the other of them. However, in recent years, thanks to its rapid increase in economic power, Korea has strengthened its position within the triangle. Apart from being a more confident, independent actor, it has also displayed a growing potential to be a cooperation facilitator. Korea's diplomatic activism fits into the assumptions that middle powers act as facilitators of cooperation or as a "bridge." Korea's diplomatic interest in strengthening CJK

trilateralism has deep roots in historical, economic, and political terms. Korea also has an abiding need for maintaining the respect, understanding, and the support of its two neighboring powers for Korean unification (Rozman 2007). Social surveys indicate that the Koreans, in general have a higher recognition as being a “Northeast Asian citizen” than the Chinese and Japanese (Whitney and Shambaugh 2008), which is clear circumstantial evidence of Korea’s solid Northeast Asian identity.

To conclude, Korea’s exercise of middle power diplomacy is vital for trilateralism. In comparison to China and Japan, Korea acts as an enthusiastic supporter of both functional cooperation and institutionalization efforts. It acts as the main idea generator and agenda-setter throughout all three critical junctures of trilateral cooperation history—that is, the first trilateral breakfast summit in 1999, the first standalone trilateral summit in 2008, and the establishment of the TCS in 2011. The hosting of the TCS in Seoul rather than Tokyo or Beijing further demonstrates that Korea possesses the capacity to act as a cooperation facilitator and broker that can accommodate the interests of both China and Japan. To be specific, Korea’s middle power diplomacy works in two ways: intellectual contribution and conditional bridging.

On the one hand, Korea has assumed a certain level of intellectual leadership in this triangle and has consistently presented new plans, proposals, and blueprints with regard to institution building. This study maintains a relatively optimistic outlook on Korea’s continuous contribution to trilateral institution-building. This optimism stems from Korea’s sustained economic and socio-cultural dependence on China and Japan, as well as the enduring motivations that drive Korea toward fostering a peaceful and prosperous CJK relationship.

On the other hand, Korea’s presence in the triangle has provided a bridging function for easing potential Sino-Japanese confrontations. Korea’s chairmanship and diplomatic efforts in resuming the 6th trilateral summit in November 2015 seemingly created a new diplomatic pattern, in which trilateralism could supplement bilateralism to help restore Sino-Japanese relations. However, Korea’s bridging strategy is not unconditional or absolute. When confronted with sensitive political issues, Korea has adopted a cautious “wait-and-see” strategy and has firmly adhered to its position as a bridging middle power rather than a leading power. Korea never exceeded the baseline that it did not wish to challenge other regional great powers.

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## Chapter 7

# From Leadership to Followership: Japan's Declining Interest in Trilateral Cooperation



The development of Japanese thoughts on East Asian regionalism has taken on various forms in past decades. Japan's postwar vision of region-building in the 1970s and 1980s was focused on the Pacific and Asia–Pacific regions rather than on East Asia (Oba 2014; Terada 2012, 28–29). Japan was wary of arousing its neighboring countries' painful memories of Japan's wartime “Great East Asian Co-Prosperity Sphere” (Hong 2015). Since the 2000s, Japan's vision of regionalism evolved into two versions: a geographically based concept of 13 APT countries and a value-based concept with the participation of New Zealand, Australia, and India. In general, Japan's ideas of region-building appear to starkly contrast to those of the Chinese and Koreans in terms of the fact that Japan has seldom considered Northeast Asia as a unit for East Asian community-building. This chapter examines and explains Japan's policy options toward CJK trilateral cooperation. Despite Japan demonstrating a certain policy willingness to build trilateral cooperation frameworks with China and Korea in the late 1990s, its strategic interest has quickly faded since the 2000s. Since then, Japan fell into a followership position within the CJK trilateral and has displayed policy passiveness with respect to the trilateral cooperation. In comparison to China and Korea's efforts in functional cooperation and the institution-building process, Japan appears to be “shortest wood plate” among the three players.

This chapter reviews Japan's region-building objectives in recent decades. Despite Japan contributing to the inauguration of trilateral summit diplomacy in the late 1990s, its position was quickly transitioned from leadership to subordinated followership among the three countries. Japan's short-lived support to the trilateral cooperation has been closely correlated to its domestic politics. Its fleeting support for trilateral cooperation was driven and supported by a few politicians who embraced personal interest and passions. Yet, such “personality politics” could hardly guarantee Japan's policy sustainability and consistency, as individual proactiveness toward trilateral cooperation has not grown into a national-level political consensus. Once pro-China and pro-Korea leaders step down from office, succeeding politicians may

deviate from their predecessor's policy routes immediately. This chapter also investigates three factors—geopolitics, leadership, and economic interdependence—to explain Japan's strategic passiveness toward trilateral cooperation. For Japan, potential outputs of CJK trilateralism lie in bilateral dimensions. Once Japan's bilateral relations with China and Korea freeze, it tends to use trilateral diplomacy as a back-up tool to restore bilateral ties.

## **From Leadership to Followership: Trilateralism and Japan's Vision of Region-Building**

### *Japan's Early Leadership: A Security-Oriented Perspective*

In addition to the Asian Financial Crisis in the late 1990s, the North Korean missile crisis in the mid-1990s can be considered another crucial event that triggered Japan's growing attempts of multilateral and regionalist approach in Northeast Asia. The vision of Northeast Asian community-building began to draw widespread attention among Japanese intellectuals (Nakagawa 2005). The "Northeast Asian common house" was one of flagship concepts that sprang up in the early 2000s. Wada Haruki and Kang Sang-jung, two professors from the University of Tokyo, suggested that relevant parties in Northeast Asia take common actions toward peace-building and denuclearization of the Korean Peninsula (Wada 2003; Kang 2001).

Against this backdrop, the concept of regionalism in Northeast Asia was initially security-oriented in Japan, rather than focusing on economic and functional perspectives. In August 1998, North Korea fired a long-range Taepodong across the northern part of Japan. Concerning on the lack of diplomatic pipelines with North Korea, Japan was eager to seek multilateral approaches to address regional security issues as a supplementary policy option to US-Japan bilateral alliance (Pempel 2011). Japan worked with the US and Korea, and established a US-centered TCOG in 1999 (Cha 1999). Given the existing "four-party" talks among China, the US, and the two Koreas, Japan's then Prime Minister Obuchi Keizo wished to extend the talks to six parties, inviting Japan and Russia to participate (Asahi Shimbun 1999; Fukushima 2009). Obuchi thus saw the CJK trilateral framework as a potential platform of policy coordination, as well as a stepping stone toward the six-party meeting (Tanaka 2000, 140–141; Mainichi Shimbun 1999a).

Against this backdrop, Japan took on a leadership role in initiating the CJK trilateral summit in 1999 and expected the main outputs of CJK trilateralism to be security coordination on the subject of the North Korean threat. The idea of holding a trilateral summit meeting was first discussed at an internal regular meeting within the LDP. On the sidelines of the 3rd APT summit in Manila in 1999, Obuchi proposed convening a trilateral summit meeting with his Chinese and Korean counterparts. Although the informal breakfast summit in 1999 solely addressed the financial crisis following China's request for a non-political agenda, Japan declared its willingness to "discuss

the North Korean issue and other regional security risks in Northeast Asia at the next summit” (Mainichi Shimbun 1999b).

Japan's attempts were further progressed in 2002. Although the Koizumi Junichiro administration had little diplomatic interest in approaching China and Korea, he prioritized the denuclearization of the Korean Peninsula and the abduction issue between Japan and North Korea in terms of his diplomatic agenda. Koizumi paid a historic visit to Pyongyang in September 2002 and signed the Pyongyang Declaration with North Korea. In the meantime, the abduction issue began to draw widespread public attention in Japan. At the 4th trilateral summit (on the sidelines of the APT summit) in Cambodia in November 2002, the North Korean issue was discussed for the first time by the three leaders. Japan was relatively cautious on the subject of China's proposal of a prospective CJKFTA, whilst it held high expectations on trilateral coordination on the North Korean issue. Japan was hoping for North Korea's compliance with the Pyongyang Declaration, and wished that China could team up with it and Korea in pressuring North Korea. Koizumi envisioned the building of a US-Japan-Korea-China four-party network against North Korea by utilizing both US-Japan-Korea summit diplomacy and CJK summit diplomacy (Asahi Shimbun 2002). Despite China's cold response to the abduction issue, China stressed the principle of denuclearization of the Korean Peninsula at the 4th trilateral summit in 2002. Moreover, the three countries adopted a *Joint Declaration on the Promotion of Tripartite Cooperation*, which “reaffirmed the commitment to the denuclearization of the Korean Peninsula” at the 5th trilateral summit in 2003. These outcomes were considered to be Japan's diplomatic achievements headed by Prime Minister Koizumi and a tangible breakthrough in terms of regional security coordination in Northeast Asia.

### ***Policy Transitions and Strategic Distancing from CJK Trilateralism***

Traditionally, a notable feature of Japan's foreign policy-making process was the strong policy impacts of bureaucratic agencies. The frequent change in prime ministers in postwar Japan had weakened the decision-making power of political leaders, while bureaucratic agencies now play the role of “stabilizer” that ensures the rationality and consistency of the policy-making process. Unlike China, Japan abides by a full-fledged democratic system, and its democratic system also differs from that of Korea and lacks a strong chief executive. Prior to the 2010s, Japan did not have a strong presidency that can leverage and mobilize domestic resources, and also suffered from complex domestic legislative processes (Calder and Ye 2010, 213).

Recent years have seen various institutional and legal reforms in Japan, which aimed at smoothing out the interaction between the Kantei and bureaucratic agencies, and empowering the position of prime ministers in policy-making processes. At the end of 2013, Abe Shinzo initiated the National Security Council (NSC) as a



centralized organ under the Cabinet Office. Subsequently, the NSC has played a vital coordinating role among various ministries and distributing the Prime Minister's decision to each acting agency for effective policy implementation.<sup>1</sup> Such institutional reforms have increased the status of Japanese prime ministers in foreign policy-making processes. Nonetheless, the empowerment of the Prime Minister and the Kantei does not completely undermine the role of bureaucracies. Recent studies have raised a "hybrid model of Japanese leadership" and have argued that efficient leadership in foreign policy-making rests on solid links between the Kantei, the US, and acting bureaucratic agencies (Pugliese 2017). Against this backdrop, nowadays foreign policy-making processes in CJK have all demonstrated an explicit trend of centralization, indicating the willingness and intention of political leaders to act as a leading factor for diplomatic practices.

Despite Japan playing a solid leadership role in the preparation stages of the trilateral summit mechanism, it no longer sees trilateral cooperation as a priority in recent years. To date, Prime Minister Obuchi Keizo, Fukuda Yasuo, and Hatoyama Yukio are three key figures who overcame domestic bureaucratic resistance and took the initiative in terms of mapping out a long-term vision of trilateral cooperation.

In the 1990s, Japan's reluctance to support East Asian regionalism remained unchanged even on the eve of the Asian Financial Crisis. Japan's then-Prime Minister Hashimoto Ryutaro was initially reluctant to attend the first APT summit in 1997 and also opposed the regularization of the APT summit (Yoshimatsu 2005b). Japan's policy shift from bilateralist to regionalist approaches began when Obuchi Keizo took office as Japan's Prime Minister. Japan's failure to action the Asian Monetary Fund proposal during the Asian Financial Crisis led to its loss of credibility among Southeast Asian countries. In order to rebuild its national reputation, the Obuchi government demonstrated policy enthusiasm toward the APT framework and announced its "New Miyazaki Initiative" at the second APT summit in 1998. In addition, Obuchi began to explore closer diplomatic ties with China and Korea. He raised the initial idea of a trilateral summit mechanism in 1999. Obuchi was considered to be a line successor of the Tanaka Kakuei clan, who had a tradition of developing intimate relations with China and Korea. In this context, Obuchi saw it a delicate diplomatic opportunity for historical reconciliation in Northeast Asia, and thus invited the then-Korean President Kim Dae-jung and the then-Chinese President Jiang Zemin to visit Japan in 1998.<sup>2</sup> In the meantime, he gathered together prominent intellectuals and convened a group seminar on "Japan's Goals in the 21st Century." This group of scholars submitted the report to Obuchi in 2000 and suggested that Japan strengthen its "neighborhood diplomacy" (Japanese Kantei 2000).

Nonetheless, Obuchi passed away in 2000 and Japan's pro-China and pro-Korea foreign policies were disrupted. The succeeding Prime Minister Mori Yoshiro did

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<sup>1</sup> Interview with Kohara Masahiro, professor at the University of Tokyo and former senior official of the Japanese Ministry of Foreign Affairs (March 23, 2017).

<sup>2</sup> Interview with Professor Tanaka Akihiko, President of Japan International Cooperation Agency, former professor at the University of Tokyo and Japanese representative of the EAVG (January 26, 2017).

not show significant interest in continuing the “neighborhood diplomacy.” Initially, Obuchi intended to invite China as an observer at the G8 Summit in Okinawa in 2000 (Tanaka 2007, 262). However, under Mori’s leadership, four African countries—South Africa, Nigeria, Algeria, and Senegal—were invited instead. When Koizumi Junichiro took office in 2001, Japan prioritized the ASEAN as a primary partner in East Asia. Hence, China and Korea began to be sidelined by Japanese policy-makers. Moreover, the external “China shock” acted as another key incentive for Japan’s adoption of regionalist stances. Since the early 2000s, China strengthened its ties with ASEAN countries and became the first non-ASEAN country to sign the Treaty of Amity and Cooperation with the ASEAN. To Japan’s surprise, China offered an FTA proposal to the ASEAN countries and the two sides signed a framework agreement on the ASEAN-China Free FTA (ACFTA) in November 2002, declaring Beijing’s strategy to build closer political relations with ASEAN states.

In this context, Prime Minister Koizumi paid a visit to Singapore in 2002. During the visit, he announced a vision of an “East Asian Community” and called for a closer Japan-ASEAN partnership. In the meantime, Koizumi proposed a “Japan-ASEAN Comprehensive Economic Partnership” as an important platform for East Asian regional integration, and saw it as a mechanism to counterbalance the ACFTA. In December 2003, Japan held a special Japan-ASEAN Commemorative Summit and adopted the Tokyo Declaration with ASEAN states. This marked the first time that ASEAN plus series of meetings were convened in non-Southeast Asia countries, signifying Japan’s prioritization of its relationship with ASEAN in regional cooperation process (Sohn 2010).

Japan did not make its relationship with China and Korea a crucial part of its “East Asian community” concept in the 2000s. Japan’s bilateral relationships with China and Korea fell to their lowest point during Koizumi’s period in office. Koizumi made consecutive visits to the Yasukuni Shrine from 2001 to 2006, regardless of heated domestic oppositions and anti-Japan demonstrations in both China and Korea. The breakdown of two bilateral dyads led to the cancellation of the trilateral summit on the sidelines of APT in 2005. Japan’s passivity extended to functional fields as well, and it failed to gain ground with China and South Korea in areas such as agriculture and information communication technology. (Yoshimatsu 2008, 174–175). Tanaka (2007a, 308–309) also pointed out Japan’s insufficient policy coordination with China and Korea within the APT framework. For these reasons, the concept of the “East Asian Community” that began in Koizumi’s period in office primarily delineated the deepening of the Japan-ASEAN partnership, and policy collaboration among the Plus Three countries came as a secondary option (Tanaka 2010, 372). Koizumi viewed Japanese-Chinese relations and Japanese-Korean relations as side issues to his vision of the “East Asian Community,” and these two dyads of bilateral ties declined due to historical disputes (Yoshimatsu 2008, 161–165; Rozman 2008, 92).

Likewise, in the post-Koizumi period, Prime Minister Abe Shinzo (in his first period in office) did not show strong interest in developing trilateral cooperation, although he paid visits to China and Korea to restore the two broken bilateral relations. At the 7th trilateral summit (on the sidelines of the APT Cebu summit) in January

2007, Japan failed to include comments on Pyongyang's abduction of Japanese citizens in the joint press statement. Abe rejected the proposal of holding an independent trilateral summit (independent of APT frameworks) and judged that the regularization of independent trilateral summits would damage Japan's national interests (Hankyoreh Online 2007).

The second peak of Japan's proactive engagement with CJK trilateralism arrived in 2007. Prime Minister Fukuda Yasuo succeeded Abe and put forward his "new Fukuda doctrine" and "pivot to Asia policy" that emphasized synergy between the US-Japan alliance and diplomacy with East Asian countries. At the 8th trilateral summit (on the sidelines of the APT Singapore summit) in November 2007, Fukuda expressed supportive stances on holding the trilateral summit independently of the APT framework (Shin 2015, 102). He also agreed to Korean President Roh Moo-hyun's proposal to establish a trilateral online secretariat for documenting trilateral cooperation in a variety of fields (KMOFA 2008, 80). Although Prime Minister Aso Taro participated in the first standalone trilateral summit in December 2008, the major stages of idea proposal and preparations were completed during the Fukuda administration.

CJK trilateral cooperation re-emerged as one of Japan's diplomatic priorities when the Democratic Party of Japan (DPJ) won the election and Hatoyama Yukio became Prime Minister in 2009. Hatoyama's foreign policy took its cues from his grandfather, former Japanese Prime Minister Hatoyama Ichiro, who contributed to the normalization of Japanese-Russian diplomatic relations and the improvement of people-to-people diplomacy between China and Japan. This explicit line inheritance could be found in Hatoyama's diplomatic strategy with China and Russia. Before he formally took office, Hatoyama published an article in the *New York Times* applying the EU as a blueprint for the future of East Asia. He further called for China and Korea to enter into policy discussions over territorial disputes, and urged the three governments to ease rising domestic nationalist sentiments (Hatoyama 2009). Hatoyama labeled his foreign policy as "fraternity" and proposed the vision of "East Asian Community." In contrast to Koizumi's version aimed at ASEAN states, Hatoyama saw the CJK trilateral relationship as a cornerstone of his "East Asian Community," and envisioned extending East Asian regional cooperation from functional fields to security issues.<sup>3</sup> Hatoyama chose Korea as the destination for his first formal overseas visit, conveying a strong political signal for his East Asia-oriented foreign policy. In the meantime, he also approached China and delivered his expectation on transforming the East China Sea "from the sea of disputes into a sea of friendship" (Hosoya 2013; JMOFA 2009).

Against this backdrop, Japan revealed a highly proactive policy stance at the 2nd standalone trilateral summit in October 2009. In the opening keynote speech, Hatoyama noted that "Japan has been overwhelmingly dependent on the US ... the core part of Japan's East Asian Community vision is community-building among CJK, and the three countries should begin from economic cooperation" (Mainichi Shimbun 2009). The Summit adopted a Joint Statement on the Tenth Anniversary of

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<sup>3</sup> Interview with former Japanese Prime Minister Hatoyama Yukio (April 5, 2017).

Trilateral Cooperation, in which the three countries committed to develop the East Asia community based on the principles of openness, transparency, and inclusiveness. Hatoyama's key contribution to the trilateral institution-building process rested on his political support for the establishment of the TCS. Not long after the inauguration of the TCCS in 2009, Korean President Lee Myung-bak proposed creating a permanent intergovernmental secretariat among the three countries located in Seoul (JMOFA 2009). Although the Japanese Foreign Ministry and other departments were initially reluctant to support such organizational building due to strategic and financial concerns, Hatoyama exerted strong political leadership to overcome bureaucratic resistance (Shin 2015, 184). In this regard, the establishment of the TCS was largely supported by Hatoyama's pro-East Asia foreign policy exercises.

However, Hatoyama's Northeast Asia-aimed "East Asian community" was short-lived. The DPJ's foreign policy strategy undermined the US-Japan alliance, and thus raised concerns from Washington and Japan's domestic bureaucrats. In 2009–2010, the Hatoyama administration encountered bureaucratic resistance from Japan's Foreign Ministry, which was informed by the US Ambassador in Japan "not to follow Hatoyama's foreign policy."<sup>4</sup> Although Hatoyama and the DPJ hoped to reform the conventional bureaucrat-led foreign policy process and enhance the position of the Cabinet Office in the decision-making process, such efforts were not successful in the end. Moreover, Hatoyama's "East Asia community" proposal did not receive positive responses from neighboring countries, and thus failed to yield tangible diplomatic results. The ASEAN was deeply concerned over Japan's strategic intention, as this might undermine the ASEAN's centrality in the region. Although China and Japan extended a warm welcome to the concept, the two countries reiterated the ASEAN's leadership status in East Asia regional cooperation and expressed concerns that Hatoyama's ideas remained vague and lacked specific action plans (Inoguchi 2011).

Japan's pro-China and pro-Korea foreign policy perished following Hatoyama's resignation in June 2010. Once Hatoyama left office, Japan's strategic interest in trilateralism and its support to TCS faded away. Thereafter, the Japanese Foreign Ministry purposely avoided using the terminology of "East Asian community" in diplomatic occasions.<sup>5</sup> The DPJ successors Kan Naoto and Noda Yoshihiko both made efforts toward the maintenance of solid US-Japan ties (Hosoya 2013). Noda published a policy article in which he openly rejected Hatoyama's "East Asian Community" and advocated for the consolidation of the US-Japan alliance (Noda 2011). Since the 2010s, the Sino-Japanese relationship has rapidly deteriorated. The incident symbolizing such a shift in the relationship was the collision between a Chinese fishing trawler and Japanese coast guard vessels, and Japan's detention of the Chinese captain in 2010. Since then, the territorial dispute has exacerbated public sentiments in both countries, and has heightened the threat perception of China in Japan. In following years, the entry of Chinese Navy combatant vessels into disputed water areas left Japan with growing anxiety about China's revisionist

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<sup>4</sup> Ibid.

<sup>5</sup> Ibid.

intentions. The increasing number and intensity of clashes in the East China Sea and the South China Sea have thus turned Japan toward adopting a containing strategy against China (Kotani 2015). During Abe Shinzo's period in office, Japan gradually consolidated the Japan-US alliance in order to balance out the potential threat posed by China. Japan began to view China as a rival for regional leadership, and thus shifted its China diplomacy from hedging to balancing (Hughes 2016; McDougall 2012; Schulze and Blechinger-Talcott 2019; Suzuki 2022). In recent years, Japan has increasingly advocated for value-based economic diplomacy by searching for quality-based infrastructure and embracing the FOIP vision (Satake and Sahashi 2021; Yoshimatsu 2023).

In sum, Japan's policy attitudes toward CJK trilateral cooperation have shifted from proactiveness to passiveness in recent decades. Despite the fact that Japan's leadership was vital for the institutional creation of the trilateral summit diplomacy in the late 1990s, Japan's strategic interest in trilateral frameworks has diminished since the 2010s. Individual leaders such as Obuchi Keizo, Fukuda Yasuo, and Hatoyama Yukio contributed to the institution-building of CJK trilateral cooperation. This political support helped catalyze the inauguration of the standalone trilateral summit mechanism and the TCS. Nonetheless, these diplomatic gestures and efforts lacked policy consistency and were abandoned by succeeding prime ministers. Moreover, prior to Abe Shinzo's exercise of "strongman politics" by empowering the Prime Minister and the Cabinet, Japanese bureaucracies took a lead in foreign policy-making process and showed a reluctance to advance CJK trilateral cooperation. For these reasons, pro-Northeast Asia and CJK-oriented diplomatic visions have seldom resulted in specific diplomatic actions. Ever since the 2010s, the role of Japan within the CJK triangle has been downgraded from cooperative idea initiator to passive follower.

## **Explaining Japan's Policy Shift: Economic Factors and Strategic Distancing**

### ***Sino-Japanese Rivalry and "Institutional Balancing"***

Unlike the European integration driven by the German-French reconciliation in the 1950s, East Asian regionalism has been entangled in great power rivalry between China and Japan. The rise of Chinese influence, both regionally and globally, has pushed Japan to increasingly counterbalance China. Since the early 2010s, Prime Minister Abe Shinzo's approach toward domesticating the ascent of China has become clear in his use of the balancing strategy (Pugliese 2017), which contains both a hard balancing approach that involves reinforcing the US-Japan tie and a soft balancing strategy that harnesses a number of multilateral diplomacy tools to undermine China's regional influence. Given Japan's economic dependence on the Chinese market, Japan was wary of confronting its biggest economic partner directly. Thus,

Japan has also been aiming to pursue a “soft balancing” and “institutional balancing” strategy against China (Yoshimatsu 2014, 14–15; Acharya 2008; Sohn 2010). In this regard, the freezing of Sino-Japanese ties has frustrated the process of CJK trilateral cooperation, given that Japan began to pursue “relative gain” over “absolute gain” regarding its relationship with China. The “missing link” between China and Japan has also hindered coordination and collaboration within APT frameworks (Goh 2011). Separate ASEAN + 1 processes have eclipsed APT in such a way that APT has fallen into an arena of Sino-Japanese rivalry for gaining ASEAN's support (Breslin 2010; Pieczara 2012).

In recent decades, Japan's promotion of value-based regionalism in East Asia contrasts starkly with China's pragmatically-based approach. Early on during Koizumi's visit to Singapore in January 2002, he made a remark and emphasized the values of freedom and democracy in the region, and thus proposed a “ASEAN Plus Five” initiative that envisioned a regional FTA agreement with the participation of two democratic states—Australia and New Zealand (Chung 2011; Hund 2003; Samuels 2007, 166). Although Japan's “value-based” vision of East Asian regionalism was supported by Singapore, it had caused internal divisions among APT countries. China, Korea, and Malaysia sided with the geographically based concept of East Asia. The two conflicting visions collided during the preparations for a regional trade agreement. China proposed the East Asian FTA and invited the APT countries as initiating members in 2004. In response, Japan proposed the Comprehensive Economic Partnership in East Asia and advocated for an extended membership including Australia, India, and New Zealand. The rivalry between Japan's value-based ASEAN + 6 vision and China's region-based APT vision was further extended to conflicting proposals of EAS membership. Japan proposed incorporating Australia, New Zealand, and India into the EAS framework, and called for inviting the US as an observer (Oba 2014; Fukushima 2009). In 2006, Abe furthered the value-based diplomacy with the strategy of “Arc of Freedom and Prosperity,” highlighting universal values such as democracy, freedom, and human rights as core norms of East Asia regional cooperation (Hosoya 2013).

The Sino-Japanese rivalry and the two states' conflicting visions regarding region-building in East Asia were further escalated during Abe's second tenure in office. The recent literature has addressed Sino-Japanese rivalry from two main perspectives. First, an interest-based approach indicates Japan's containing strategy against China's rise. This has led to all-dimensional Sino-Japanese competition in diplomatic initiatives and economic statecraft, reflected in development financing and infrastructure construction under the FOIP (Yoshimatsu 2018; Zhao 2019). However, Japan has found itself in a disadvantageous position, as the two countries remain in unequal and diverse positions regarding their national powers and capacity, resulting in a scenario of “asymmetric rivalry” between the two (Schulze and Blechinger-Talcott 2019). Although Japan perceives China as a strategic rival, China does not; instead, China targets the US as an equal rival. Second, by searching for quality-based infrastructure and embracing the FOIP, Japan has increasingly advocated for value-based economic diplomacy (Satake and Sahashi 2021; Yoshimatsu 2023). Fueled by the US-China tension, Japan's ideational approach to economic diplomacy contrasts with

China's interest-based pragmatism, and Southeast Asia has become the main region of Sino-Japanese rivalry (Sahashi 2020).<sup>6</sup>

In contrast to Japan's policy coldness toward CJK trilateral cooperation, Japan has demonstrated increasing strategic enthusiasm toward the US-Japan-Korea triangle ever since its reconciliation with Korea in recent years. To date, the first attempt at US-Japan-Korea trilateralism can be traced back to the establishment of the TCOG in 1999 as a means of consultation and policy coordination in the aftermath of the Taepodong missile launch by North Korea. In the following years, the three countries shared a variety of security interests on countering the nuclear threat from North Korea. Positive progress included the launching of the ministerial-level trilateral defense talks, intelligence exchanges, Japan and Korea's mutual participation in each other's military exercises with the US, and trilateral ballistic missile defense drills. Yet, the development of US-Japan-Korea trilateralism was confronted with various obstacles in past years. The key challenge was that the trilateralism appears as two separate US-Japan and US-Korea bilateral alliances rather than a trilaterally integrated arrangement. Japan and Korea, nominally as a "quasi-alliance" or "virtual alliance" of the US, developed diverging policy perspectives toward the rise of China (Cossa 1999; Nam 2010). Meanwhile, bilateral ties between Japan and Korea have seemingly fallen into a vicious circle for historical/territorial disputes, domestic politics, and nationalist sentiments. Thus, the US-Japan-Korea trilateral presented a case of a dilemma in which the broken bilateral ties between Japan and Korea have substantially paralyzed the functioning of trilateral cooperation.

Nonetheless, the significant improvement in Japanese-Korean relations has signified new dynamics for the US-Japan-Korea trilateralism in recent years. The current Yoon Suk Yeol administration overthrew the previous President Moon Jae-in's anti-Japanese stance and made significant efforts to restore Japan-Korea bilateral ties. The two countries recovered from the bilateral trade conflicts and reached a deal on the long-standing wartime labor disputes during President Yoon's visit to Japan in March 2023. Moreover, at the US-Japan-Korea trilateral summit held at Camp David in August 2023, the three leaders emphasized the rules-based international order and agreed with the deeper regularization of trilateral ministerial-level mechanisms in foreign affairs, defense, national security, and finance. Nowadays, US-Japan-Korea trilateral cooperation covers a variety of political security and economic statecraft issues ranging from defense to supply chains, advanced technology, and integrated policy actions against the Chinese threat (Fujisaki et al. 2021; Choi 2023). In this regard, the US-Japan-South Korea trilateral relationship appears to be prioritized as a much more important diplomatic agenda than CJK trilateralism for both Japan and South Korea.

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<sup>6</sup> See Chap. 10 for detailed analysis of Sino-Japanese rivalry in Southeast Asia.

## ***Waning Economic Ties and Problematic Interdependence***

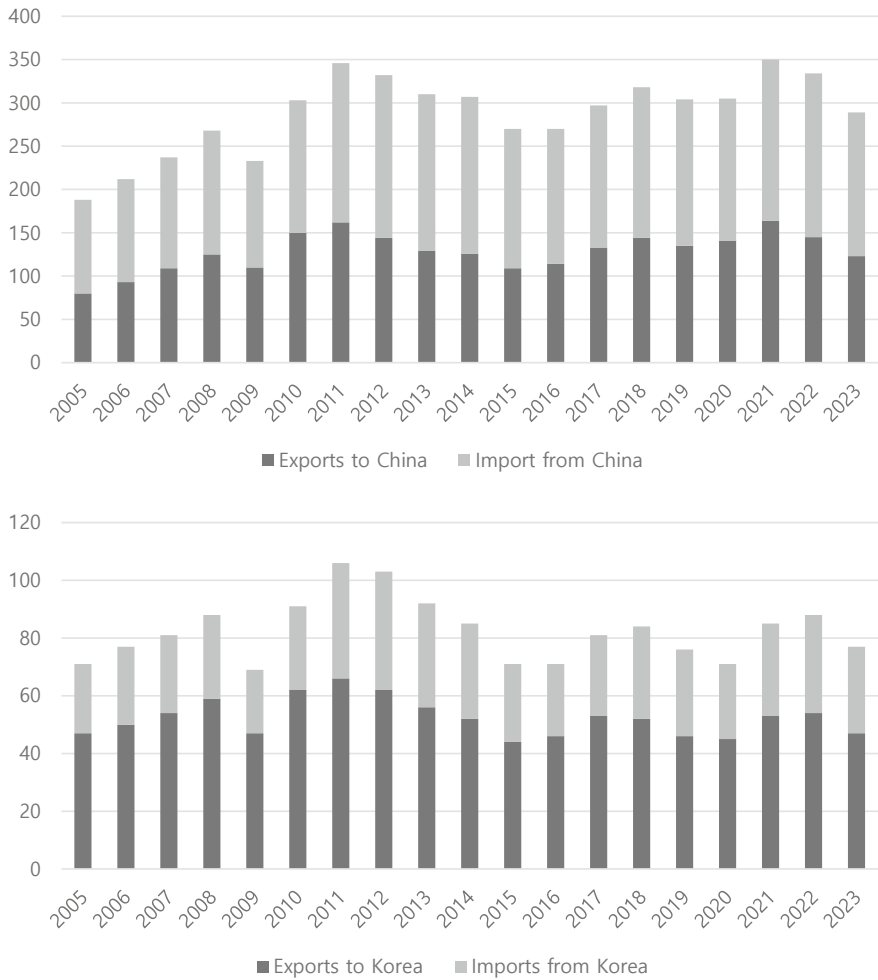
Japan has a very different economic structure from China and Korea. Its small business and agricultural sectors, which constitute a large proportion of total employment in the country, have little interest in developing free trade frameworks with China and Korea (Calder and Ye 2010, 222–223). The strategies used by Japan's largest enterprises have also begun to change in recent years. In the early 2000s, Japan's domestic business sector pressed the government for deeper ties with China and Korea after the Asian Financial Crisis. However, in recent years, a reverse flow is seemingly taking place, given that Japanese capital and production lines are flowing into ASEAN nations. Moreover, Japan's previously tight government-business ties have gradually loosened since the 1990s (Arase 1994). Japan's private sectors act in a profit-driven manner, and the relations between state and non-state actors are now more self-interested (Yoshimatsu 1997). Japan's domestic business groups have generated limited policy influence at the governmental level in terms of seeking a better trilateral relationship. In this regard, the silence of the Japanese business sector contrasts with Korean *chaebol* groups' passionate engagement in the foreign policy-making process (Zhang 2016).

Although the global financial crisis in 2008 served as a critical juncture for rising economic interdependence within the CJK trilateral, Japan's economic ties with China and Korea have been filled with ups and downs ever since. This has led to a decrease in Japan's economic dependence on China and Korea. Such a transformation in market focus and economic interest has reduced the Japanese domestic business sector's expectations in terms of relations with China and Korea. Figure 7.1 shows the statistics on Japan's imports and exports with China and Korea since the mid-2000s. Japan's trade relations with China and Korea maintained an upward trend by the early 2010s, despite a temporary decline in 2009 due to the global financial crisis. Its economic closeness with China and Korea peaked during 2011 and 2012, and yet a drastic decline occurred in the early Abe period as a result of politico-diplomatic frictions with both of its two neighbors.

Regarding Japanese-Korean economic relations, bilateral trade conflicts unfolded in 2019–2020. At the heart of the conflict was Japan's decision to impose trade restrictions on Korea in July 2019, targeting the export of crucial materials used in the production of semiconductors and display panels by companies such as Samsung and SK Hynix. The trade restrictions caught Korea off guard, sparking a diplomatic and economic crisis between the two nations. Korea responded by removing Japan from its “whitelist” of trusted trading partners and exploring alternative sources for the restricted materials. The trade spat exacerbated existing historical animosities and ignited anti-Japanese sentiments among the Korean public, leading to boycotts of Japanese products and tourism. The Korean government accused Japan of weaponizing trade for political purposes and violating international trade norms, and sued Japan under the WTO's dispute settlement mechanism.

In the meantime, Sino-Japanese economic ties have fluctuated since 2012. The two business partnership between the two countries was severely damaged due to Japan's



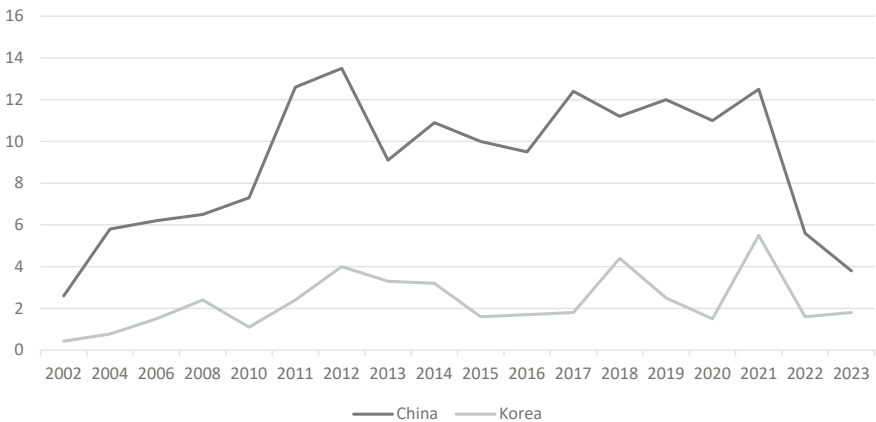


**Fig. 7.1** Japan's trade relations with China and Korea (US\$ billions). *Source* World Integrated Trade Solution, <https://wits.worldbank.org/Default.aspx?lang=en>

nationalization of the disputable Diaoyu/Senkaku Islands and subsequent anti-Japan street demonstrations in major Chinese cities. Despite a slight improvement in Sino-Japanese relations during 2017–2018, trade ties were further broken following the outbreak of the COVID-19 global pandemic. More importantly, Japanese business groups have been seemingly losing market confidence in China, and this can be seen from the fluctuations of Japan's FDI flow to China in Fig. 7.2. Japanese enterprises have undergone a massive retreat from the Chinese market since 2012 due to the rise of China's human capital, China's domestic political risks, and the outburst of nationwide anti-Japanese street protests in 2013. Early in 2016, the CSIS-Nikkei

Virtual Think-Tank conducted a survey on Japanese-Chinese relations among Japan’s business elites. The survey outcome shows that Japanese business elites have been preparing to withdraw from China and to restructure the global supply chain by lowering their dependence on China’s export and import. In the 2016 survey, when asked about the significance of the Chinese market to Japan’s future, more than half (54.3%) of interviewees thought that “China is an essential market but its importance will drop since other emerging markets are growing” and 77.3% further agreed with the following statement: “China is an essential production base up to now, but will not remain so in the future.” Assuming that the deterioration in Japanese-Chinese relations persists, 55% of Japanese business holders would choose to “cut back” or “withdraw” their business in China, while only 8% interviewees would continue to “pursue the expansion of China business.” Alternatively, Japanese business leaders have a much stronger preference toward investing in India (50.2%) and the ASEAN countries (38.2%) than in China (4.1%) (CSIS-Nikkei Virtual Think-Tank 2016).

In 2018, Chinese Premier Li Keqiang’s visit to Japan and Japanese Prime Minister Abe’s return visit to Beijing contributed to a restoration of Sino-Japanese relations. Against this backdrop, Japanese FDI toward China also recorded certain resilience. Nonetheless, the US-China global rivalry and the COVID-19 pandemic acted as another two external momentums that have led to the linear drop of Japanese investment in China market and the acceleration of Japanese capital’s withdrawal since 2020. In December 2020, Mountain Fuji Dialogue Young Forum and Nikkei research group jointly conducted another survey targeting Japanese business elites. The survey result shows that approximately 60% of respondents expected the annual growth rate of the Chinese economy to slow significantly to 2–3% or even fall below 0%. Regarding the greatest potential risks when doing business in China, more than 86% of respondents chose “political risks,” including the deterioration of Sino-Japanese



**Fig. 7.2** Japan’s outward FDI flows to China and Korea (US\$ billions). *Source* Japan External Trade Organization (JETRO), “Japan’s Outward and Inward Foreign Direct Investment,” <https://www.jetro.go.jp/en/reports/statistics>

relations and China's intensified friction with foreign countries. More importantly, the mainstream Japanese business groups were concerned with Japan's economic dependence on the China market and were preparing to withdraw from the Chinese market. In the survey, approximately two-thirds of respondents chose to reduce their investment in China and imports from China compared to the situation before the COVID-19 pandemic (Mountain Fuji Dialogue Young Forum and Nikkei Research Group 2020).

## **A Redundant Framework? Japan's Expectation on CJK Trilateralism**

Japan's waning strategic interest in CJK trilateralism and its increasing economic delinking with China have undoubtedly led to its declining support for trilateral pragmatic cooperation in each of the functional fields. Japan's policy reluctance in advancing trilateral cooperation can be found in two dimensions: its "minimal" support to the capacity building of the TCS and its reduced willingness to respond to China and Korea's proposals of new cooperative measures.

First, the amount and consistency of financial support to the TCS provides one criteria for assessing member states' policy inputs to the trilateral cooperation. In line with the ASEAN's equal-footing budget system, the TCS adopts a regulation that requires member countries' financial contributions on a strictly equal basis. In contrast to China and Korea's growing ambition to expand the size and capacity of the TCS, Japan has been responding to the two countries' requests in a more cautious way. Since the inauguration of the TCS, China and Korea have been willing to grant an annual double-digit budget increase, whereas Japan could only accept a much more moderate single-digit increase. Admittedly, Japan's fiscal restraint to the TCS is partially because all Japanese ministries are facing rising budget constraints. As a consequence, Japan has made clear its "nominal zero-growth policy" with respect to its financial contribution to all regional and international organizations, unless the budget increase can be deemed mandatory or strategically necessary, such as Japan's increasing donation to United Nations-affiliated organizations.<sup>7</sup> In this regard, Japan appears not to consider the expansion of trilateral cooperation to be a foreign policy priority. Japan's stringent budget control on the TCS created a series of institutional barriers that impeded the steady growth of the office. The equal-footing system of the TCS indicates that reaching agreement among the three countries follows the "lowest common denominator" approach. Therefore, negotiations among the three countries regarding the TCS budget for the next year have always been sluggish due to Japan's reluctance to increase the budget. In addition, China and Korea have shown interest in developing the Trilateral Cooperation Fund (TCF) proposal in recent years, and both of them support the TCS to expand its policy research divisions.<sup>8</sup> Despite Japan not

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<sup>7</sup> Interview with Ambassador Iwatani Shigeo, former SG of the TCS (February 2, 2017).

<sup>8</sup> See Chap. 9 for a detailed analysis of the TCF.

opposing such proposals in principle, it has refused to provide additional financial support to this project.

Second, Japan demonstrates policy coldness toward new cooperative proposals raised by China and Korea, and, meanwhile, appears to be increasing unwilling to propose new projects involving trilateral cooperation. Japan tends to remain quiet and play the roles of “responder and follower” to proposals made by China and Korea. The gap between China and Korea’s dynamism on one side and Japan’s passiveness on the other appears to be deepening. Chapters 6 and 8 review new initiatives proposed by Korea and China respectively in recent years, covering trade liberalization, agriculture, science and technology, nuclear safety, Track II diplomacy, environmental protection, and so on. In contrast to China and Korea’s proactiveness, the near-absence of Japan-initiated trilateral cooperation projects is notable. For instance, Japan’s responses to selective key ideas on trilateral cooperation—such as the Korea’s TCVG proposal and China’s continuous efforts on the CJKFTA, as well as the TCS-Korea joint proposal on TCF—have all appeared to be passive and uncooperative. Overall, the lack of political will in Japan has undermined the executive bureaucracy’s motivation to work in collaboration with China and Korea to advance these projects. In recent years, Japan’s limited contribution has been restrained in the disaster management and environmental protection fields. Japan proposed the hosting of the TPDAP in 2013 concerning the deterioration of transboundary fine dust pollution in Northeast Asia. In addition, the relatively scattered Japanese bureaucratic system has led to strong departmental protectionism and a lack of inter-agency policy coordination, and therefore impeded the credibility and promptness of Japanese policy responses. In this regard, the China-Korea dual leadership pattern has taken shape, whilst Japan continues to act as a “follower” in many situations.

Alternatively, Japan’s strategic expectation on CJK trilateralism does not necessarily stem from the pragmatic cooperation, but rather its capacity to mobilize trilateral diplomacy to restore bilateral ties with China and Korea. From Japan’s perspective, its bilateral relationships with China and Korea remain indispensable pillars of its foreign policy. Whenever the atmosphere is not conducive to holding effective Japan-Korea and China-Japan bilateral summits, Japan views the hosting of the trilateral summit as offering a more practical back-up option that incurs less domestic resistance in all three countries. This pragmatic approach is desperately needed. Japan’s containment policy toward China and China’s hardline policy toward Japan have led to diplomatic dilemmas for both sides. Pressured by domestic politics and public sentiment, leaders in both countries have not been willing to show gestures of diplomatic compromise. Even if Beijing and Tokyo share a willingness to restore bilateral relations to a normal track, the arrangement of frequent direct visits and bilateral meetings between political leaders appears to be a distant proposition. In this regard, the trilateral summit serves as an institutional platform that avoids diplomatic sensitivities and circumvents many of the nationalistic domestic pressures thwarting more robust political relations. The summit has two agendas: trilateral meetings and bilateral meetings. The former are largely used to produce joint statements and to build consensus on umbrella initiatives, like regional free trade negotiations. The latter are

used to address bilateral challenges undermining harmonious relations. Together, the two agendas accomplish an otherwise untenable diplomatic program.

The 6th standalone trilateral summit was not convened until November 2015. Irritated by Japan's nationalization of the Diaoyu/Senkaku Islands and its conservative position on historical issues, China rejected summit meetings with Japanese leaders in both bilateral and trilateral occasions. On the other hand, Korea's then President Park Geun-hye also refused summit talks with Abe. In this context, Japan was eager to restore its diplomatic ties with both China and Korea. During 2013 and 2014, Abe sent diplomatic signals to China and Korea, expressing his willingness to hold bilateral summit meetings via several multilateral occasions, including the G20, APEC, and APT. After Abe and Xi's courtesy meeting at the APEC summit in November 2014, Korea reacted quickly and openly suggested resuming the trilateral summit, which received a warm response from Abe. In the end, Abe's strategy proved to be effective. On the sidelines of the 6th standalone trilateral summit, separate Japan–China and Japan–Korea bilateral summits were convened. It thus contributed to Japan's substantive restoration of diplomatic ties with China and Korea, respectively. For instance, the summit-level political gesture was highly conducive to Japan and Korea's landmark comfort women agreement in late 2015, in which Japan offered an official apology and a financial pledge to improve the lives of aging former comfort women.

Likewise, Japan's tactical mobilization of the trilateral summit as a back-up tool to stabilize and invigorate bilateral relations also took effect in 2018. As the chairmanship country, Japan placed greater strategic focus on Chinese Premier Li Keqiang's visit to Japan and bilateral meetings with Abe over the trilateral summit meeting. In the lead-up to the May summit, Chinese Premier Li Keqiang visited Japan for the first time in seven years in what was designated an official state visit. Meanwhile, Japan also had high expectations for the bilateral summit talks and thus expressed deep regret for having postponed the summit due to Korea's domestic political chaos. Ultimately, a stepwise arrangement to coordinate restoration of diplomatic relations between Japan and China was reached, as was an agreement to restart the maritime and aerial communication mechanism for avoiding conflict along the two countries' national borders.

## Conclusion

The wooden barrel theory implies that capacity of a barrel is determined not by the longest wooden bars, but by the shortest. Likewise, Japan acts as the shortest wooden plank within the CJK trilateral. Despite Japan's intellectual leadership in the early history of trilateral cooperation, Japan's initial expectation on this triangular framework was merely placed on multilateral security benefits that could enable it to achieve greater influence over the North Korean issue. Since the 2000s, closer US–Japan ties and value-based multilateral diplomacy in East Asia have increasingly become the mainstream route of Japanese foreign policy (Yamamoto 2007, 158). Since then, Japan's LDP governments have put forward various value-based

regionalist concepts, including Koizumi's "East Asian Community," Abe's (during his first tenure) and Aso Taro's "Arc of Freedom and Prosperity," Abe's (during his second tenure) "proactive pacifism," and the current FOIP strategy. These value-based visions focus on the strengthening of ties with ASEAN nations and aim at balancing the rise of China. Hence, the CJK trilateral cooperation, which features a practical and pragmatic cooperative approach, has been increasingly marginalized in Japanese foreign policy-making. Although some local areas of Japan, such as the Toyama and Ishikawa prefectures along the Japan Sea Rim, have developed visions of economic cooperation with Northeast Asian neighboring countries exerting their geographic advantages (Nakagawa 2005), these ideas have not yet been developed into mature action plans and have not attracted sufficient public attention.

Therefore, Japan's support for institution-building within this CJK triangle has never been consistent. Japan's Northeast Asia-based foreign policy under Hatoyama's "East Asian Community" appeared as a fleeting illusion. In the context of the Sino-Japanese rivalry, Japan's interest in trilateral cooperation has vanished in recent years. In the absence of explicit political support, Japanese bureaucracies have been increasingly reluctant to respond to China and Korea's new proposals and projects. In the meantime, Japanese business and industrial groups have begun to restructure their investment and supply chains, and such business delinking from China has accelerated in recent years. Japan's business groups have seemingly lost momentum to lobby the government to adopt pro-China foreign policies. For these reasons, Japan's role within the triangle has changed from taking the initiative to a passive and responsive followership. Japan's interest in CJK trilateralism has dropped drastically in both the political and pragmatic cooperation fields.

Nonetheless, Japan does not see CJK trilateral frameworks as a redundant regional architecture, and CJK trilateralism continues to yield diplomatic outcomes in the eyes of Japan. Japan's motivation toward sustaining the trilateral frameworks primarily comes from its desire to amend broken bilateral ties with China if necessary. Given the fragility and unpredictability of Japan-China and Japan-Korea bilateral ties, Japan would experience diplomatic isolation if its relations with its two major neighboring powers deteriorate. The recent convening of the 6th and 7th trilateral summits in 2015 and 2018 indicates that a new buffering pattern has been created in a way that China-Japan and Japan-Korea bilateral conflicts have been integrated into a cooperative unilateral setting. For Japan, this trilateral grouping is expected to serve as a new diplomatic opportunity and an effective back-up political option for restoring bilateral relations.

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## Chapter 8

# Pragmatism and Limitations: China's Double-Faced Perspectives on Trilateral Cooperation



One of the major changes in China's foreign policy in recent decades has been its change in focus from unilateralism-bilateralism to regionalism-multilateralism since the 1990s. China began to formulate a regional policy known as “periphery diplomacy” in the late 1980s and has shown increasing interest in developing multilateral diplomacy with its neighbors since the early 2000s (Breslin 2008; Yoshimatsu 2008, 127). As many scholars have argued, China's rising participation and engagement in the multilateral occasions in Southeast Asia, Northeast Asia, Central Asia, and the Pan-Asia and Asia–Pacific regions has primarily aimed to build a peaceful and stable peripheral environment for its rise (Chung 2008; Zhao 2011; Kang 2010; Zhang 2006). At the same time, China's proactive engagement in ASEAN-centered multilateralism in East Asia in recent years and the initiative it has taken with regard to the Asian Infrastructure Investment Bank (AIIB) appear to be evidence of its interest in regional leadership.

The Chinese policy perspective with respect to CJK trilateral cooperation has also undergone two different stages—the early one in which China adopted a follower-ship position in the late 1990s and the later one in which China has been increasingly willing to undertake a leadership role. China's rising engagement with trilateralism aligns with the rise of its national power and its pursuit of regional and global influences. However, China's support for the development of trilateral cooperation has its own features. China has displayed a double-faced perspective that it delivers strong support to the functional cooperation with Japan and Korea, and yet remains cautious regarding a trilateral approach with respect to regional political and security-related issues. As for the norms and principles of trilateral cooperation, China prefers to adopt an informal and pragmatic approach, emphasizing voluntarism, consensus building, non-binding agreements, and opposition against any form of intervention into the area of national sovereignty (Yoshimatsu 2005b and 2008; Zhao 2011).

This chapter first examines the transition of China's policy toward the development of trilateral cooperation. It then goes on to examines China's role as an engine for functionally based trilateral cooperation. China's solid support for the

CJKFTA negotiations and other areas of pragmatic cooperation has given it a de facto leadership position within the triangle. Conversely, the third section of this chapter presents another facet of China's policy limitation. China does not wish to extend CJK trilateral cooperation into politico-diplomatic arenas. Under Xi Jinping's leadership, China has prioritized its BRI strategy and strengthening the connectivity building with Southeast Asia and Eurasia. Given the current US-China confrontations and the close alignment of Japan and Korea with US strategy, China no longer places significant strategic value on CJK trilateral cooperation and trilateral diplomacy.

## **What Does China Expect from CJK Trilateral Cooperation?**

China's economic and diplomatic interest toward multilateralism and regionalism in East Asia began to emerge in the early 1990s. After 1989, China faced political isolation from the West and made a diplomatic breakthrough with its neighboring countries—Japan, Korea, and the ASEAN countries. China has since then raised the concept of “periphery diplomacy” (Chung 2008). The Asian Financial Crisis in 1997 marked a critical turning point for China's adoption of regionalist policy. China put forward the concepts of “peaceful rise” and “harmonious East Asia” under Hu Jintao's leadership in the 2000s. In recent years, China's periphery diplomacy under Xi Jinping's leadership seems to be shifting towards fostering regional economic growth (Li 2016).

China began to engage and play roles in a series of regional frameworks from the late 1990s. In economic fields, China participated in the APEC and initiated the Boao Forum in early 2000s. China's deepening relations with the ASEAN have been a diplomatic landmark event. Since the Asian Financial Crisis in 1997, China has become a dialogue partner of ASEAN ministerial meetings. China has since clearly given solid support to the APT frameworks, and has accommodated Japan and the ASEAN's launching of the EAS with the participation of non-East Asian countries—New Zealand, India, and Australia. With respect to security issues, China joined the ASEAN Regional Forum (ARF) and initiated two regional architectures—the Shanghai Cooperation Organization (SCO) in 1996 and the Six-Party Talks in 2003. At a sub-regional level, China has also been serving as an active player in the Tumen River Cooperation Project and the Great Mekong Sub-regional program (Table 8.1).

China's strategic interest in the process of community-building in East Asia peaked in the early to mid-2000s, but has since been weakened due to US involvement in East Asian regionalism and the increasing rivalry between China and Japan in this region. China's interests in all existing overlapping regional frameworks in East Asia are not evenly spread. China sees the process of regionalism and multilateralism as a diplomatic tool to expand its regional influence, and has been very cautious and purposeful in its “forum shopping” in East Asia. This refers to the fact that the Chinese government has simultaneously engaged with various regional institutions and frameworks in East Asia, while remaining poised to continue its

**Table 8.1** China's engagement in regional/multilateral institutions in East Asia

Initiative-taking	Participation
Six-party talks	ASEAN + 3 (including the ASEAN + 3
Conference on Interaction and	Macroeconomic Research Office—AMRO)
Confidence-Building Measures in Asia (CICA)	East Asian Summit (EAS)
Asian Infrastructure Investment Bank (AIIB)	ASEAN Regional Forum (ARF)
China–Japan–Korea Trilateral Cooperation	Asia-Europe Meeting (ASEM)
Shanghai Cooperation Organization (SCO)	Tumen River Cooperation Project
	Great Mekong Sub-regional program
	Asian Development Bank (ADB)

diplomatic investments in those that prove rewarding and profitable. As a rapidly rising big power, China does not wish to put all its eggs in one basket, and instead spreads its investment out evenly among various regional frameworks and waits to see potential returns. This approach explains China's diplomatic activism in other regional and global multilateral groupings, such as its initiative in institutionalizing BRICS and its efforts to explore the expansion of SCO membership (Liu 2016; Panda 2012).

China considers the ASEAN to be one of the most important strategic partners and its geographic backyard. In 2003, China became the first major power to sign the Treaty of Amity of Friendship and Cooperation with the ASEAN. In recent years, Southeast Asia has become a key region for China-led BRI (Gong 2019; Blanchard 2018). At present, among the six economic corridors planned by the BRI, Southeast Asia has covered two of them—the China-Indochina peninsula economic corridor and the Bangladesh-China-India-Myanmar economic corridor. At the same time, Southeast Asia plays a crucial role in the “21st Century Maritime Silk Road” initiative and can be seen as a demonstration model for the globalization strategy of the BRI. Meanwhile, China has been very reluctant to accommodate US participation in the process of East Asian regionalism. For instance, when the Obama administration carried out its “pivot to Asia” policy, China responded with its strong support for the Conference on Interaction and Confidence-Building Measures in Asia (CICA) mechanism in 2014. President Xi Jinping invested substantial diplomatic resources in the CICA in 2014, followed by its ambitious proposal of the BRI initiative in recent years. Back in the mid-2000s, China saw the community-building in East Asia as primarily a geographically based concept, for which China constantly considered the APT framework as the core engine for East Asian regional cooperation (Sun 2009). China embraces a different version of East Asian regionalism from that of Japan, and it is particularly concerned about the existence of the US in this region. This has then led to the rivalry between a China-led geography-based East Asia and a Japan-initiated value-based East Asia (Terada 2010).

China prioritizes regional cooperation in pragmatic and functional areas, and does not want a highly institutionalized regional architecture equipped with dispute settlement mechanisms (Zhang 2009). China is well aware of the ASEAN's unwillingness

to over-institutionalize APT frameworks, which may undermine the ASEAN leadership. Within the APT framework, for instance, most cooperation breakthroughs were made in functional and financial areas, such as the inauguration of the ASEAN+3 Macroeconomic Research Office (AMRO) in Singapore in 2011 with the aim of supervising the progress of the Chiang Mai Initiative Multilateral. Yet, the ASEAN has been highly concerned in establishing any substantive organizational bodies. For instance, it merely agreed to establish an APT unit under the ASEAN Secretariat rather than having an independent APT Secretariat. In addition, China's preference pragmatic approaches have also led to its reluctance in tackling regional disputes through multilateral diplomacy. China has always refused to list its bilateral maritime discords with Vietnam, the Philippines, and Japan into discussion agendas of regional multilateral frameworks. Its aggressive realism in dealing with territorial disputes over the Spratley and Diaoyu/Senkaku Islands has contrasted with its soft cooperative multilateralism approach in functional cooperation (Kim 2014).

Likewise, China's policy stances regarding the development of CJK trilateral cooperation is consistent with its pragmatism in East Asian regional cooperation. China sees the CJK framework as a new policy alternative to existing multiple institutional paths of East Asian regional cooperation. China sees the engagement into this CJK trilateral grouping as highly rewarding, primarily given that it keeps the US away. China has been always reluctant to accept the US as one member of regional institutions in East Asia, and thus it has expected to play a leading role within the CJK trilateral grouping and to make this triangle a new arena for its regional leadership. As illustrated in Chap. 5, the development path of trilateralism could be divided into different stages. Japan and Korea took the initiative in the late 1990s and successfully convinced China to launch the trilateral summit diplomacy. Since the mid-2000s, China and South Korea have taken the lead in trilateral cooperation, while Japan's role has gradually shifted to that of a follower. The rapid rise of China has gradually changed the power structure within this trilateral grouping. China's contribution to trilateralism can also be seen in its solid support for the functioning of the TCS. Regarding the office building of the TCS, China has always lined up with Korea and agreed on a double-digit annual increase of budget. It makes a stark difference from Japan's "nominal zero-growth" policy. China has also shown its full financial support for the proposal of TCF, and expects the TCS to supervise and manage this fund. China has also been supporting the TCS to carry out think-tank-style research functions or a brainstorm agency that can provide an intellectual contribution to the future of trilateral cooperation.<sup>1</sup>

However, China's strategic and geopolitical expectations for the development of CJK trilateralism did not appear to last long. Two factors help explain China's waning strategic interest in trilateral cooperation in recent years. First and foremost, China has increasingly realized that the growth of CJK trilateral frameworks will do little to weaken the influence of the US in this region. Admittedly, the US does not step into the process of trilateral institution-building in direct ways. However, Japan and Korea can hardly remove the US policy influence in their respective foreign

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<sup>1</sup> About China's attitude on the TCF and TCS functions, see the Chap. 9 for details.

policy-making. In particular, Japan has never stopped its efforts of re-adjusting and re-strengthening the US-Japan bilateral alliance. The influence of the US-Japan alliance has expanded from Northeast Asia to a global landscape, and the two countries have made efforts in terms of elevating and expanding the bilateral military cooperation through the revision of *The Guidelines for Japan-US Defense Cooperation* in 2015. In view of an increasingly closer US-Japan relationship, China has gradually lost the will to develop and institutionalize the CJK triangle. Second, China's approach to developing this trilateral relationship must remain cautious, as it understands that ASEAN prefers an institutional arrangement in East Asia that allows it to leverage great-power rivalries in Northeast Asia. ASEAN is undoubtedly reluctant to witness strong cohesion among the Plus Three countries. (Green and Gill 2009, 14). China tends to see trilateralism as a supplementary and secondary arrangement to the APT, and has never expected CJK trilateralism to override the ASEAN leadership in the region.

Against this backdrop, China has lowered its expectations and has set its diplomatic purpose of developing trilateralism primarily in functional and pragmatic aspects, rather than from geographic or strategic perspectives. Although China has shown significantly more interest in developing trilateralism than Japan, it does not appear to share the same level of enthusiasm as South Korea in advancing institution-building efforts. Regarding the policy coordination in politico-security issues, China tends not to over-institutionalize the trilateral frameworks, and has never been willing to discuss bilateral disputable issues (such as maritime, historical, and territorial conflicts) or the North Korean issue via the trilateral summits.

## **China as an Engine for Trilateral Cooperation in Functional Fields**

China sees the exchanges of technologies and knowledge from Japan and Korea as substantially beneficial to its own economic development. In the eyes of the Chinese government, Japan and Korea have modern expertise and advanced experience in vast areas such as science and technology, environmental protection, the green economy, and sustainable growth. Jiang Ruiping, a professor from China Foreign Affairs University, a university affiliated to the Ministry of Foreign Affairs, argues that China should take responsibility for advancing trilateral cooperation in four aspects: (1) to facilitate trilateral investment ties and industrial cooperation; (2) to push forward the CJKFTA negotiations toward an early conclusion; (3) to support the projects of trilateral cooperation that are relevant to the well-being of the common people, such as food security, energy saving, environmental protection, and green development; (4) to support policy coordination within other regional and global institutions such as the APT, RCEP, the WTO, the IMF, and so on (Jiang 2014). In recent years, despite the deterioration of US-China relations and China's growing tensions with Japan and Korea, many Chinese scholars have still been calling for

**Table 8.2** Selected Chinese proposals for trilateral cooperation

Proposals	Progress	Notes
Trilateral think-tank networks	Achieved	Proposed in 2013 and inaugurated in 2015
Trilateral policy consultation on middle east affairs	Pending	Agreed in principle on the 7th trilateral foreign minister meeting (March 2015) <sup>2</sup>
Trilateral cyber policy consultation	Achieved	The 1st dialogue convened in 2014
Trilateral director-general level meeting on maritime cooperation	Pending	Proposed in 2014
Trilateral technology transfer center	Pending	Proposed in 2013
Trilateral forestry cooperation	Achieved	The 1st director-general level meeting on forestry convened in 2014
CJK + X	Achieved	Proposed by China and adopted at the 7th trilateral summit in May 2018

*Source* Summarized and compiled by the author from the TCS website ([www.tcs-asia.org](http://www.tcs-asia.org))

strengthening CJK trilateral cooperation in the economic, socio-cultural, and non-traditional security fields (Liu 2019, 2021; Yang 2020; Jin 2021). This shows that China is widely assuming itself as a responsible leader and supporter for trilateralism at functional levels. Table 8.2 shows some of China's key proposals for trilateral cooperation in recent years. Most of these new proposals concentrated on either functional cooperation or non-traditional security fields.

China's solid commitment to trilateral functional cooperation has also been reflected in local governments' strong desires for commercial and socio-cultural ties with Japan and Korea's counterparts. Chinese local party officials are responsive for local economic growth and attracting foreign investment. For instance, the establishment of the CJK Trilateral Circular Economy Model Base was agreed at the 2nd standalone trilateral summit in 2009. The project aimed to bring together Japanese and Korean entrepreneurs with advanced technology in renewable energy, E-waste recycling, and the green economy. This was received with enthusiasm by China's local city governments in bidding for this pilot industrial zone. More than ten of China's local cities delivered applications, and three cities—Tianjin, Dalian, and Tangshan—were selected as candidate cities by China's National Development and Reform Commission, the Ministry of Finance, and the Ministry of Foreign Affairs in 2013. Eventually, Dalian and Tangshan were chosen as two Trilateral Circular Economy Model Bases in June 2015. In addition, China has established approximately 250 pairs of friendship cities with Japan and 140 pairs with Korea. In addition to bilateral friendship city ties, a nascent pattern of trilateral sister-city relationships has emerged in recent years. For instance, China's Liaoning province initiated the first trilateral governors' meeting in 1996 with the Kanagawa prefecture in Japan

<sup>2</sup> See the Joint Press Release of the 7th trilateral foreign ministers meeting, available at [http://www.tcs-asia.org/dnb/board/view.php?board\\_name=2\\_1\\_1\\_news&view\\_id=325&page=2](http://www.tcs-asia.org/dnb/board/view.php?board_name=2_1_1_news&view_id=325&page=2).

and Gyeonggido in Korea. This trilateral governors' meeting has been further institutionalized and regularized into a biennial mechanism. Throughout this provincial summit-level meeting, the three local governments have discussed a wide range of issues such as business and investment, environmental protection, disaster relief, energy saving and emission reduction, aging society, health and hygiene, sports, and students exchanges.

China's leading role in ongoing CJKFTA negotiations provides a telling sample for China's policy devotion in trilateral cooperation. In comparison to Japan and Korea, China has made substantial commitments to the trilateral trade facilitation. Early at the 2nd trilateral summit (on the sidelines of the APT Singapore summit in 2000), Chinese Premier Zhu Rongji proposed launching a joint research project on trilateral economic cooperation. Three state-supported research agencies—China's Development Research Center of State Council (DRC), Japan's National Institute for Research Advancement (NIRA), and the Korea Institute for International Economic Policy (KIEP)—were appointed to take on the task. In 2002, Premier Zhu Rongji formally proposed the plan of establishing a trilateral FTA to his Japanese and Korean counterparts. Under the leadership of Hu Jintao-Wen Jiabao in subsequent years, China began to show increasing interest in facilitating trade liberalization with its neighboring countries. China recognized that the construction of FTAs with its neighboring countries could not only bring about economic gains, but could also reassure its neighboring countries of the peaceful rise of China (Jo 2012). In 2009, Premier Wen Jiabao declared that China would accelerate ongoing FTA negotiations (Liu et al. 2012). Against this backdrop, the China-ASEAN FTA took effect in January 2010, which marked China's first FTA with foreign countries. Under Xi Jinping's leadership, China's FTA strategy was further strengthened. In December 2015, China's State Council issued a new FTA strategy calling for "facilitating FTAs with peripheral countries first, toward a globally-faced high-level FTA networks."<sup>3</sup> In this regard, the rapid progress of the CKFTA provided a vivid example of China's growing enthusiasm in FTAs with its periphery countries. The CKFTA negotiation was inaugurated in May 2012. Aided by strong political support from the two countries' leaders and a benign political climate between China and Korea, the CKFTA officially took effect in December 2015.

In past years, China entered into the RCEP and CJKFTA negotiations simultaneously. China understood that the RCEP was more likely to be concluded in a timely manner than the CJKFTA, as the latter had been confronted with regional complexity and political uncertainties. Thus, it adopted a strategy of considering the RCEP negotiation as a short-term goal and seeing the CJKFTA as a long-term option (Yu and Bai 2016). The CJKFTA, once signed, would become China's one of few FTA arrangements with advanced economies and the world's leading manufacturing industries. More importantly, China expects that the CJKFTA may bring access to wider markets and advanced technologies from Japan and Korea. The CJKFTA can, in such an approach, catalyze China's domestic industrial and economic reforms, given

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<sup>3</sup> See "The State Council's Opinion on the Facilitation of FTA Strategies." available at [http://www.gov.cn/zhengce/content/2015-12/17/content\\_10424.htm](http://www.gov.cn/zhengce/content/2015-12/17/content_10424.htm) (April 1, 2017).



that the growth of the Chinese economy has been slowing down in recent years. The Chinese economy is facing structural adjustments as it transitions from traditional labor-intensive patterns to an industrialized model with higher value-added. Furthermore, from a long-term perspective, China tends to see the CJKFTA as a window for entry into European and the US markets. Given that it remains far too early for China to begin FTA talks with the Western economies, the construction of the CJKFTA can serve as a ladder toward the obtaining of market acceptance by Western economies (Wang and Xu 2016).

Despite the fact that China wishes to see the early conclusion of the CJKFTA, it does not seem to welcome a high-level CJKFTA, but rather merely expects a moderate level of tariff deduction and limited abolition of non-trade barriers. China wishes for a CJKFTA that primarily focuses on goods, but is relatively unwilling to completely open up its investment, services, and financial markets to foreigners. This has in fact created a huge gap for trilateral negotiations and has undermined other two countries' willingness to cooperate. China remains in the lower part of the industrial supply chain among the three countries, and has the comparative advantage in labor-intensive and resource-intensive products over Japan and Korea. Thus, the formation of the CJKFTA will bring with it substantial challenges to China's domestic high-end manufacturing industries such as steel, petroleum, and automobiles (Wang and Xu 2016). For these reasons, early on in the second round of CJKFTA negotiations in July 2013, China merely proposed a liberate rate of 40% whereas Japan proposed enhancing the rate to above 90% within ten years (Yu and Bai 2016).

In recent years, China has also turned its eyes to CJK trilateral policy coordination and commercial collaboration in external countries and regions. Notably, proposed by China, the 7th trilateral summit in May 2018 adopted a new cooperative concept of "CJK + X," and aimed at trilateral extra-regional cooperation in order to reduce mutual commercial and strategic rivalry. During the summit, the three leaders share the intention to explore the "3 + 1" modality, including through strengthening trilateral dialogue and consultation, to promote sustainable development in the region and beyond by sharing development experiences and deepening practical cooperation in various areas. The three countries released a concept paper on the "CJK + X" and carefully selected six key areas for "CJK + X" cooperation: sustainable economy, environmental protection, disaster reduction, public health, poverty reduction, and human exchanges (Xinhua News Agency 2019). So far, the three countries have adopted a relatively broad and ambiguous definition of "CJK + X." The "X" can refer to certain countries, enterprises, and international organizations, as well as NGOs.

Indeed, the voices of having a CJK-led East Asian regionalism are not entirely new, as scholars have questioned that the capacity of ASEAN to "lead" CJK has become increasingly difficult within various East Asian multilateral frameworks (Moon 2012, 117). Yet, these academic opinions had never been accepted in the official discourse of the three governments in the past, as all three countries had traditionally welcomed the ASEAN's centrality in East Asia. Initial ideas of "CJK + X" cooperation date back to 2016, when the three countries convened the first trilateral forum on economic and industrial capacity cooperation. In this context, "CJK + X" is the first time that

the three countries officially announced the incorporation of non-CJK entities into the framework of trilateral cooperation. Its policy influence can thus be far-reaching.

Following the leader's consensus in 2018, a number of intergovernmental and Track II mechanisms were convened, with an aim of further developing the concept of the "CJK + X" modality. For instance, China's National Development and Reform Commission (CNDRC) hosted workshops involving the three countries' overseas investment experts in October 2018, and proposed setting up a "CJK + X" fund on a public-private partnership basis. The TCS also launched a policy conference titled "Inter-regional Dialogue on Regional Cooperation" in August 2018 and highlighted the feasibility of the "CJK + X" modality. In 2018, Korea's President Moon Jae-in also displayed a strong intention to align with China-led BRI initiatives and seeking a business win-win scenario with Korea's "New Southern Policy" and "New Northern Policy." Although China acted as the main proposer of the "CJK + X," Korea's proactive participation has been also vital in endorsing China's proposal and turning it into a trilaterally-based policy consensus. At the 8th trilateral summit, the three countries reaffirmed their intention to advance the "CJK + X" cooperation and wrote it into the outcome document of the summit—*Trilateral Cooperation Vision for the Next Decade*. China, as the country chairing the summit, also selected six ongoing pilot "CJK + X" projects and released them publicly in the *List of Trilateral + X Cooperation Early Harvest Projects* (TCS 2019).<sup>4</sup>

## **Waning Strategic Inputs and Policy Limitations: Ambiguity Between Cooperative Trilateralism and Bilateral Disputes**

Since 2013, China has increasingly expanded its BRI to a broad range of countries and regions. Nowadays, the BRI has geographically covered a variety of countries in Southeast Asia, Central Asia, South Asia, Eastern Europe, and Africa. So far, Southeast Asia and Euroasia have grown into two pivot regions for the BRI. In the foreseeable future, the ASEAN will continue to be China's strategic partner as it has been in the past. China will continue to convey its consistent support to the ASEAN's regional leadership and see the China-ASEAN relationship as the cornerstone for China's regional strategy in East Asia (Yoshimatsu 2014, 12–13; Kuik 2005). Meanwhile, Eurasia serves as another key pillar for China's future plans. China's strategic focus in Asia can be better characterized as "looking westward" by

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<sup>4</sup> These "CJK + X" pilot projects include: Trilateral + Mongolia in sandstorm prevention and control; Trilateral + Myanmar and Cambodia in the prevention and control of tropical diseases; Trilateral + ASEAN countries in cancer registration capacity improvement project; Trilateral + ASEAN countries in dealing with marine plastic litter; Trilateral + X in low-carbon city development; Trilateral + Mongolia, the Philippines, and Indonesia in capacity development of technology for disaster risk reduction.

targeting at the vast Eurasian heartland and investing in connectivity building (Wang 2013).

In contrast, Northeast Asia remains to be excluded by the BRI blueprint in recent years. It indicates that China has deliberately selected its peripheral developing countries as primary targets of overseas investment and strategic expansion. Despite some scholars calling for combining CJK trilateral cooperation with this grand initiative (Wu and Li 2016; Yang 2016), the Chinese government displays no intention to place Northeast Asia in its key regional blueprint (Zhang and Tu 2019). During President Park Guen-hye's period in office, Korea was supportive to China's BRI by declaring its wish to join the AIIB as a founding member. Park's "Eurasia Initiative" and Xi's BRI initiative shared certain similarities (Li 2015). However, Korea's policy closeness to China quickly faded following the THAAD crisis. Ever since President Yoon Suk Yoel took office in 2022, Korea has undertaken a distancing strategy against China and has begun to forge closer ties with the US and its other East Asian allies. On the other hand, Beijing hoped to see Tokyo pledge to join the AIIB and collaborate with China's BRI, given Japan's economic size and its leading political status in Asia (Ren 2016). According to China's policy-makers, to incorporate Japan and Korea into China's BRI plans might create a certain amount of room for the three countries to mobilize trilateral summits or ministerial-level meetings in the fields of the economy, trade and finance to discuss the three countries' business cooperation in Eurasia. However, Japan and Korea's strategic reluctance have largely disappointed the Chinese government, leading to the "detachment" of CJK trilateral cooperation from the China-led BRI vision. Against this backdrop, China no longer views CJK trilateral cooperation as a strategic priority.

Moreover, although China has continuously delivered supportive positions to cooperative trilateralism in functional and non-traditional security fields, its stances on bilateral disputable issues and regional security issues are far more cautious and conservative. Apparently, China adopts a two-faced policy with respect to CJK trilateral cooperation. China is taking the lead in trilateral cooperation in functional areas, whilst it has become a "defector" for trilateral summit diplomacy whenever its relationship with Japan and Korea worsens. In fact, China's stances on trilateralism at the political-diplomatic levels are problematic. The regularized trilateral summits have been suspended several times in 2005–2006, 2013–2014, 2016–2017, and 2020–2023. In the first two cases, the deterioration of Sino-Japan bilateral relations served as the catalyst for the breakdown of trilateral summit diplomacy. Admittedly, Japan's stance over the wartime historical perceptions enraged the Chinese and Korean governments. Yet, China's diplomatic ambiguity in not distinguishing between trilateralism and bilateralism has been confusing. China declared its intention to postpone summit diplomacy with Japan on both bilateral and trilateral occasions. The interruption of summit diplomacy led to a series of disastrous chain effects on ministerial meetings, working-level dialogues, and ongoing cooperative projects.

Early in 2005, China was infuriated after Koizumi Junichiro once again visited the Yasukuni shrine despite diplomatic protests from China and Korea. As a result, China refused to hold a bilateral summit meeting with Japan on the sidelines of the APEC Busan summit in November. At the APT summit in Kuala Lumpur in

December, China publicly declared that it would postpone the trilateral summit and rejected any form of high-level officials' meeting with Japan following either a bilateral or trilateral approach. Korea aligned with China in its refusal to meet with Koizumi. Chinese Premier Wen Jiaobao and Korean President Roh Moo-hyun held a bilateral summit in Kuala Lumpur, and determined that Koizumi would be the person to be blamed for the cancellation of the trilateral summit. The suspension of the summit and the lack of political trust led directly to a delay in negotiations on the trilateral investment agreement.

The disastrous collapse of trilateral relations in 2012 mirrored what had occurred in 2005. The resulting tensions between China and Japan created a vacuum of high-level diplomacy. Sino-Japanese bilateral disputes began since the Japanese government claimed to purchase the Diaoyu/Senkaku Islands under national control. From the Japanese perspective, Japan did so in order to prevent the islands from falling into the hands of Ishihara Shintaro, the then-governor of Tokyo, who announced his intention to buy the islands and have them administered by the Tokyo metropolitan government (Tanaka 2017, 295–296). China, on the other hand, considered Japan's action as an aggressive attempt to change the status quo, and was thus unacceptable. When Shinzo Abe returned as Prime Minister in 2012, China appeared to avoid both bilateral and trilateral summit diplomacy with Japanese leaders in 2013 and 2014. The diplomatic confrontation escalated in late 2013 when China set up the Air Defense Identification Zone over the East China Sea, whilst Abe Shinzo paid a visit to the Yasukuni shrine in December. China's anger toward Japan paralyzed not only China-Japan bilateral ties but also trilateral diplomatic ties. In 2013 and 2014, China had been reluctant to convene the trilateral summit. Despite Korea's coordination efforts with Japan and China in order to resume trilateral talks as the chairing country, China was reluctant to do so and responded to Korea's proposal with coldness. As a result, China's non-cooperative stance led to the postponement of summit mechanisms and ministerial-level consultations among foreign ministers and trade ministers. China's rejection to the trilateralism implies that it tended to see the triangular relationship as an extension of Sino-Japanese bilateral relations rather than as an independent multilateral arrangement.

Furthermore, the dispute between China and Korea over Seoul's deployment of the THAAD missile defense system in 2016 also cast a long shadow over the convening of the trilateral summit (Zhang 2018). The summit was not convened in 2016 and 2017 due to the Sino-Korean confrontations. Although the movement toward a rapprochement among the three was clear in 2018, less clear was what tangible solutions the trilateral partnership could deliver. This was because the restoration of the trilateral summit in 2018 did not fully accommodate Korea's pursuit of North Korea's CVID. China has been unwilling to develop the trilateral summit into a platform for tackling regional security issues and has been constantly reluctant to issue any joint statements condemning North Korea on the occasions of trilateral summits. Its stance was clearly reflected in its refusal to referring the *Cheonan* sinking incident to the UN Security Council at the 3rd standalone trilateral summit in 2010. Similarly, during the 2018 trilateral summit, China refused Japan and Korea's initial drafts

mentioning the concept of CVID, and merely agreed to adopt an ambiguous statement on confirming “common goal of the complete denuclearization on the Korean Peninsula.” Obviously, the wording of the joint statement was an exercise in cautious compromise and ultimately not what Japan and Korea were hoping for (Zhang 2018).

## Conclusion

With growing economic and political influence, China has become increasingly engaged in regional and multilateral arrangements. China's current regionalist diplomacy and peripheral diplomacy in Asia has two pivots: Southeast Asia and Eurasia. China has consistently seen the ASEAN as a strategic partnership, and thus will continue to deem the APT to be a core institution in the process of East Asian regionalism. In the meantime, under Xi Jinping's leadership, China is turning its eyes to the Eurasian heartland with the aim of exporting its domestic industrial overcapacity and expanding its global political discourse. In this regard, China has been strategically looking to the West, and its policy inputs into CJK trilateral cooperation appears to have faded in recent years.

China sees market integration with Japan and Korea, as well as the exchanges of technologies and knowledge from these two advanced economies as substantially beneficial to its own economic development. Its primary expectation for trilateral cooperation is focused on pragmatic and functional collaboration. Yet, China appears to be unwilling to empower existing trilateral mechanisms or to expand trilateral cooperation into political and security arenas. Thus, the key focus of trilateral cooperation remains limited to certain functional areas and has not generated significant outcomes on regional security. For this reason, resolutions or even dialogue on disputed issues, such as territorial and historical issues, or the North Korean nuclear issue, are not strictly on the agenda of the trilateral summits, as China does not seem to favor three-way diplomacy in order to tackle regional disputes. Moreover, China tends to see trilateralism as merely an extension of bilateral dyads. Its diplomatic ambiguity in not distinguishing between trilateralism and bilateralism has led to the interruption of trilateral summit diplomacy as well as other ministerial-level consultations in the past decade.

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## Chapter 9

# Institutional Creation or Extension of Sovereignty? Roles and Functions of the Trilateral Cooperation Secretariat



Northeast Asia has often been depicted as a region with an “organizational gap,” referring to the lack of international institutions and organizations (Calder and Ye 2010; Schulz, Soderbaum, and Ojendal 2001). In this regard, the establishment of the TCS in September 2011 seemingly marked a milestone in the regional institution-building process. The initial concept of establishing a secretariat among the three countries dates back to 2007. During the 8th trilateral summit in November 2007 on the sidelines of the APT summit, the then Korean President Roh Moo-hyun for the first time proposed the establishment of an online secretariat for documenting trilateral cooperation in a variety of fields (KMOFA 2008, 80). In the following year, this proposal was accepted by the three countries’ leaders at the first standalone trilateral summit in December 2008. The leaders adopted the Action Plan for Promoting Trilateral Cooperation and agreed to set up the TCCS in 2009—a joint website of informational archives and online databases for intergovernmental agreements and documents. The TCCS did not operate for long and the upgrading of the secretariat quickly followed. Korea continued to propose the establishment of a permanent secretariat located in Seoul at the second standalone trilateral summit in 2009 (JMOFA 2009). The proposal was accepted at the third standalone summit in May 2010 and the three governments decided to establish the TCS in Seoul in 2011 (JMOFA 2010).

Regardless of its relatively limited size and capacity, the TCS is unique as the only existing intergovernmental organization in Northeast Asia. Given the crushing decline of the trilateral relationship in recent years, many existing studies have considered the establishment of the TCS to be one of the few tangible outcomes of trilateral cooperation (Kan 2014; Hong 2013; Cui 2013; Wirth 2015; Kim 2013). However, there has been a dearth of literature that examines the origin, function, and policy impacts of the secretariat. This chapter aims to contribute to filling this gap and presenting a comprehensive profile of this nascent secretariat.

Interestingly, the TCS appears not to resemble a typical “secretariat,” and contrasts starkly with its regional counterparts such as the ASEAN Secretariat and the APEC

Secretariat, whose mandates are largely limited in terms of their informational and coordination services. The ASEAN Secretariat has been considered too weak and underfunded to support more dynamic agendas. Regardless of voices calling for its institutional reform and capacity building (Pempel 2005, 33–34; Nguiragool and Ruland 2015, 265–268), ASEAN member states are unwilling to make these reforms due to concerns that a stronger secretariat may weaken the sovereignty of member states (Kelley 2013, 81). In comparison, the TCS has been granted a relatively wide range of mandates and working duties. According to the founding document, the secretariat is expected to conduct activities in five dimensions: (1) provide support for trilateral consultative mechanisms; (2) explore and facilitate trilateral cooperative projects; (3) promote the understanding of trilateral cooperation; (4) network with other international organizations; and (5) compile databases and conduct research. With a small size and budget, the mandates given to the TCS are rather ambitious, covering not only basic administrative assistance and interstate coordination, but also a certain degree of initiative-taking in terms of project planning and public diplomacy.

However, to have a variety of working duties listed on the legal documents cannot empower the TCS automatically. The TCS seems to be not yet ready to act as a key facilitator or agenda-setter for the broader picture of trilateral cooperation. The secretariat's development suffered bottlenecks soon after its establishment. On the one hand, the broader political climate has restrained the policy space in which the TCS could explore new and valuable projects. Following the sharp decline of the trilateral relationship in 2012, elements of potential TCS projects were suspended or rejected by the three member states. More importantly, the institutional design of the TCS appears to be imperfect. Having served as the first TCS SG, Shin (2015, 204–205) argues that the three states have imposed a stringent surveillance mechanism on the secretariat operation as a “safety device.” He also points out the secretariat's need to develop its own “independent character” and consistently advocates for institutional reforms within the secretariat.

In this context, this chapter aims to answer two key research questions: first, is the TCS a “strong” office, and why does it lack an “independent character”?; and, second, is the TCS a “good” office, and how can the TCS interact with the member countries and exert policy influence over trilateral cooperation?

This chapter proceeds in three ways. First, it looks at the institutional design and organizational structure of the TCS, and argues that the TCS does not yet possess a fully “independent character”. Next, it analyzes the secretariat's policy influence by investigating the public goods and services that the TCS has provided to trilateral cooperation. This study presents a linear three-step analytical approach in identifying and evaluating the secretariat's policy impacts: the participation stage, the consultation stage, and the mobilization stage. Along these stages, the TCS shifts its role from administrative assistance to intellectual consultation, and finally to agenda-setting and leadership-taking. Finally, the chapter concludes with a discussion of whether the TCS signifies an institutional creation or an extension of sovereignty. As a nascent international organization, the roles and functions of the TCS are expected to change over time. Admittedly, this chapter sees the TCS as an important policy vehicle for the improvement of trilateral cooperative relationships. Nonetheless, the

future vision of the TCS remains highly uncertain. The TCS remains subject to the broader political backdrop and trilateral diplomatic relations, and appears to be in need of self-improvement measures on institutional reforms and capacity building. This chapter also puts forward a number of practical policy recommendations on this issue.

## **Limited Autonomy and Restrained Independent Character**

International secretariats are viewed as the linchpins and central parts of international organizations. They are information hubs and coordination focal points among stakeholders, as well as the institutional memory of the entire international organizational system (Sandford 1996). Studies of international secretariats differ from other international organizations because a “good” secretariat is expected to win the trust not only of its member states, but also of its parent and other peer organizations. In comparison to international organizations, international secretariats perform a wide range of burdensome tasks, such as drafting reports and administering arrangements that member states are less willing to do, and are normally relatively small, with limited staff and budgets. To provide “good” public products and services, the secretariat must have “strong” in-office structures and institutional design. Normally, a “strong” secretariat implies that it should have complete material power of administration and operational independence. A secretariat would grow stronger if it possessed more valuable resources, capacity, and independence, as domestic governments do. Apart from senior officials seconded by member states, international secretariats recruit international staff and normally have independent international identities. On the contrary, a weak secretariat suffers from tight control by member states and falls into an inferior position relative to its parent organs.

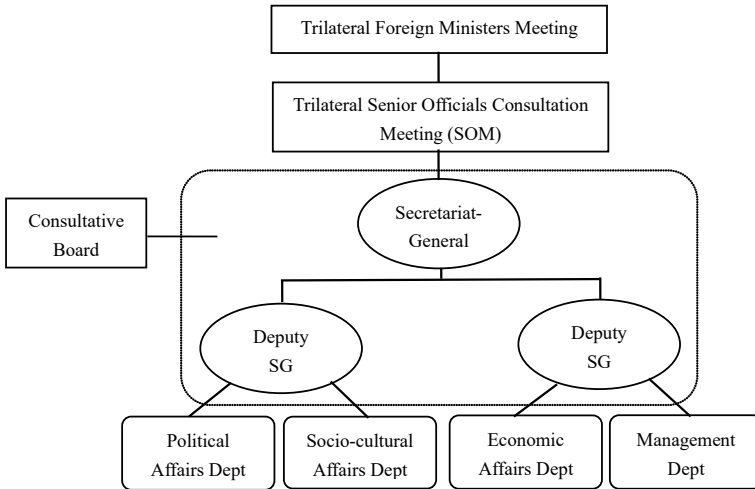
This section examines two key aspects of the TCS—delegation and governance—to evaluate the “strongness” of the TCS. To be specific, delegation is one of the main factors in the analysis of secretariats and refers to their interactive relations with member states. The international organization theory argues that member states outsource part of the delegation and make trade-offs between the costs of delegating decision-making authority to agents on one hand, and the costs of making uninformed decisions on the other (Tallberg 2002, 25; Stone 2011, 23). Member states could use a number of methods (budget, personnel, etc.) to tighten their control over secretariats and impose limits on their independence (Oestreich 2012). Strong secretariats not only function by information gathering and agenda setting, but also undertake a series of monitoring mechanisms to ensure that member states fulfill their commitments. On the other hand, secretariats with restrained authorization normally behave in an informal manner and are more likely to be derided as mere “talk shops” (Haggard 2013, 211–212). Governance structure refers to the relationship between a secretariat and its “parent organs” and indicates the secretariat’s role in the broader picture of

regional cooperation governance. In general terms, the roles of international secretariats are primarily “assisting” its parent organs rather than “implementing” specific projects.

### ***Tightened Delegation and Limited Authorization***

Given the complexity of historical disputes and increasing political-economic rivalry among China, Japan, and Korea, it is never an easy task to work out commonly acceptable regulations and common rules of behavior. Since the inauguration of APT mechanisms in 1997, the ASEAN has been constantly sitting in the driver’s seat and has socialized CJK into a series of East Asian multilateral settings. East Asian institutionalization has been referred to as being rooted in the “ASEAN Way,” which favors principles of non-intervention, consensus-building, informality, equality, and avoidance of contentious issues (Acharya 1997; Haacke 2003; Solingen 2005, 32). Thus, TCS regulations and rules, in many aspects, also follow an explicit trend of ASEAN “path dependency.” The early draft of TCS regulations made significant references to the ASEAN Plus model, especially from the ASEAN-Korea, ASEAN-China, and ASEAN-Japan centers. This is in line with socialization theory’s assumption that the APT cooperation helps “socialize” Plus Three countries to admit and accept the rules of the ASEAN (Acharya 2013; Johnston 2003). For the early negotiators for TCS establishment, the extension of APT rules into the TCS institutional design is indeed one of the most realistic and least risky options. But meanwhile, many institutional shackles imposed on the TCS have also restricted its further growth.

The three member states have imposed strong control over TCS operations through two channels: strict supervision on TCS projects and formulation of in-office organizational rules. First, the member states have installed a series of institutional designs to ensure that they take control of the final decision-making power over the operation of the TCS. Article 3 of the Agreement of Establishment of the TCS stipulates that the secretariat should carry out its functions within its mandate authorized by and under the supervision of the member countries. Further, Article 5 also stipulates that the TCS should “consult with the Parties on matters of importance.” In reality, important decision-making requires both internal consensus among Board members, and review and approval from member states. The TCS decision-making process could hardly be fully independent from the member states, and even the SG and two Deputy Secretaries-Generals (DSGs) seconded from member states have limited authority in representing their member states. Shin (2015, 204–205) depicted this institutional design as a “safety device” manipulated by member states to strengthen policy control. Despite other East Asian regional institutions such as the ASEAN and the SCO sharing the feature of state-centrism (Renwick 2008, 211), operational independence is increasingly addressed as a common principle in the ASEAN Secretariat and the SCO Secretariat (Shin 2015, 204–205). For instance, Article 11 of the ASEAN Charter clearly stipulates that member states should respect the supranational character of the ASEAN Secretariat and should not seek to influence its independent



**Fig. 9.1** Executive organizational structure of the TCS *Source* compiled by the author

operation. Therefore, in comparison, the TCS delegation structure demonstrates a tighter state-controlled pattern than other regional counterparts (Fig. 9.1).

Second, the layout of in-office configuration and operational rules also reveals the secretariat’s explicit structural limitation. In a general sense, the decision-making rule of an international organization has two main models: a bureaucratic approach with a vertical leadership structure and an intergovernmental approach, operating on a consensus basis. The former aims for policy effectiveness while the latter aims for diplomatic equality among member states. Established and founded by the three countries’ foreign ministries, the TCS is primarily a diplomatic organization. The upholding of the principle of equality is widely reflected in a number of aspects. First and foremost, the internal decision-making procedure is built on the basis of consensus among three “consultative board” members consisting of the SG and two DSGs from the three countries. The appointment of the SG is conducted on a rotational basis among the three countries. The candidates for the SG and DSG positions are nominated by each foreign ministry and eventually appointed by the Trilateral Foreign ministers’ meeting. Moreover, in line with the ASEAN’s equal-footing budget system, the TCS adopts the same regulation that the member countries’ financial contribution should be unconditionally equal. The TCS has also introduced a series of protocol arrangements in which equality among the three countries is deemed a priority. For instance, the use of any fixed country order to name the secretariat (for instance, China–Japan–Korea) may arouse a misconception that China occupies a prioritized position among the three. However, while the use of the ambiguous term “trilateral” is diplomatically safer, it also triggers criticism by closing doors for the later expansion of membership to neighboring countries such as Russia and Mongolia. These factors show that the TCS operational rule is not based on bureaucratic rules with top-down superior and subordinate relationships.

Contrarily, its operation is deeply marked by diplomatic principles of equality and consensus-making. The TCS is yet far from being able to develop its own full-blown bureaucratic interests as many other large international organizations have done.

### *Ambiguity in the Governance Structure*

“Governance structure” hereby refers to the relationship between international secretariats and their “parent body” or other parallel agencies. Normally, an international secretariat is bound to have an explicit “parent organ.” For instance, the ASEAN Secretariat was first established in 1976 with a duty to explain directives issued by the ASEAN Standing Committee (ASC), to provide advice to the ASC, and to handle routine business under the mandate of the ASC and ASEAN ministerial meetings (ASEAN 1976). However, in comparison, one of the peculiar institutional features of the TCS is its absence of a direct “parent organ.” CJK trilateralism remains more of an aggregation of intergovernmental consultative meetings that does not have an overall umbrella organization (Shin 2015, 213). As a consequence, it is particularly problematic and ambiguous to determine whom the TCS is bound to serve. The *Agreement of Establishment* stipulates that the trilateral foreign ministers’ meeting and the senior officials’ consultation meeting are the nominal supervising bodies of the TCS, but a more tangible permanent commission or committee is absent.

This institutional flaw has brought about two operational problems for the TCS. First, the TCS still has difficulty in drawing a long-term strategic plan for office buildings, due to a lack of explicit top-down political guidance. Particularly when the trilateral foreign ministers’ meeting was not convened, the TCS was impacted by the absence of leadership. This not only impeded the implementation of specific projects, but also led to the secretariat’s ambiguity of self-identification in the overall picture of trilateral cooperation governance. Second, since the trilateral foreign ministers’ meeting is not a routine-based executive entity, the three foreign ministries become the de facto supervising bodies of the TCS. Thus, the TCS is overwhelmingly controlled by the three countries’ foreign ministries in policy and personnel aspects. Despite delegation from foreign ministries granting international secretariats with executive legitimacy, the model of direct oversight by foreign ministries has been widely criticized based on the lack of professional expertise in functional fields and insufficient connections with the private sector (Haggard 2013, 210; Mathiason 2007, 260). Given that economic and financial cooperation are seen as pioneering areas in East Asia, an operational structure dominated by diplomats might cause problems in terms of expertise and capacity. The appointment of the Consultative Board members remains exclusively open to foreign ministries’ officials. In the long run, a steady expansion and diversification of TCS officials and staff will be necessary.

### *Institutional Weakness and Undeveloped Independent Identity*

Growing institutionalization is normally accompanied by organizational, sectional, or departmental bureaucracy in international organizations. As many critiques have pointed out, the “Brussels Bureaucracy” refers to the perception that the European Commission has been constantly plotting to increase its own power (Roland 2008, 138). Such complexity in institutional governance occurs within the ASEAN as well. Well-developed “strong” international organizations have typically shaped their own bureaucratic interests, which might have even deviated from the preliminary institutional design of the relevant member states (Barnett and Finnemore 1999 and 2004, 3).

In contrast, the TCS has not developed into this stage and its secretariat identity remains largely unclear and ambiguous. First and foremost, the TCS needs to explicitly identify itself—of whom is it a secretariat? In essence, it is a secretariat of a vague concept of “trilateral cooperation” in which the three member states’ foreign ministries seize actual control over the secretariat’s operation. In most circumstances, a straight affiliation relation between the secretariat and its “parent organs” is deemed to be indispensable, whereas trilateral cooperation mechanisms have not yet developed such a substantive organ with their own charter. International organizations are built on respect for diplomatic equality, whereas the executive secretariat of one certain international organization is presumably not. The TCS remains an assembly of the delegation of national interests, and conditions are not yet ripe for its growing into a “strong” secretariat that could develop a complete organizational make-up and clear-cut self-interests. This point of ambiguity may cause a series of structural constraints that hinder the TCS’s operational effectiveness and capacity building in the future. For instance, the ASEAN SG speaks on behalf of the ASEAN in international settings, while the TCS SG can merely speak for the TCS, but not for trilateral cooperation.

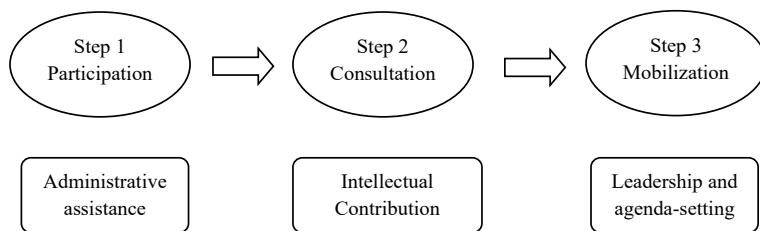
The institutional weakness of the TCS is also manifested in its undeveloped monitoring, enforcement, and dispute settlement arms. Admittedly, as many critiques have repeatedly pointed out, East Asian multilateral institutions (including their small secretariats) are largely undeveloped in these pillars (Yoshimatsu 2014; Ravenhill 2013). Nonetheless, in recent years, ASEAN and its secretariat has indeed achieved steady outcomes in this regard by creating internal dispute settlement arrangements in both trade as well as in the field of political affairs (Phan 2013; Woon 2013). More importantly, the ASEAN Secretariat has a part to play and is entrusted with tasks involving dispute settlement among member states. It is equipped with a Legal Services and Agreements Division, and has the responsibility to assist the relevant organs in legal, historical and procedural matters (Koesnaldi et al. 2014). APEC, with a looser organizational structure, also lacks solid enforcement mechanisms. Instead, it creates peer review mechanisms (Haggard 2013, 215). In contrast, the institution-building process within the CJK triangle lags behind substantially because trilateralism and trilateral cooperation in varying dimensions follows a pattern of “minimum institutionalization.” Given the rising political tensions in Northeast Asia,

many trilaterally based intergovernmental agreements are informal and non-binding. Trilateralism is not yet equipped with binding legalization or with effective monitoring mechanisms. Three countries unanimously hold moderate expectations of TCS functions and have given much more weight to its diplomatic equality than to operational capacity. Meanwhile, they have also set political red lines that the TCS has been prohibited to step inside. As implied by its organization name, TCS activities are exclusively restricted to “trilateral” and “cooperation.” Thus, the TCS is completely restricted from engagement in any bilateral-based issues such as territory/history disputes or any trilaterally-based crisis-prevention fields such as marine security and issues pertaining to North Korea.

### Assess the Secretariat’s Policy Impacts

International organizations evolve in a slow process and their institutionalization building normally takes decades. As a nascent organization with limited manpower and budget, the TCS remains largely unknown to academia and even to policy-makers in China, Japan, and Korea. This section aims to examine whether the TCS is a “good” secretariat or not, and in what way the TCS could serve the three member states’ interests and exert policy influence. The analysis unfolds in three steps (Fig. 9.2). Step 1 (participation) examines how the TCS could become acknowledged by other intra-triangle and extra-triangle stakeholders and fulfill basic administrative duties in the founding period. Step 2 (consultation) looks at higher value-added public products that the TCS provided to trilateral cooperation. It points to intellectual contributions by proposing new concepts, ideas, and policy recommendations. Step 3 (mobilization) investigates to what extent the TCS exerts leadership and mobilizes member states to take joint actions. In this scenario, the TCS behaves as more than a secretariat and takes responsibility for agenda-setting and project-initiating.

To assess the TCS policy influence and interaction with member states, it is important to understand that the member countries’ respective policy perspectives on the TCS are not always the same. Each country’s stance on the TCS could be considered as an epitome of its general view on trilateral cooperation and trilateralism. Korea has revealed a highly proactive stance in enhancing the institutionalization



**Fig. 9.2** Analytical framework of TCS influence



of the CJK triangle. Initial concepts of setting up an interstate secretariat were first proposed by Korean Presidents Roh Moo-hyun and Lee Myung-bak. Lee Myung-bak showed strong enthusiasm in institutionalizing the trilateral relationship and also showed strong interest in attracting more international organizations to Korea after the hosting of G20 Summit and the launch of the Green Climate Fund in Seoul (Lee 2012). The successful inauguration of the TCS in Seoul, instead of Beijing or Tokyo, demonstrated that in the context of Sino-Japanese competition, Korea's proposals were thought to have better "neutrality" and "credibility."

Paired with Korea, China also held an ambitious expectation of the TCS. When Korea first proposed the idea of creating a trilaterally based secretariat, the Chinese Premier Wen Jiabao responded in a positive way. China's support for the TCS has its roots in its broader regional strategy. Although trilateral cooperation frameworks remain institutionally weak, it is after all a nascent regional architecture in East Asia in which the presence of the US has been excluded. China saw the output of the trilateral frameworks (and the TCS) as potentially rewarding. The TCS could be a means by which to exercise leadership and a strategic tool to confront US alliance systems.

Japan, on the other hand, has weaker incentives to empower or expand the TCS. Japan has often approached regional multilateralism from a position of inclusiveness, one which encompasses the broader Asia-Pacific region and attracts US participation (Yeo 2012). Japan's agreement on jointly establishing the TCS with China and Korea in 2009 was largely a diplomatic coincidence, coinciding with Prime Minister Hatoyama Yukio taking office. Hatoyama was personally interested in Lee Myung-bak's proposal of TCS establishment, and exerted strong political leadership to overcome resistance from Japan's Foreign Ministry and other bureaucracies (Shin 2015, 184). The establishment of the TCS was indeed aided by Hatoyama's strong pro-East Asia diplomacy back in 2009. But this personality politics-driven pattern could hardly be sustainable. Once Hatoyama left office, Japan's strategic interests in the TCS quickly declined.

The "temperature gap" among the three countries leads to serious policy asymmetry impacting TCS functions. In past years, China and Korea have been willing to grant an annual double-digit budget increase, whereas Japan could only accept a much more moderate single-digit increase. Meanwhile, China and Korea have shown a keen interest in developing think-tank arms of the TCS, whereas Japan considered the TCS as primarily an administrative affairs-oriented assisting organization. In this context, it is not easy for the TCS to accommodate all three governments' interests and seek the "lowest common denominator" for trilateral cooperation.

### ***Step 1: Participation***

The participation process points to the secretariat's engagement in the current international regime as a new player. In the case of the TCS, it normally includes two aspects: participation in intra-CJK existing trilateral mechanisms as a service provider and

participation in extra-CJK East Asian institutions as a “spokesman” for trilateral cooperation. As a nascent international organ, the first task for the TCS is to build its sense of presence among intra-triangle and extra-triangle stakeholders. The current foreign ministry-dominated structure has enhanced the TCS’s influence in foreign policy-related fields, but has also put certain constraints on access to other functional fields. Despite the TCS making steady achievements in expanding its influence to varying functional fields, its roles remain largely limited to report-drafting and record-taking.

The first task for an international secretariat that started from scratch is to accurately position itself in the international regime and strengthen its communication with other stakeholders. The TCS has been suffering from the misfortune of damaged trilateral political relationships since 2012 soon after its establishment. It then fell into an awkward situation in that many trilateral mechanisms were forcibly suspended. Nonetheless, since its inauguration, the TCS has successfully set up networks with government ministries and has widely engaged in trilateralism in each functional field. It has expanded its participation to nearly all existing ministerial-level trilateral mechanisms. Meanwhile, its participation also covers several newly established frameworks on a series of hot topics, such as Trilateral Cyber Policy Dialogue and TPDAP.

Since its inauguration, the TCS has achieved a variety of breakthroughs through outreaching to multi-level governmental agencies and attending a wide range of high-level mechanisms. These efforts helped the TCS set up basic mutual trust with the member countries’ governmental bureaucracies. From this perspective, the TCS has been running in an efficient manner to expand its working breadth. Nonetheless, it is particularly notable that the TCS obviously acts far more actively in a foreign policy-related capacity than in other functional fields in which the primary role of the TCS remains mere paperwork. Given that the majority of high-level TCS officials are seconded from the three countries’ foreign ministries, the TCS does not yet possess professional expertise in specific trilateral cooperative fields. As an assisting secretariat, the TCS primarily drafts factual records for these ministerial mechanisms and provides administrative assistance in hosting side-events, preparatory meeting or expert group meetings. In other words, the TCS is merely able to offer raw public goods and provide administrative assistance on many occasions of trilateral functional cooperation. However, in either case, the services that have been provided by the TCS do not appear to be highly appealing to the main actors within these mechanisms. For instance, the TCS has not yet been able to substantively engage into trilateral ministerial-level mechanisms in economic, trade, and finance areas that are essentially most potential to generate pragmatic cooperative outcomes. In particular, CJKFTA negotiation is undoubtedly an ongoing signature project for trilateral cooperation. Although the TCS has contributed by organizing a variety of promotion events, it has not been granted direct access to actual negotiations.

## ***Step 2: Consultation***

Unlike other international secretariats, Article 3 of its establishment agreement explicitly stipulates that the TCS has the mandate of cooperative project exploration and research conduction. Therefore, step 2 (consultation) refers to its higher value-added intellectual contribution to trilateral cooperation. To be specific, the TCS intellectual contribution takes the form of potential project proposals and policy-related independent research. At the consultation stage, the TCS serves as a brainstorming think-tank that gathers wisdom and puts forward long-term plans for trilateral cooperation. Given that the three countries' foreign ministries are direct supervising authorities of the TCS, the working-level interaction between the TCS and the foreign ministries is much more dynamic than with other ministries or governmental bodies.

The TCS participation into trilateral ministerial meetings is symbolically important for its expansion of influence. Its working-level interactions with Deputy Director-General (DDG)-level officials in the three foreign ministries could be considered as more substantive and effective than its participation in ministerial meetings. Working-level consultations at the DDG or equivalent levels among the foreign ministries are expected to be held approximately three to four times annually. For the TCS, these meetings are the most important interaction channels with the foreign ministries through which the TCS reports its working progress and voices its own opinions. The agenda of these meetings normally consists of the preparation for trilateral foreign ministers' meetings or trilateral summits, and discussion of future trilaterally based cooperative projects and the TCS operations (budgets, regulations, etc.). On these occasions, the TCS participates as an independent actor that shares identical power discourse with participants from the three member countries. The TCS is not only responsible for reporting on the secretariat's management and operation, but also prepares and proposes its own ideas and concept papers on future potential projects. In this regard, the TCS engagement in working-level meetings would be deemed equally important with participation in varying ministerial-level mechanisms. To put it simply, the TCS may find itself merely a report drafter when it "aims high." Meanwhile, there also seems to be necessity to "proceed pragmatically," that is, to set up reciprocal working-level relations with governmental bodies and seek possible conditions in which the TCS is encouraged to share opinions and wisdom.

Table 9.1 gives a summary of the TCS's flagship cooperative project proposals since its inauguration. These proposals are essentially critical indicators to evaluate the secretariat's policy influence. In general, the TCS puts forward these ideas at the DDG meetings and circulates specific concept papers to the three member countries. The three governments are then expected to give detailed feedback on TCS proposals. Admittedly, it is the three member states that ultimately review these proposals and make judgments on their operational feasibility. Indeed, the adoption of one certain TCS project is not easy, given that the approval of the project would need the unanimous agreement from all three governments. Nonetheless, it has created a substantially valuable pattern in that the TCS stands as a completely international

**Table 9.1** Selected TCS project proposals

Proposals/projects	Date	Status
Trilateral FTA seminar	2012	Realized
Trilateral journalist exchange project	2013	Realized
Trilateral statistic cooperation workshop	2013	Realized
Trilateral Table Top Exercise (TTX) for disaster management	2013	Realized
Trilateral think-tank network	2015	Realized
Trilateral cooperation fund	2015	Pending
Trilateral sports ministers meeting	2016	Realized
Trilateral public opinion survey	2018	Realized
Trilateral entrepreneur forum	2021	Realized
Trilateral visionary group	2023	Realized

Source compiled by the author from the TCS website ([www.tcs-asia.org](http://www.tcs-asia.org))

actor and shares wisdom with the member states. As shown in Table 9.1, several key proposals have been adopted by the three states and put into practice.

In the meantime, the TCS intellectual contribution also takes the form of its proactive support for Track II exchange and policy research. The development of Track II dialogues turned out to be politically less sensitive than diplomatic occasions and have been highly welcomed by all three governments. The TCS's proactive initiative-taking in this area incurred less opposition than political issues from the member states. In this general context, the TCS has prioritized its connection-building with three countries' research agencies and academia in recent years. Early in 2013, together with the Korean Foreign Ministry, the TCS borrowed the model of the EAVG in the APT framework and put forward the proposal of setting up a TCVG that would gather together government officials, business leaders, and scholars for wisdom sharing. Despite the proposal eventually failing to receive positive responses from China and Japan, it marked the secretariat's first efforts toward institution building in Track II processes.<sup>1</sup> In the following years, the TCS organized Track II dialogues in wartime history and regional Confidence Building Measures. In recent years, the TCS further managed to grow into a focal point of the Trilateral Think-tank Network, a newly-established trilateral Track II institution adopted at the 6th standalone trilateral summit in November 2015, and also proposed and organized the Trilateral Visionary Group in 2023.

Despite the secretariat's increasing intellectual contribution in Track II network constructions, the TCS contribution seemingly stalls at network-building and forum-making at the current stage. It does not yet possess sufficient capacity in running independent policy research. For instance, its annual publications and policy reports—including the *Trilateral Cooperation Progress Report* and *Trilateral Statistics*—are

<sup>1</sup> China and Japan considered the TCVG as redundant and a duplication of the Northeast Asian Trilateral Forum mechanism, a Track II forum hosted by the three countries' media corporations: Xinhua News Agency, Joong-ang Ilbo, and *Nikkei Shimbun*.

mostly descriptive. Other research projects, including the annual *Trilateral Economic Report* and other reports on supply chains and e-commerce, are nominally carried out in the name of the TCS, but in reality, research products are outsourced to other research agencies. In this regard, despite the TCS having made substantial efforts and contribution in facilitating trilateral intellectual exchanges, the secretariat still has a long way to go to develop its own research arm. To achieve this, further adjustment of staff composition would be necessary, considering that the current TCS employees are mostly general service staff rather than senior researchers.

### ***Step 3: Mobilization***

The third step examines whether any mechanisms initiated by the TCS in the first two steps brought about any changes to political outcomes. In this scenario, international secretariats no longer stay in a subordinated position to member states, but are expected to play a leadership role in agenda-setting and mobilizing states in relation to collective actions. In some extreme cases, international secretariats may also potentially develop their own institutional interests that go against those of the member states. Under these conditions, the secretariat needs to be institutionally strong and equipped with fully independent capacities. Looking at the TCS, the launch of the trilateral table-top exercise on disaster management (TTX) and the TCF are indeed two flagship projects with explicit demonstration effects to show the procedures that the TCS utilized to mobilize the three member states.

In order to mobilize the three member states, the TCS needs to wisely conduct “field shopping” at the beginning stage and explore the projects that are politically non-sensitive and aided by political commitments. For instance, the implementation of the trilateral TTX project was listed early on in the Summit Declaration of the 4th standalone Trilateral Summit and the Joint Statement of the Second Trilateral Heads of Government Agency Meeting on Disaster Management in 2011. The TTX is an exercise in the simulation of the occurrence of natural disasters and post-disaster response efforts and rescue operations that has been widely used in world-wide disaster management cooperation (TCS 2015). The member states’ leaders also reached a political consensus on the deepening of disaster relief cooperation following the Great East Japan Earthquake in March 2011. In this context, the TCS efforts to mobilize the three countries’ corresponding acting agencies were aided by behavioral legitimacy and thus less bureaucratic inertia than might otherwise have been present. The convening of the TTX was one of the first substantive cooperative attempts among the three countries in terms of disaster rescue and relief. Since 2013, the TCS has taken the lead in persuading and mobilizing the three countries’ ministries in charge. To do this, it first put forward the initial idea of a TTX through the regular trilateral DDG meetings in order to win support from foreign ministry officials. Next, the TCS further urged the respective foreign ministries to push and convince the three agencies responsible for TTX participation in their respective countries (China’s Ministry of Civil Affairs, Japan’s Cabinet Office, and

Korea's National Emergency Management Agency), as well as other international organizations and NGOs to get involved.

The TTX case indicates that the TCS's exercise of the mobilization function is not impossible, especially in the presence of pre-existing political agreement and support from the three governments. In this scenario, the TCS could wisely take follow-up actions and develop the political commitments. However, it is much more difficult for the TCS to carry out projects than to start from scratch, particularly when the three states are less willing to do so. The tough progress of the TCS-initiated TCF reveals that when the independent secretariat's interests collide with those of member states, the secretariat will likely be forced to yield.

The TCF came about as a joint proposal between Korea's Foreign Ministry and the TCS in 2014. The initial motivation stemmed from the strict implementation of the principle of equal cost-sharing among the three countries in the budget of the TCS, with each country contributing one-third. While this reflects the principle of equality, it also means that the institutional design of the TCS faces limitations. In simple terms, this means that the TCS budget, operations, and decision-making principles are constrained by the least cooperative party among CJK. The TCF aims to break the bottleneck of the equal-footing principle in current TCS budget regulation and to develop into a model of public-private partnership under the umbrella of trilateral cooperation. The fund aims to provide financial support for non-governmental projects and is expected to be launched with a certain amount of "seed money" invested by the three governments on an equal basis, followed by a more flexible and voluntary approach to accept donations from the three governments or the private sector to expand the fund. The TCS will be responsible for the fund's management.

However, the three governments had conflicting views on the TCF. In contrast to Korea and China's supportive stances, Japan was less supportive. Japan was deeply concerned about the legal basis of authorizing the TCS to initiate the TCF, and questioned its capacity for fund management. Further, Japan showed a wavering attitude toward the "seed money" issue, given that Japan basically held a zero-nominal growth principle for its financial contribution to all international organizations. Japan's passiveness has become the main obstacle for the actual implementation of the TCF, even though it has faced strong peer pressure from China and Korea. The strained political relations among the three countries and the interruption of trilateral summits also severely delayed the preparation process of the TCF. Although Japan made certain compromises and agreed to include some relevant wording in the joint declaration of the trilateral summit, the TCS and the three governments still have not reached substantive agreement on the TCF.<sup>2</sup>

Thus, the future of the TCF remains unclear. It is fair to say that the TCS has made a critical contribution to promote the TCF by proposing the idea and completing follow-up working plans. Still, the secretariat's ambitious mobilization of the Japanese

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<sup>2</sup> For instance, at the 6th standalone trilateral summit in November 2015, the three countries' leaders merely adopted an ambiguous statement and "shared the view that the creation of TCF will be instrumental for the development of trilateral cooperation projects." Also, the 8th summit in 2019 adopted *Trilateral Cooperation Vision for the Next Decade*, in which the three countries "share the view that the TCF can provide support for projects aiming to promote trilateral cooperation."

government has seemingly not yet proven to be effective. The establishment of the TCF demands lengthy and complicated domestic procedures such as inter-ministry negotiations and budget approvals. At the most recent 9th trilateral summit in May 2024, the relevant references were removed from the Joint Declaration. This suggests that there still seem to be significant differences among the three governments on this issue. Therefore, without explicit top-down political commitments and guidance, the TCS does not yet have sufficient influence or capacity to mobilize the three governments.

## **Ways Ahead: Capacity Building and Institutional Reforms**

The institutional advancement of international organizations always proceeds slowly. After all, the TCS remains in its start-up period and has little experience and few examples to follow. In the above three-stage linear analysis, this study finds that the TCS has not been able to freely exert policy impact in all three steps. Although the TCS has revealed dynamic moves in intellectual exploration, unfortunately it does not have sufficient capacity to carry out independent research. Further, its ability to exert mobilization effects is largely conditional on the interests of the three member states' governments and the state of their political relations. In this context, this section suggests that in order to make the TCS a "strong" and "good" office, two self-enhancement schemes need to be undertaken relating to capacity building and institutional reforms.

First and foremost, the TCS office capacity building needs to be strengthened concurrently in all three stages. In the participation stage, the TCS needs to make the breakthrough from merely drafting factual records/reports to the serving of focal points. Some of the existing literature suggests that the TCS set up a number of commissions beneath its three present functional departments (political, economic, and socio-cultural), including a political-security commission, a trade and economic commission, a disaster management commission, an emergency coordination and response commission, a transnational crime commission, and a socio-cultural and education commission with seconded officials in charge (Zhang 2012). These are ambitious long-term goals, but are less likely to be realized in the near future given the current size and capacity of the TCS. Thus, at the current stage, this study suggests that the TCS serves as a focal point in these sub-fields. A focal point is expected to conduct regular contact with its counterparts and to ensure that the communication channels remain open and accessible. Utilizing the advantage of language proficiency and informational strength, international secretariats' role-playing as focal points can help save the executive agencies in the member countries from committing domestic resources to time-consuming administrative affairs (Hawkins et al. 2006; Martin 2006; Dijkstra 2015). In fact, the TCS has established a disaster management focal point since 2012 and a Track II think-tank focal point since 2015. These efforts have helped lay the foundations for mutual trust for the later inauguration of the TTX in 2013 and the Trilateral Think-Tank Network/Trilateral Visionary Group in recent

years. In subsequent years, the TCS has been able to provide professional advice on protocols and agenda-settings of disaster management-related mechanisms to the three countries' ministries in charge. This successful model ought to be further expanded into other fields.

In the meantime, in order to formulate the TCS long-term development plan, capacity building in the consultation stage and the mobilization stage are key. For instance, the slow progress of the TCF preparation was primarily due to Japan's reluctance to proceed. But meanwhile, the establishment of the fund is after all a highly technical issue that requires professional knowledge in financial and legal affairs. The inefficiency of the TCS in putting forward specific and convincing working plans may also undermine the credibility of the project. As the office scale increases, the TCS could also consider updating its staff composition by recruiting senior research consultants, or establishing a new research division in parallel with the three current functional departments. With these new measures, the TCS is expected to steadily strengthen its research arms and fulfill its role as a think-tank for trilateral cooperation.

Second, many aspects of current TCS institutional settings and office regulations need to be reconsidered and reformed. The TCS needs to ask the three countries to increase their budgets and provide personnel support. The budget of the secretariat remains small. It is partly a consequence of the equal-footing principle of financial contribution, which implies a barrel effect such that the shortest stave determines how much water the barrel can hold. The actual increase of the annual budget is dependent on the country that has the least willingness to increase its contribution. In response to this issue, the TCS could either expend more effort in lobbying the member countries for greater contributions, or explore options to expand sources of financial support, including the establishment of a voluntary trust fund such as the TCF. In addition, the personnel support typically includes the opening of national secretariats in Tokyo and Beijing as the two coordination branches of the TCS. Located in Seoul with very limited numbers of Chinese and Japanese staff, the TCS has a much higher public profile in Korea than in China and Japan. Thus, the TCS may consider borrowing from the ASEAN Secretariat's experience of setting up national secretariats in each member state as communication focal points, on condition that China and Japan are willing to provide more personnel support. Additionally, aspects of the staff composition and management regulations need to be updated. In consideration of the policy consistency, the tenure of the board members could be extended from the current two years to at least three years. Further, it needs to change the current diplomat-dominated staff composition by absorbing experienced officials from diversified backgrounds or conducting open recruitment from non-governmental sectors. This step would be helpful for the internal training of staff and critical in enhancing the TCS professionalism in specific functional fields.

Meanwhile, the ambiguity of TCS's position and the absence of a "parent organ" remains a significant problem. The ASEAN member countries adopted the ASEAN Charter in 2007, which was a key step in formulating and legitimizing regional integration. In Northeast Asia, the political climate for discussing such a "trilateral cooperation charter" is far from mature. An overall umbrella "trilateral cooperation organization" that incorporates multiple levels of existing mechanisms is also less



likely to take shape in the near future. Taking this into consideration, it could be an option to establish a high-level, permanent, cross-disciplinary committee or council that serves as the upper supervising or consultation agency for the TCS, in place of the current trilateral foreign ministers' meeting mechanism. On the one hand, it could update the current pattern of power politics under which foreign ministries exert overwhelming influence over the TCS, and could expand the secretariat's access into non-diplomatic fields. On the other hand, it helps enhance the stability of trilateralism so that even in the event that the trilateral summit and other ministerial mechanisms were to be interrupted for some reason, the committee could keep on running to ensure the communication channels remain open.

## Conclusion

This chapter concludes that the TCS seems to be both a platform of extension of sovereignty and a symbol of institutional creation. The TCS is, after all, the only standing intergovernmental institution in Northeast Asia. Considering the geopolitical complexity in this region, it was never going to be simple matter to institutionalize the trilateral cooperation under the same roof. The establishment of the TCS in 2011 was attributable to the convergence of a series of favorable factors, including domestic politics, bilateral relations, political will and broader regional political climate. The creation of the TCS in 2011 is undoubtedly a critical juncture in this sense. Further, the TCS is, from many perspectives, more than just a "secretariat." It has been granted a wider range of mandates than is typical for international secretariats. In some circumstances, it acts as more than a purely assisting international entity and is also equipped with the potential for action. All these aspects speak to the positive facets of this institutional creation.

This chapter has looked at two dimensions of the TCS—whether or not it is a "strong" and "good" office. Obviously, the TCS suffers from a critical loophole in its institutional settings. Like many other East Asian institutions, it also follows an explicit trend of "path dependency," that is, the spill-over of ASEAN institutional norms to other regional architectures (Yoshimatsu 2014). The three member states borrowed heavily from the experience of institution building from ASEAN-centered organizations. Given the lack of mutual political trust among the member countries, the three member states have not yet been fully willing to grant the TCS with full authority and autonomy. In the meantime, international secretariats normally have their "parent organs" to serve, as the ASEAN Secretariat and the APEC Secretariat are bound to provide services to the ASEAN and APEC, respectively. However, the TCS also lacks an explicit "parent organ" for political guidance and falls into a "near-monopoly" situation by foreign ministries. The broader picture of CJK trilateralism is based on the consensus-making principle and evidently follows the "lowest common denominator" pattern. The TCS, as the epitome of trilateralism, portrays the spirit of "minimum institutionalization." For these reasons, this chapter contends that the TCS has neither developed a full-blown "independent character" nor dispute settlement

capability. These features point to the institutional weakness of the TCS and how its functions and roles are restricted as mere extensions of sovereignty.

Consequently, this chapter has found a causal relationship between the institutional weakness of the TCS and its limited policy influence on trilateral cooperation. It has analyzed the TCS's policy influence by investigating the public goods and services that it has provided to trilateral cooperation. In general, the primary products that the TCS offers to trilateral cooperation remain of relatively low added value. Due to varying institutional shackles and limited office capacity, the TCS is not yet able to fully dedicate itself to the mobilization phase. The TCS does not always occupy a followership position, but its exercise of intellectual consultation and agenda-setting leadership is largely conditional on the interests and support of the three member states' governments. Thus, at the current stage, the TCS has not grown into an indisputably "good" office, but needs persistent self-efforts in institutional reforms and in office capacity building.

Meanwhile, the restoration of trilateral political climate acts as a key prerequisite for the development of the TCS. The three countries need to jointly work out an explicit long-term vision for the future of the TCS. The lack of political guidance and shared visions may obscure its growth. For instance, what is the relationship between the TCS and the APT frameworks in the long run? How will the TCS deal with the external influence from the US? Undoubtedly, all these challenges require constant opinion exchange and smooth coordination at both the political and working levels among the three countries.

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# Chapter 10

## Rising Models of Extra-regional Cooperation and Challenges: The Case of the Sino-Japanese Third-Party Cooperation Mechanism



### The Rising Model of “Third-Party Cooperation” Between China and Japan

Amid the intensifying Sino-Japanese rivalry, a third-party market cooperation (TPMC) mechanism was inaugurated in 2018. This concept was initially proposed in China. Inspired by the BRI, Chinese businesses deepened their involvement in a global landscape with the special advantage of industrial production capacity. Against this backdrop, China proposed the TPMC concept to Japan, referring to “economic cooperation between the two countries’ business and financial sectors in a third-party market with the spirit of open and inclusive approach” (CNDRC 2019). In 2018, there were mutual visits among political leaders, including the Chinese Premier Li Keqiang’s visit to Tokyo in May, and Japanese Prime Minister Shinzo Abe’s state visit to China in October. In both cases, the TPMC was portrayed as a diplomatic breakthrough for Sino-Japanese relations. After careful preparation, the first TPMC forum was officially launched as a major side event of Abe’s state visit to China in October 2018. In the end, 52 MOUs were signed between the two sides during the forum, in which the two governments jointly formulated two scenarios of financial and industrial supply chain cooperation in third-party countries (see Table 10.1). The inauguration of the TPMC signifies a new attempt at Sino-Japanese economic diplomacy, which aims to reduce vicious competition between the two countries and facilitate mutual business collaboration between private sectors in emerging economies.

Despite a high-profile debut and straight political guidance in late 2018, the sustainability and operability of the TPMC remained untested. The first telling setback for the TPMC came with the failure of a Sino-Japanese joint bid for the high-speed railway (HSR) in Thailand’s Eastern Economic Corridor (EEC) in 2018. Thailand had become the first ASEAN country that has exhibited a welcoming attitude toward Sino-Japanese collaborations and joint explorations for TPMC projects. Thailand was deeply concerned that Sino-Japanese rivalry could negatively affect

**Table 10.1** Selected list of planned Sino-Japanese TPMC projects

Sector	Major participants	Cooperation fields
Finance	State development bank of China and Japan Bank for international cooperation	MOU on supporting joint financing of infrastructure projects in third-party countries
	China's export–import bank and sumitomo Mitsui banking corporation	
	China investment corporation, Nomura holdings, Daiwa securities, etc	Establishment of an Industrial Cooperation Fund between China and Japan
Energy	Dongfang electric and hitachi	Cooperation in electricity markets
IT	Baidu and panasonic	The next generation of in-vehicle space
	Shanghai information investment and fujitsu	IT technology in healthcare services
Industrial zones	Jiangsu jiaruicheng construction corporation and Yokohama metropolitan technology	Signing of an MOU on smart city development in Thailand
Transportation/logistics	Nippon express and China railway	Japan's cargo transportation in Central Asia and Europe through China–Europe freight trains

Source JMETI (2018)

industrial development in the EEC, leading to duplicated construction and varying standards on industrial production, operation management, and post-construction maintenance. In spite of both the Chinese and Japanese governments' eagerness to source this HSR flagship project for TPMC promotion in 2018, the Japanese enterprises made a last-minute withdrawal from the consortium, showing that it was never an easy task to work out operational TPMC commercial modes with win–win effects. Finally, the high-speed railway project was removed from the list of 52 MOUs in late 2018.

Moreover, the enthusiasm about the TPMC was quickly silenced in the following years. The COVID-19 global pandemic also acted as a critical and unexpected exogenous event leading to the cancellation of summit meeting plans and other diplomatic agendas between the two countries. To a large extent, the TPMC halted at the ambiguous conceptual stage and has not proceeded to the implementation stage. As a Chinese official from the Ministry of Commerce admitted, “despite a government-led high-profile debut, it is still largely unknown whether these MOUs can be developed into concrete cooperative projects. China's TPMC projects with Japan remain largely underdeveloped compared with those with European countries.”<sup>1</sup>

There is a dearth of existing literature that has systematically examined the performance of the emerging TPMC and its impacts on economic diplomacy. The limited

<sup>1</sup> Anonymous interview with a Chinese official from the Ministry of Commerce, April 8, 2021.

scholarly works available can be divided into two conflicting claims. Optimists have mainly built up analysis based on the high-profile diplomatic debut of the TPMC in 2018 and have cited the nascent TPMC as having potential in the development of the Sino-Japanese relationship (Gong, Yuli 2019; Yamamoto 2020; Wallace 2019; Umirdinov 2019). In light of the increasing focus on Sino-Japanese economic diplomacy, some literature tends to question the pattern of rivalry and highlights cooperative scenarios between the two countries’ strategic expansions in the remaining Asian countries (Yamamoto 2020; Suzuki 2022; Murashkin 2018). This chapter, however, critically re-evaluates such claims, as optimism toward the TPMC has not been tested by specific case studies or model projects. On the other hand, skepticism about outputs of the TPMC addresses the gaps in political objectives and economic statecraft between China and Japan (Eto 2021; Yoshimatsu 2023). Inisa and Pugliese (2022) consider the TPMC as a vague political gesture that serves only to improve the atmosphere of Sino-Japanese relations and temper the two countries’ public opinions. Notwithstanding rising scholarly discussions to explain the underdevelopment of Sino-Japanese TPMC, the existing literature has merely focused on state actors regarding their strategic goals and narratives. In contrast, the pursuits of commercial actors in both countries, together with their interactions with national governments, have been largely overlooked. In this regard, the analytical weakness of existing studies lies in the overemphasis on the intergovernment agreements, while neglecting whether the two countries enterprises have responded to government appeals in positive ways and proceeded with detailed business plans on joint investment in third-party market countries.

This chapter examines the effectiveness of Sino-Japanese TPMC and investigates the extent to which it may mitigate the escalating Sino-Japanese rivalry. Two sets of research questions are addressed: first, how have China and Japan responded to the emerging TPMC mechanism; and, second, despite the shared agreements between China and Japan regarding the facilitation of TPMC, what factors have hindered the progress of its implementation and led to its downfall as an unrealistic vision?

The TPMC is a multi-faceted process of economic diplomacy and has demanded the proactive involvement of both government and private sectors, as well as the functioning of public–private partnerships (PPPs) between the two. This chapter argues that the two countries’ state and non-state actors now remain in asymmetric positions regarding their capacity, intention, and approaches toward Sino-Japanese TPMC. Existing studies on Sino-Japanese economic diplomacy overemphasize the geopolitical aspects and national strategies regarding the TPMC, and fail to consider the roles of private sectors. To this end, this chapter looks at the motives and concerns of the private sectors, and investigates a case study of the HSR project in Thailand, which has been seen as a pilot area to examine whether the two countries are “sincerely marketing TPMC or it is just another futile attempt” (Umirdinov 2019, 1). It first endeavors to building an analytical framework and explores necessary factors that could help lead to effective economic diplomacy, and further provides explanations for the freezing of Sino-Japanese TPMC from the perspectives of government sectors and private firms.

## Well-Established Economic Diplomacy: A Three-Layered Analysis of Third-Party Market Cooperation

Economic diplomacy can be broadly defined as “the intentional attempt of the state to incentivize commercial actors to act in a manner that generates security externalities that are conducive to the state’s strategic interests” (Norris 2016, 14). Thus, economic diplomacy is a practice of using economic tools to achieve foreign policy objectives. The literature on international relations and international political economy has widely highlighted a combined nature of economic diplomacy, which can “involve the application and interplay of multiple instruments—military, economic, diplomatic, and informational—to achieve the multiple objects of states, including national security, economic prosperity, and political prestige and influence” (Mastanduno 1998, 826).

Early scholarship on economic diplomacy tended to undertake a state-centric approach and focused on political rather than economic and commercial factors (Baldwin 1985; Bull 1995). According to these studies, political goals drive economic diplomacy, so that businesses can benefit from increased access to foreign markets and improved trade relations. By focusing primarily on states and governments as units of analysis, these research approaches paid less attention to the interests and pursuits of commercial sectors. More recent literature, on the other hand, has started adopting to see economic diplomacy as formulated by both the “power play-end” and the “business-end,” and thus suggests that both political and business perspectives are critical to understanding the dynamics of economic diplomacy (Okano-Heijmans 2013). By seeing the private sector as an independent entity, these new approaches distinguish the self-interest of private sectors from that of state actors, and argue that the latter tend to make decisions based on cost–benefit calculations following a commercial rather than a political-diplomatic logic.

Following this analytical framework, the good functioning of Sino-Japanese TPMC needs to be built on three preconditions. First, the government sector is still the primary player in economic diplomacy, who employs various instruments to attain politico-diplomatic goals, such as trade or investment negotiations, sanctions, and other economic incentives. Thus, the analysis of Sino-Japanese TPMC should be initially examined through the lenses of international relations. The primary aim of economic diplomacy is foreign policy, and governments formulate and pursue workable economic diplomacy with the aim of advancing economic prosperity and national interests (Okano-Heijmans 2013). The inauguration of the TPMC was originally a politics-driven process built on a diplomatic consensus between the two governments, rather than a private initiative driven by spontaneous business motivations in a bottom-up manner. Strong political wills were conveyed through summit meetings between China and Japan in 2018, which largely accelerated the following preparation process of TPMC and paved the way for the inauguration ceremony of the 1st TPMC forum alongside Abe’s visit to Beijing.

Second, the policy-making of international economic diplomacy is eventually carried out by private sectors, and thus the commercial interests of enterprises



cannot be overlooked. With the tide of globalization, multilateral corporations have grown into an increasingly independent force that affects international political and economic orders. Following the globalization of production and markets, corporations' business activities have become highly transnational, and their commercial interests no longer equate with one individual state's national interests. Emerging studies have proposed new paradigms of business-oriented approaches in the study of economic diplomacy (Saner et al. 2000; Bayne and Woolcock 2016). Private sectors, acting on their own interests, engage in various forms of business initiatives. Thus, they are willing to implement what has been formulated by the government only if certain commercial objectives can be achieved, such as trade and investment benefits. The Chinese economy retains a strong degree of government control, and even privately owned firms are eager to align their business interests with the government. On the other hand, Japan's previously tight government-business ties have gradually loosened since the 1990s (Arase 1994). Japan's private sector acts in a profit-driven manner and does not have to blindly follow government instructions. The relations between state and non-state actors are now more self-interested, and both act in a relatively independent and reciprocal way to maximize their individual interests (Yoshimatsu 1997). Nonetheless, comprehensive analysis of private sectors' preferences covering Sino-Japanese TPMC is still missing.

Third and finally, state control of private sectors is not an automatic process, and states are not always able to mobilize the commercial sectors to follow their guidelines (Norris 2016). For this reason, an interactive and mutually beneficial partnership between state and private actors can help align national interests with individual enterprises' commercial interests, and is thus deemed vital for the effective practice of economic diplomacy. Well-developed government-to-business ties allow governments to tap into the expertise, resources, and capabilities of private sector, and meanwhile contribute to incentivizing private companies to invest in the targeted region. This perspective is readily applicable to China and Japan's competing economic expansion in Southeast Asia. In China, state-owned enterprises are the leading forces for overseas infrastructure projects and carry out the political task of globalizing the BRI. Meanwhile, Japan has come forward with more PPP measures with private firms in recent years, such as the provision of subsidies, financial loans, and insurance services. Both countries have adopted each other's practices of tied commercial finance and heavy government involvement in Southeast Asia, and are in desperate need of institutionalized government-business partnerships (Jiang 2019; Yoshimatsu 2017).

## **Government-to-Government Asymmetries and Sino-Japanese Strategic Variations**

### *China's Proactiveness and Initiatives*

In recent years, China has taken strong initiatives in constructing TPMC networks with developed economies, which can work as a complementary framework for its BRI strategy and show its willingness to engage in a reciprocal manner with other developed countries. There appears to be a clear division of labor between the two strategies: China wishes to align its outstanding industrial and manufacturing productivity with advanced technologies of developed countries using TPMC, and provide infrastructure products and other public goods to developing countries using the BRI. Meanwhile, China has also clearly realized the current prevailing skepticism of the BRI from Western developed countries. In this context, it has displayed full diplomatic tactics and purposefully avoided mentioning BRI cooperation in official discourse. Instead, it has selected the neutral “third-party market,” as this relatively ambiguous term is less contentious from a political-diplomatic perspective and thus prevents external anxieties over China’s geopolitical expansion.

In recent years, China has been striving to build proactive global TPMC networks. Ever since the first TPMC partnership with France in 2015, China has already signed 14 TPMC agreements with leading developed countries (such as the UK, Korea, Italy, Germany, and Japan). In 2019, the Chinese government published the *Third-Party Market Cooperation Guidelines and Cases*, declaring that the TPMC frameworks “achieves the effect of  $1 + 1 + 1 > 3$ ” (CNDRC 2019). In the case of Sino-Japanese TPMC, China offered a flexible and pragmatic approach and took full consideration of Japan’s concerns, as a result of which the terminology of the TPMC is more neutral than what Chinese media often bluntly refers to as Japan’s “participation in the BRI initiative” (Bi and Qu 2020; Umirdinov 2019). Thus, China had no intention to push Japan into deviating from US-centered national strategies and understood Japan’s remaining anxiety in engaging with China’s BRI. China offered a business and enterprise-oriented approach to Japan and called for flexible participations of the two governments, and especially tried to delink the TPMC from existing bilateral diplomatic confrontations.

For China’s policy-makers, partnerships with Japan comprise a key component of China’s global TPMC strategies. China’s eagerness to pursue the TPMC with Japan can be explained by three factors. First, under the shadow of US-China tensions, the incorporation of Japan into its global TPMC framework has strategic significance, and China softened its diplomatic postures with neighboring countries which have been US allies since 2018. Thus, China has endeavored to win support from Japan or at least persuade Japan to adopt a neutral stance between China and the US (Kim and Zhang 2021). In May 2019, the Japan–China Economic Association (JCEA), a business association known for its pro-China stance, organized a visit to China with the participation of Japan’s major business groups. During the visit, China’s

Minister of Commerce Zhong Shan expressed that Sino-Japanese TPMC could help ease US-China trade tensions (JCEA 2019b).

Second, the building of TPMC partnerships can contribute to China's ongoing BRI reforms. In response to the suspicions and misinterpretations of recipient countries, a search for quality-based infrastructure and higher industrial and economic standards appear to be the direction of the BRI in its new phase. China's massive infrastructure investments and loans in Southeast Asia make a typical case in which China has fallen into a "winner's curse" concerning its escalating rivalry with Japan. This suggests that ASEAN countries have been taking advantage of the Sino-Japanese rivalry, and therefore China has been compromising and accommodating the ASEAN's demanding business terms with regard to price, local government subsidies, and fiscal guarantees. As a result, China's rivalry with Japan turns out to be expensive and financially burdensome (Sako 2019b). Recent research has highlighted that the Chinese government has been more cost-conscious in overseas BRI projects and domestic economic growth since 2019 (Onishi 2020; Wang and Ni 2019). China has announced several new action plans, including the Guiding Opinions on Promoting the Construction of the Green BRI, the BRI Ecological and Environmental Protection Cooperation Plan to address the issue of green development, and a Debt Sustainability Analysis Framework, to resolve debt issues. It has also begun to transform its previous China-centered approach, calling for enhanced synergies with BRI target countries and third-party countries (Advisory Council of the BRI Forum 2021; Zhang 2019). In this context, China views TPMC with Japan as a pilot program for its quality-based BRI transitions.

Third, China also found tangible economic benefits from increasingly encouraging Japan toward TPMC. A notable feature of Sino-Japanese TPMC is that it mainly concentrates on Southeast Asia, which is still in the early stages of industrialization and has huge demands for infrastructure construction. A survey targeted at China's overseas investment shows that ASEAN countries are ranked at the top for China's outflow investment among all other regions covered by BRI (Hong Kong Trade Development Council 2016). Thus, at the current stage, the Chinese government has prioritized Sino-Japanese TPMC in Southeast Asia in two tracks: infrastructure constructions by state-owned enterprises (SOEs) and private firms' supply chain collaboration with Japan-built industrial zones (JCEA 2019b, 15). However, China's massive projection of BRI infrastructure projects and commercial investments in Southeast Asia has not brought about the improvement of its national image. On the contrary, China has been widely accused of causing debt crises in local economies, leading to a surge of distrust against its BRI. The survey report from the ISEAS-Yusof Ishak Institute indicates that 45% of respondents in ASEAN countries think that "China will become a revisionist power with an intent to turn Southeast Asia into its sphere of influence." In the meantime, only 19% of the respondents have confidence that China will "do the right thing" in contributing to global peace and prosperity, while the percentage goes up to 66% in terms of perceiving the role of Japan's global contribution (ISEAS-Yusof Ishak Institute 2019).

In this context, business collaboration with Japan appears to be a "reluctant but a must-have" option. China's primary purpose in harnessing the power of the TPMC

with Japan, is to ameliorate the reputation of China's overseas investment and silence local criticism of the BRI's lack of openness and transparency. One recent case in progress is an agreement between Japan's Sumitomo Corporation and the Indonesian power company Kayan Hydro Energy (KHE), which is affiliated with China's state-owned PowerChina, to develop a hydroelectric power station in Borneo, Indonesia. Despite PowerChina reaching an agreement with KHE in early 2018 regarding the provision of US\$17 billion to finance the infrastructure, the project has been delayed for a long time due to COVID-19 and local resistance that China-funded projects would destroy the local forests and environment. In late 2022, the deal was updated between the KHE and Sumitomo. Sumitomo will help develop the project through investment and technology transfer, and PowerChina will take charge of the engineering, procurement, and construction (EPC) part of the project. In this regard, the Indonesian government's recent welcoming of Japanese business groups has been widely interpreted as the intention to reduce economic and financial dependence on China's BRI (*Nikkei Shimbun* 2022). Furthermore, China's collaboration with Japan on hydroelectric power stations can be seen as an adoption of higher infrastructure standards and a more open attitude toward international partnerships. This approach allows other Chinese-Indonesian joint ventures in Indonesia to collaborate with a broader range of Japanese manufacturers.

### ***Japan: Policy Inconsistencies and Diplomatic Maneuvering***

Japan's support for Sino-Japanese TPMC appears to be fleeting and inconsistent. In comparison to China's top-down strategic policy input and initiatives regarding TPMC frameworks, Japan's endorsement of Sino-Japanese TPMC appears to be a matter of expediency, given the rising trade pressures from the US and the diplomatic necessity of restoring Sino-Japanese relations.

Previously, Japan chose to distance itself from China and adopted the pattern of institutional balancing in response to China's global expansion through the BRI (McDougall 2012; Hughes 2016). Japan reluctantly engaged with the BRI and announced its plan of infrastructure competition with China using FOIP. The turning point for the rapprochement of Sino-Japanese relations occurred in 2017. Former Japanese Prime Minister Abe gave a speech at the Banquet of the 23rd International Conference on the Future of Asia in June 2017, in which he raised "openness," "transparency," "economic viability," and "financial accountability" (hereinafter referred to as the "Four Standards") as preconditions for Japan's cooperation with BRI. In this regard, Japan embracing the BRI paved the way for the two countries' subsequent policy discussions regarding the initiation of the TPMC.

Scholars have identified two factors that explain Japan's policy shift. First, it dates back to the restoration of bilateral relationships in late 2017. When Chinese President Xi Jinping began his second presidential tenure and the LDP of Japan secured a majority in the Lower House election in 2017, both countries had finished domestic political restructuring, leading to delicate timing for bilateral diplomatic

breakthroughs (Eto 2019). Consequently, during the APEC summit in late 2017, Chinese President Xi and the former Japanese Prime Minister Abe held a brief meeting, and China proposed the idea of the TPMC to Japan for the first time (*Nikkei Shimbun* 2017a). Second, former US President Trump's launch of trade conflicts with China and Japan was an external factor that pushed the two countries closer together. During Trump's presidency, Washington imposed tariffs on Japan by charging a 25% levy on steel and aluminum imports, and threatened to do the same with its cars and auto parts in 2018. Tokyo was eager to prevent any damage to its export-oriented economy and thus turned to seek economic back-up options from China. Meanwhile, Japan's concern about Trump's protectionist trade policy concurred with China's position, which had also been suffering from an economic slowdown due to the escalating trade war with the US. As a result, Beijing and Tokyo decided to resurrect their damaged relations (Kim and Zhang 2021; *The Guardian* 2018; Tian and Lu 2022). The TPMC was portrayed as a diplomatic breakthrough for Sino-Japanese relations and a mutually beneficial tactic against President Trump's hardline trade policies (*Nikkei Shimbun* 2017b).

In subsequent months, the Japanese government began to consider the TPMC as a feasible policy option and launched numerous policy research initiatives with the participation of domestic private sectors and various business associations. Existing studies have also highlighted two pro-China political figures, the former LDP SG, Toshihiro Nikai, and the former senior policy advisor from the METI, Takaya Imai, who were both former Japanese Prime Minister Abe's most trusted advisors and had contributed to the rapprochement in Sino-Japanese relations (Tsukioka 2018; Yamamoto 2020). In May 2017, Nikai, as a senior LDP politician, led the Japanese delegation to participate in a BRI forum in Beijing. Imai represented the voices of members of the METI, which pursues economically driven foreign policy-making with China, and had urged Abe to respond to China's proposal of the TPMC in a positive manner. Although Japan was unwilling to engage in the BRI directly, it also saw the huge market potential in developing countries stimulated by the BRI-related massive investment and infrastructure boom. Japan began to see TPMC as a policy alternative to direct engagement with the BRI, given the high domestic audience costs. In November 2017, the Japanese Kantei (the Prime Minister's office) worked with various ministries and selected three fields as priorities for Sino-Japanese TPMC: renewable energy and environmental protection, industrial cooperation in Thailand's EEC, and logistics cooperation using the China–Europe Railway Express (Fukunaga 2019; Eto 2019).

Nonetheless, it can hardly be claimed that Japan's policy input in Sino-Japanese TPMC is strategic, as there is a stark disparity between China's initiatives and Japan's caution. Scholars have argued that Japan's high-profile promotion of the TPMC in 2018 appears to be merely a temporary and rhetorical gesture, as Japan intended to deliver Sino-Japanese TPMC as a gift to create a benign political climate for the Abe-Xi summit meeting, given that direct state visits by two countries' leaders had not occurred since 2012 (Zhu 2019; Insisa and Pugliese 2022). In this regard, Japan's interest in Sino-Japanese TPMC was a temporary gesture, wherein it sought to maneuver the TPMC for diplomatic purposes rather than to bring about deeper

participation in the China-led BRI. Japan's strategic interests in the TPMC have quickly faded after the Abe-Xi summit meeting in late 2018. This study provides three perspectives for explaining Japan's strategic indifference toward Sino-Japanese TPMC and its loss of momentum for advancing bilateral agreements into tangible actions.

First, the TPMC with China was never a prioritized agenda for the Japanese government, given the ideational variations between China's geo-economic expansionism with the BRI and Japan's search for quality-based infrastructure projects. In 2015, Japan announced the *Partnership for Quality Infrastructure* and employed the "Four Standards" for providing capital and technological support for infrastructure building in developing economies. Japan's TPMC with China was never a unique and independent mechanism, but rather was a part of its FOIP-based economic statecraft that was subordinated to its global economic diplomacy. Japan upheld the "Four Standards" as a norm of TPMC with not only China, but also with other TPMC partners such as the US, India, Australia, and the European Union (JMETI 2019). Prior to the inauguration of Sino-Japanese TPMC, Japan adhered to the "Four Standards" as an entry requirement and held expectations that the adoption of quality-based standards could help mobilize China to follow international rules and norms (Satake and Sahashi 2021; Eto 2019). China was initially reluctant to embrace Japan's proposal, yet eventually compromised by incorporating the "Four Standards" as a basis of cooperation with Japan in 2018 (Yoshimatsu 2023). This led to government-to-government asymmetry, in which China preferred a purely pragmatic approach with Japan, while Japan adhered to the value-based principle and has never viewed China as a unique and irreplaceable TPMC partner (Saito 2019).

Second, the unstable environment of Sino-Japanese relations in recent years appears to be unfavorable for Sino-Japanese TPMC. According to the two countries' initial agenda in 2019, a 2nd TPMC forum was planned to be convened on the occasion of Chinese President Xi's visit to Japan. The two governments were supposed to review past outcomes and facilitate the participation of more private sectors (*Nikkei Shimbun* 2019). However, the absence of leaders' mutual visits since 2018 has led to the suspension of the TPMC, and there appears to be no clear schedule for follow-up measures on the TPMC so far. In the following years, the instability of bilateral relations has particularly taken the form of Japan's negative perception of China. A public opinion survey shows that anti-China sentiments have surged in Japan since 2018. The percentage of respondents in Japan who held a negative view of Sino-Japanese relations rose from 39% in 2018 to 54% in 2021 (Genron NPO 2021). The survey indicates that this animosity toward China does not originate merely from conventional territorial disputes, but also from growing concerns about China's assertive foreign policies that have increasingly challenged global rules and order.

Third, the subsequent Suga and Kishida administrations have made empty gestures in terms of continuing cooperation with China. Abe's resignation, together with the retirement of two pro-China figures, Toshihiro Nikai and Takaya Imai, lent further uncertainty to Sino-Japanese TPMC. Despite a general image of assertiveness in foreign policy-making, Abe's China policy evolved into pragmatic and flexible

engagement diplomacy with China in his final three years. Abe's cautious welcome of Sino-Japanese TPMC stemmed from Trump's unilateral trade demands on Japan. However, ever since escalating US-China tensions, the Biden administration sought a rapprochement in US-Japan ties and agreed to cut Trump-era steel tariffs. Therefore, Japanese leaders in the post-Abe period have seemingly lost their motivation to build TPMC networks with China.

Unlike Abe's "realistic" posture, the Kishida administration has deviated from Japan's traditional approach of "pursuing economic benefits from China and security cooperation with the United States simultaneously" to a rapid strategic distancing from China. For instance, Japan's METI is known for its pragmatism toward economic cooperation with China. METI proposed policy suggestions for Sino-Japanese TPMC in technological innovations, green environments, and sustainable energy fields in its *White Paper on International Economy and Trade 2020* (JMETI 2020). However, Sino-Japanese TPMC disappeared as a keyword in the 2021 and 2022 versions. Instead, Japan plays a vital role in the US-led multilateral regimes aimed at countering China's economic influence in East Asia. When the US unveiled the new Indo-Pacific Economic Framework and the Chip-4 alliance 2022, Japan responded in a timely and proactive manner with the purpose of reducing its supply chain dependence on China. Notably, the Kishida-Xi bilateral summit during APEC 2022 did not cover the agenda of the TPMC. At the short summit meeting, Kishida merely proposed a "constructive and stable Japan-China relationship" to China (JMOFA 2022). Such a cold choice of diplomatic terminology appears to be a large downgrade compared with Abe's calling for a "mutually beneficial relationship" during his visit to Beijing in 2018.

## **Business-to-Business Asymmetries and Non-compatible Business Modes**

### ***Pursuits of Private Sectors and Divergence of Interests***

Similar to the government-to-government asymmetry between China's proactive partnership seeking and Japan's lingering policy uncertainty, this study establishes an identical scenario between the two countries' private sectors. An increasing number of Chinese firms, led by state-owned enterprises (SOEs), have ambitiously sought new market entry and infrastructure projects in developing countries. Given China's status as a latecomer and catch-up player, its method of overseas investment bears strong government-backed features, including political guidance and government-provided loans. In contrast, the Japanese private sector has been far more economically calculative for overseas investments, and caution on business management has been specifically extended to infrastructure sectors in developing countries. In spite of the TPMC envisioning an idealistic vision of a business win-win situation

between China and Japan's private sectors with respective advantages, it has been confronted with numerous practical challenges in the real stages of implementation.

China's enterprises have displayed strong initiatives for Sino-Japanese TPMC; such proactiveness can be found in both state-owned and private firms. In the former case, China's SOEs acted as the main corporate implementers for Sino-Japanese TPMC. China's SOEs shoulder political initiatives in infrastructure expansion and carry out sample-making for other private firms. Although Chinese SOEs enjoy the benefits of EPC capacities, capital abundance, as well as fast decision-making processes, they have insufficient experience in emerging market entry and risk management (see Table 10.2). Given Japanese enterprises' well-established reputation and business credibility in local areas, Chinese SOEs' business alignment with Japanese counterparts also contributes to the improvement of the BRI's global reputation.

Meanwhile, China's privately owned firms have also been welcoming toward Sino-Japanese TPMC and saw the merit of partnering with Japanese enterprises for overseas investment. In the shadow of US-China tensions, part of China's industrial sector has been eager to relocate its manufacturing bases from mainland China to Southeast Asia in order to avoid the elevated tariff rates imposed by the US on China-produced export goods (Kumagai 2020). Based on a survey conducted by the Hong Kong Trade Development Council, 83% of Chinese private business groups interested in overseas investment have identified Southeast Asia as their primary regional target (Hong Kong Trade Development Council 2016). Thus, partnership with Japanese firms has become a preferable shortcut for business explorations in developing countries. China's private firms expect to mobilize Sino-Japanese TPMC to adapt to new business environments and generate greater benefits in two ways. The first is to collaborate with Japan's mega-trading houses and international distributors (such as Mitsubishi, Itochu, and Marubeni corporations), who have solid connections with financial resources and rich experience in helping private firms substantially reduce overseas investment costs (JCEA 2019a; Japan Foreign Trade Council 2021). The second is to align with Japanese enterprises that lie in full-blown supply chains and industrial parks in Southeast Asia.

In contrast, the responses of the Japanese private sector appear far more complicated. In general, the concept of Sino-Japanese TPMC seems to be appealing to

**Table 10.2** Advantages and disadvantages of business sectors (China versus Japan)

	Japan	China
Advantages	<ul style="list-style-type: none"> <li>• Technology and global supply chains</li> <li>• Risk management</li> <li>• Reputation and credibility</li> <li>• Overseas investment experience</li> </ul>	<ul style="list-style-type: none"> <li>• Industrial production capacity</li> <li>• Fast decision-making</li> <li>• Government connections</li> <li>• Capital abundance</li> </ul>
Disadvantages	<ul style="list-style-type: none"> <li>• High operation costs</li> <li>• Slow decision-making</li> <li>• Low risk-taking ability</li> </ul>	<ul style="list-style-type: none"> <li>• Risk management</li> <li>• Lack of overseas investment experience</li> <li>• Poor credibility</li> </ul>



Japanese private sectors. A recent Japan Bank for International Cooperation (JBIC) survey shows that nearly one-third of Japanese firms with overseas investment are currently operating under various formats of industrial cooperation and supply chain connections with their US, European, Chinese, and Indian business counterparts. At present, Southeast Asia appears to be the region where Japanese firms have displayed the most dynamic participation in such practices. A further look at the survey also suggests that Chinese firms are preferable TPMC partners for Japanese enterprises in Southeast Asia, as the number of industrial cooperation cases with Chinese firms has exceeded those with US and European firms combined (JBIC 2021). From Japan's perspective, the abundance of funding and EPC capacity are two primary merits of its Chinese counterparts, for which Japanese business groups would like to collaborate. The Japanese private sector lacks the capacity to financially afford large infrastructure projects, and joint financing with Chinese partners can help ease their concerns. At the 39th Infrastructure Strategic Conference convened by the Japanese Kantei, the funding problem was addressed by business groups, for which collaboration with China in third-party markets was suggested as one solution. Furthermore, considering China's outstanding infrastructure construction capacity with price advantages, many Japanese overseas investors also wish to outsource the EPC component to Chinese business counterparts.

However, despite this idyllic vision, the Japanese private sector remains highly skeptical of the feasibility of Sino-Japanese TPMC in practice for two reasons. First and foremost, the emergence of Chinese business groups has brought about not only opportunities for business collaborations but also growing rivalries in third-party markets. Thus, a clear sector-based divergence can be found among Japanese business groups. The case of Thailand provides an example of the coexistence of both winner and loser groups once Sino-Japanese TPMC deepens. Mutual industrial complementarity between Chinese and Japanese firms exists in the telecommunication and infrastructure sectors. However, competition is very likely to become more intense in the automobile industry, as China's recent development and innovations in electric vehicles may challenge Japan's traditional fossil fuel-based manufacturing capacity (Kumagai 2020).

Second, and more importantly, lingering barriers that may discourage the Japanese private sector lie in the technical issues of compatibility between the two countries' business modes. As a result, China's overseas investments appear to be closely connected to state interests, and profitability is not always the only target for overseas business investment. China's SOEs appear to be more efficient at making decisions and enjoy the natural advantages of funding abundance provided by state bank loans, so that China's business mode features characteristics of fast business decisions for project contracting and flexible adjustment of business plans (Sako 2019). This has, for instance, contributed to China's winning of Indonesia's Jakarta-Bandung high-speed railway project against Japan in 2015, but has also led to a delay in construction and cost overruns in recent years. In addition, many recent studies have also pointed out that the poor performance of Chinese enterprises in corporate financing has trapped the BRI recipient country into debt crises and a mercantilist-style investment that does not share benefits with local people (Mattlin and Nojonen 2015;

Wallace 2019). Despite the Chinese government endeavoring to call for quality-based BRI and TPMC in recent years, it remains insufficient to completely ease the concerns of Japan's private sector. In contrast, Japanese enterprises have displayed different business models in developing economies, known as specific feasibility studies, profitability calculations, and risk controls (Sako 2019).

Such caution from Japan's business groups can be observed in various sectors. Before the inauguration of Sino-Japanese TPMC, Japanese business groups conducted several business environment investigations and expressed concerns about potential business risks. During the 11th Japan–China Energy Conservation and Environment Forum hosted in December 2017, the Mizuho Group, one of Japan's leading financial groups, delivered a business proposal and illustrated various risks such as domestic political uncertainties, environmental obligations, foreign exchange rates, sustainability of banking loans, financial accountability, land acquisition, and legal terms on compensation. To avoid these potential losses, the Mizuho group called for private sectors to respond to the TPMC upon requiring a third-party government's fiscal subsidies, debt guarantees, as well as clear contract terms and legal duties in the event of possible project delays or cost overruns (Mizuho Group 2017). At the 1st Sino-Japanese TPMC Forum in 2018, Japanese participants were eager to know “existing sample cases of Sino-Japanese TPMC” and “China's business models in overseas investments,” as well as “what do Chinese business groups need from Japanese counterparts?” (JBIC 2019). In the following years, caution has been further deepened when observing various setbacks in Chinese-led BRI infrastructure, including the suspension of the East Coast Rail Line in Malaysia in 2018, a cut in BRI-related loans in Pakistan in 2018, and the long-standing delay and cost overruns of the Jakarta-Bandung HSR in Indonesia (Sako 2019b; Inada 2022). Another significant example is the Marubeni Corporation, one of the largest Japanese trading houses. At a TPMC business exchange conference in December 2019, the Marubeni Corporation called for a “clear statement of legal rights and obligations in written forms” regarding possible problems in Sino-Japanese TPMC collaboration and highlighted “the necessity of business contract compliance” (Belt and Road Portal 2019).

### ***Case Studies: The Cancellation of the Joint HSR Project in Thailand and Logistics Cooperation Via the China-Eurasia Railway Express***

The failure of the Sino-Japanese joint bid for the HSR in Thailand provides a persuasive case of business-to-business asymmetry between China and Japan. Notably, Thailand has exhibited a welcoming attitude toward Sino-Japanese collaborations and joint explorations for TPMC projects. It is keen on China's infrastructure investment and construction capacity, and hopes to obtain advanced technology and project management skills from Japan, both of which could contribute to Thailand's progress



**Fig. 10.1** Thailand's EEC and the planning for HSR. *Source* <https://asia.nikkei.com/Business/Companies/Thailand-s-7bn-railway-draws-Siemens-and-Bombardier>

of industrialization and modernization (Umirdinov 2019). Initially, a China-Japan-Thailand three-party business consortium and joint bid were supported by the Chinese and Japanese governments in 2018 with political-diplomatic considerations. Both sides had intended to use this collaboration project as evidence of closer Sino-Japanese economic ties prior to Abe's visit to China (*Nikkei Shimbun* 2018a). In 2018, "Development Cooperation in the EEC" was arranged as one session at the first Sino-Japanese TPMC forum, which specifically discussed two key projects: industrial zones/smart cities, and the construction of a 220 km HSR connecting downtown Bangkok with the U-Tapao airport in the southeastern coast (see Fig. 10.1).

Despite the media spotlight and high expectations from all three parties, Sino-Japanese business collaboration in Thailand has stalled in recent years. Although China and Japan's private sectors agreed to collaborate on smart city development in the EEC's Amata Industrial Zone at the 1st TPMC forum, a recent study indicates that the smart city development plan has reached a standstill because of Thailand's political instability and the global COVID-19 pandemic (Eto 2021). More importantly, the EEC high-speed railway project also wound up being a disappointing failure. According to the Action Plan on transport infrastructure announced by Thailand's Ministry of Transport in 2017, the HSR project was designed to be one of the landmark infrastructure projects in Thailand's EEC. Thailand was also hoping to see three-party collaboration in this railway construction (*Nikkei Shimbun* 2018b), as previous industrial standards between the Chinese-financed Sino-Thai railway (as part of the Pan-Asia railway) and the Japanese-financed Bangkok-Chiang Mai railway have created technical difficulties for railway connections in Thailand (Sako 2019). However, the Thai government was reluctant to finance the project solely through government funding and did not wish to bear a heavy financial burden for

the HSR construction. Therefore, Thailand announced that the government would merely cover 20% of the overall investment, while the rest of the budget would come from other sources, including mainly SOE loans and PPP (Fujita Corporation et al. 2017). In this context, the Thai government welcomed investments from foreign enterprises.

In July 2018, more than 30 companies declared their initial interest in bidding for the project. Prior to the real bidding, a tripartite consortium including business groups from China, Japan, and Thailand had been the most favored. This consortium pointed to the Charoen Pokphand (CP) Group's partnership building with China's Railway Construction and Japan's Itochu Group (together with the Hitachi Group as the main vehicle supplier), both of which had various other investments in manufacturing and industrial sectors in Thailand. However, China's SOEs and Japan's private enterprises displayed huge divergence in terms of business plans and preferences in the subsequent stages of business decisions. China's SOEs implement the national BRI strategy and can better endure short-term profit losses. This made it easier for China's SOEs to accommodate the business terms offered by the Thai government. In contrast, Japanese private groups make decisions far more cautiously and are much less vulnerable to business risks. Prior to the joint bid in 2018, a feasibility and consulting report was prepared by Japan's private sector and was then submitted to METI, suggesting that invisible long-term profitability and political risks were the two main challenges. The report conveyed a rather pessimistic view of the participation of the Japanese private sector as a main investor, and suggested a reduction in the project cost and improvements in profitability through property development and other non-fare revenues (Fujita Corporation et al. 2017).

In the business negotiations that followed, the concerns of the feasibility report turned into reality. Regarding project profitability, the Japanese private sector found that the U-Tapao Airport would remain a local airport mainly serving tourists traveling to Pataya in the near future, so that the extension of the HSR to U-Tapao Airport might not generate sufficient passenger flow and thus could not provide substantial business benefits (Sako 2019). In addition, although the Thai government agreed to cede land development rights along the railway line to investors, Japanese investors remained deeply anxious about the huge construction costs, particularly considering the need for massive land acquisition along the HSR construction sites. Therefore, Itochu suggested that the Thai government reduce construction costs, such as minimizing land acquisition and building a quasi-HSR, or providing government subsidies in the event of profit insufficiencies. However, the Thai government rejected these offers and was merely committed to providing some fiscal assistance in land acquisitions and railway maintenances (Asahi Shimbun Globe 2018). Moreover, the Thai side insisted on the concept of "high-speed" and aimed to connect the three airports in the EEC within an hour's reach of one another (*Nikkei Shimbun* 2018c). In the meantime, the Japanese private sector was also concerned that the political turbulence and regime transitions in Thailand might paralyze the project construction or even lead to a default in contracts (Kumagai 2020).

As a result, Japan's Itochu bowed out from the bid proposal in the fall of 2018, and the Hitachi Group also quickly followed to withdraw as well, despite widespread

expectations from both the Chinese and Japanese sides that a tripartite bidding consortium could be formed. Eventually, the CP-China Railway Construction team won the bid in a bilateral manner. The Thai government made such a selection because the CP-China Railway Construction team accommodated its initial development plans and offered an investment package that could significantly reduce the funding that the Thai government would need to supply. This case thus sends a warning message that the government-led efforts may not work effectively in encouraging and persuading the private sector to enter into investment collaborations in third-party market countries. It may be easy for China's SOEs to answer the call from the Chinese government toward active enrollment in Sino-Japanese TPMC, whereas the business decisions in Japan's private firms would be much more cautious and independent of government influence.

Another Sino-Japanese TPMC project at risk is Japan's leading logistics firms' use of the China-Eurasia Railway Express for logistics and cargo transportation. Admittedly, the politico-economic implication of this case is not comparable to that of the infrastructure projects in Thailand with national strategic input. In 2018, prior to Abe's visit to Beijing, the setback of Thailand's HSR project disrupted the diplomatic agenda of the two governments. In this context, the two governments had no choice but to promote Sino-Japanese logistics cooperation in Eurasia as an alternative hallmark event for the TPMC.

The China-Europe Railway Express is a key logistical component of the BRI and provides an alternative to container shipping for transporting Chinese-manufactured goods through Central Asia and finally to Europe. The number of freight trains of the China-Europe Railway Express has grown from less than 20 to more than 15,000 in 2021. In this context, Nippon Express, one of Japan's largest logistic enterprises, developed the "Eurasia train direct" service that provides transport between Asia and Europe using the China Railway Express. It also co-hosted a Sino-Japanese TPMC seminar with the Japan External Trade Organization (JETRO) on the logistical use of the China-Europe Railway Express in 2018 (Nippon Express 2018). The business interests of Nippon Express are evident in their use of the China-Europe Railway Express, which offers a cost-effective alternative to air cargo transportation and a faster delivery time compared to sea shipping. Nippon Express developed two "air and rail" and "sea and rail" routes, which shipped Japanese goods to ports in China via air and maritime transportation, and then to European countries via railways. The routes represent a 60–70% reduction in lead time required for conventional marine transport (Nippon Express 2021).

Nonetheless, this case of Sino-Japanese TPMC has also been confronted with various challenges. The spread of COVID-19 and prolonged lockdowns in China resulted in port congestion between 2020 and 2022. Even before the outbreak of the global pandemic, studies had pointed out the weaknesses of the China-Europe Railway Express, as its operational model appears to be government-backed. At present, the current low price of the China-Europe Railway Express is largely attributable to the significant subsidies provided by China's local governments. Local governments along the railway line remain in competitive positions, as each wishes to build its own cities as Eurasian logistical hubs. Consequently, this has led to a

high level of government subsidies, which can cover 20–30% of the overall transportation expenses. However, Japanese logistics firms are deeply concerned about the sustainability of such a heavily subsidized model, given that many of China's local governments have been increasingly confronted with fiscal difficulties in recent years (Fukushima 2018).

## **Underdeveloped Government-Business Ties in the Light of TPMC in China and Japan**

In addition to government-to-government and business-to-business cooperation, well-structured domestic coordination between state and non-state actors within each country is vital. Sino-Japanese TPMC projects in infrastructure and industrial sectors are closely associated with the formulation of national economic statecraft and demand massive financial investments. Thus, the development of TPMC agreements also necessitates the functioning of PPPs regarding information exchanges and joint financing between governments and private sectors. Regarding the TPMC, the research explores rising conflicting interests pursued by government and private sectors in both China and Japan, as a result of which the loosening of government-business ties has eventually undermined the viability of TPMC projects.

In the case of China, most of its overseas infrastructure and energy-related projects are invested in and managed by SOEs with state-backed backgrounds. Nonetheless, along with the dramatic slump in China's economic growth, recent research has pointed to the shrinking of China's BRI and oversea investments. China's BRI-related investments and lending in 2021 during the COVID-19 pandemic were about US\$59.5 billion, a 48% decline compared to 2019, the year before the start of the pandemic. Due to the US-China trade conflict and the pandemic, BRI expansion recorded its slowest pace since its inauguration in 2013 (Nedopil 2022; *Financial Times* 2020). The Chinese government announced new reform measures for quality-based BRI and began to inspect the financing status of overseas projects in 2019. Although the clientelist relationship between state actors and SOEs remains unchanged, the state-business coalition is facing formidable challenges due to the divergence of interests among three actors: the Chinese government, which has embraced an ambitious political-diplomatic prospect; SOEs, which take business risks in implementing those projects; and China's domestic financial institutions, which lend money to SOEs and pay for various projects. Although the Chinese government has continuously displayed an eagerness to align with Japan on TPMC projects compared to the reverse, China's SOEs and commercial banks now have to act more cautiously in TPMC projects. These government-backed SOEs have now been trapped in a so-called "moral hazard," as they are deeply concerned about whether the Chinese government would bail them out were they to undertake riskier overseas investments (Li and Zeng 2019; Russel and Berger 2019). Likewise, some

of China's commercial banks have also appeared increasingly concerned about the financial viability and political risks of overseas investment projects (Cai 2020).

On the other hand, the lack of harmonization between the government and the private sector may affect Japan's PPP in Sino-Japanese TPMC. In Japan, there seems to be a significant gap between the well-established government-business partnership regarding infrastructure export under the FOIP framework and paralyzed government-business ties with respect to Sino-Japanese TPMC. In the former case, existing studies highlight the consolidated role of the Japanese government in building PPPs and promoting private sector participation in overseas quality-based infrastructure projects through Keidanren, METI, JETRO, and so on (Yoshimatsu 2017). The Japanese government has also mobilized the Japan International Cooperation Agency, JBIC, Nippon Export and Investment Insurance, and other state-owned financial institutions to support private investments in infrastructure sectors. Meanwhile, Japan's business groups have also shown increasing enthusiasm regarding the export of infrastructure systems and have encouraged the government to formulate the necessary policy channels.

In contrast, such an effective and constructive government-business tie remains invisible in the case of Sino-Japanese TPMC. Specific cases can be found of Japanese private sectors rejecting government proposals and requests. Existing studies and media reports reveal that prior to Abe's visit to China in 2018, the Japanese government urged its private sector to sign TPMC MOUs with its Chinese counterparts, and specifically pressurized the Itochu Group to collaborate with China Railway Construction and Thailand's CP Group in jointly investing in the HSR project in Thailand (Asahi Shimbun Globe 2018). The Japanese government followed this line of action in an effort to create a benign political climate for the Abe-Xi summit meeting, whereas Japan's private sector had conflicting plans. Rumors spread that Itochu's local branch in Thailand was also supportive to the joint bidding. Yet, its Tokyo headquarters made a final decision of withdrawal due to the high risks and low profit return. The decision substantially disappointed the Kantei and Japan's foreign policy-makers.

After the resignation of Abe, the paralyzed government-business ties regarding TPMC were made clear by the lack of government support for domestic private sectors willing to engage with China. The Japanese government has prioritized improving its government-to-business collaboration under the flag of FOIP, thus making insufficient efforts for Sino-Japanese TPMC. In the most recent *Strategy for Overseas Infrastructure Expansion 2025* released in June 2022, the Japanese Kantei declared that the TPMC frameworks with the US and India would be prioritized, and called for deeper collaboration between government ministries and financial agencies in charge of overseas investment loans, such as JBIC and Nippon Export and Investment Insurance (Japanese Kantei 2022). JETRO, an information hub that bridges the gap between the private sector and policy-makers, also followed the government's guidelines and proposed specific cooperation plans with India and the EU as primary targets of overseas TPMC (JETRO 2020). Against this backdrop, Sino-Japanese TPMC no longer appears to be a policy priority. Moreover, although some business conglomerates and associations with vast business ties with China may act

as supporters for Sino-Japanese TPMC, it is now difficult for them to lobby Japanese policy-makers. Instead, the Kantei has been centralized in formulating economic diplomacy and development financing, as well as China-related policies (Insisa and Pugliese 2018). A JCEA report reveals complaints from Japanese enterprises that they had not gained much information from the government. The Japanese private sector was most eager to know “the two countries’ follow-up action plans on TPMC” and “what sorts of support can the Japanese government provide to business firms” (JCEA 2019a). This shows that Japanese firms now have limited access to finding suitable business partners from the Chinese side, and therefore expect further PPP efforts in network building from the Japanese government.

## Conclusion

Amid the growing Sino-Japanese rivalry in the global context, the emerging TPMC mechanisms have created greater possibilities for coordination of interests between the two major powers. However, the current shape of TPMC has not helped bring about convincing breakthroughs for Sino-Japanese relations in the future. Sino-Japanese TPMC was initiated as a side event to Abe’s visit to China in October 2018 and has been portrayed as the major outcome for the visit, as both governments found a pressing need to create a benign diplomatic climate. However, the consensus of political will appears to be fleeting. The shift of political leadership in Japan and the escalation of US-China tensions have led to the stalling of Sino-Japanese TPMC in the following years. Pessimism originates primarily from the lack of tangible cooperative outcomes. Despite the numerous seminars and conferences held between business enterprises from both countries,<sup>2</sup> Sino-Japanese TPMC remains to largely exist on paper and mostly stagnates as an uncommitted dialogue. It remains unclear whether these ambiguous cooperative proposals can develop into action plans with specific working agendas.

This chapter has offered a threefold explanation for the current dilemma of Sino-Japanese TPMC. The empirical findings suggest the presence of asymmetric gaps at the government-to-government and business-to-business levels, as well as problematic government-to-business relations in both countries. From a government perspective, China’s rising enthusiasm for leadership-taking contrasts starkly with Japan’s caution and swaying postures, and such disparities in their approaches have clearly led to imbalanced inputs between China and Japan. The premise behind Japan’s cooperation with China in TPMC since 2018 appears to be extremely fragile. The escalation of US-China tensions and the resignation of former Prime Minister Abe marked a turning point, as subsequent Japanese administrations have shown little interest in

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<sup>2</sup> For instance, a TPMC business exchange conference was held in December 2019 and a TPMC seminar on green and low-carbon was held in August 2021. Both were co-hosted by the China Chamber of Commerce for Import and Export of Machinery and Electronic Products and the JCEA.



deepening TPMC frameworks with China. Moreover, the COVID-19 pandemic has also distracted both countries from TPMC to domestic issues. Likewise, from a business perspective, TPMC lies in the unwarranted business modes between Chinese and Japanese business groups. The two countries' enterprises have also displayed varying levels of acceptance in accommodating the needs of third-party market developing countries. The absence of confidence also results from the lack of accomplished landmark cases to prove the operability and profitability of the TPMC. Japan's mega-business groups are, in principle, welcoming of the idea of TPMC. Nonetheless, they still adopt a cautious attitude when it comes to the implementation stage, given the various political-economic risks in third-party countries and anxieties about business compatibility with potential Chinese partners. Meanwhile, the relationships between state and non-state actors in both countries need to be reorganized following a more interactive approach. China is now re-evaluating the BRI, and its SOEs are likely to retrench their overseas investments; Japan remains unready for TPMC because it has not established well-structured channels and platforms between policy-makers and business groups.

Given these asymmetric barriers, efforts from both the countries' governments and their private sectors should be made to help tone down the mood of complete hopelessness. The first pressing priority lies in the early realization of summit meeting between China and Japan. As the TPMC was created initially as a diplomatic gift for the bilateral summit meeting, the undertaking of follow-up TPMC action plans necessitates a consensus of bilateral political will. It seems unlikely that any major breakthroughs will be made, apart from summit meetings that can deliver strong political motivations and diplomatic initiatives. Thus, a more plausible resumption of the 2nd TPMC Forum would be on the sidelines of the Chinese president's upcoming return visit to Japan following the end of the global pandemic.

Second, further reinforcing the key findings is the urgent need for TPMC pilot cases, followed by government-initiated promotion campaigns to convey these successful stories to other domestic private sectors. The failed case of HSR in the Thailand EEC provides a valuable lesson, suggesting that the top priority for Sino-Japanese TPMC is not to "think big, aim high," but rather to "start small." Although joint bidding and the formation of a consortium for infrastructure projects seem to be tempting, private sectors remain unprepared for such ambitious plans with high risks, massive financial investments, and uncertain long-term profitability returns. At present, governments and enterprises in the two countries need to moderately lower their expectations and make step-to-step attempts when seeking collaboration opportunities and policy breakthroughs. In this regard, industrial cooperation in the supply chain seems to be a more practical entry point for achieving win-win scenarios in the future by integrating China's EPC capacity with Japan's technological and investment management strengths.

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# Chapter 11

## Prospects of Trilateral Cooperation in the Shadow of Power Politics



### CJK Trilateralism Proceeds, Yet in Hardship

Among the abundant existing literature on East Asian regionalism, this book is distinctive for its focus on nascent CJK trilateral grouping. Since the late 1990s, the CJK trilateral has transformed from a byproduct of the APT events into an independent sub-regional grouping. The three Asian powers have traditionally viewed each other more as rivals than as allies—a legacy that has stymied the development of closer ties for decades. The trilateral summit, by bringing the three together under the auspices of trilateral cooperation, serves as a means to a shared and desired end: peace and stability in East Asia (Brummer and Zhang 2018). To the author’s best knowledge, although this pair of minilateralism in East Asia has been increasingly discussed among policy-makers, it has seldom been analyzed in academia. This volume aims to fill in this current research gap.

This book clarifies the differences between several concepts: trilateralism and trilateral cooperation. Trilateral cooperation has a broad variety of dimensions and is not necessarily institutionalized. It can target non-state actors and include non-institutionalized kinds of authority as well. Alternatively, the evolution of institutionalization is regarded as a steady facilitating force for regional cooperation. Regional institution is normally defined as “persistent and connected sets of rules (formal and informal) that prescribe behavioral roles, constrain activity, and shape expectation” (Keohane 1989, 3). The very existence of regional institutions may help reduce uncertainty and make interstate agreement possible. Institutions should not be evaluated merely on the basis of how well they serve the perceived national interest at a given time; on the contrary, an adequate judgment of their worth depends on an estimate of the contribution they are likely to make in the future, to the solutions of problems that cannot yet be precisely defined. Against this backdrop, this research primarily focuses on the process of institution-building. It thus sets two explicit ranges for research objectives. First, it looks at the intergovernmental relationship among the three countries rather than non-state actors. Second, it examines

the creations and functions of institutions among the three countries, such as the development of intergovernmental dialogues, policy coordination frameworks, and international organizations.

This study is also unique in its attention to theory-building. It analyzes the strengths and weaknesses of trilateralism, and thus adds a new example to the existing literature on minilateralism. As has often been pointed out by existing works, the number of actors in a multilateral regime is a highly problematic issue. The equilibrium between cooperation efficiency and cooperation effectiveness is hard to attain in practice. With only three actors, trilateralism marks the simplest form of minilateralism. In the Asia–Pacific region nowadays, trilateral groupings have become increasingly prominent. Existing trilateral groupings include the US–Japan–India Strategic Dialogue, the US–Japan–Australia Trilateral Security Dialogue (Satake 2011; Searle and Kamae 2004; Tow, Thomson, and Yamamoto 2007), and the US–Japan–Korea trilateral (Cossa 1999; Cha 1999; Schoff 2005). In addition to these US-centered trilateral groupings, nascent CJK trilateralism seemingly adds to a growing list of examples of trilateralism in East Asia. Unlike the trilateralism among the US and its like-minded allies, CJK trilateralism has been bonded by geographic proximity and economic interdependence. In either case, the number “three” has special significance here. Existing trilateral groupings have the advantage of flexibility and informality. Trilateral initiatives or frameworks in this region are primarily ad hoc and non-binding, lacking any formal or legal treaties.

This research finds that trilateralism has structural limitations and weaknesses. It thus contributes to existing research of minilateralism by pointing out the negative aspects of trilateralism and structural uncertainties within a trilateral arrangement. A cost–benefit analysis indicates that trilateralism has its inherent merits and limitations. On the one hand, trilateral groupings are aided by its high level of effectiveness and are likely to grow into a progressive sub-group within a broader grouping. However, trilateral groupings are always confronted with two dilemmas: the dilution effect, where the benefits of a trilateral setting may not be significantly higher than those of separate bilateral approaches, and a lack of tolerance for any turbulence in the embedded bilateral ties. Trilateralism appears to be less able to offer clearer benefits to each actor, and also appears to be highly subject to defections. Thus, a

**Table 11.1** A Comparison of the CJK trilateralism and US-centered trilateralism

	US-centered trilateralism	CJK trilateralism
Governance	Extension of the “hub-and-spokes” pattern (one superpower + 2 smaller powers)	Two big powers + 1 small power
Fields of activity	Security dialogue	Economic cooperation
Driving force	Threats posed by China and North Korea	Financial crises
Common values	Freedom and democratic rules	ASEAN way

good and strong trilateral arrangement rests in its capacity to maximize advantages and minimize weaknesses.

Among the various existing trilateral groupings in East Asia, the CJK triangle has seemingly presented an unsuccessful case study. The pattern of power politics in Northeast Asia creates conditions for efficiency and solidarity problems. The triangle lacks a hegemon that can stabilize the triangle and carry out dispute settlement. Bilateral disputes and geopolitical conflicts have stalled the development of sustainable trilateralism. Thus, the utility of CJK trilateralism does not always amount to the sum of three separate bilateral arrangements. The merits of reducing transaction costs are not salient in CJK trilateral arrangements, and the operability of CJK trilateral cooperation is overwhelmingly subject to fluctuations of the embedded three pairs of bilateral relationships. Many previous studies have argued that factors such as historical perceptions, territorial disputes, Sino-Japan regional rivalry, and US foreign policy have been key obstacles to the deepening of CJK trilateralism. Without denying this argument, this study adds to the existing literature by pointing out that a low defection cost is another fatal weakness in CJK trilateral relationships. The ups and downs of trilateral cooperation in past years have seemingly indicated that each of the three countries tends to see trilateral frameworks as a simple extension of bilateral frameworks, and would choose to suspend trilateral networks once its relations with any of the remaining two deteriorates.

This book considers CJK trilateral cooperation as it operates on three levels—the functional and environmental fields, trade liberalization, and summit-level diplomacy. It sees the rising shared interests among the three countries and the pattern of power politics in Northeast Asia as two basic structural factors that affect the evolution and functioning of CJK trilateralism. The critical juncture approach acts as a key to elevating the utility of trilateralism, and as an important catalyst that has led the three countries' governments and political leaders to reconsider and remake their policy. This crisis-driven approach seems to work well across the fields of functional cooperation, trade negotiations, and summit diplomacy. Chapters 3–5 analyzed the progress of cooperative trilateralism in these fields. The outcomes of trilateralism in the areas of environmental protection (particularly transboundary air pollution) have been the result of shared risk perceptions. Further, a combination of external financial crises and the blessing of political will can be seen as the key to the evolution of CJKFTA negotiations and trilateral summit diplomacy. The late 2000s and early 2010s are thus considered as the golden age of CJK trilateral cooperation, as national leaders across all three countries delivered strong political support to the trilateral institution-building process, such as Wen Jiabao, Fukuda Yasuo, Hatoyama Yukio, Kim Dae-jung, Roh Moo-hyun, and Lee Myung-bak.

However, the crisis-driven approach is unsustainable if it lacks consistent support from political leaders. The convergence of political will from the three countries occurred during common exogenous crises. However, once these common problems and crises have dissipated, trilateralism at these three levels has all stagnated in recent years. In the functional and non-traditional security fields, cooperative trilateralism has steadily taken shape with tangible and productive achievements. Nonetheless, trilateral cooperation in functional areas has not yet been completely immune from



politico-diplomatic uncertainties. The book finds that trilateral environmental cooperation is still entangled with interstate rivalries and remains subject to fluctuations in the political relationships between nations. In the case of transboundary air pollution in Northeast Asia, trilateral cooperation is faced with disputes over “pollution responsibility” between China on one side, and Japan and Korea on the other. Many scholars have criticized East Asian regional cooperation as falling into “conference diplomacy” in the form of conferences, seminars, or forums and lacking substantive joint actions (Suzuki 2004; Tsunekawa 2005).

Efforts to promote trilateralism have proceeded, but problems still remain. Outcomes of cooperative trilateralism become much less convincing as the stage of cooperation deepens, and the utility of a trilateral setting seemingly yields to the aggregate utilities of separate bilateral diplomatic bargains. In post-crisis periods, succeeding leaders of the three countries have not developed continuous enthusiasm for cooperation. The logic of dilution effects that led to a trilateralism-bilateralism rivalry on regional FTA construction explains Korea’s prioritization of China-Korea FTA over a trilateral FTA. Furthermore, the path of trilateralism with disappointing political setbacks has revealed its vulnerability and susceptibility to its three pairs of bilateral relationships. Trilateral summit diplomacy has never grown into a stable regional mechanism. The breakdown of Sino-Japanese, Sino-Korean, and Japanese-Korean bilateral ties has each led to interruptions in the holding of trilateral summits, sometimes for years. For these reasons, it remains overly optimistic to expect the trilateral summit mechanism to lay down a solid foundation for community-building in Northeast Asia.

The process of institutionalization can vary by width and depth, and can be broadly divided into four steps: conflict, dialogue, cooperation, and collective action. Thus, the institution-building process within the CJK trilateral grouping still has a long way to go in terms of reaching the ultimate stage of collective actions. Table 11.2 depicts a linear development path of institutionalization, evolving from independent actions by nation states to, ultimately, the function of autonomous organizations equipped with supra-national decision-making authority and monitoring mechanisms. Admittedly, the inauguration of the TCS—for providing administrative services and intellectual consultation—marks an important step in terms of institutional creation. However, this small office has been granted limited autonomy and has not developed a full-blown “international character.” It takes its cue from the three governments and so far remains far from being a powerful and supra-national organization that can exert operational capacity and policy influence. Thus, by using the standards listed in Table 11.2, this study posits that the current level of institution-building among the three countries stays roughly at level C (patterned cooperation with cooperative mechanisms in functional fields), but has not yet proceeded to level D (formalized sets of rules and code of behaviors, regularized policy coordination in high politics).

In this book, Chaps. 6–8 conducted country-based policy analysis. Within the CJK trilateral grouping, the three member states remain key players and agenda-setters. However, the three states have not yet embraced policy cohesion with respect to the future road map of trilateral cooperation. Each state has been keen to defend its own national interest, and has its own incentives and visions regarding the future

**Table 11.2** Levels of Institutionalization

Levels of institutionalization	Characteristics
A. No institution	Conflicts and independent actions
B. Least institutionalized	Ad-hoc dialogues/multilateral negotiation
C. Cooperative regime in specific issues	Patterned cooperation with cooperative mechanisms in functional fields
D. Comprehensive cooperative regime	Formalized sets of rules and code of behaviors, regularized policy coordination in high politics
E. Regional organizations	Intergovernmental rules and delegation mechanisms
F. Supra-national organizations	Independent operational capacity and supra-national decision-making, coordination on common political/economic policies

Source Yamatomo (2008, 22)

cooperation. The underdeveloped trilateral cooperation in the region often derives from the regional states' priority of self-interest over long-term collective interests.

This study finds Korea to be the most solid contributor and idea-proposer for trilateral cooperation in a comparative perspective. Korea acts as an enthusiastic supporter of both functional cooperation and efforts in institution-building, and behaves as a critical idea-proposer and vision-designer with a substantial intellectual contribution to make. The hosting of the TCS in Seoul rather than Tokyo or Beijing further demonstrates that Korea possesses the capacity to act as a cooperation facilitator and broker that can accommodate both China's and Japan's interest pursuits. China hopes this sub-regional grouping can be a venue to exercise leadership and a policy tool to confront US alliance systems. To be specific, China has undertaken a two-faced approach with respect to CJK trilateral cooperation. It is acting as the *de facto* leader in various fields of functional cooperation and has committed substantial resources to the CJKFTA negotiations. However, China's diplomatic ambiguity in not distinguishing trilateralism from bilateralism is problematic. Whenever its relationship with Japan or Korea deteriorates, its stubborn stance on freezing trilateral high-end diplomacy is disastrous. Japan, on the other hand, has fallen into the role of passive follower within this trilateral grouping. Japan has often approached regional multilateralism based on inclusiveness and liberal-democratic values, and has prioritized an Indo-Pacific vision that draws in US participation. Japan has neither functional nor strategic interests in strengthening and solidifying CJK trilateral cooperation, but merely expects trilateral diplomacy as a new diplomatic back-up option in order to restore bilateral relationships with China and Korea in case of diplomatic need.

## Where is CJK Trilateralism Heading to? A Look into the Future

In the new millennium, CJK have continuously displayed economic dynamism at the global and regional levels. In recent decades, we have witnessed the rise of the three economies, together with the growth of political influences in regional and global affairs. The development of the CJK triangle constitutes key components of great-power diplomacy, neighbor diplomacy, economic diplomacy, and regionalism/multilateralism diplomacy for all three countries. Nonetheless, Northeast Asia remains one of the most dangerous areas plagued by security dilemmas. Japan and Korea's economic "decoupling" with China by adjusting their supply chain basis from China to other Southeast Asian and South Asian countries has severely eclipsed shared interests among the three countries. Meanwhile, the escalation of Sino-US tensions has led to Japan and Korea's abandoning the conventional "hedging" approach between soliciting economic gains from China and seeking security assurances from the US. Both Japan and Korea have begun to distance themselves from China strategically and to contain the Chinese threat.

The three countries may increasingly perceive each other as rivals rather than partners. Their pursuits of the national interest may be more likely to be based on "relative gains" rather than "absolute gains." Under the Xi Jinping administration, Beijing is eager to rebuild its benign image among its peripheral countries, and transfer its domestic industrial overcapacity to other undeveloped economies in Southeast Asia, Eurasia, and Africa. On the other hand, Japan has for a long time been a sophisticated investor and has set up its commercial empire in these regions for decades. Korea also has a deep level of investment and business interests in these regions. As a catching-up power, China's aggressive business and diplomatic interests may inevitably collide with those of Japan and Korea. In particular, the Sino-Japanese rivalry over the leadership of Asian regionalism has become fierce. This has led to intense competition between the two countries, such as that between their HSR technologies. Despite the three countries having established trilateral policy dialogues on African, Latin American, and Asian affairs, the efforts so far lack substantive outcomes.

In order to advance the CJK trilateral cooperation in the functional, trade and investment, and politico-diplomatic fields, each of the three countries has its own role to play in the foreseeable future. To put it in plain terms, Japan appears to hold the key for trilateral cooperation. Japan's role within the CJK triangle is comparable to the shortest plank in a wooden barrel. Given that the trilateral cooperation features the norm of consensus-making, Japan's low level of willingness to engage in cooperation restrains the overall yield of cooperative outcomes. Therefore, Japan's closer engagement into trilateral functional cooperation would be deemed necessary. On the other hand, China needs to reverse its stubbornness over trilateral political relationships. China remains an "engine" for functional cooperation, but needs to develop delicate diplomatic skills and distinguish bilateral disputes from cooperative trilateralism. The breakdown of high-level trilateral diplomatic channels will undoubtedly

lead to the postponement of trade negotiations. If such a scenario occurs, China can never be a winner either. Korea, as a connecting power between China and Japan, can be expected to continue its intellectual contribution and bridging policy. Lastly, the three countries also need to grant the TCS with more institutional independence and operational capacity. A stronger TCS equipped with policy consultation and mobilization capacity may serve the deepening of trilateral cooperation in a more efficient way.

Amid rising geopolitical tensions and prevailing pessimism over community-building in Northeast Asia, what are the tangible benefits of trilateralism, and what could be the way forward for CJK trilateral cooperation?? This study presents two policy observations. First, existing architectures of trilateral cooperation provide a crisis-management “buffering” mechanism whereby bilateral discords have been integrated into a cooperative minilateral setting. In reality, trilateral summit diplomacy appears to be more symbolic than substantive, and its key contribution rests on bilateral domains. The trilateral summit diplomacy serves as a new diplomatic occasion and a potentially effective back-up political option for restoring bilateral relations. Despite trilateralism remaining subordinated to bilateral approaches in Northeast Asia, it can serve as a supplementary mechanism to its three pairs of embedded bilateral relations. The lessons of the crushing decline of the trilateral relationship may lead to changing expectations for trilateral summits in the future. Whenever the atmosphere for holding Sino-Japan, Japan-Korea, or Sino-Korean bilateral summits is not conducive to positive outcomes, the trilateral summit offers a back-up option that should attract less domestic resistance in all three countries. In this way, the summit offers a platform to transcend bilateral hostilities in East Asia and constitutes the region’s best chance of building the diplomatic bridges necessary for peace and stability.

The second direction for future trilateral cooperation involves outward coordination and collaboration with non-CJK states or regions. At present, Southeast Asia is more likely to be the pivot region for such extra-regional trilateral cooperation for two reasons: first, all three countries have solid investment and close trade ties with ASEAN states, and the potential of trilateral policy coordination and business collaboration can be vast; and, second, given that the three countries have taken a “free ride” of the RCEP to achieve an FTA that bounds CJK together, it can be predicted that the upcoming CJKFTA negotiations would be conducted based on existing articles of the RCEP.

In this regard, the future vision of the “CJK + X” proposal is worth looking forward to. However, although the three countries have initiated a number of inter-governmental and Track II policy consultation mechanisms, it remains unclear to what extent and in what way “CJK + X” cooperation can proceed. Although the Joint Declaration of the 9th trilateral summit in May 2024 once again mentioned the “CJK + X” concept, it did not use the positive phrasing “jointly formulating plans and taking coordinated actions” that appeared in *Trilateral Cooperation Vision for the Next Decade*, a diplomatic document adopted at the previous 8th trilateral summit in 2018. This, to some extent, reflects the relatively passive attitudes of Japan and Korea in response to China’s proactive initiative-taking. At present, the

“CJK + X” vision remains at a concept stage, and “X” can cover a wide range of entities, including one or several states, regions, international organizations, enterprises, and NGOs. It is as yet unknown whether relevant ministries and government bodies of the three countries would be willing to follow up the leaders’ political will or not. Even if they do, the commercial interests of the three countries’ enterprises remain unknown. Chapter 10 provided a convincing case that the development of Sino-Japanese TPMC demands well-structured government-to-government, business-to-business, and domestic public–private partnerships. Thus, if a bilaterally based Sino-Japanese TPMC remains as an unsophisticated business model, the feasibility and prospect for a trilaterally based “CJK + X” cooperation would surely be even less clear. Involving governmental and business actors of all three countries, “CJK + X” cooperation may be confronted with various political, economic, and commercial challenges, as well as the policy uncertainty from the “fourth party” target country. The extent to which the three countries can continue to pursue TPMC and “CJK + X” may be prospective research subjects that acquire research attention and policy significance.

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