Factors in Play

Rivalry over Overall Influence

Rivalry over Trading Regime
- Trans-Pacific Partner (TPP) Agreement
- Chinese FTA Network
- ASEAN Economic Community (AEC)

Rivalry over Energy
- China: No.1 coal importer, No.2 oil and gas
- Japan: No.1 gas, No.2 coal, No.3 oil
- Korea: No.4 oil and coal
- East China Sea Gas Dispute

Rivalry over Sea Lane
- Malacca Strait
- South China Sea
- Taiwan Strait

Rivalry over Military Might
- Chinese military expansion
- Japan-China tension
- US-China tension
- North-South Korea tension
- North Korean missiles & nuclear

WWII & Cold War Legacy
- Japanese war crimes
- Yasukuni Shrine
- North & South Korea division

Territorial Disputes
- Spratly Islands
- Senkaku (Diaoyu) Islands
- Takeshima (Dokdo) Island
- Northern Territories (Kuril Islands)
Obama’s State of the Union address (20 January 2015): "China wants to write the rules for the world’s fastest growing region. Why would we let that happen? We should write those rules."
Energy Dimension

China - The “New Normal”
- Climate target
- Green investment but
- Increasing car fleet
- Thirst for fossil fuels
- Heavy coal reliance
- Massive pollution

Sino-Russo Gas Accords
- May 2014 (Eastern route)
  38 bcm/yr over 30 years
- Nov 2014 (Western route)
  30 bcm/yr over 30 years

North American LNG
- Fruit of shale revolution
- No destination clause
- From 2016 to Asia

Japan
- Ongoing nuclear outage
- High energy import bill
- Feed-in tax reviewing
- No energy mix target
- No climate target
- Power sector unbundling

China-US Joint Climate Announcement (Nov 2014)
- US to cut GHG by 26-28% by 2025
- China to peak CO2 around 2030 & increase non-fossil share to around 20% by 2030
Common Problems in East Asia

- Less accommodating leasers
- Self-generated nationalism
- Riding on populism
- Aging society
- Energy scarcity
- Economic difficulty
- Environmental challenge

2015 in Historical Context

- The 70th anniversary of the end of WWII
- The 70th anniversary of N-S Korean division
- The 65th anniversary of the Korean War breakout
- The 50th anniversary of Korea-Japan diplomatic normalization
Scenarios

Determining factors:
- Energy
- Environment
- Economy
- Trade
- Territory
- Military
- Culture

Cooperation scenarios

Confrontation scenarios
Appendix: Regional Cooperation Fora

- APEC (Asia Pacific Economic Cooperation)
- ASEAN + 3
- ASEAN + 8 (The East Asia Summit)

Note: USA and Russia joined the East Asia Summit on 19 November 2011.