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Chairman Cleveland, Vice Chairman Bartholomew, and Honorable Commissioners, thank you for the invitation to participate in this hearing and to testify today on the People’s Republic of China’s (PRC, or China) relations with and pursuit of influence in two important United States allies in Northeast Asia, Japan and the Republic of Korea (ROK, or South Korea).

This is a timely topic as we witness the crystallization of an ambitious Chinese regional policy in East Asia—one which has cast aside past reticence about seeking regional hegemony and influence. We should take Chinese President Xi Jinping’s word when, at his presentation of his Political Report at the 19th Party Congress in October 2017, he underlined a plan to achieve China’s “great rejuvenation” across three phases—by 2020, by 2035, resulting in the emergence of China as the unquestioned regional hegemon in East Asia by 2050.² Today, the United States and the PRC are well into a period of protracted geostrategic competition in East Asia—a dynamic that this administration has acknowledged in its December 2017 National Security Strategy. We are witnessing this competition play out in the realm of institutional influence, the military balance of power, and certainly in terms of how Asia’s regional security architecture might adapt to China’s undeniably large regional presence. Japan and South Korea—the United States’ two most important East Asian allies—are important players in this burgeoning competition.

Chinese Strategic Objectives and U.S. Alliances

U.S. alliances in Northeast Asia have long represented a significant asymmetric advantage against would-be hegemonic competitors. This is as true today of the competition between the United States and China as it was during the heyday of the Cold War between the United States and the Soviet Union. China’s lone regional ally in East Asia is North Korea, a dysfunctional and unreliable partner and a global pariah state. The two countries have a mutual defense agreement dating back to 1961 that has been significantly scaled back in recent years.

By contrast, U.S. alliances with South Korea and Japan remain robust and a cornerstone of maintaining the liberal order—and U.S. hegemony—in East Asia. Accordingly, if Chinese strategic objectives today include greater influence in the future of that order in East Asia, eroding the vitality of U.S. alliance relationships will be an important objective. In fact, this goal has

¹ The views presented in this testimony reflect the author’s own and not those of any institutions he is or has been affiliated with. The author can be contacted at ankit@thediplomat.com or apanda@fas.org.

² “Xi Jinping’s Work Report — 习近平十九大报告全文,” DWNews, October 18, 2017, <http://news.dwnews.com/china/news/2017-10-18/60018047.html>.

preceded China's current generation of leadership under President Xi Jinping. U.S. alliances have long given Chinese policymakers and strategic thinkers cause for concern. For China to attain regional hegemony by 2050, it will have to find a way to seriously erode the advantages Washington today enjoys as a result of its alliances with Seoul and Tokyo. Chinese concerns with the United States' relationships with Japan and South Korea are driven by strategic and economic factors.

Military Drivers of Chinese Concern

Today, between South Korea and Japan, the United States maintains nearly 80,000 forward-based troops in Northeast Asia. Moreover, at Yokosuka Naval Base in Japan, the United States Navy bases its only forward-based aircraft carrier, currently USS *Ronald Reagan* (CVN 76). More importantly, in addition to the conventional military strength the United States enjoys in a forward-based configuration among these two allies, both South Korea and Japan benefit from U.S. extended nuclear deterrence. The United States has repeatedly made public statements assuring Tokyo and Seoul that it would use nuclear weapons to defend them from external threats; in recent years, the primary external threat that would rise to the level of U.S. nuclear use is North Korea, which has threatened both countries with nuclear attack.

For China, the proximity of U.S. troops and significant land-, air-, and sea-based military assets in Northeast Asia is a security concern. In particular, Chinese thinkers are concerned that these forward-based U.S. assets would play an important role in a future contingency across the Taiwan Strait. Even as global attention has fixated on China's construction of artificial islands in the South China Sea, provocative maritime behavior in the East China Sea, and expansion into the Indian Ocean Region (IOR) in recent years, the Taiwan Strait continues to be the primary warfighting scenario for the Chinese People's Liberation Army (PLA). "The Taiwan issue bears on China's reunification and long-term development, and reunification is an inevitable trend in the course of national rejuvenation," China's 2015 military strategy observed, emphasizing the Taiwan scenario.³

That same military strategy document emphasized that the United States was enhancing its "military presence and its military alliances in this region," while Japan was "sparing no effort to dodge the post-war mechanism, overhauling its military and security policies."⁴ The document observed that "the Korean Peninsula and Northeast Asia are shrouded in instability and uncertainty."⁵ For Chinese war planning, U.S. bases in Northeast Asia serve as important targets. The People's Liberation Army-Rocket Force (PLARF) conducts ballistic missile drills against mock-ups of U.S. bases.⁶ In 2017, before the 90th anniversary of the creation of the PLA, the PLARF conducted one of the largest known joint ballistic and cruise missile live-fire drills against

3 "Full Text: China's Military Strategy," Ministry of National Defense of the People's Republic of China, May 26, 2015, http://eng.mod.gov.cn/Press/2015-05/26/content_4586805.htm.

4 "Full Text: China's Military Strategy."

5 "Full Text: China's Military Strategy."

6 Thomas Shugart, "Has China Been Practicing Preemptive Missile Strikes Against U.S. Bases?," War on the Rocks, accessed March 17, 2018, <https://warontherocks.com/2017/02/has-china-been-practicing-preemptive-missile-strikes-against-u-s-bases/>.

a mock-up of a U.S. Terminal High Altitude Area Defense (THAAD) site, resembling the site in South Korea, which led to a major decline in Sino-Korean relations in 2017.⁷

Economic and Strategic Drivers of Chinese Concern

Beyond the military drivers of Chinese objectives in thinking about U.S. allies in Asia, Chinese policy is also motivated by economic and institutional concerns. This impulse is best captured in a white paper released by China's Ministry of Foreign Affairs in early 2017, which highlighted Beijing's ambitions for regional leadership.⁸ China now calls for the "the building of an Asia-Pacific security architecture"—one that is distinct from the rules-based order long-championed by the United States. In 2014, Chinese President Xi Jinping declared that "Asia has come to a crucial stage in security cooperation where we need to build on the past achievements and strive for new progress." He delivered these remarks at the fourth Conference on Interaction and Confidence-Building Asia—a forum that seeks to build an Asia for Asians.⁹ China's 2017 white paper on Asian order laid out six objectives for Beijing's diplomacy. In particular, China would seek to:

1. promote "common development and lay a solid economic foundation for peace and stability in the Asia-Pacific region"
2. promote "the building of partnerships and strengthen the political foundation for peace and stability in the Asia-Pacific region"
3. improve "the existing regional multilateral mechanisms and strengthen the framework for supporting peace and stability in the Asia-Pacific region"
4. promote "rule-setting and improve the institutional safeguards for peace and stability in the Asia-Pacific region"
5. intensify "military exchanges and cooperation to offer more guarantees for peace and stability in the Asia-Pacific region"
6. properly resolve "differences and disputes, and maintain a sound environment of peace and stability in the Asia-Pacific region"

Each of these objectives will implicitly and explicitly push back on U.S. attempts to maintain alliances and sustain and expand growing partnerships. Beijing's Belt and Road Initiative—a signature foreign policy undertaking by Xi, which was elevated into the Party's constitution at the 19th Party Congress in October 2017—is meant to assist in this endeavor. By 2035, the CPC plans to "realize socialist modernization in the first stage"—to build the PRC into a prosperous, modern state. This will require the pursuit of continued economic integration between Asia's "core" and "periphery," in the Chinese conception—the core being China and the periphery being Asia's many smaller and less developed states. In pursuit of 'win-win' cooperation with these countries, China expects to make economic and diplomatic gains that will pay dividends throughout the 21st century. By 2049—the centennial of the founding of the PRC—China intends to have cemented

7 Ankit Panda, "Chinese People's Liberation Army Rocket Force Staged a Massive Missile Drill Against a THAAD Mockup Target," *The Diplomat*, August 3, 2017, <https://thediplomat.com/2017/08/chinese-peoples-liberation-army-rocket-force-staged-a-massive-missile-drill-against-a-thaad-mockup-target/>.

8 Ankit Panda, "The Future of the Asia-Pacific Security Architecture, as Seen by China," *The Diplomat*, January 17, 2017, <https://thediplomat.com/2017/01/the-future-of-the-asia-pacific-security-architecture-as-seen-by-china/>.

9 Chunshan Mu, "What Is CICA (and Why Does China Care About It)?," *The Diplomat*, May 17, 2014, <https://thediplomat.com/2014/05/what-is-cica-and-why-does-china-care-about-it/>.

its position as Asia's primary hegemon. In pursuit of this latter objective, U.S. alliances in the Asia-Pacific must be contained, if not broken altogether.

Framing Chinese Government Influence in Japan and South Korea

Starting in 2017 and into 2018, discussions in this country about the Communist Party of China's attempt to influence democratic polities in the United States and elsewhere have focused on a specific set of tools—we often read about the influence exerted by Chinese embassies, by Beijing's network of Confucius Institutes, by executives in Chinese state-owned enterprises and private businesses, and, behind it all, the guiding hand of the CPC's United Front Work Department. Framing this topic with regard to South Korea and Japan, however, merits caution; the CPC's ability to influence democratic politics and strategic thinking in these countries is constrained in important ways for now.

First, outstanding historical issues complicate these relationships in a way that is particularly acute in Northeast Asia. In China and South Korea, there remains considerable anti-Japanese sentiment over Imperial Japan's wartime conduct. In 2015, these issues came to the forefront as the region celebrated the 70th anniversary of Imperial Japan's defeat in the Second World War in 1945. These historical issues, in particular, continue to affect public opinion. For instance, the United States has constantly had to navigate the bilateral difficulties between Japan and South Korea, which are often tied to historical issues. A December 2015 agreement resolve the long-contested issue of so-called "comfort women"—wartime sex slaves of the Imperial Japanese Army in Korea—has recently imploded, reinvigorating anti-Japanese sentiment in South Korea and troubling the bilateral relationship. The ghosts of history, however, also influence Chinese approaches to Japan in particular. While China is far from a democracy, there is evidence to demonstrate that Chinese policymakers are nonetheless sensitive to the opinions of nationalist groups that seek abrasive relations with Japan.¹⁰

Second, China has outstanding maritime territorial disputes with South Korea and Japan. These are most acute with Japan in the East China Sea, where not only do the two countries dispute sovereignty over the Japan-administered Senkaku Islands, which China calls Diaoyu, but they also have an outstanding settlement over a line to demarcate their respective exclusive economic zones. In the meantime, strategic international sea- and air-lanes traversing the Ryukyu chain in the East China Sea have grown in importance for the Chinese People's Liberation Army-Air Force (PLAAF) and People's Liberation Army-Navy (PLAN) as China seeks to conduct expeditionary military operations into the Western Pacific. The primary chokepoint in the East China Sea is the Miyako Strait, where official Chinese government spokespeople have warned Japan to "get used" to regular operations.¹¹ Japan, in recent years, has also increased its involvement in the South

¹⁰ Jessica Chen Weiss, *Powerful Patriots: Nationalist Protest in China's Foreign Relations* (Oxford University Press, 2014).

¹¹ Ankit Panda, "Chinese Defense Ministry to Japan: 'Get Used To' PLAAF Operations Through the Miyako Strait," *The Diplomat*, accessed March 17, 2018, <https://thediplomat.com/2017/07/chinese-defense-ministry-to-japan-get-used-to-plaaf-operations-through-the-miyako-strait/>.

China Sea.¹² In 2015, the Japanese Maritime Self-Defense Force conducted its first-ever bilateral drill with the U.S. Navy in these waters, prompting anger in China.

Third, the nature of democratic politics and political finance law in South Korea and Japan has made both countries somewhat resistant to overt attempts at financial influence from overseas. Japanese political campaign finance laws ban donations from foreign interests to both political parties and individual candidates.¹³ Similarly, South Korean political campaign finance laws ban donations from foreign interests to both political parties and individual candidates.¹⁴ Structural factors limit foreign financial influence, as well. In Japan, with a brief exception where the opposition Democratic Party of Japan controlled the government, recent years have seen the country's political spectrum dominated entirely by the center-right Liberal Democratic Party (LDP). As a result, the gamut of policy discourse in the country—outside of public opinion—has played out among factions within the LDP, all of whom largely have poor perceptions of and relations with the CPC and Chinese entities. South Korean politics have been more dynamic in recent years. Following the dramatic impeachment and imprisonment of former President Park Geun-hye in 2017, the country's politics have been dominated by the left-leaning erstwhile opposition, which enjoys positive public approval ratings today. Under President Moon, Sino-South Korean ties have recovered from their recent nadir in 2016 and 2017 after the Park administration decided to deploy a U.S. missile defense system on South Korean soil.

How China Seeks to Coerce and Influence

Chinese attempts to influence the relations of both South Korea and Japan with the United States have been primarily straightforward—availing of diplomatic means, overt and covert economic coercion, and military balancing. Furtive information warfare methods, by contrast, have been mostly ineffective in bearing on the political leadership in either country. However, these efforts remain poorly researched and understood. Below, I highlight recent case studies for the Commission's consideration.

THAAD and South Korea

In 2016 and 2017, fast-improving ties between South Korea and China were derailed by the former's willingness to allow the United States to deploy a Terminal High Altitude Area Defense (THAAD) missile defense system on its soil. Today, one THAAD battery—comprising six launchers, support equipment, and an AN/TPY-2 X-band radar—is deployed in Seongju county in South Korea, some 200 kilometers southeast of the capital city of Seoul. The deployment, though announced in July 2016, began in May 2017, just days before President Moon was inaugurated in an early election following President Park's impeachment.

¹² Takashi Inoguchi and Ankit Panda, "Japan's Grand Strategy in the South China Sea: Principled Pragmatism," in *Great Powers, Grand Strategies: The New Game in the South China Sea*, ed. Anders Corr (Naval Institute Press, 2018).

¹³ "Japan," International IDEA Political Campaign Finance Database, accessed March 17, 2018, <https://www.idea.int/data-tools/country-view/155/55>.

¹⁴ "Korea, Republic Of," International IDEA Political Campaign Finance Database, accessed March 17, 2018, <https://www.idea.int/data-tools/country-view/163/55>.

South Korea's decision to permit the deployment of the missile defense system was immediately seen as a high-order threat by the Chinese government. In early 2017, weeks after Park's impeachment, Chinese Foreign Minister Wang Yi met with a delegation of South Korean lawmakers from the opposition Minjoo ('Democratic') Party—a party that was then led by Moon Jae-in.¹⁵ Wang emphasized that China saw the THAAD system as posing a threat to China's "strategic security and interests." Minjoo lawmakers would later raise the possibility of Chinese economic reprisal during deliberations on THAAD deployment in the South Korean National Assembly.¹⁶

By that time, China had applied unofficial sanctions against South Korean businesses operating in mainland China and restricted Chinese tourism to South Korea, both of which dealt a significant economic blow to South Korea. China is overwhelmingly South Korea's largest trading partner and Seoul enjoys a trade surplus with Beijing—one of the few Asian countries to do so. In 2016, South Korea exported \$137 billion in goods to China and imported \$90.3 billion in return.¹⁷ By the end of 2017, South Korea may have suffered a loss of \$15.6 billion in revenue from lost economic activity as a result of the Chinese sanctions.¹⁸

A non-exhaustive list of Chinese coercive measures taken in the aftermath of the THAAD decision, as reported in the South Korean press, includes the following:

- Tailored sanctions against Lotte, the South Korean conglomerate that agreed to a land swap to allow for the deployment of the THAAD battery on one of its golf courses;
- The suspension and cancellation of South Korean pop music concerts in China¹⁹;
- The revocation of broadcast licenses in China for South Korean television shows;
- The non-issuance of release licenses for new South Korean video games²⁰;
- The banning of South Korean household appliances;
- The banning of South Korean cosmetic products²¹, which rely on China for a large market share;
- The rejection of proposed charter flights from South Korea to China and vice-versa;
- A formal order by China's National Tourism Administration for Chinese travel agencies to cease selling tours to South Korea.

15 "Foreign Minister Wang Yi Meets with Delegation of National Assembly Members of the Minjoo Party of the ROK," Ministry of Foreign Affairs of the People's Republic of China, accessed March 17, 2018, http://www.fmprc.gov.cn/mfa_eng/zxxx_662805/t1428662.shtml.

16 "Minjoo Party Split over THAAD Deployment," Yonhap News Agency, July 12, 2016, <http://english.yonhapnews.co.kr/news/2016/07/12/0200000000AEN20160712008651315.html>.

17 "What Did China Export to South Korea in 2016?," The Atlas of Economic Complexity by @HarvardCID, accessed March 18, 2018, <http://atlas.cid.harvard.edu/explore/?country=43&partner=121&product=undefined&productClass=HS&startYear=undefined&target=Partner&year=2016>.

18 David Volodzko, "China Wins Its War against THAAD without Firing a Shot," South China Morning Post, November 18, 2017, <http://www.scmp.com/week-asia/geopolitics/article/2120452/china-wins-its-war-against-south-koreas-us-thaad-missile>.

19 Song Jung-a, "Seoul Missile Move Sparks Fears for Pop Culture Exports to China," Financial Times, August 8, 2016, <https://www.ft.com/content/2fea068e-5d48-11e6-bb77-a121aa8abd95>.

20 Echo Huang and Josh Horwitz, "Online Videogames Are the Latest Casualty of China's War against Korean Businesses," Quartz, March 8, 2017, <https://qz.com/928459/online-video-games-are-the-latest-casualty-of-chinas-retaliation-against-korean-businesses-for-thethaad-antimissile-defense-system/>.

21 Park Hyong-ki, "China Ups THAAD Retaliation against Korean Products," Korea Times, January 20, 2017, https://www.koreatimes.co.kr/www/news/biz/2017/01/488_222465.html.

These actions had severe effects. Tourists from China account for nearly half of all tourists to South Korea; their spending in South Korea is higher, on average, than other tourist groups. Moreover, due to other retaliatory actions, South Korean exports of food products²² and automobiles to China significantly declined as well.²³

At a high-level, it's apparent that even though these were unofficial sanctions against South Korea, they were coordinated at the highest levels of government in China. The reason Beijing reacted so severely to the deployment of this missile defense system, according to Chinese analyses of the system's capabilities, was because Chinese military planners feared the country's lean strategic nuclear deterrent would be degraded by the forward-emplacment of an X-band radar in South Korea.²⁴ China maintains a limited numbers of intercontinental-range ballistic missiles that would be capable of retaliating against the United States after first facing a nuclear attack. China sees U.S. deployments of missile defense-related assets in Northeast Asia as a potential threat to that limited deterrent. Though this is the Chinese view on THAAD, it is unpersuasive on a technical level. The United States maintains two X-band radars in relatively close geographic proximity to the new site at Seongju; these radars sit in Japan. Moreover, the AN/TPY-2 radar must be configured in either "terminal" or "forward-based" mode. Its application in South Korea is to help the THAAD interceptors react promptly to incoming North Korean projectiles, therefore the radar is in terminal mode. In this mode, it would not be focused on gathering data on Chinese ballistic missile tests inside Chinese territory.²⁵

Furthermore, to assuage Chinese concerns, senior U.S. officials have given assurances that the THAAD deployment in South Korea would be independent and not networked into U.S. theater missile defense or homeland missile defense (the latter of which is regularly emphasized by U.S. officials to focus on "limited" threats from North Korea and Iran; not China or Russia).²⁶ "The THAAD deployment is strictly a U.S.-ROK alliance issue, in terms of information sharing. It will not be part of a wider missile defense network that MDA has developed and the combatant commands around the world utilize," U.S. Missile Defense Agency Director Vice Admiral James D. Syring remarked in 2016. "It will be solely for the purpose of the defense of the Republic of Korea. And it will not be shared with Guam or any other part of the ballistic missile defense system," he added. In early 2016, to help assuage Chinese technical concerns, the Obama administration invited China to a technical briefing on THAAD; China denied the invitation.²⁷

22 Yonhap, "S. Korea's Food Exports to China Slide in March over THAAD Row," April 4, 2017.

<http://english.yonhapnews.co.kr/search1/2603000000.html?cid=AEN20170404004600320>.

23 Song Jung-a, "S Korean Carmakers Feel Impact of China Anti-THAAD Sentiment," Financial Times, April 4, 2017.

<https://www.ft.com/content/ab64d6f0-18fe-11e7-a53d-df09f373be87>.

24 Li Bin, "The Security Dilemma and THAAD Deployment in the ROK," Carnegie Endowment for International Peace, accessed March 18, 2018, <http://carnegieendowment.org/2016/08/03/security-dilemma-and-thaad-deployment-in-rok-pub-64279>.

25 The core Chinese technical concern relates to the ability to discriminate warhead decoys and other countermeasures from real incoming warheads. It is not in the scope of this testimony to fully explore the technical merits of Chinese concerns, but for a longer examination of this subject, please see Ankit Panda, "THAAD and China's Nuclear Second-Strike Capability," The Diplomat, March 8, 2017, <https://thediplomat.com/2017/03/thaad-and-chinas-nuclear-second-strike-capability/>.

26 Kyong-ae Choi, "U.S. to Conduct Interception Test against Musudan-Type Missiles next Year: MDA Chief," Yonhap News Agency, August 11, 2016, http://m.yna.co.kr/mob2/en/contents_en.jsp?cid=AEN20160811008051315&site=0400000000&mobile.

27 "US Offers to Brief China on over Deployment of THAAD Missile System in South Korea," South China Morning Post, March 30, 2016, <http://www.scmp.com/news/china/diplomacy-defence/article/1931667/us-offers-brief-china-over-deployment-thaad-missile>.

Ultimately, Chinese coercion over THAAD came to an end in November 2017, when South Korea and China simultaneously released statements announcing that they had come to an understanding. South Korea publicly offered China three assurances: it would not accept any additional THAAD deployments; it would not participate in networked U.S. missile defense in northeast Asia; and it would not participate in a trilateral alliance with the United States and Japan.²⁸ The South Korean government emphasized that each of the assurances were in-line with the country's longstanding policy.²⁹ Nevertheless, the resolution of the THAAD impasse emphasized China's ability to employ economic coercion to extract commitments from a U.S. ally on the activities it would and would not engage in within the contours of its relationship with the United States.³⁰ This precedent could be replicated with other U.S. allies and partners in Asia and elsewhere.

Chinese Government Influence in Japan

Chinese attempts to coerce and influence Japan's foreign policy and relationship with the United States bear important similarities to the approach taken with South Korea, but important variables differentiate this relationship. First, anti-Japanese sentiment has long been a prevailing feature of China's political landscape and continues to be to this day. Second, since 2012, the territorial disputes in the East China Sea between the two countries over the sovereignty of the Senkaku Islands and the delimitation of their respective exclusive economic zones has been a central feature of this relationship. Finally, rather than focusing on influencing public opinion and sentiment inside Japan toward the Japanese government, with some exceptions, China has sought to influence regional perceptions of Japan. This was particularly visible in 2015, as East Asia marked the seventieth anniversary of Imperial Japan's defeat in the Second World War.

Economic Coercion

Like in South Korea and elsewhere, China has employed economic coercion against Japan over disputes concerning Beijing's strategic interests. The best known case of such coercion came in 2010, when, after Japanese authorities arrested a Chinese fishing trawler captain, China retaliated through unofficial sanctions, barring the export of rare earth metals critical to manufacturing processes in Japan's high-tech industry.³¹ Chinese customs officials were charged with halting shipments of various rare earth materials while senior Chinese officials raised the issue of the arrested ship captain with the Japanese government. Chinese sources, however, denied that such an embargo ever took place—a view that has been corroborated by independent analysis examining Japanese import data from the period of the supposed embargo.³²

28 Byong-su Park, "South Korea's "Three No's" Announcement Key to Restoring Relations with China," Hankyoreh, accessed March 25, 2018, http://english.hani.co.kr/arti/english_edition/e_international/817213.html.

29 A second THAAD deployment would augment U.S. Forces Korea's ability to defend against North Korean submarine-launched ballistic missile attacks. See Jeffrey Lewis, "KN-11 and THAAD," ArmsControlWonk (blog), August 28, 2016, <https://www.armscontrolwonk.com/archive/1201857/KN-11-and-thaad/>.

30 Ankit Panda, "All's Well THAAD Ends Well? What the China-South Korea Détente Means," The Diplomat, November 1, 2017, <https://thediplomat.com/2017/11/all-well-thaad-ends-well-what-the-china-south-korea-detente-means/>.

31 Keith Bradsher, "Amid Tension, China Blocks Vital Exports to Japan," *The New York Times*, September 22, 2010, sec. Global Business, <https://www.nytimes.com/2010/09/23/business/global/23rare.html>.

32 According to studies in 2013: "Two recent studies cast doubt on whether there was actually an embargo on exports to Japan and, if there was, whether this was linked to the Chinese trawler captain's arrest. Analysis of Japanese port data from the Japanese Ministry of Finance shows that there was no uniform drop in Japanese imports of Chinese rare earths following the trawler collision. Similarly, a 2012 article in The Chinese

Influence in Japanese Domestic Politics and Bureaucracy

An important exception to the general Chinese coercive approach toward Japan can be found in Okinawa, where Japanese authorities suspect the Communist Party of China's United Front Work Department and other Party-linked groups may have supported groups involved with the Ryukyu independence movement, a separatist movement seeking independence for Japan's Okinawa prefecture.³³ A report published by Japan's Public Security Intelligence Agency alleged in December 2016 that "The Chinese side, including think tanks, facilitates academic exchanges with Japanese groups, which advocate for Okinawa's independence movement, and they have visited Okinawa."³⁴ Chinese support for these groups is not only geared at promoting Ryukyu separatism, but also the more realistic near-term goal of empowering local voices in opposition to U.S. basing on Okinawa. Editorials and articles appearing in authoritative and non-authoritative party-linked Chinese state media have supported the views of Okinawan separatists. While the Chinese government has not formally challenged Japanese sovereignty over Okinawa prefecture, scholars from Party-linked think tanks have, since 2012, penned articles questioning the historical basis for Japan's sovereignty over the Ryukyu Islands.³⁵ In response to these articles, the Japanese government filed a formal diplomatic protest with China.³⁶ Despite Chinese attempts to foment support for Okinawan separatism, the United States and the Japanese government in recent years have successfully managed to navigate persistent local grievances and protests over the U.S. military presence on the island.³⁷ The issue is fraught within Japan and the current governor of Okinawa, Takeshi Onaga, has faced personal attacks and criticism for his perceived unsubstantiated ties to China.³⁸ Chinese attempts to foment and sustain continued local opposition to the U.S. presence on Okinawa will likely continue.

Outside of Okinawa, the Communist Party of China does not readily or significantly influence national-level politicians in Japan. This is partly due to the continued dominance of the right-leaning Liberal Democratic Party in Japanese politics, within which today China is persistently regarded as a strategic competitor and a threat to be managed. From the 1970s to the early 1990s, the LDP's so-called Keisei-kai faction, affiliated with former Prime Minister Kakuei Tanaka, was seen as pro-China, but this faction's influence has largely waned since the 2000s onward, leaving the LDP's existing factions uniformly seeking to defend Japanese territorial and strategic interests

Journal of International Politics cites Japanese and US news media to demonstrate that Japanese officials and businesses had been aware since mid-August 2010 of Chinese plans to reduce their worldwide rare earths exports." From Amy King and Shiro Armstrong, "Did China Really Ban Rare Earth Metals Exports to Japan?," *East Asia Forum* (blog), August 18, 2013, <http://www.eastasiaforum.org/2013/08/18/did-china-really-ban-rare-earth-metals-exports-to-japan/>.

33 Isabel Reynolds, "Japan Sees Chinese Groups Backing Okinawa Independence Activists," Bloomberg.Com, December 26, 2016, <https://www.bloomberg.com/news/articles/2016-12-26/japan-sees-chinese-groups-backing-okinawa-independence-activists>.

34 "Public Security Intelligence Agency's Report Claims Ryukyu-China Programs Aim to Divide Country," Ryukyu Shimpo - Okinawa, Japanese Newspaper, Local News (blog), accessed March 25, 2018, <http://english.ryukyushimpo.jp/2017/02/04/26418/>.

35 Jane Perlez, "Calls Grow in China to Press Claim for Okinawa," New York Times, June 13, 2013, https://www.nytimes.com/2013/06/14/world/asia/sentiment-builds-in-china-to-press-claim-for-okinawa.html?pagewanted=all&_r=0.

36 Julian Ryall, "Japan Angered by China's Claim to All of Okinawa," Deutsche Welle, October 5, 2013, <http://www.dw.com/en/japan-angered-by-chinas-claim-to-all-of-okinawa/a-16803117>.

37 Sonia Narang, "Despite Longstanding Local Opposition, the US Is Expanding Its Okinawa Military Base," Public Radio International, August 8, 2017, <https://www.pri.org/stories/2017-08-08/despite-longstanding-local-opposition-us-expanding-its-okinawa-military-base>.

38 Julian Ryall, "Chinese Agent: Smear Campaign against Okinawa Governor over US Base Opposition," South China Morning Post, December 31, 2017, <http://www.scmp.com/week-asia/geopolitics/article/2122311/chinese-agent-and-other-insults-okinawa-governor-lives;Okinawa-Gov.'s-China-Connection-Nothing-but-Fake-News,-but-Spreads-via-Internet>," Mainichi Daily News, June 18, 2017, sec. Japan, <https://mainichi.jp/english/articles/20170618/p2a/00m/0na/005000c>.

against Chinese government influence.³⁹ Yasuo Fukuda, former prime minister of Japan from 2007 to 2008, is likely the most influential LDP figure to hold a position of influence and be perceived as pro-China in recent years.⁴⁰ Japan's opposition parties are presently in a state of disarray with marginal influence on national politics. Historically, Japan's primary communist party, the Japan Communist Party (JCP), has not maintained a robust relationship with the Communist Party of China, even as it has criticized the U.S.-Japan alliance relationship domestically. This is mainly due to the JCP supporting Japan's territorial claims, including in the East China Sea, and Cold War-era history. The party is a marginal player in national-level Japanese politics today. (The JCP has been more successful in local-level politics.⁴¹)

Outside of politics, analysts have long pointed to the lingering influence of Chinese government-linked individuals and entities within the Japanese government. Parts of Japan's influential foreign and economic policy bureaucracy that deal with China policy have long been dominated by the so-called 'China School' bureaucrats—Japanese civil servants who specialize in China, speak fluent Mandarin Chinese, and have spent considerable time studying and/or living in China.⁴² These bureaucrats are generally perceived to favor strong Japan-China ties and are contrasted with the so-called 'Western School' of Japanese bureaucrats, who favor a strong U.S.-Japan alliance and a fundamentally pro-Western Japanese foreign policy posture. The avenues of Chinese government influence on Japanese bureaucrats are not properly understood and existing analysis is strongly based in rumor and hearsay. Moreover, since the mid-2000s onward, the China School's influence within the Japanese bureaucracy is thought to have declined considerably—a result of the changing character of the bureaucracy under the prime ministership of Junichiro Koizumi.⁴³ Following the elevation of Japan's erstwhile Defense Agency into the Ministry of Defense in 2007, too, the generally pro-U.S. defense bureaucracy has had greater influence within the prime minister's office.

The Role of State-Run Media in Shaping Attitudes

The Communist Party of China uses state-run media as a vehicle by which to positively reinforce specific Japanese politicians and bureaucrats that it sees as favorable to its interests. Where historical issues, like long-standing grievances over the Imperial Japanese Army's wartime atrocities in Korea and China are concerned, state media also emphasize an anti-Japanese perspective. While much of this is internally directed toward nationalist constituencies within China, some of it appears to be directed toward publics in South Korea and Japan. The positive reinforcement angle is best illustrated perhaps by one case: a 2014 visit by former governor of Tokyo, Yoichi Masuzoe, to China for a three-day visit on the invitation of the Beijing city

³⁹ "Foreign Ministry's 'China School' Left out in Diplomatic Cold," *Sentaku*, March 14, 2016, <https://sentaku-en.com/articles/2016/03/11.html>; Masaya Inoue, "The Impact of LDP Politics on Japan-China Relations," *The Tokyo Foundation*, January 12, 2016, <http://www.tokyofoundation.org/en/articles/2016/impact-of-politics-on-japan-china-ties>.

⁴⁰ "Interview with Yasuo Fukuda: Ex-Japan PM Says Tokyo Should Moderate Sino-US Rivalry," January 4, 2016, <https://asia.nikkei.com/Politics-Economy/International-Relations/Ex-Japan-PM-says-Tokyo-should-moderate-Sino-US-rivalry>.

⁴¹ "Red Revival," *The Economist*, April 17, 2015, <https://www.economist.com/news/asia/21648771-communists-become-japans-strongest-political-opposition-provinces-red-revival>.

⁴² Yew Meng Lai, *Nationalism and Power Politics in Japan's Relations with China: A Neoclassical Realist Interpretation* (Routledge, 2013), 95.

⁴³ Peng Er Lam, *Japan's Relations With China: Facing a Rising Power* (Routledge, 2006), 44–45.

government.⁴⁴ This visit took place when China-Japan bilateral relations were undergoing a freeze that began when Japan nationalized the Senkaku Islands in 2012. Masuzoe's trip was given positive coverage in Chinese state media and he even earned praise from a Chinese Foreign Ministry spokesperson, who described Masuzoe as among the "insightful people" in Japan who would want to develop "amity between China and Japan." Meanwhile, in 2015, on the occasion of the seventieth anniversary of the end of the Second World War, Chinese state media featured heavy coverage of Japanese wartime atrocities ahead of an anticipated address by Prime Minister Shinzo Abe.

Recommendations for Congress

The United States Congress—and Members of Congress independently—can do quite a bit to support and strengthen the existing U.S. alliances with South Korea and Japan. The overriding task will be to help these alliances evolve and adapt to the shifting geostrategic challenges of the 21st century. As China strives for regional hegemony in the coming decades, U.S. alliances will serve as an important bulwark against institutional revisionism in the region; these relationships will shore up the foundation of the rules-based order in Asia. To abet these efforts and ensure their success, Congress should:

1. **Continue exchanges** with lawmakers and leaders in South Korea and Japan, seeking to understand local perspectives on these two alliances;
2. **Push back on any assertions** from the executive branch implying that U.S. alliances are a raw deal for Washington and that South Korea and Japan do not sufficiently contribute to the U.S. military presence in their countries;
3. **Fund sustained academic study of South Korea and Japan** to ensure that the next generation of American policymakers and diplomats are prepared to contend with rising Chinese government influence in these countries. Independent analysts and scholars too continue to work on Chinese attempts to influence policy and politics abroad; in the context of South Korea and Japan, much remains poorly studied and understood, including the extent of Chinese financing of various private media organizations in both countries and covert information warfare.
4. **Remain vigilant to Chinese government attempts to influence alliance discourse at home.** Given the historic, structural, and cultural limitations to seeking political influence in Seoul and Tokyo, the Communist Party of China has incentives to shape allied discourse in the United States. Given President Trump's criticisms of U.S. alliances, Beijing may calculate that the component of these alliances more vulnerable to manipulation is right here in Washington and not in either Seoul or Tokyo.
5. **Promote economic integration and interdependence between the United States, South Korea, and Japan.** A significant contributor to Chinese leverage and influence over Japan and South Korea comes in the form of the economic importance that the Chinese market holds for both these economies. By expanding U.S. trade as a relative proportion of South Korean and Japanese external trade, the United States can help reduce the extent to which these countries rely on Beijing. This is more true of South Korea than Japan, where China carries immense economic leverage as

44 Shannon Tiezzi, "Tokyo Governor Yoichi Masuzoe Visits Beijing," *The Diplomat*, April 26, 2014, <https://thediplomat.com/2014/04/tokyo-governor-yoichi-masuzoe-visits-beijing/>.

the country's top trading partner. President Trump's successful renegotiation of the South Korea-U.S. Free Trade Agreement (KORUS) is likely to inhibit the growth of this relationship while addressing the U.S. trade deficit in goods with Seoul; accepting trade deficits in the short- to medium-term can help Washington outpace China.

6. **Continue to support and empower the WTO.** In cases of economic coercion, China prefers to employ unofficial sanctions, which likely violate World Trade Organization (WTO) standards. South Korea, for example, turned to the WTO over the THAAD-related sanctions. Congress should ensure that the United States stands behind the WTO. Accordingly, Congress should oppose unilateral U.S. trade sanctions that would violate U.S. WTO obligations as these would serve to weaken the rules-based trading order, which may serve as an important constraint on future Chinese attempts at economic coercion.