



**The Trilateral Commission**

**Report of the  
Pacific Asia Group's  
S e o u l  
Conference**

**November 27–29, 2009  
Seoul, Korea**



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**R e p o r t o f t h e  
P a c i f i c A s i a G r o u p ' s  
S e o u l  
C o n f e r e n c e**

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## Foreword

Sixty members and guests convened in Seoul in late November 2009 for the 10th regional meeting of the Trilateral Commission's Pacific Asia Group. The world had changed in many ways since the last time that Trilateral Commission members gathered in Seoul in April 2003 for that year's full plenary meeting. That meeting was held as Baghdad fell to the US military, and much of the discussion at the time revolved around the predominant US position in global affairs. By November 2009, however, in the wake of the massive financial crisis that originated in the United States, there was a growing sense that Asia had emerged as a more influential player on the world stage. Meanwhile, it was increasingly clear that global governance had become more complex, not only because of the shift from a relatively unipolar to a more multipolar international system but also because of the emergence of a set of more complicated and challenging transnational problems.

Accordingly, the Seoul regional meeting focused on how Pacific Asia might contribute more effectively to global governance. In the initial panel discussion, three leading experts presented papers on nuclear proliferation and the recent calls for a nuclear weapon-free world, grappling with the difficulties of moving toward disarmament in a region that lives daily with the nuclear threat on the Korean Peninsula as well as on the Indian subcontinent. The aftermath of the global financial crisis was the focus of the second session, which was marked by an awareness that Asia had become an engine of economic growth, yet regional and global institutions designed to help manage finance and trade are still in need of substantial reform. In the third panel, participants tied these discussions together in a broader exploration of how the regional order can be better structured to deal with the challenges of globalization and how regional institutions might be linked up to global ones.

We were also fortunate that several prominent Korean leaders joined the conference to share their thoughts on Korea's role in the regional and global order. Former Prime Minister Han Seung-soo reflected on the political and economic dynamism that allowed Korea to rebound so quickly from

the Asian financial crisis in the late-1990s to where it now plays a growing role on the global stage, including in forums such as the G20. Meanwhile, Korea's Unification Minister Hyun In-taek shared his personal observations on the state of interactions with North Korea and the Lee Myung-bak administration's long-term vision for inter-Korean relations.

This report compiles the three papers on nuclear disarmament presented by the speakers in the first session as well as edited versions of the spoken remarks of the speakers during the second and third sessions. There are many people who deserve acknowledgement and gratitude for making the conference and this report possible, and of these it is particularly important to mention the Korean national group of the Trilateral Commission, led by Han Sung-joo. The hospitality and thoughtfulness that they demonstrated in hosting the 2009 regional meeting was extraordinary, and for this they deserve our gratitude.

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## THE PROSPECTS FOR NUCLEAR DISARMAMENT

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### **Revisiting the Nuclear Weapon-Free World Goals: A South Korean Perspective**

*KIM TAEWOO*

#### NORTH KOREA'S NUCLEAR ENDGAME AS ITS DESTINY

The synopsis report prepared by the Trilateral Commission Pacific Asia Group includes ambitious goals as part of moving toward a nuclear weapon-free world. It identifies challenges in the areas of nuclear disarmament, nonproliferation, nuclear terrorism, and civil nuclear energy, and it specifies phased action plans to meet them. For the purpose of nuclear disarmament, the report suggests as main goals the illegalization of nuclear weapons and nuclear tests together with a limited notion of missile defense as a complementary measure. In the area of nonproliferation, the report suggests a complete application of the NPT [Nuclear Non-Proliferation Treaty] safeguards and verification. It also proposes strengthening of non-NPT mechanisms such as the Nuclear Suppliers Group (NSG), the Comprehensive Test Ban Treaty (CTBT), and the Proliferation Security Initiative (PSI). To meet the challenges regarding the danger of nuclear terrorism, it suggests implementation of the Convention on the Physical Protection of Nuclear Material, global watertight control of material useable for “dirty bombs,” and full utilization of the science of nuclear forensics. Pertaining to civil nuclear energy, the report recommends multilateralization of the nuclear fuel cycle and development of proliferation-resistant

technologies for spent fuel treatment. For all the goals, the synopsis report suggests a phased approach toward an eventual nuclear weapon-free world beyond 2025. If applied to the Korean Peninsula, however, these goals and roadmaps seem to be a matter of irrelevance or luxury at best, at least in the short run, given the nuclear endgame North Korea desperately holds onto and the resulting dilemmas imposed upon South Korea.

Without further ado about the particulars of what has happened during the 20-year-long history of its nuclear game, the single largest reason for the North's stubborn adherence to "nuclear deterrence" has been the dilemma involving its political system. For the ruling strata in North Korea—who have enjoyed all sorts of privileges during 60 years of feudalistic dynastic dictatorship and therefore are well aware of the danger a demise of the political system poses—top priority is given to "regime survival." This is the main objective behind the North Korean leadership's elevation of its military-first policy to a governing ideology, thus sustaining loyalty from the military. The very reason for shunning reform and openness, all the while knowing that these measures would lead to immediate betterment of the North Korean economy, is also regime sustenance. The same goes for sticking to the *juche* agricultural method instead of a market economy-based one that would quickly improve its food situation, as well as for its rejection of foreign food aid that has increasing transparency in distribution attached as a condition. Therefore, requesting the North Korean leadership to give up the nuclear leverage that they believe to be the last resort in safeguarding the regime is like requesting them to give up their lives.

The dilemma involving the political system has been the core reason behind the nonproductive nuclear dialogue too, whether bilateral or multilateral. As its destiny, North Korea has utilized time-earning tactics while continuing weapons of mass destruction (WMD) development and pursuing the status of a nuclear weapon state as an international fait accompli. North Korea surely wants a guarantee for the security of the regime before it puts down its nuclear leverage. But this is not what the international community can provide. To guarantee the safety of a regime that still remains a dictatorship as well as the worst human rights offender would be contrary to the founding principles of the United States. Trapped by these dilemmas, the nuclear talks have gone around in the vicious cycle of "tensions, to agreements and quid pro quo, to violations and muddling through." Here, the question is, will the North Korean leadership show interests in the lofty goals of a nuclear weapon-free world?

## SOUTH KOREA'S NUCLEAR DILEMMAS

Naturally, the North's die-hard nuclear ambition and its desperate endgame impose a variety of dilemmas upon South Korea. First of all, South Korea finds no reason to be really impressed by the North's "appeasement offensive" since August 2009 or by the increasing visible US-DPRK contacts as a "warm up" for the resumption of the nuclear talks. This is so because even ordinary South Korean citizens know that the North's peaceful gestures are unrelated to its will to put down its bombs and that resumption of the talks without such a will would mean simply returning to the "vicious cycle." After witnessing the long nuclear game played by North Korea, now most South Koreans have no difficulties in understanding the "two-track vs. two-track confrontation"—the US two-track approach of separating the issue of dialogue from the continuation of sanctions until tangible progress is made is directly confronted by the North Korean version of a two-track approach of separating the issue of negotiations from sticking to nuclear leverage.

This situation severely narrows Seoul's options in terms of North Korea policy. For South Korea, sharing the small peninsula with the North, both extreme choices are simply unacceptable: pursuing a collapse of the North Korean regime, the root cause of the nuclear endgame, is too risky, while deciding to live with North Korean bombs is too irresponsibly dangerous. The only possible choice should be a "third way" in which South Korea keeps trying to induce gradual improvement of the North's political system and phased reforms. In this sense, both of the so-called ideas of "denuclearization-opening-3,000"—President Lee Myung-bak's election pledge—and the "Grand Bargain" recently suggested by him reflect the "third way" approach. By those pledges and suggestions, South Korea is asking the North to show a firm and comprehensive will for denuclearization and reforms in one way or another and telling North Korea that it will reopen its North-bound assistance while allowing the gradual and phased implementation of denuclearization and reforms.

This means that South Korea has to live with the bombs at least for the time being. Now North Korean ballistic missiles over the Scud-C level can reach any targets within South Korea within the timeframe of one to seven minutes, allowing no time or spatial leeway for South Korea to intercept them. Its aircrafts, like the IL-28, MIG-21, MIG-23, and MIG-29, can also serve as effective delivery vehicles. The question frequently asked by the Western media, "Has Pyongyang succeeded in making useable nuclear weapons?" is both irrelevant and annoying since the North already has a

variety of ways to threaten the South, including special operation forces infiltration and terrorist use of radiation dispersal devices or biochemical weapons, not to mention the use of missiles or aircraft. An interim conclusion may be that the North's WMD must be an object to be deterred rather than one to be defended against. Any efforts to defend against them or to minimize damage after the use of such weapons will have only limited significance, given the geographical proximity, population density, and congestion of South Korea's cities, as well as budgetary and technical limitations.

This situation requires South Korea to grope for autonomous and international measures to deter the nuclear threat. The former involves deterrence of the threat by cultivating advanced conventional weaponry and deterrence capabilities, thereby autonomously thwarting the threat. The latter entails deterrence via alliance management, such as extended deterrence and nuclear diplomacy. Since the former requires time, money, and political consensus while the latter does not, the pursuit of protection through alliance management should be an immediate task for South Korea. It is in this vein that many strategic planners in Seoul as well as in Tokyo believe that now is high time for the United States to strengthen extended deterrence involving its allies in East Asia.

Accordingly, it was a necessary and appropriate international measure to strengthen the nuclear umbrella during the June 16, 2009, ROK-US summit. The "joint vision" statement signed by both presidents includes the intent to continually provide for extended deterrence, including the nuclear umbrella.<sup>1</sup> By inserting the nuclear umbrella into the summit document, its legal standing did somewhat increase. By placing the nuclear umbrella as a subcomponent of extended deterrence, room was made to include protection from non-nuclear WMD in extended deterrence. In all, one could judge that the June 16 summit was successful in both elevating the legal standing of the nuclear umbrella as well as expanding the scope of protection. The US promise of extended deterrence was once again reconfirmed in October 2009 at the 41st ROK-US Security Consultative Meeting in Seoul.<sup>2</sup>

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1. The Joint Vision for the Alliance of the United States of America and the Republic of Korea reads, "We will maintain a robust defense posture, backed by allied capabilities which support both nations' security interests. The continuing commitment of extended deterrence, including the US nuclear umbrella, reinforces this assurance."

2. US credibility on the provision of the nuclear umbrella for South Korea has been annually confirmed since 1978 through the joint statement at the Security Consultative Meeting.

## PESSIMISTIC SHORT-TERM PROSPECTS

To begin with, the goals involved with creating a nuclear weapon-free world will have to face North Korean intransigency. The nonproliferation goals will collide with the DPRK's die-hard nuclear ambition and its continued rejection of the NPT. Any request to abide by non-NPT international norms—such as the Chemical Weapons Convention (CWC), the Missile Technology Control Regime (MTCR), and the PSI—would be like chasing a mirage to North Korea, which rejects all of them. For the present, the nation is highly unlikely to return to the NPT, which it withdrew from in 2003. The disarmament goals could be highly elusive too. Though North Korea has often said, “We want nuclear disarmament talks with the United States” and “the denuclearization of the Chosun Peninsula is the will of the departed President Kim Il-sung,” its intention is much different from what some naive listeners may believe. By suggesting disarmament talks, the North seeks political recognition of its status as a nuclear weapon state. By referencing the “denuclearization of the Chosun Peninsula,” the North is in fact demanding abolition of the US nuclear umbrella, as well as even the prohibition of passage or entry of nuclear-armed US naval vessels or aircraft into South Korea, as a precondition before talking about its return to the NPT and denuclearization. It is with the “will of the late leader” that North Korea has indefatigably clung to plutonium production. With this “will,” North Korea has thus far managed to pull off two nuclear tests and consolidated its position as a de facto nuclear weapon state despite the 12 sessions of the Six-Party Talks. It is also with this “will” that it is expanding its nuclear weapon programs into uranium enrichment. Given that historically there has not been a nuclear weapon state that has relied only on a single source of either plutonium or uranium, there is no problem with assuming that the North is also pursuing a parallel uranium bomb program alongside the plutonium program.<sup>3</sup>

Under these circumstances, South Korea's strategic calculus is very complicated. First of all, South Korea has reasons to worry about President Obama's “Nuclear Weapon-Free World” initiative and reasons to be concerned about unwanted spillover from the designation of President Obama as the 2009 Nobel Peace Prize laureate. President Obama, seemingly

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3. Though North Korea did not self-reference the enrichment issue before 2009, experts including the author have been asserting for five to six years the existence of Pyongyang's enrichment program based on imports from Pakistan of enrichment components and dual-use items. See Taewoo Kim, “Implications of A. Q. Khan's Testimony,” *Weekly Defense Review* 994 (May 10, 2004).

immersed in the logic of the “zero option,” focuses on reducing the nuclear weapons stockpile as well as dependence on nuclear weapons. Under his leadership, Washington emphasizes further nuclear disarmament agreements with Russia, a drastic cut in nuclear weapons, and reinforcement of the nonproliferation regime.<sup>4</sup> Aware of the fact that the second edition of the Nuclear Posture Review (NPR) under President Bush gained international criticism for its unilateral nature of nuclear strategy and pursuit of nuclear superiority, President Obama also seeks mitigation of the unilateral tint in the third edition of the NPR to be published soon. While his new stance should be welcomed globally as an important step toward nuclear peace, South Korean concerns center around the ripple effects, i.e., the possibility of US nonchalance in reassuring its East Asian allies that have nuclear insecurity.

For example, the NPR may be revised in a manner so as to dilute deterrence against the North's chemical and biological weapons. At a press conference in 2002, President Bush clearly advocated retaliation against states threatening the United States and its allies with WMD, with the second NPR also outlining three scenarios upon which nuclear weapons can be deployed: to destroy HDBT [Hard and Deeply Buried Targets], to retaliate against a preemptive attack by an opponent using nuclear, chemical, or biological weapons, and to counter a situation wherein a rogue state or terrorist organization employs an unexpected arsenal. However, the provision of extended deterrence against a non-nuclear WMD attack is increasingly questionable in the Obama administration. South Korea, and probably Japan too, wants North Korea's use of its chemical and biological weapons to be included under a category requiring extended deterrence.

The triad system may be another example. The new triad laid out by the Bush administration in the second NPR had coupled tactical nuclear weapons with conventional strategic capability in the framework of nuclear retaliatory measures. Conventional weapons are high on the usability list, which contributes to the credibility of extended deterrence. If such measures are deleted or buried in the nuclear disarmament fever, there will be a perception of a weakened US commitment to protecting

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4. Currently, the Obama administration is making internal headway into publishing the new NPR by the end of 2009, but one can observe the overall trajectory of the NPT through prior research undertaken by a taskforce facilitated by the United States Institute of Peace and funded by the US Congress. See William J. Perry and James R. Schlesinger, *America's Strategic Posture* (Washington DC: United States Institute of Peace, 2009).

its allies. In order to effectively deter the North, the intent to adopt advanced conventional weapons in the overall nuclear retaliatory system as envisioned by the second NPR must continue to be in effect under the Obama administration.

Of course, many other changes that the Obama administration may attempt will not weaken the extended deterrence, at least theoretically. For example, a return to the no-first-use policy, which the 2002 NPR renounced, has nothing to do with weakening extended deterrence since it will not become operational so long as Pyongyang does not push ahead with any WMD provocation. Likewise, drastic nuclear disarmament will not undermine extended deterrence since in no case will the United States lack in nuclear weapons and delivery vehicles to be used for the purpose of extended deterrence. This is why the key question is whether or not the US government will place appropriate gravity on providing extended deterrence for its allies. As long as it does so, its allies will have to welcome a US return to the no-first-use policy and disarmament as necessary initiatives to intensify its moral position. In any case, it does not seem easy for South Korean strategic planners, preoccupied with national survival and security under the WMD threat from the North, to digress by engaging in the discussion about a nuclear weapon-free world.

In the meantime, the goals for achieving a nuclear weapon-free world related to the control of nuclear material and the peaceful use of atomic power are things that can be easily said but difficult to do. Although Professor Graham Allison suggests numerous ways in his 2004 book, including the “three No’s,” watertight control of nuclear material needs much more concerted work at the global level.<sup>5</sup> Particularly, the two goals can be mutually contradictory over the central issue of proliferation of the fuel cycle, and the contradiction is becoming the source of vehement “enrichment-reprocessing politics.” For nuclear weapon states and those possessing enrichment-reprocessing capabilities, prohibition of further proliferation of critical technologies would best serve their national interests, i.e., control of sensitive material plus maintenance of their monopoly over enrichment and reprocessing. While the global effort toward nonproliferation of enrichment and reprocessing such as the US-led Global Nuclear Energy Partnership (GNEP) initiative has some legitimacy since it helps combat cheating countries, it can victimize those non-nuclear weapon states with heavy reliance on atomic energy.

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5. The three No’s are “no loose nukes,” “no new nascent nukes,” and “no new nuclear weapon states.” See Graham Allison, *Nuclear Terrorism: The Ultimate Preventable Catastrophe* (New York: Times Books, 2004).

This situation is becoming an unending frustration for countries like South Korea. South Korea has disavowed possession and operation of enrichment and reprocessing pursuant to the inter-Korean Joint Declaration of the Denuclearization of the Korean Peninsula signed on December 31, 1991, after US arm twisting.<sup>6</sup> Since then, unfortunately, nuclear activities took place as had been predicted.<sup>7</sup> South Korea alone complies with the Joint Declaration, whereas North Korea has ignored it until it became a nuclear weapon state with its 2006 and 2009 nuclear tests. The humiliating situation still continues.

However, the humiliation should be a matter of secondary concern when many scientists ask a more painful question: why should South Korea, a country inevitably depending on atomic energy, give up its peaceful use of enrichment and reprocessing, which is not illegal under the NPT? Their immediate concern pertains to spent fuel disposal. South Korea can survive an absence of enrichment by importing enriched uranium to fabricate fuel assemblies for its 16 light water reactors. For the four CANDU heavy water reactors, it imports natural uranium. Though there are constant demands on the part of the scientific community regarding enrichment for domestic production of nuclear fuel, the absence of enrichment capacity is not really an unforgiving situation as long as the international prices and supply of uranium remain stable. The remaining question is what South Korea—without reprocessing—can do to dispose of the spent fuel.

The 20 reactors annually spit out some 850 tons of spent fuel, totaling some 10,000 tons. South Korea temporarily stores the spent fuel in water pools in each of the four reactor sites. Given the nation's long-term plans for the atomic industry, the accumulated quantity of high-level radioactive waste will amount to 88,000 tons by 2100, while the current storage

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6. Through the Joint Declaration, both Koreas agreed not to possess enrichment or reprocessing facilities. The signing was preceded by a ROK-US security meeting in Hawaii in August 1991 in which the United States requested that Seoul disavow its enrichment and reprocessing program.

7. This author predicted that South Korea's atomic industry would suffer from the disavowal of enrichment and reprocessing while the nation would be destined to face a nuclear-armed North Korea. See: Taewoo Kim, "South Korea's Nuclear Dilemmas," *Korea and World Affairs* 16, no. 2 (Summer 1992): 250–93; "Shaping the US-North Korea Nuclear Relations: A South Korean Perspective" (paper presented at the International Workshop and Conference on Nuclear Proliferation: Challenges of a New Era, Carnegie Endowment for International Study, Washington DC, November 16–18, 1993); "South Korean Patience Wearing Thin," *Bulletin of the Atomic Scientists* (September/October 1995): 3; "The US-DPRK Nuclear Rapprochement in the South Korean Dilemmas," *Third World Quarterly* 16, no. 4 (November 1995): 661–74.

facilities will approach saturation in 2016. A central question may be, did South Korea disavow the right to safely dispose of its highly radioactive waste by signing the Joint Declaration?

Now, South Korea's atomic scientists grapple with two simultaneous tasks—how to permanently dispose of the spent fuel rods and how to abide by nonproliferation norms. For them, only two ways may be conceivable: (1) direct deep geological burial of the spent fuel rods without chemical treatment and (2) pyroprocessing. While direct burial is too burdensome both environmentally and politically for a country with little territory, some scientists find pyroprocessing to be second best, as it still significantly reduces the volume, heat, and radiotoxicity of the waste while not separating plutonium from it. However, whether the international community will support this is questionable at a time when strong countries are trying to outlaw all kinds of reprocessing activities. The US opposition to this proliferation-resistant method embarrasses South Korean scientists as well as their government.

Under these circumstances, countries like South Korea will have difficulties accepting the GNEP or other similar international regimes that once again divide the world into the “haves of reprocessing” and “have-nots,” following the NPT that divided the world into nuclear weapon “haves” and “have-nots.” A multilateralization of the nuclear fuel cycle, recommended by the synopsis report, may be the right answer but is not likely to be feasible. For example, if all enrichment and reprocessing facilities in countries other than those nuclear-weapons-state members of the NPT are multinationalized in possession, operation, and safeguards, it would help countries like South Korea get rid of a sense of deprivation and discrimination and would ensure a stabilized supply of enriched uranium and reliable international disposal of the spent fuel. However, whether nuclear realpolitik will allow this is highly questionable. This can be easily said but will be hard to conduct in the real world.

## LONG-TERM PROSPECTS

The long-term prospects for a nuclear weapon-free Korean Peninsula seem less pessimistic than the short-term ones. Above all, the leadership in Pyongyang has only two choices in the end: give up its nuclear weapons and pursue reform and openness, or retain its nuclear arsenal and isolate its regime and people. The first will essentially lead to the improvement of the living standards of ordinary North Koreans, but the vested strata reject it as

they worry about “capitalistic contamination” and thereby the possibility of regime collapse. This is why the second option is the inevitable alternative for the time being, since it prevents any imminent demise of the regime despite the destitution and isolation its people suffer from. However, the second option will not last permanently given all of the contradictions being accumulated both internally and externally. The nuclear drama directed by the totalitarian regime in Pyongyang may end at any time via voluntary decision, implosion, collapse of the regime, or other causes. The problem is that no one knows when and how it will take place.

Fortunately, South Korea, or a unified Korea, will have no reason to pursue nuclear weapons. For South Korea, the DPRK nuclear threat, the single largest factor that could encourage a South Korean response in kind, is well offset by the robust ROK-US alliance and extended deterrence. The military potential of Japan's atomic industry will also not function as an encouraging factor as long as the US-Japan alliance and ROK-US-Japan trilateral collaboration remain strong. In addition, South Korea has many other factors that discourage this. For South Korea, the external dependency of its economy and its maturity in democracy overwhelm the role of the two groups of mythmakers: the extreme rightists, including some of the Korean War warriors, who demand that South Korea respond in kind to deal with the North's bombs; and some extreme reformists as well as some pro-North Korean activists and young people, who believe that South Korea should not oppose North Korean bombs because they will become Korean property when the Korean Peninsula is unified. With the 13th largest GDP in the world, South Korea's economy has grown too much to risk isolation. Likewise, its democracy teaches the South Koreans how nuclear weapons undermine their prosperity and dampen their unification dream.

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# Will We Ever See a Nuclear Weapon-Free World?

MASASHI NISHIHARA

## DISARMAMENT RATHER THAN COMPLETE ABOLISHMENT

In April 2009, when President Obama talked in Prague about a nuclear weapon-free world, he also said that the goal of total nuclear disarmament would not be achieved quickly—“perhaps not in my lifetime.” Is total nuclear disarmament a realistic goal? And is it a desirable goal? Nuclear disarmament efforts should proceed with deep cuts in arsenals. However, I take the stand that complete nuclear abolishment is unrealistic and not desirable either. Nuclear disarmament is one thing, and complete abolishment is another.

The collapse of the Soviet Union has practically ended the nuclear rivalry between the United States and Russia. The famous article contributed by four American nuclear specialists in the *Wall Street Journal* in January 2008 was a testimony to this. Several international groups, such as the Global Zero Commission and the Evans-Kawaguchi Commission, formally known as the International Commission on Nuclear Non-Proliferation and Disarmament (ICNND), have since advanced the total elimination of nuclear threats. President Obama’s Prague speech built official momentum toward nuclear disarmament. It was followed by the UN Security Council summit in September 2009 and the UN General Assembly’s resolution on total disarmament in late October, a resolution that both the United States and Russia joined.

The United States and Russia are also working on mutual reduction of nuclear arsenals to succeed the Strategic Arms Reduction Treaty (START), which is to expire on December 5, 2010. It is desirable for the success of

the NPT Review Conference in May 2010 to see the new US-Russia treaty signed by then. The two countries will probably send their agreement on the new treaty soon. It is speculated that their arsenals will come down to about 1,675 respectively, from the 2,200 each called for by 2012 in the Treaty of Moscow on Strategic Offensive Reductions.

A skeptical prospect may be that although the United States and Russia may continue their negotiations for deeper cuts, they will consider that they should maintain “a safe, secure, and effective arsenal,” to use the expression of President Obama’s Prague speech. As the balance of conventional forces tips further to the United States with its superior high technology, Russia will feel a greater urge to maintain nuclear forces than the United States. Moscow furthermore sees the merit of employing tactical nuclear weapons against conventional attacks in the region such as those staged by the Georgians against the South Ossetians and Russians in the summer of 2008.

Then, their bilateral talks for reduction of nuclear weapons, at some point, will have to involve China’s nuclear arsenals. China takes the position that it will participate in nuclear disarmament talks when the United States and Russia substantially reduce their possession. China’s nuclear arsenals lack in transparency, but it is estimated to have about 200 strategic warheads, although the government refuses to provide any official data on them. Thus, the trilateral talks would have to presume China’s disclosure of the size of its nuclear forces. The trilateral talks would be more complex than the bilateral talks.

In late October 2009, the UN General Assembly adopted a resolution to promote complete elimination of nuclear weapons, as was mentioned earlier. It was supported by 170 nations, the largest number of member nations in UN disarmament history. The United States and Russia voted for the resolution. However, China abstained, while North Korea and India voted against it. As long as India keeps nuclear weapons, Pakistan will not give up its weapons. Under these circumstances, it will be impossible to realize the complete abolishment of nuclear arsenals.

Nuclear disarmament should refer to both strategic and tactical (non-strategic) weapons. Negotiations on tactical nuclear weapons would be as complex as those on strategic weapons.

## MORE EFFECTIVE NONPROLIFERATION MEASURES IN THE IMMEDIATE FUTURE

The international community should take several immediate measures to advance nuclear nonproliferation and disarmament. Any progress will help support the NPT Review Conference to be held in May 2010. These measures include the following:

1) The CTBT should be ratified and made effective. President Obama has called for his country to ratify it. A skeptical view of the success of the ratification by the Senate is persistent. Even if the United States should ratify the treaty, it must be ratified by 10 more countries before it becomes effective with the support of the required 44 nations. Those 10 countries include China, India, Pakistan, North Korea, Israel, and Iran. Even if the CTBT should be ratified, the United States can continue to conduct nuclear tests in a laboratory. Although this may be legal, such conduct would go against the spirit of the CTBT.

2) Negotiations on the proposed Fissile Material Cut-off Treaty, which started in 1995 when deliberations on the CTBT were finished, also should be concluded as soon as possible as an effective means to contain nuclear proliferation. Four NPT nuclear weapon states have banned the production of fissile materials for nuclear weapons. China has not, nor have North Korea, India, and Pakistan, all non-NPT states. It will be a difficult process to conclude the negotiations on the proposed treaty.

3) The International Atomic Energy Agency (IAEA)'s function should be strengthened in terms of budget, staffing, and prerogatives for inspection, so that the NPT regime will become stronger. The report by the Zedillo Commission on the "Role of the IAEA to 2020 and Beyond" should be implemented at an early stage. The IAEA should be able to inspect any suspicious spot on site and without prior notification.

4) The PSI serves as an effective means to intercept the clandestine cross-border transfer of nuclear materials and technology, especially if critical nations such as China and India join the efforts. It is implemented by a group of the willing, but it can be done on a bilateral basis as well as on a multilateral basis.

5) Tightening nuclear security is another effective way to prevent nuclear bombs and know-how from falling into the hands of rogue states and terrorists. President Obama has proposed hosting an international summit meeting on nuclear security in March 2010. Assured protection of nuclear energy not only reduces proliferation risks but also serves as a key to peaceful use of nuclear energy. Concrete steps should follow the meeting.

## WHAT DOES A NUCLEAR WEAPON-FREE WORLD LOOK LIKE?

A nuclear weapon-free world is impossible to imagine. However, supposing we have such a world, what would it look like? In such a nuclear weapon-free world, we must assume that no nations or groups will be tempted to have nuclear weapons, both strategic and tactical. Political leaders must think that any interstate conflicts can be resolved by conventional arms only and that conventional wars will not develop into large-scale wars like the two world wars in the last century.

Even if all nations and nonstate groups cease to have nuclear weapons, we cannot eliminate the people, including terrorists, who know how to make nuclear bombs. We cannot quarantine them either. A nuclear weapon-free world should have very strong international and national organs that can impose effective bans on nuclear activities. Can we really build an effective IAEA that can operate worldwide on a much more extensive and intensive scale than now?

Even supposing that all nuclear powers agree to abandon their nuclear arms, we would still face serious challenges. What should be the procedure to verify full abolishment? If a nuclear-armed nation that is about to abandon its nuclear arms should suspect that another nuclear-armed nation may secretly possess nuclear arms, it will not agree to a full elimination. It may even distrust the IAEA. Can the IAEA become a highly competent organization that can gain full confidence in terms of safeguards and compliance? Can the IAEA contain covert operations like Abdul Qadeer Khan's, that is, operations by a secret group that develop and spread nuclear programs with the covert instruction of a nuclear-armed state? An additional serious challenge will be nonstate actors such as terrorists who may clandestinely develop nuclear programs. Can the IAEA or other alternative organizations handle these covert activities?

If a country should lose confidence in the IAEA or simply suspect its adversary's intentions, it may secretly start making nuclear weapons. And then, how do we prevent such country from making nuclear bombs? Who will deal with such an "offender"? By using conventional arms? Those countries that can deal with the offender may be scared to face its nuclear retaliation. This will cause other countries to go nuclear too.

Nuclear weapons are special weapons. They are weapons of mass destruction. It is morally wrong to depend upon such weapons for national security. From this standpoint, we should do away with nuclear weapons altogether. However, this moralistic argument may be missing a point:

nuclear weapons have functioned to prevent major wars among nuclear-armed states from occurring. The Cuban Missile Crisis of 1962 developed neither into a nuclear war nor a large-scale conventional war. India and Pakistan have restrained themselves from escalating their Kashmir conflicts into a major war. Nuclear weapons have played a unique positive role in stabilizing international relations.

Nuclear weapons also have functioned as measure of national prestige and intimidation rather than as a means to national survival. If the factors of prestige and intimidation continue to find an important place in diplomacy, some nuclear-armed states will not dismantle their arms.

The nuclear weapon-free world assumes that all nations and nonstate groups are morally conscious of the immoral nature of nuclear weapons. However, in reality many leaders still seem to give an overriding importance to the merit of nuclear weapons as a key component to national security and survival, despite the immoral nature of such weapons.

The move toward a nuclear weapon-free world is likely to create a more unstable world with stronger mutual suspicions than today.

## NUCLEAR DISARMAMENT AND STRATEGIC STABILITY

A realistic road will be to seek substantial reduction of nuclear forces with a sense of strategic stability. President Obama said in Prague, “Make no mistake: as long as these weapons exist, the United States will maintain a safe, secure, and effective arsenal to deter any adversary, and guarantee that defense to our allies...” The core of the United States’ nuclear doctrine lies in its deterrence strategy. Deterrence works in two ways: the United States wants to discourage a potential nuclear or non-nuclear state adversary from waging an armed attack on itself or its allies by warning that its nuclear reprisal will be devastating. It also wants to discourage such a state from waging an armed attack by warning that it may conduct a preemptive nuclear attack. Both the retaliatory use and the “first use” of nuclear force have been a core of US nuclear doctrine.

The American allies such as NATO members and Japan rely on the US nuclear deterrence capability for their national security. The nuclear disarmament process should be based on this. Japan, for example, is faced with three nuclear-armed countries—Russia, China, and North Korea. Although North Korea’s nuclear arms are yet to be deployed, its No-dong missiles, which can reach the Japanese islands, present themselves as a serious security concern for Japan. Japan sees the benefit of US deterrence

by its first use of nuclear force (the United States may actually preempt North Korean nuclear attack by the first use of conventional force or may retaliate against North Korea using conventional force, but the US nuclear posture is important psychologically for the Japanese). This will apply to South Korea as well.

Then the issue is: how far down can the United States and Russia come between themselves without worrying about the disadvantage that such disarmament may inflict upon their national security? There is a minimum level of strategic nuclear arsenals. In June 2009, the Global Zero Commission issued an action plan in which it proposed that the United States and Russia reduce to 1,000 warheads each to be implemented by 2018, to 500 each in a multilateral framework by 2021, and to zero along with all nuclear-armed states by 2030. The ICNND proposes in its report to be released in December 2009 that the world will have no more than 1,000 warheads in total by 2025 and zero by 2030.

I would propose 500 for Russia and 700 for the United States by 2030. This is because the United States may have to face 200 Chinese warheads. If the United States and Russia want to go down beyond this level, they would consider having China's participation, and eventually other nuclear countries'. This would help maintain strategic stability in international relations.

In the longer run, we should encourage world leaders to change their mentality on nuclear deterrence, so that strategic stability will not be determined by nuclear deterrence but by conventional deterrence. The United States and Russia, being members of the G8, have developed a sufficient sense of partnership so that they no longer see the possibility of nuclear confrontation. In the 1980s, the leaders of the United States and Russia departed from their mentality supporting the strategic doctrine of mutual assured destruction. Eventually they can reach a bilateral agreement denouncing the first use of nuclear forces. After all, nuclear disarmament will best be achieved under the atmosphere of trust and partnership, and on the basis of strategic stability.

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## **Nuclear Disarmament and Nonproliferation: Looking to the Future**

*RAJIV SIKRI*

It is evident that there has been for a very long time a growing global movement for disarmament. The quest for a world without nuclear weapons began as soon as nuclear weapons made their appearance. The UN General Assembly (UNGA) has been very active in this regard. It is noteworthy that the very first UNGA resolution, adopted on January 24, 1946, deals with the problems raised by the discovery of atomic energy and seeks the elimination of nuclear weapons and other weapons of mass destruction. The UNGA has gone on to hold three Special Sessions on Disarmament (SSOD) in 1978, 1982, and 1988. Regrettably, only the first SSOD had an outcome document, but it was a significant one. For it is the final document of the SSOD-I of 1978 that laid out the basic terms of reference for the work of the Conference on Disarmament, the sole negotiating body for disarmament. Since 1995, the UNGA has been calling for a Fourth Special Session on Disarmament, unsuccessfully so far, even though an open-ended working group was established in 2007 to consider the objectives and agenda of such a session. In September 2000, the UNGA adopted the UN Millennium Declaration that pledged the members' resolve to strive for the elimination of weapons of mass destruction, particularly nuclear weapons, and to keep all options open for achieving this aim, including the possibility of convening an international conference to identify ways of eliminating nuclear dangers.

Apart from the comity of nations as a whole as represented in the UN, influential voices in the non-Western world have been continually pleading for universal and general nuclear disarmament. The Non-Aligned Movement, with a current membership of 118, has traditionally been very vocal on this issue and has been calling for commencement of negotiations leading to a Nuclear Weapons Convention. The leaders of India and

the Soviet Union signed in 1986 the Delhi Declaration on Principles for a Nuclear Weapon-Free and Non-Violent World. Between 1984 and 1988, the leaders of Argentina, Greece, India, Mexico, Sweden, and Tanzania pursued the “Six-Nation Initiative” for disarmament, resulting in the Stockholm declaration of January 1988. In 1996, the International Court of Justice (ICJ) unanimously determined that the threat or use of nuclear weapons is illegal, and that there exists an obligation to pursue and conclude negotiations leading to complete nuclear disarmament.

It is only over the last few years that influential voices supporting a nuclear weapon-free world are now being raised in the United States and the West as well. The articles by Henry Kissinger, Sam Nunn, William Perry, and George Shultz in January 2007 and January 2008 started a welcome debate on this issue in the West in general and the United States in particular. Then there is the Global Zero initiative by influential personalities from around the world. This issue has come into much sharper focus after Barack Obama was elected US president. President Obama shares the vision of earlier generations of world leaders to create a nuclear weapon-free world. His Prague speech of April 5, 2009, was followed by his personal push for the adoption of UN Security Council Resolution 1887 of September 24, 2009. In awarding him the 2009 Nobel Peace Prize, the Norwegian Nobel Committee “attached special importance to Obama’s vision of and work for a world without nuclear weapons.” The pressure is now on Obama to show some tangible results on the disarmament front.

The experience of the last 64 years has shown that nuclear weapons are not usable weapons of war. Nuclear weapons have been used only twice—by the United States against Japan in August 1945. Their effects were so horrendous that all powers have come to the prudent conclusion, at least implicitly, that these weapons of mass destruction are not usable weapons. Radiation leaks from nuclear reactors (e.g. Chernobyl and Three Mile Island), and the lingering effects of atmospheric testing (e.g. Semipalatinsk) have periodically served as reminders that the human costs—which would be global and not merely local—of using nuclear weapons would far outweigh any pyrrhic military victory. Reagan and Gorbachev soberly recognized this reality at Reykjavik in 1986. “Nuclear war,” they stated, “cannot be won and should never be waged.” This rational conclusion, endorsed by President Obama, has not altered national security doctrines so far. Nor, despite a growing global movement, has there been any meaningful progress toward nuclear disarmament. What has gone wrong?

The NPT regime, the centerpiece of which is the Nuclear Non-Proliferation Treaty, is widely regarded as the unshakeable and unquestioned mantra

for all issues connected with nuclear disarmament and nonproliferation. Yet this approach has not worked. President Obama could not have put it better or more pithily in his Prague speech. “In a strange turn of history,” he said, “the threat of global nuclear war has gone down, but the risk of a nuclear attack has gone up. More nations have acquired these weapons. Testing has continued. Black market trade in nuclear secrets and nuclear materials abound. The technology to build a bomb has spread. Terrorists are determined to buy, build, or steal one. Our efforts to contain these dangers are centered on a global nonproliferation regime, but as more people and nations break the rules, we could reach the point where the center cannot hold.”

Seeing that the NPT regime has hardly been a spectacular success, why is there a persistent attempt to lock it down in perpetuity? The NPT was conceived in the context of the perceived security threats and the strategic situation that developed after the end of World War II. It is not coincidental that the NPT gives special rights to just those five countries that are also veto-wielding permanent members of the UN Security Council. Over the last 40 years, the world has greatly changed. The fulcrum of world politics has shifted from Europe and the North Atlantic to Asia. It is in Asia that one sees the greatest fault lines, the greatest security threats, and the greatest foreign military presence. It is in this part of the world that the four nuclear weapon states outside the NPT (Israel, Pakistan, India, and North Korea) are located, as are all the countries that are widely believed to have the capability and the degree of political will to acquire nuclear weapons (Iran, Turkey, Saudi Arabia, Egypt, Japan, South Korea, and Taiwan). If the changed nature of the global political, economic, and military balance has compelled the initiation of a debate on the reform of institutions set up at the end of World War II like the UN, the International Monetary Fund, and the World Bank, and if even the G7/G8 is having to cede some space to the G20, why should the NPT regime be “untouchable”? The danger is that the longer the world takes to recognize that it is essential to get out of the sterile rut of the NPT regime, the more complicated and dangerous the situation is likely to become. Nonproliferation is an important and legitimate global concern. However it should not be equated with the NPT.

The problem is rooted in the very nature of the NPT regime and in the “rules” referred to by President Obama, which contain serious flaws, both in theory and in actual practice for over four decades. To illustrate:

- The NPT seeks to limit only horizontal proliferation and has no checks on vertical proliferation or on measures by nuclear weapon states to miniaturize and improve the accuracy of nuclear weapons;

- Even with respect to horizontal proliferation, NPT signatory nuclear weapon states have knowingly violated the NPT provisions “not to transfer to any recipient whatsoever” nuclear weapons or nuclear weapons technology and “not in any way to assist” a non-nuclear weapon state to manufacture or acquire nuclear weapons;
- Nuclear weapon states have ignored their solemn commitment “to pursue negotiations in good faith on effective measures relating to cessation of the nuclear arms race at an early date and to nuclear disarmament, and on a treaty on general and complete disarmament under strict and effective international control.” Their focus has been on nonproliferation, not disarmament;
- Contrary to the “inalienable right” that NPT signatories have to develop research, production, and use of nuclear technology for peaceful purposes, and the promise to share scientific and technological knowledge with non-nuclear weapon states, particularly developing countries, in practice these rights are thought to be greatly restricted;
- The NPT is seen as an end in itself, not necessarily as a means for creating a safer world;
- The NPT regime deals only with the security concerns of the nuclear weapon states (according to the NPT’s arbitrary definition) and those under the nuclear umbrella of the nuclear weapon states, without factoring in how this may increase the insecurity of other states, including their threat perceptions from the nuclear weapon states;
- The NPT does not address the ambiguous position of states that may not themselves possess nuclear weapons but on whose territory nuclear weapons have been deployed;
- There is no provision in the NPT for negative security assurances, i.e., non-use against non-nuclear weapon states;
- Above all, the NPT regime is a discriminatory regime that legitimizes in perpetuity the possession of nuclear weapons by only five countries and gives them special rights and privileges, while countries that legitimately exercise their right to withdraw from the treaty are subjected to coercion.

The point about the legitimacy of nuclear weapons is a critical and central one. President Obama’s argument is that “if we believe that the spread of nuclear weapons is inevitable, then in some way we are admitting to ourselves that the use of nuclear weapons is inevitable.” Perhaps it would be more accurate to say that if we believe that nuclear weapons are legitimate in the hands of some countries, then in some way we are admitting to ourselves that the proliferation of nuclear weapons is inevitable.

Were all countries to commit themselves to work toward concluding a universal, nondiscriminatory, verifiable Nuclear Weapons Convention along the lines of similar conventions relating to other weapons of mass destruction such as the Biological Weapons Convention and the Chemical Weapons Convention, this would constitute a major step toward creating a favorable political climate for eventually delegitimizing the use of nuclear weapons.

It would be instructive to briefly examine why the NPT-recognized nuclear weapon powers want to continue to have the right to possess nuclear weapons into the indefinite future.

- Nuclear weapons play a central role in US strategic thinking. President Obama admits that his long-term goal of a nuclear weapon-free world might not be achieved in his lifetime—Hillary Clinton thinks it may not happen in successive lifetimes. Meanwhile, the United States will maintain a safe, secure, and effective arsenal to deter any adversary and guarantee that defense to its allies. It is widely believed that the United States is working on its nuclear weapons to make them more “usable.”
- Russia considers nuclear weapons to be the main foundation of its national security, the principal equalizer vis-à-vis the United States to compensate for its strategic weakness, especially after US withdrawal from the Anti-Ballistic Missile (ABM) Treaty, as well as its inferiority in conventional weapons and advanced technologies. It is also a symbol of its great power status, for if the United States still considers Russia as a serious geopolitical rival, it is only because the latter has the unparalleled capacity to physically annihilate the United States.
- Possessing a significantly smaller and weaker nuclear arsenal than either the United States or Russia, China follows a policy of “minimum deterrence” against potential threats from the nuclear superpowers and has articulated a policy of “no-first-use.” At the same time, nuclear weapons are now also seen as a natural attribute of China’s rising global clout.
- Although NATO members France and Britain have the safety of the US nuclear umbrella, they have chosen not to give up their independent nuclear arsenals. Britain holds onto its nuclear weapons in order to guard against future uncertainties and to obviate threats of nuclear blackmail. France thinks that its possession of nuclear weapons deters state sponsors of terrorism and guarantees France’s strategic supplies of natural resources!

Deterrence is the key concept underlying the nuclear postures of these five nuclear weapon powers. They feel safer because they have nuclear

weapons. So do their allies, who enjoy the protection of the nuclear umbrella. Similar considerations led to non-NPT signatories acquiring nuclear weapons. Nuclear weapons make India feel safer in relation to threats from the land and the sea from the larger nuclear weapon powers, Pakistan feel safer in relation to India, Israel in relation to the Arabs and Iran, and North Korea in relation to the United States. Historical evidence convincingly shows that deterrence works. Through all the confrontations of the Cold War, the armed skirmishes between China and the Soviet Union, the India-Pakistan wars, and India-China tensions, nuclear weapons have effectively prevented escalation of tensions and conflicts. A legitimate question arises: if the concept of nuclear deterrence is acceptable for the security of the nuclear weapon states, is there any logical reason why it should not be valid for the security of all countries? By what criteria should some states be considered “responsible” and others not so? A dispassionate analysis may lead to some very awkward conclusions.

What can be done to take meaningful steps toward nuclear disarmament? Let us examine the Indian perspective on nuclear disarmament. India has been in the forefront of the movement for disarmament since the 1950s. Prime Minister Nehru’s activism is well known and documented. His successors followed the same policy toward nuclear disarmament. India supported the commencement of negotiations on a nuclear non-proliferation treaty in 1965, but was obliged to stand aside as it emerged in 1967–1968. A significant landmark in India’s position on nuclear disarmament was Prime Minister Rajiv Gandhi’s comprehensive Action Plan for Ushering in a Nuclear-Weapon-Free and Non-Violent World Order tabled at the third special session of the UNGA devoted to disarmament in 1988. Nothing came of that. But India has not given up its quest for nuclear disarmament even after India became a nuclear weapons power. In 2006, in continuation of the initiative of Rajiv Gandhi, India presented a working paper on nuclear disarmament in the First Committee of the UNGA that proposed concrete measures that would, through a step-by-step negotiated process, lead to universal, nondiscriminatory nuclear disarmament. The proposed stages in the path toward the ultimate goal of a nuclear weapons convention are:

- A commitment by all nuclear weapon states to the goal of complete elimination of nuclear weapons;
- Reduction of the importance of nuclear weapons in security doctrines;
- Measures by nuclear weapon states to reduce nuclear danger, including the risks of accidental nuclear war;

- A global agreement among nuclear weapon states on the “no-first-use” of nuclear weapons;
- A universal and legally binding agreement that nuclear weapons would not be used against non-nuclear weapon states;
- A convention on the complete prohibition of the use and threat of use of nuclear weapons;
- A nuclear weapons convention that prohibits the development, production, stockpiling, and use of nuclear weapons and envisages their destruction, leading to the global, nondiscriminatory, and verifiable elimination of nuclear weapons within a specified timeframe.

The first step is relatively easy. Now that the United States and Russia are theoretically committed to this goal, it should be easier to persuade other nuclear weapon states that may still have hesitations on this point to formally affirm that they too seek a nuclear weapons-free world.

The next four steps are crucial since they deal with measures for delegitimizing nuclear weapons. The lead here has to be taken by the United States, which has the largest nuclear arsenal. President Obama has an opportunity, in the imminent US Nuclear Posture Review, to actually take some concrete steps toward bringing about his vision of a nuclear weapons-free world. He has promised to reduce the role of nuclear weapons in US national security strategy. That may not be enough. What is required is a fundamental change in perspective, whereby the United States implicitly gives up its quest for overarching military superiority and absolute security, since this tends to increase the insecurity of other states. This includes Russia, whose cooperation is critical for any success of a nuclear weapon-free world. For example, the US abandonment of the ABM Treaty has enhanced Russia's perceived vulnerability and concomitantly its reluctance to take any step that is likely to increase its insecurity. The United States should also be persuaded to support measures, for which there is overwhelming global support, to prevent an arms race in outer space. Finally, in a change from its existing position, the United States—and other Western countries—could support the UNGA resolutions sponsored by Non-Aligned Movement supporting the ICJ ruling and for starting negotiations on a Nuclear Weapons Convention.

Without a change in the US position on these key aspects, it would be difficult to persuade the other, relatively weaker, nuclear weapon states to review their respective nuclear postures. As Russian President Medvedev has pointed out, the level of distrust among nations is very high. Of course, it is welcome that the United States and Russia are trying to reduce the levels of their strategic weaponry. At the same time, the United States' aggressive

posturing in Central and Eastern Europe as well as toward countries that were part of the former Soviet Union has increased Russia's insecurity. Given Russia's overall weakness vis-à-vis the West and NATO, including in the conventional military sphere, Russia has responded by hinting at a more aggressive nuclear doctrine that is likely to be formalized by the end of 2009.

It is essential that the United States and Russian nuclear and conventional military doctrines undergo a change before other declared and aspiring nuclear weapon states can be meaningfully co-opted into the nuclear disarmament process. Weaker states generally regard nuclear weapons as the ultimate asymmetric security guarantee and insurance policy that would enable them to balance and deter adversaries that are stronger both in conventional and nuclear weapons.

A word about the role of non-nuclear weapon states would be in order. While the prime responsibility remains that of the nuclear weapon states, non-nuclear weapon states can also make a contribution by stating their intention to come out from under the nuclear umbrella they currently enjoy.

A definitive change in the respective nuclear doctrines of the United States and Russia over the next few months would give weight to the proposed Global Zero summit in February 2010 and prepare the ground for a meaningful outcome of the Global Nuclear Security Summit that President Obama will host in April 2010. Another important step that could be taken toward delegitimizing nuclear weapons is for all nuclear weapon states to collectively affirm that any use of nuclear weapons would trigger a multilateral response. Currently, the five nuclear weapon states under the NPT have provided negative security assurances to the non-nuclear weapon states. This agreement should be broadened into a multilateral security guarantee by all states, whether nuclear or non-nuclear, that would deter the use of nuclear weapons by any country, not just the non-nuclear weapon states. In this way, any country that irresponsibly attempts nuclear coercion or blackmail would have to factor in not merely the likely response of the country against which it uses nuclear weapons but the unpredictable response of other nuclear weapon states. An agreement on this issue, as well as a decision to convene the Fourth UNGA Special Session on Disarmament, could be considered as possible deliverables for the Global Nuclear Security Summit.

President Obama has called the threat of terrorists acquiring nuclear weapons as the most immediate and extreme threat to global security. Acquiring increasing urgency as the situation deteriorates in the Af-Pak

region, the issue of nuclear terrorism will undoubtedly figure high in the Global Nuclear Security Summit. However, terrorists and other nonstate actors who may get their hands on nuclear weapons are hardly likely to be Taliban fighters wandering across the barren, mountainous landscape of the Af-Pak region with guns slung over the shoulder and grenades strapped around the belt. It requires top-notch scientists and technologists, supported by many other technically qualified people, and access to a fairly sophisticated infrastructure to handle nuclear weapons. Actually, the world has had a close brush with nuclear terrorism in the shape of A. Q. Khan and his so-called network. Although there is no evidence that A. Q. Khan had dealings with al-Qaeda or the Taliban, the very fact that he was selling nuclear weapons and technology for so long with impunity is indeed deeply troubling. It has been made out that A. Q. Khan was somehow a kind of free-lance peddler of nuclear wares. This raises more questions than it answers. If indeed he was acting on his own, this carries disturbing implications for the levels of security exercised by the Pakistan government. If, on the other hand, as is more likely, Pakistan was involved in A. Q. Khan's activities, the conclusions are equally grim. As he has been gagged—though considerable material revealing the true story of A. Q. Khan is now available in the public domain—and Pakistan has not given any outside agency access to him, no one can be sure whether this kind of proliferation activity has ended. There is a strong evidence to support the view that the A. Q. Khan affair is being deliberately brushed under the carpet because it would bring out the role played by official and non-official personalities and institutions in many countries in abetting A. Q. Khan's nefarious activities. Surely, if there is a genuine commitment to nonproliferation, a concerted attempt should be made by the international community to get to the bottom of the so-called A. Q. Khan network.

Instead, the world's attention is currently focused only on a beneficiary of nuclear proliferation, namely Iran, not on the guilty proliferating parties. There can be no doubt that, as a signatory to the NPT, Iran does not have the right to develop nuclear weapons. Although Iran has not been fully transparent about its nuclear program, even after so many years of investigation and scrutiny there is no clinching evidence so far that Iran is indeed developing nuclear weapons. Any judgment on Iran's culpability in this matter would have to factor in the ground situation and an objective assessment of Iran's intentions. Iran should never be under the impression that the world will simply stand by if it tries to get out of its obligations under the NPT. At the same time, it has to be kept in mind that the Iranians are an intelligent people with sophisticated minds, tremendous bargaining

skills honed over centuries, and a self-perception, perhaps exalted, of Iran's rightful place in the region and the world. There is no alternative to engaging Iran as is being done right now.

One must also dig deeper and try to understand Iran's possible threat perceptions. If the United States thinks that nuclear weapons in Iran's hands would pose a threat to it, Iran may well believe that it faces a threat from the United States—and others in its neighborhood who have nuclear weapons—and needs nuclear weapons as a deterrent. We do not know. Over the last decade or so, many countries around the world, including possibly Iran, have become frightened by the muscle flexing and brazen violations of state sovereignty that have taken place under various pretexts. After all, Iran's neighbors, Iraq and Afghanistan, have been invaded, and there is likely to be a permanent foreign military presence there. Besides, the United States has a large number of bases and troops in the Persian Gulf region, considers Iran as a member of the "axis of evil," and has in the past undertaken a coup in Iran. Its influential and hawkish regional ally, Israel, is currently Iran's implacable foe and is fiercely determined to ensure that it continues to enjoy its nuclear weapons monopoly, albeit deliberately undeclared, in the region. Threats to destroy Israel, thoroughly irresponsible as they are, may be reflective more of Iran's insecurity than of implacable hatred. Iran's leaders are hardly likely to be prone to suicidal tendencies. Living in a tough neighborhood, Iran may well have drawn lessons from the treatment meted out to Iraq compared to the restraint shown against a nuclear North Korea. That is why the Iran nuclear imbroglio is unlikely to be resolved unless Iran's overall security concerns are addressed, and Israel gives up its policy of "strategic ambiguity."

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# II

## RESPONDING TO THE GLOBAL ECONOMIC CRISIS

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*TOYOO GYOHTEN*

Thanks to the development of extraordinary fiscal and monetary instruments, the worst phase of the crisis is said to be behind us now. People are talking about “green shoots” and exit strategies. All that is very fine. However, there is one concern on my part. The process of recovery is alarmingly disconnected between the financial world and the real world. The massive injection of liquidity by governments and central banks has inundated the financial world, relieving banks and investors from the plight of drought. What we see today is the revival of active risk taking, particularly by those players who survived the drought while their competitors perished. The winners are reaping record profits and paying out a record remuneration. The question here is, what really was the crisis?

In the real economy, the situation is still gloomy. The global collapse of demand is yet in the process of fragile recovery. Households are still sparing, corporate profits are not buoyant, cost cutting is pervasive, and unemployment is rising, making the household less optimistic about the future. In other words, the real economy will continue to need the support of monetary and fiscal policies. So, as a result, easy money will continue, and redundant liquidity will find no other place to flow but into risky asset markets. Aside from the near-term prospects as such, I would like to touch on somewhat more fundamental problems.

There are three fault lines running through the real world economy today—first, the unsustainability of the growth model; second, the blow to the financial sector; and third, the instability of the international monetary system. These fault lines existed even before the current crisis, but the current crisis has exposed them in a glaring fashion. Let me very briefly discuss each one of them.

First, the growth model. Obviously, this is directly linked to the issue of the global imbalance. During the last decade, the world economy was running on a virtuous cycle. Insatiable US household consumption induced large imports and large current accounts deficits. This created a big demand for exporting countries, particularly in Asia, and left them with huge surpluses and robust growth. The accumulated dollar reserves were invested in the United States and fueled US household consumption. Even those with a poor memory should remember that in 2005, just four years ago, all the economies in the world—for the first time since World War II—registered a positive growth rate. We all hailed the arrival of the so-called “Goldilocks economy.”

Well, alas, now the cycle is broken. The collapse of asset markets and the credit crunch dealt a severe blow to the US household. We are faced with several intriguing questions. Can and will the US household reduce consumption on a lasting basis? The US current account deficit will shrink—to what extent will a depreciation of the dollar help reduce the US deficit? To put it another way, is the US household price elastic or inelastic? Can US consumer goods industries, such as the auto industry, restore global competitiveness? On the other hand, countries in surplus will also be faced with serious challenges. Can they shift from exports to domestic demand as the main engine of growth? After the current stimulus measures, will they run out of steam? Such a shift certainly will require a change of industrial policy and scrapping of export supports, which will hit vested interest groups. Domestic households need to be assured of higher income and improved future confidence. For that purpose, significant improvement of the social security system is surely *sine qua non*. I certainly cannot answer these questions easily. However, it is realistic to assume that neither deficit nor surplus countries can change their growth model quickly. That means we need to accept a considerable period of slower growth, or we will create another bubble, which will result in a more severe burst.

The second fault line is the bloated financial sector. One of the striking changes that took place during the last decade was the explosive expansion of the role of finance in the world economy. There are several factors that prompted the change. They include the global imbalance, continuous easy money, financial engineering, globalization, financial liberalization, and last but not least, a global addiction to greed. Indeed, compared to the global GDP of US\$60 trillion and world trade of US\$15 trillion, total financial assets today amount to some US\$200 trillion, and daily turnover of foreign exchange reaches almost US\$2 trillion.

There are few who disagree that the excessive expansion of the financial sector, which was supported by unsustainably high leverage, was the main cause of the current crisis. The situation was also exacerbated by the total unpreparedness and incompetence of the regulatory apparatus. Thus, it was inevitable and quite natural to see a strong trait toward tightening financial regulation in order to reduce leverage. It sounds quite reasonable to argue for a decrease in the role of finance in the economy. However, it may not be easy for many people to accept a more stable but humble role for finance, because it implies less employment and less profit.

The third fault line is the instability of the international monetary system. Since 1971, when the Bretton Woods regime collapsed, the world economy has lived with a de facto dollar standard. The value of the dollar was no longer guaranteed, but everybody held it and used it, because the issuer of the dollar was the hegemonic power in the world. In recent years, US economic and diplomatic supremacy has been dented. The influence of the group of countries who do not accept the unipolar leadership role of the United States has also been growing. The current crisis, with the weakening of US economic and financial prowess and the prospect of its ever-growing fiscal deficit and international indebtedness, has further eroded confidence in the dollar. Yet, nobody thinks that the dollar will be replaced by another currency any time soon—no currency, national or synthetic, is capable yet. Thus, the current situation is such that we have a leader who is getting weaker, but there is no successor in sight. We have two options. One is to urge the leader to wake up and rejuvenate itself. The other is to accept a prolonged period of instability.

It is obvious that we have a set of long-term challenges. If the current crisis is a once-in-a-century crisis as some people argue, then it should be legitimate to ask if the world is prepared to undertake a fundamental restructuring of the global economy. I am sorry to say, but I do not think we are prepared for that daunting task yet. So, we will have several years of slower growth with accompanying uneasiness. Incremental reforms will be made, but, on the whole, things will carry on until another bubble emerges.

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*ZHANG YUNLING*

I remember last year we discussed the global financial crisis and its impact. But this year, it seems the situation is better than we expected because the growth rate and the economy recovered faster and the crisis ended earlier than we expected. The consensus now among the economists seems to be that the worst is over, the global economy has started to recover, and that next year will be much better than this year. The developed economies went back to positive growth rates, and developing economies will achieve higher growth rates. In the financial sector as well, it seems the most difficult time has also passed. Financial markets seem stabilized and confidence seems back. Many of the measures agreed upon by the G20 have started to be implemented, and the financial sector itself has started to implement some rigid measures to control their assets and debt. With the cooperation among countries, large-scale cross-border capital flows are also being monitored. So, there are some good aspects of the present situation.

We said last year that this was a serious crisis and we will need more time to recover. But now it seems that recovery is coming more quickly than expected. But there are still a lot of problems, especially in terms of future sustained growth. In their statement at the 2009 Singapore conference, the APEC leaders said that we cannot go back to growth as usual or trade as usual. We need a new paradigm. They called for structural reform and called for the financial markets to better serve the real economy rather than the virtual economy. The question is how.

The first issue is the US economy. US unemployment is at 10 percent. The Obama administration has to create new jobs, but how? Of course, a higher growth rate is needed. But if you have a higher growth rate, you have to have a lot of changes. There has to be a big reduction in the budget deficit, but if you want to maintain higher growth, you need a bigger budget deficit and to export more or consume more. The US current account deficit is still very big, and in order to export more, you have to devalue the US dollar. But continuous devaluation will create an unstable situation. We have not seen a major restructuring of the US economy yet, although there have been some signs like the savings rate climbing up a little bit, so we will not see a big restructuring in the next one or two years.

The second issue is the Chinese economy. Based on the government's stimulus package, the Chinese economy has achieved a higher growth rate. The government committed to an 8 percent growth rate. During the National People's Congress some people asked why the growth target

was so high, but now it seems to have gone even higher than 8 percent. The problem is that in the first three quarters of 2009, 90 percent of this growth was led by investment. Investment-led growth increases demand for raw materials and equipment, so domestic demand replaced exports to become the leading factor to stimulate economic growth. The question is, how long can this investment-led growth last? Where will future dynamism come from? This is all very controversial and there is a lot of debate about it in China, but what China really needs is structural reform of the economy.

The Chinese government has already adopted some social policies that will intensify reform by increasing income and expanding the social welfare network, especially in the rural areas. But in the future, they need to do even more to reduce savings and encourage consumption. For instance, in the year 2000, the percentage share of consumption in GDP was 45 percent, but in 2008, it went down to 35 percent. By contrast, investment was at 35 percent in 2000, and in 2008 it rose to 45 percent. So it has flipped. The question is whether it is possible to return to a more normal situation.

People are also worried about this new “clean economy” strategy, under which the Chinese government just announced an ambitious goal before the Copenhagen conference to reduce carbon emissions.

So, on one hand restructuring the economy is a strategic necessity. But on the other hand, such reforms can hurt the growth rate itself. It is not clear whether such restructuring is positive or negative for the economy in the short term.

Another debate in China is about whether we are in a credit bubble and whether the credit increase in the first half of this year was too large, so sustaining economic growth next year might be difficult. You cannot keep government stimulus at such a high level. We will watch and see. If you looked at economists’ earlier comments on the Chinese economy, most of them were wrong—they pointed out many problems, but the Chinese economy continues to grow.

Lastly, the regional economy’s production network—in the past decade, this production network expanded very fast based on the credit bubble and demand from the US market. But how much of this export capacity in the region was reflective of internal demand? That is a big question.

Recently, I have been thinking about an issue that we are all discussing—the East Asia Free Trade Agreement (FTA). The original aim of the FTA was to improve the economic environment and to help the expansion of the production network, but now, continuing with such a model is no

longer sustainable. We have to think about some other way for this integrated open market to help the restructuring of the region. Since achieving a regional FTA has become difficult, we should think about shifting to other priorities for the moment, for instance, region-wide infrastructure projects, support for the development of local economies, and creation of internal demand. The governments in the region have to change their policies from export incentives to support for local development. So, we have a lot of things to do.

Foreign direct investment (FDI) in the region is coming from the big Japanese and Korean companies as well as, increasingly, from China into Southeast Asia. But we have to rethink the strategy for it—restructuring the regional economy in East Asia is crucial, but the method for it is not clear yet. We have a lot of things to do in East Asia. In the past several years, we have had major discussions about how to promote market liberalization through support for the production network, and, in the future, we have to discuss how to create real internal dynamism in the region. Otherwise, the regional economy will face a lot of problems. We will see some progress in the future in East Asia, but the conventional strategies will seem to work slower than we expected.

We cannot expect a quick, integrated East Asian FTA, and we will probably meet with more difficulties. Every country welcomes FDI inflows, while at the same time remaining cautious of FDI's role in their economies. For instance, in China, our main priority in terms of past financial cooperation has been to make the regional financial system safe. But when we called for capital markets to play some role in supporting the regional economy, the big banks in the region did not listen to us. The APEC leaders have called on the financial markets to support the real economy, but how will regional financial monetary cooperation help us move in this direction? How should we develop capital markets further to help the real economy? How should we use the local currencies to encourage the less-developed countries to increase their trading capacity and support their development?

China is also greatly concerned about trade protectionism. Because of China's large production capacity due to FDI, Chinese manufacturers are still waiting for the next export boom. They can export any time if the outside environment allows—that is what happened in the past decade. The Chinese government cannot simply allow these manufacturers to just shut down. But, if the export machine turns on at any time and if this economic environment continues, this will lead to more trade protectionism. Now, China seems to be the only country in the world that still holds aloft the anti-protectionism flag, but a lot of questions are now raised about how to

carry this out. If we follow the leaders' call that we cannot pursue the trade as usual, we will not be able to grow as usual, and we will need reform.

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### *JESUS P. ESTANISLAO*

In the current global economic crisis, we are all the same. We have all been affected, one way or another, by the global economic crisis in many different ways, and there has been no economy that has really been able to escape from the global economic crisis. So unlike the paradigms that we usually use in which India speaks very much “as India” and China speaks very much “as China,” when you start discussing the global financial crisis, you cannot make too much of a reference to nation-states. You really have to look at a much bigger region—the entire global economy. The global economy has perhaps reached bottom, but it may take us a long while before we might get ourselves out of the woods. So I wanted to highlight just a few points regarding lessons to consider given the global financial crisis.

The first lesson that comes to my mind is the role of ideology. There have been many reasons that have been given for the global financial crisis, but there is one thing that I would like to highlight. The United States, and perhaps the United Kingdom, has been caught by an extreme market fundamentalist ideology. There seems to be a tendency by those governments not to do too much and to think that the less government there is, the better. Well, we do not have that disease in East Asia. As a matter of fact, we probably come from the other side, where we have too much government. Take a look at China—the moment they mixed strong markets with strong government, their economy really took off. So, I submit the basic proposition that one of the things we have to really think about in the future is taking care of both market fundamentalism and state fundamentalism. That is the real challenge for us, whether in East Asia or as a global economy: to strike the proper balance between strong state institutions and strong market mechanisms and strong market discipline. It is something that we really have to find answers for if we are very serious about creating an East Asia community.

The second lesson is the usual disconnect between the real economy and the financial system. I submit that the financial system is the virtual economy and its significant disconnect from having to provide support to the real economy is a problem that will remain to be resolved. In the case of the United States and in a few other more developed financial markets as well, the disconnect became a little bit too much. The financial system failed to recognize that it exists mainly and precisely to have a real economy function. It was growing very much on its own, up and up and up, while the real economy was growing normally.

Here, I tend to disagree with many of the comments that have been made about the US dollar. My sense is that we are faced with the Triffin paradox, which is that for as long as the world economy continues to rely on the dollar and the world economy continues to grow and is therefore necessarily in need of additional liquidity, the US dollar will weaken because more and more dollars will have to be printed in order to serve the needs of the global economy. In addition, the tendency on the part of Asian economies to accumulate all of these currency reserves, most of which are kept in dollars, means even more dollars have to be printed. And the more dollar supply there is, naturally the long-term tendency of the dollar is to weaken.

This is a paradox that has already been noted, but the only thing that we would like to see is that there is some rational connection between the real economy and the financial economy. I warn that, while the financial system tends to run very much on its own, it cannot disregard its connection with the real economy. And that relates to the checklists that we have been using, especially the credit rating agencies used to evaluate assets—we have been placing too much importance on these. I asked investment bankers at Citibank, what exactly happened to you? “Well,” they said, “all of the assets that we are holding were rated ‘A.’” Rated by whom? By ratings agencies that were selling their services for the rating. We place too much importance on these financial metrics. We should place some importance on them, but the reality is that there is a whole wide world out there waiting for us beyond the financial metrics game of the credit ratings agencies.

This leads us to the new model for growth. What is the new model that we are going to move toward? There are only four drivers for economic growth: (1) the old one, which is net exports; (2) consumption, which the United States relied on; (3) investments; and (4) governments. How is the world economy growing now? It is growing mainly because of government stimulus packages. In the case of China, they pushed their consumption upwards, although the figures of Zhang Yunling indicate that consumption as a percentage of GDP has gone down. So it is essentially due to

government stimulus packages. Will this be sustainable? Obviously not. But we cannot go back to the old model, so therefore we are looking for big drivers for change.

Here in Asia, and perhaps less so in the United States, we cannot rely on exports, so we will have to go on the basis of investments. There is a limit to this, insofar as public investment is concerned, because of the question of the deficits. Therefore, one big question mark would be the level of private investment flows. The other, of course, would be consumption. For the East Asian community, we have a headwind acting in our favor in that we have a big population base that is still hungry for consumer goods. That is why the Chinese car manufacturers are aiming at the bottom of the pyramid, and I think that is appropriate. The reality is that if we are serious about an East Asia community, we have to look at the production base and the consumer market in the region. Our strong population base in East Asia can be the basis for consumer-led growth over a long period of time, as long as we continue to make private investments and we make sure our financial system really addresses all the financial flows that we need.

Let me move onto the challenge of the G20. I am very happy with the G20. We probably have the beginnings of a globally oriented instrument that can think in terms of global problems. I am not so worried about representation there: the economies there are the biggest, accounting for three-fourths of total world GDP. And it is not so Europe-focused: China is there, India is there, Brazil is there, and Indonesia is there—Indonesia is beginning to forget about ASEAN because now Indonesia is part of the G20. That is fantastic, as long as the G20 really begins to think in terms of “global organic development,” a phrase from George Yeo of Singapore, rather than in terms of a global financial architecture. Let us grow in many different, myriad, organic ways—not in one fixed way—moving forward. The absolute necessity is that we cannot have a group of 20 economies thinking only of themselves. They really have to think in terms of the rest of the world.

That leads me to my last point about the whole concept of solidarity and the social investment that we make in people. This is another huge issue we have in this part of the world. When we begin talking about East Asia, the Japanese do not have to worry too much about making investments in its people. But China has to do this, Indonesia has to do this, and the whole of ASEAN has to do this, with the possible exception of Singapore. This becomes a huge area for investment, which will have substantial returns for investment funds. So from a financial standpoint, we hope that the G20 gets strengthened, but—from the perspective that the world economy has

become one—that it strengthens as an institution that thinks globally rather than according to the parameters of nation-states. Lastly, of course, we have a great opportunity for East Asia to step forward and really use our region as a base for long-term, sustained, higher-end global development.

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# III

## THE GROWING INFLUENCE OF THE ASIA PACIFIC REGION AND THE IMPLICATIONS FOR GLOBAL GOVERNANCE

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*HITOSHI TANAKA*

I would like to talk about three sets of issues. One, the nature of the changes taking place in the world; second, the implication of these changes to global governance and the reforms we should make to the global governance system; and third, the external policies to be conducted by the new government run by the Democratic Party of Japan.

Let me start with the changes taking place in the world. The world has changed from the bipolar system during the Cold War and the unipolar one under US leadership that followed it. Now there is a multipolar system with emerging nations—in particular, China and India. The nature of these changes means that we are having a more difficult time making decisions. During the time of the Cold War and that of the unipolar system, it was relatively easier to come to a conclusion because there was governance by the Western industrialized democracies. When we had the second oil crisis in 1979 and the G7 summit was held in Tokyo, the G7 agreed to the imposition of voluntary restraint on the importation of oil. It was not a difficult decision because the G7 occupied about 70 percent of the total GDP of the world. Now, the share of the G7 in total world GDP has come down to around 50 percent.

During the time of the Cold War, we had two nations that emerged with very strong growth: Germany and Japan. But Germany and Japan only had 6 percent of the total world population. They grew with a strong security guarantee from the United States, and they did not have nuclear arsenals.

Now, we have China and India. They have a combined population of 2.5 billion—about 40 percent of the total population of the world. China is surrounded by 14 nations. They both have nuclear weapons and are not dependent upon what we call the “Western security system.” So, both China and India have threat perceptions that are entirely different from those of the Western nations.

Clearly, it is not easy for the world to come to a single decision now. In the past, we considered democracy and the market mechanism as the two key principles around which we made most decisions. Now things are entirely different from the bipolar and unipolar systems, which leads to the necessity of reforms in global governance.

There is a need for two different reforms. One involves our need to have a much more inclusive decision-making process. The G20 concept is the right concept because it represents most of the major economies, even though we should expect a much more difficult decision-making process as a result. People have talked about the need to coordinate basic structural reforms—easily said but difficult to implement because we do not have precedents to aid us. The UN Security Council needs to be reformed and needs broader representation, including from countries such as Germany, India, Japan, and Brazil. So, first of all, we need to push for a more straightforward way to reform international institutions like the UN Security Council as well as the Bretton Woods institutions such as the International Monetary Fund (IMF), the World Bank, and others.

The second reform we need to make is the creation of a stronger regional system. Europe has come a long way. They started from functional communities such as the European Coal and Steel Community, then the single market, then the common currency, then the EU presidency, and then the Lisbon Treaty. But European countries have commonalities in relation to their governance systems and economic development, as well as in their cultural and historical background. In contrast, given the diversity among our nations, we in East Asia need to have a different type of guiding principles for community building. As I said, in order for us to respond to the changes taking place in the world, we have to reform governance by creating inclusive institutions and, at the same time, strengthening the regional system. I think the world needs to be organized in concentric circles: the European Union, East Asia, and North America. All three are major entities with a role in global governance. But I must say that East Asia is the least united. East Asia has yet to produce a strong entity in the form of an East Asia community.

I would like to introduce three guiding principles for the creation of an East Asia community: one, reduce risk; two, increase confidence; and

three, maximize benefits. Furthermore, given the diversity of the region, we should introduce multilayered and functional approaches. Depending upon the specific functions, we should have different memberships as well as different organizational methodologies.

On the question of economics, the economic integration taking place in East Asia is based upon the market, and I would like to think that one role of national governments in the region is to facilitate this market-led integration. For that, I would like to see a multilateral economic partnership agreement among 16 countries—ASEAN plus China, Korea, Japan, Australia, New Zealand, and India. This multilateral free-trade zone is a way to maximize the benefits for the member countries.

Let me turn to the question of security. We need four layers for the regional security community: bilateral, trilateral, subregional, and regional.

The first layer is bilateral security arrangements. We should not be shy about recognizing the importance of bilateral security arrangements centering on the United States as a stabilizing force in dealing with uncertainties in the region—the US-Japan Security Treaty is one of the clearest examples of that. The US-Japan Security Treaty must evolve to become a public good for all of East Asia.

The second layer is the trilateral arrangements. We need to solidify the trilateral meetings between China, Korea, and Japan. Their development is good, particularly for the purpose of confidence building. I would also like to see the establishment of trilateral strategic meetings between the United States, China, and Japan. It is necessary for the region to have a stable relationship among these three entities. At the same time, I would like to see development of a trilateral arrangement between the United States, Korea, and Japan as well.

The third layer is the subregional security architecture, which includes the Six-Party Talks in Northeast Asia and ASEAN in Southeast Asia. There may be a long way to go, but I think the Six-Party Talks provide the proper mechanism for subregional cooperative security purposes, including confidence-building measures. Any agreement reached at the Six-Party Talks would require a long time and a stable way to see it through to its implementation. A format involving the members of the Six-Party Talks would be the right one for overseeing agreements regarding North Korean nuclear development.

I also respect the efforts to create the ASEAN Charter. ASEAN has, indeed, come a long way. But, lately I do not see strong unity among ASEAN members—people talked about an ASEAN-first policy, but instead I see lots of different policies by nation-states. There are so many questions, such

as the question of Myanmar. I am not entirely sure about the nature of the relationship between Indonesia and Malaysia, I do not know what kind of friction is taking place between Singapore and Indonesia, and I would like to see a much more active Filipino participation in the governance of subregional affairs. But, let me reiterate my fervent hope that ASEAN will regain its strength at the end of the day, and that it will play a major role in terms of regional architecture—building efforts.

The fourth layer is regional security cooperation. I think there is a clear need to talk about inclusive regional cooperative security mechanisms centering upon nontraditional security issues, such as disaster relief, counterproliferation of weapons of mass destruction, counterterrorism, and HIV/AIDS. These require military operations and concrete action, not just talk shops. What we need to have is not just coordination of policies, but the establishment of inclusive networks for joint operations among the countries. I would like to see the United States play a major role here. The United States in the past has proposed various actions regarding nontraditional security issues. John Bolton organized the Proliferation Security Initiative (PSI), but that initiative is based upon a “like-minded” approach that does not include China and India. In contrast, I would like to see action on nontraditional security issues that is regionally inclusive.

Depending on specific functions, we should have different groups. For instance, there are various discussions about whether we should self-identify as “East Asia” or as the “Asia Pacific.” When he visited Tokyo in November 2009, President Obama made a very good speech about East Asia policy. The United States has identified itself as a Pacific power, and, at the same time, President Obama talked about the US intention to more formally associate itself with the East Asia Summit. I am not entirely sure what the United States’ true intention is, but it probably depends upon the development of a clearer role for the East Asia Summit. The East Asia Summit must do real work and not just be a forum for discussion. At the same time, the regional nontraditional security operational system can be discussed in the context of the East Asia Summit as well.

Finally, let me talk about the external policies of the new Democratic Party of Japan (DPJ) government in Japan. We hear two buzzwords from the new government: “equal partnership with the United States” and the “creation of the East Asian Community.” It is natural for the new DPJ government to pursue a policy that is essentially anti-Liberal Democratic Party (LDP), because this is the first time since the end of the war that a real change of the governing party has taken place in Japan. During their public campaign, the DPJ embraced anti-LDP policies—such as distancing

Japan from the United States and further emphasizing Japan's place in East Asia—because LDP policy has been perceived as too dependent on the United States. During the time of Prime Ministers Abe and Aso, the LDP talked about values diplomacy and centered their priorities on the “groupings of democracies,” so, as part of their public campaign, the DPJ talked differently. That is the reason why Prime Minister Hatoyama has been speaking about an equal partnership with the United States and the creation of an East Asia community.

We have many issues concerning our bilateral relations with the United States. People are currently talking about the relocation of the Futenma Marine base, and there are the questions of host nation support, the status of forces agreement, and the future operations of the Japanese Self-Defense Force in relation to international security affairs. Particularly since next year is the 50th anniversary of the US-Japan Security Treaty, I have made both public and private recommendations to the DPJ leadership to sit down with the United States and talk about the need for the US-Japan alliance to evolve due to the changing situation in East Asia. You cannot expect anything to take place in a short period of time, but I have been telling the DPJ that it is time for us to consolidate our conception of the East Asia community.

The call for the East Asia community is not new. What is new is that political leaders in Japan are now committing themselves to the creation of the East Asia community. However, they have yet to officially formulate the precise concept and design needed to reach the long-term goal of an East Asia community. I would very much like the DPJ to evolve their concept based upon the multilayered, functional approach I have talked about today.

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*LEE SUN-JIN*

Given the breadth of the topic—the growing influence of the Asia Pacific region and its implications for global governance—I have narrowed down the subject to focus on the East Asian economy and its implications for

global governance. I will speak on three issues that I believe greatly impact global governance.

First, in the wake of the 1997 economic crisis, we experienced two major developments in the region. One is that we lost confidence in established international institutions. The other is the rise of China. Many of the East Asian nations lost confidence in established international institutions, particularly the IMF, the OECD, and APEC, due to their bitter experience dealing with these institutions during the crisis. The severe IMF conditionalities imposed as a requirement for assistance forced the crisis-hit economies, including Korea, to make drastic economic, social, and political reforms. They forced us to open our commodities and financial markets while APEC, for instance, did not take any action. Some say this was intentional. This sparked anger and resistance by the East Asian nations toward the international establishment. Against this backdrop, these East Asian nations moved to institutionalize their regional economic integration. As a result, we now have free trade agreements (FTAs), the Chiang Mai Initiative, the ASEAN Economic Community, and the Greater Mekong Subregion projects. We have made progress.

At the same time, China has become a role model for economic growth, as the Beijing Consensus suggests. During the 1997 crisis, East Asian nations were criticized for their so-called “crony market economies.” If we judge the Chinese socialist market economy by that standard, I am sure China’s economy is a kind of crony market economy. However, China has also achieved an economic growth rate of 10 percent for over 30 years, and it has shown resilience both in dealing with the 1997 economic crisis and with the current crisis.

These two trends—lost confidence in established international institutions and the rise of China—have precipitated a series of identity crises in the East Asian economy, which leads to my second issue.

The East Asian economy now faces the question of how much burden sharing corresponding to its rise in the world economy that it is willing to shoulder. In 2007, the East Asian economy represented 25 percent of total world GDP and 52 percent of world foreign currency reserves. In 2008, almost 60 percent of the world’s foreign currency reserves were held by the East Asian economies. The rise of the Asian economies and their growing influence is also reflected by the fact that six nations from this region participate in the G20, the largest number of any regions, including the European Union, which sends four representatives. The G20, by the leaders’ agreement, has been designated as the premier forum for international

economic cooperation. They will meet on a regular basis two times a year until the economy recovers.

This burden sharing has two parts. One part involves greater responsibilities and sacrifices in order to restructure the world economy to address issues such as global economic imbalances and climate change. The other part is participation in a new rule-making process in order to better manage issues such as international monetary and commodity flows. If the G20 does not take responsibility for their share of burden sharing, I am certain that the nations comprising the global economy will fall into a vicious cycle of distrust. Big powers may carry out unilateral actions and cause destruction that would seriously challenge global governance. Frankly speaking, however, I am greatly concerned about the preparedness and willingness of the East Asian economies to take on this burden sharing. Seeing the results of regional meetings held at the government level in 2009, including the ASEAN+3 Summit and the East Asia Summit, we witness the lack of a sense of urgency and preparedness in this region to address global issues.

Now, I have a third question. Will unilateralism prevail in this region? This question pertains to China's emergence in the East Asian economy since the 1997 economic crisis. We have witnessed growing export dependence on China in recent years. In 2006, 25 percent of the total exports of Korea and the Philippines were destined for China, Japan's share stood at almost 18 percent, and most ASEAN countries were at 10 to 15 percent. When comparing this with data from 2000, I am amazed at the rapid pace of the growth. For example, Korean exports to China accounted for 13 percent of their total exports in 2000, but rose to 26 percent in 2006. The Philippines went from 3.7 percent in 2000 to 25 percent in 2006. Taiwan went from 2.9 to 21 percent. Even Japan went from 8.2 percent in 2000 to almost double that in 2006, with 17.7 percent of their total exports shipped to China. Many economists also predict that China will overtake Japan in terms of GDP in a couple of years, and that after that their GDP gap will get wider and wider. So, China will continue to expand its economic influence in the region, and a China-centered economy system may develop, which of course would also increase China's political influence.

The East Asian economy is characterized by networks of production and distribution that were established in the mid-1980s. Any policy of unilateral action by China would have a serious impact on this network and accordingly impact each economy in the whole region. Yet, despite growing interdependence, East Asia lacks regional governing rules—or even mechanisms to create such rules—to bind the economies of the

region, including China's. We would not be able to check the rivalry and struggles between the major powers. One of my most serious concerns is that if we remain like this for another 10 or 20 years, we might not be able to check possible—and here I underline possible—hegemonic acts by China in the future. Under these circumstances, I wonder how China will move toward addressing regional and global issues. Will China become a unilateral power, as has been a normal practice in this region until now? And, will it place less importance on considering the impact of its actions on its neighbors?

I have raised three issues: identity crises, preparedness for burden sharing by East Asian economies, and the rise of China. These are problems of different natures, but they involve a common denominator—the necessity for the institutionalization of regional cooperation. In this regard, I suggest that the six Asian G20 countries work out a formula for a wider consultation in the region. Their leaders should attend the G20 summits every six months and make decisions on all agenda items. Under the circumstances, however, it is hard to expect that any of the economies in this region will relax their previous staunch positions and voluntarily take on whatever modest burden sharing they have to shoulder. Therefore, a bottom-up approach of sounding out regional opinion and regional consensus may be useful prior to discussions at the global level. Having initial consultations at the regional level will build momentum, first for the institutionalization of regional cooperation and second for drawing the attention of the region toward global issues.

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### JUSUF WANANDI

There has been a gradual shift of economic power toward East Asia, and the latest economic crisis hastened this process. I think the resilience of the East Asian economy has shown itself, thanks to the experiences we had during the earlier crisis in 1997. But we have yet to show that we are committed to regionalization for the longer term, because the issues that are coming up—restructuring of the domestic economies, establishment of

greater national resilience through better safety nets, health care, education, and green policies—are all serious and difficult ones.

One definite improvement in this effort is that the United States is also becoming multilateral. In particular, the United States has asked how to participate more in the East Asian region—even asking China to share the burden of producing the necessary public goods. This is not a G2 arrangement; the relationship is not equal. Burden sharing is new to China and thus there is a gradual learning process—and China has many domestic priorities to face. On the other hand, it is also a reality that the United States faces real challenges in the future. All of the achievements that it has had up to now, all of the Nobel Prizes in all the various fields such as medicine, peace, economics, chemistry, and physics, they are achievements that it has accumulated due to its earlier development. But, particularly in the last decade, the United States' investment in education and R&D has declined, and others are catching up. It is not only that US investment has declined, but also that other countries have really been investing more.

Now, much has been said about what China will be up to in the future. For instance, it is said that that the country is developing so fast economically that it will soon be facing obvious discrepancies in its political development. But from what I know of China's leaders, I can testify that they understand these issues well and are definitely trying to do more to overcome them.

One good thing for all of us in the region is that the Chinese have no ambitions to change the global system and order. That means that they are as conservative as we are in East Asia in general and that we are not facing the “revolutionaries” of over 30 years ago. What I am absorbing from the Chinese is they believe that, in the end, the global order and values will be a mix of what has been achieved with the Western Enlightenment and the developments in the last two centuries stemming from it, as well as other values, such as East Asian values. Chinese values will be included in the global value system in the future international order. Hopefully, that is going to happen peacefully.

Of course, the comparison has been made with the end of the 19th century. At that time, there were not enough rules and institutions organizing the European balance of power system, so that, despite an increase in trade, we got World War I, World War II, and then the Cold War—a century full of wars. But I think this time we have a fighting chance because there are many more rules and there is much more cooperation at the global level. The G20 is only one example of that now, which shows how adaptable the institutions and the rules are currently. We now have so many regional institutions established to deal with all these issues or at least start to find

answers to them. Confidence building has been established to a very large extent. I am quite upbeat, actually, about future developments globally as well as in our region.

The second issue I would like to bring up is how to find a nexus between global governance and regional institutions. There is a problem that, while the G20 is better than the G7, the G20 is still not 187 or 198 countries. For that reason, the deficiency in legitimacy must be dealt with by the G20. One part of the effort should be to build a connection between the G20 and regional institutions in the future. We in East Asia have to recognize that we do not have much experience in global governance or in global rules and regulations, especially in the economic field, since we have mostly been left out of the network of these established institutions over the last 60 years. Only Japan has had some experience as a member of the G7. All these institutions were mainly organized by the Europeans, but I think now is our chance to influence global rules and institutions and make adjustments for the future. We should thank Korea for taking the lead in being willing to organize the first G20 meeting in Asia in November 2010 and should support Korea's efforts on behalf of the region, particularly East Asia. We have had two meetings in Korea, and we are looking forward to supporting the Seoul G20 Summit in November.

For all to be able to contribute to this effort at global governance, we have to get our act together. I have been very conscious of the developments in East Asian institutions, including ASEAN, because the urgency is now pressing. We cannot go only by the so-called "ASEAN way"—step-by-step, prioritizing everybody's comfort, and waiting until everybody is onboard with everything.

Thus, I am looking forward to improving the capacity and activities of the East Asian institutions. We have to consolidate, and, with the right pressures from the "Plus Three" Northeast Asian countries, we can get ASEAN to be more willing to address the first obstacle we are facing in dealing with regional institutions in East Asia, which is how to distinguish the roles of ASEAN+3 and the East Asia Summit. We cannot duplicate everything that we are doing in two different institutions. Resources, especially human resources, are too limited—that is why we have to find a way to clearly define what each has to do and then, of course, develop the nexus between them.

The best method in my opinion is to have an ASEAN+3 process for functional cooperation, including economic cooperation, because the institution has already devoted 12 years to these efforts, but to keep the

process open for the other three nations comprising the East Asia Summit to see whether it is worthwhile for them to participate or not.

The East Asia Summit can be used more for strategic dialogue. As Kevin Rudd has been saying, we do not have a summit that talks about political and security issues as well as economic ones at the strategic level. The East Asia Summit can fill that role, especially if the United States shows its willingness to participate, as President Obama said in his speech in Japan one week or so ago. If that comes about, I think we have a fighting chance of having an East Asia Summit that is really valid. I think that is the best solution, although of course, this process has yet to go through and efforts are still ongoing at the ASEAN level.

The second issue, which might require a small adjustment, is the possibility of focusing on particular economic issues that are not that complicated—especially when compared with FTAs—such as specific cases of facilitation and investment cooperation. These limited, specific issues could be discussed at the level of the East Asia Summit, though without mixing up the roles of the East Asia Summit and ASEAN+3. But, basically, the East Asia Summit should be a dialogue on strategic issues.

Finally, we have to deal with creating a nexus between the G20 and the East Asian institutions. We have the idea that the East Asia Summit has to be embedded in larger transpacific cooperation that involves APEC. APEC improved itself in Singapore, and next year there will be an APEC summit in Japan, then in the United States in 2011. So we have a chain of events, and we could have these East Asian activities embedded into these two bigger outfits, which could become much more valuable in the future. The nexus should lie in working out a system where East Asian institutions could contribute through its members in the G20 as well as directly into the G20 process. The president of Indonesia has proposed that ASEAN become an official observer in the G20. For that matter, ASEAN has already independently initiated some input into the system.

Now, we have to create this nexus with the rest of the East Asian institutions. The activities, preparation, and support that is needed for our members in the G20—as we have shown in the effort to prepare for the Korean G20 meeting—is also a critical matter as there are very complicated issues they would like to pick up. We have to prepare ourselves, and prepare well.

*Jusuf Wanandi is vice chairman of the board of trustees for the Centre for Strategic and International Studies, Jakarta.*

# Program

## Friday, November 27

18:30            Opening Dinner

### Opening Remarks:

Yotaro Kobayashi, *Pacific Asia Chairman, Trilateral Commission; Chief Corporate Advisor and former Chairman, Fuji Xerox*  
Han Sung-Joo, *Pacific Asia Deputy Chairman, Trilateral Commission; Chairman, Asan Institute for Policy Studies; former Minister of Foreign Affairs and Trade, Republic of Korea*

**Speech:** The Socio-Political and Economic Conditions of Korea  
Han Seung Soo, *Former Prime Minister, Republic of Korea*

## Saturday, November 28

9:30-12:30      **Session 1: Nuclear Disarmament**

### Moderator:

Carolina Hernandez, *Professor Emeritus of Political Science, University of the Philippines; Chair, Board of Directors, Institute of Strategic and Development Studies*

### Panel:

Kim Taewoo, *Vice President, Defense Affairs Committee, Korea Institute for Defense Analyses*  
Masashi Nishihara, *President, Research Institute for Peace and Security*  
Rajiv Sikri, *Former Secretary, Ministry of External Affairs, India*

14:00-17:00      **Session 2: Global Economic Crisis**

### Moderator:

Ong Keng Yong, *Ambassador-At-Large, Ministry of Foreign Affairs, Singapore, former Secretary-General, Association of Southeast Asian Nations*

### Panel:

Toyoo Gyohten, *President, Institute for International Monetary Affairs; Senior Advisor, Bank of Tokyo-Mitsubishi UFJ*  
Zhang Yunling, *Professor and Director, Academic Division of International Studies, Chinese Academy of Social Sciences*  
Jesus P. Estanislao, *Chairman, Institute for Solidarity in Asia; Chairman, Institute of Corporate Directors; former Secretary of Finance, Republic of the Philippines*

18:30 Dinner

**Speech: The Present Status of Inter-Korean Relations**

Hyun In-Taek, *Minister of Unification, Republic of Korea*

**Sunday, November 29**

9:30-12:30 **Session 3: The Growing Influence of the Asia Pacific Region and the Implications for Global Governance**

*Moderator:*

Tan Sri Mohamed Jawhar, *Chairman and CEO, Institute of Strategic International Studies, Malaysia*

*Panel:*

Hitoshi Tanaka, *Senior Fellow, Japan Center for International Exchange; former Deputy Minister for Foreign Affairs, Japan*

Lee Sun-Jin, *Former Deputy Minister, Ministry for Foreign Affairs and Trade, Republic of Korea; former Ambassador to Indonesia*

Jusuf Wanandi, *Vice Chairman, Board of Trustees, Centre for Strategic and International Studies, Jakarta*

## Participants

Mark Borthwick	Executive Director, US Asia Pacific Council, East West Center
Mely Caballero-Anthony	Associate Professor, S. Rajaratnam School of International Studies (RSIS); Head, RSIS Centre for Non-Traditional Security Studies; Secretary-General, Consortium of Non-Traditional Security Studies in Asia
Cho Suck Rai	Chairman and CEO, Hyosung Corporation
Jesus P. Estanislao	Chairman, Institute of Corporate Directors; Chairman, Institute for Solidarity in Asia, Manila; former Secretary of Finance, Republic of the Philippines
Toyoo Gyohten	Senior Advisor, Bank of Tokyo-Mitsubishi UFJ, Ltd.; President, Institute for International Monetary Affairs
Han Intaek	Senior Research Fellow, Jeju Peace Institute
Han Sung-Joo	Chairman, Asan Institute for Policy Studies; former Minister of Foreign Affairs, Republic of Korea; former Ambassador to the United States; Pacific Asia Deputy Chairman, Trilateral Commission
Carolina G. Hernandez	Professor Emeritus of Political Science, University of the Philippines; Founding President and Chair of the Board of Directors, Institute for Strategic and Development Studies, Inc.
Keiko Honda	Director, McKinsey & Company, Inc., Japan
Hong Seok Hyun	Chairman, <i>Joong Ang Ilbo</i> ; former Ambassador to the United States, Republic of Korea
Huang Renwei	Vice President, Shanghai Academy of Social Sciences
Hyun Hong-Choo	Senior Partner, Kim & Chang Law Office, Seoul; former Ambassador to the United Nations and to the United States, Republic of Korea
Hyun Jae-Hyun	Chairman, Tong Yang Group
Il SaKong	Chair, Presidential Committee for G20 Summit, Office of the President of Republic of Korea; Chairman and Chief Executive Officer, Korea International Trade Association, Seoul; former Minister of Finance
Tan Sri Mohamed Jawhar	Chairman and CEO, Institute of Strategic International Studies, Malaysia
Kim Dalchoong	President, Seoul Forum for International Affairs

Kim Kihwan	Distinguished Visiting Scholar, Korea Development Institute; Chair, Seoul Financial Forum; former Ambassador-at-Large for Economic Affairs, Republic of Korea
Kim Sung-han	Professor, Graduate School of International Studies, Korea University; Acting Director, Ilmin International Relations Institute, Korea University
Kim Taewoo	Vice President, Defense Affairs Committee, Korea Institute for Defense Analyses
Yotaro Kobayashi	Former Chairman of the Board, Fuji Xerox Co., Ltd.; Pacific Asia Chairman, Trilateral Commission
Akira Kojima	Trustee and Senior Fellow, Japan Center for Economic Research
Lee Hong-Koo	Chairman of the Board, Seoul Forum for International Affairs, Seoul; former Prime Minister, Republic of Korea; former Ambassador to the United Kingdom and the United States
Lee Jay Y.	Senior Vice President, Samsung Electronics
Lee Sun-Jin	Former Deputy Minister for Policy Planning and International Organizations, Ministry of Foreign Affairs and Trade, Republic of Korea; former Ambassador to Indonesia; Visiting Professor, Hallym University
Joey Long Shi Ruey	Assistant Professor, RSIS, Nanyang Technological University
Noel Morada	Research Director, Asia Pacific Centre for the Responsibility to Protect, School of Political Science and International Studies, University of Queensland, Australia; Professor of Political Science, Department of Political Science, College of Social Sciences and Philosophy, University of the Philippines, Diliman
Satoru Mori	Associate Professor in the Department of Global Politics, Hosei University
Charles Morrison	President, East-West Center
Masashi Nishihara	President, Research Institute for Peace and Security
Roberto F. de Ocampo	Chairman of the Board of Advisors, RFO Center for Public Finance and Regional Economic Cooperation; former Secretary of Finance, Republic of the Philippines
Yoshio Okawara	President, Institute for International Policy Studies; former Ambassador to the United States, Japan
Shijuro Ogata	Former Deputy Governor, Japan Development Bank; former Deputy Governor for International Relations, Bank of Japan; Pacific Asia Deputy Chairman, Trilateral Commission

Ong Keng Yong	Ambassador-At-Large, Ministry of Foreign Affairs, Singapore; Director, Institute of Policy Studies, Lee Kuan Yew School of Public Policy, National University of Singapore; Former ASEAN Secretary General
Qin Yaqing	Executive Vice President and Professor of International Studies, China Foreign Affairs University
Ryu Jin Roy	Chairman and Chief Executive Officer, Poongsan Corporation
Takayoshi Sato	Managing Director, MRA Foundation
Yoshiyasu Sato	Advisor, Tokyo Electric Power Corporation; former Ambassador to China, Japan
Yukio Satoh	Member, National Commission on Public Safety; Vice Chairman, Board of Trustees, The Japan Institute of International Affairs; former Ambassador to the United Nations, Japan
Amy Searight	Senior Advisor, Stonebridge International; Memorial Assistant Professor of Political Science and International Affairs, George Washington University
Rajiv Sikri	Former Secretary (East), Ministry of External Affairs, India; former Ambassador to Kazakhstan
Tobby Simon	Founder, President, and CEO, Synergia
Shigemitsu Sugisaki	Vice Chairman, Goldman Sachs Japan; former Deputy Managing Director, International Monetary Fund
Hitoshi Tanaka	Senior Fellow, Japan Center for International Exchange; former Deputy Minister for Foreign Affairs, Japan
Naoki Tanaka	President, Center for International Public Policy Studies
Takashi Terada	Professor of International Relations, Organization for Asian Studies, Waseda University
Kiyoshi Tsugawa	Member of the Board, Aozora Bank
Jusuf Wanandi	Vice Chairman, Board of Trustees, Centre for Strategic and International Studies, Jakarta
Koji Watanabe	Senior Fellow, Japan Center for International Exchange; former Ambassador to Russia, Japan
Wu Jianmin	Member, Foreign Policy Advisory Committee, Ministry of Foreign Affairs, China; Professor, China Foreign Affairs University
Taizo Yakushiji	Vice President and Executive Research Director, Institute for International Policy Studies; Professor of Political Science, Keio University
Tadashi Yamamoto	President, Japan Center for International Exchange (JCIE); Pacific Asia Director, Trilateral Commission

Yang Danzhi	Assistant Research Fellow, Institute of Asian and Pacific Studies, Chinese Academy of Social Sciences
Noriyuki Yonemura	Secretary General, Intellectual Collaboration Group to Promote Market-Oriented Economies; Head, Global Business Support
Zhang Yunling	Professor and Director, Academic Division of International Studies, Chinese Academy of Social Sciences

**Guest Speaker**

Han Seung Soo	Former Prime Minister, Republic of Korea
Hyun In-Taek	Minister of Unification, Republic of Korea

**Observer**

Lisa Collins	Research Associate, International Policy Studies Institute
Hong So-il	Program Coordinator, International Policy Studies Institute
Yasumitsu Nakajima	General Manger, Administrative Office for Directors and Corporate Officers, Fuji Xerox

**JCIE/Trilateral Commission**

Hiyuko Fujita	Program Assistant, JCIE
James Gannon	Executive Director, JCIE/USA
Hideko Katsumata	Managing Director and Executive Secretary, JCIE
Ryo Sahashi	Research Fellow, JCIE; Assistant Professor, Policy Alternatives Research Institute, University of Tokyo
Hifumi Tajima	Senior Program Officer, JCIE