

SECTION 2: CHINA'S RELATIONSHIPS AND ACTIVITIES IN EAST ASIA

“The Commission shall investigate and report exclusively on—

...

“REGIONAL ECONOMIC AND SECURITY IMPACTS—The triangular economic and security relationship among the United States, [Taiwan], and the People’s Republic of China (including the military modernization and force deployments of the People’s Republic of China aimed at [Taiwan]), the national budget of the People’s Republic of China, and the fiscal strength of the People’s Republic of China in relation to internal instability in the People’s Republic of China and the likelihood of the externalization of problems arising from such internal instability. ...”

Introduction

Northeast Asia is tremendously important to U.S. security and to the U.S. economy. Strong and long-standing U.S. security relationships with Japan, South Korea, and Taiwan are a source of stability in a region that is struggling to deal with the unpredictable North Korean regime and its destabilizing nuclear and missile developments and that is adjusting to the burgeoning military and economic strength and increasing external activity of totalitarian China.

The United States has banded together with Japan and South Korea, as well as China and Russia, in the Six-Party Talks in an effort to deal with the challenges posed by North Korea and, in particular, to persuade North Korea to jettison its nuclear weapons and weapons production capability.

The U.S. economy is solidly and inextricably tied to the region, where China is by far the largest trading partner with the United States, but the United States maintains extensive trade and economic ties with Japan, South Korea, and Taiwan.

The manifest interest of the United States in the development and well-being of democracy and a free market economy in Japan, South Korea, Taiwan, and Hong Kong constitutes another major area of U.S. involvement in the region.

In its Congressional mandate, the Commission is directed to examine and report on the economic and security structures and activities involving the United States, Taiwan, and the People’s Republic of China, and the impacts of those on U.S. national security. In April 2008, a Commission delegation traveled to China and

Hong Kong, and in August 2008 a delegation traveled to South Korea, Japan, and Taiwan to meet with government officials, military leaders, academicians, business leaders, U.S. diplomats, and others to obtain and to discuss with them their perspectives on China and China's developing role in the region and globally; their views of how China's role is affecting and will affect the United States; and their opinions of how common interests can best be pursued.

It is important to recognize that the region is substantially integrated through trade and other economic relationships that are becoming more complex and extensive every day. Consequently, the nations in the region—and the United States as a global actor with deep and wide involvement there—have a strong interest in maintaining regional stability and peace along with free trade in order to provide sound conditions for continued development and advancement. The United States has a keen interest in its trading relationships in the region as China, Japan, South Korea, and Taiwan are four of the top 10 destinations for U.S. exports.

In the 2006 *Quadrennial Defense Review Report*, the U.S. Department of Defense noted that the actions of China and other emerging countries will affect the international security environment throughout the 21st century. The report stated that, given the strategic importance of Asia, U.S. forces need to have an understanding of Asia that is as comprehensive as our understanding of the Soviet Union during the Cold War.¹²⁸

With respect specifically to Northeast Asia, the security partnerships the United States has with Japan and South Korea are key. Under the 1960 Treaty of Mutual Cooperation and Security with Japan and the 1953 Mutual Defense Treaty with South Korea, the United States explicitly set forth its permanent interest in maintaining peace and security in that region. In line with these commitments, 42,000 U.S. troops are deployed to Japan, and another 14,000 naval personnel who are at sea are based there.¹²⁹ In South Korea, 28,000 U.S. troops aid in guarding the border with North Korea.¹³⁰ Under the Taiwan Relations Act, the United States has committed to “maintain the capacity of the United States to resist any resort to force or other forms of coercion that would jeopardize the security, or the social or economic system, of the people on Taiwan.”¹³¹

Another significant issue for the United States is the promotion of democratic governance in the region. Taiwan, Japan, and South Korea all have democratic governments. Hong Kong, a part of China, has been hindered by Beijing in moving toward universal suffrage under the “one country, two systems” model despite China's agreement to permit this movement as formalized in the documents providing for Hong Kong's return from the United Kingdom's control to Chinese sovereignty. The United States has a strong interest in encouraging and facilitating the steady and strong growth of these democratic systems.

Based on the Commission's 2008 visits to the region and additional research, this section addresses key issues pertaining to China that involve Taiwan, Japan, South Korea, and Hong Kong; how developments with those issues may affect U.S. interests; and what the United States should consider doing in the Northeast Asia region to protect its interests.