

Daily Brief: Developments in East Asia
Date: 07 JUNE 2018

Joint US-DPRK Summit Developments

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1. (S) After abruptly cancelling the proposed June 12 summit two weeks ago, it appears that the joint US-DPRK summit will continue as planned. Rudy Giuliani, one of TRUMP's lawyers, indicated that the meeting was put back on after KIM allegedly got "on his hands and knees and begged" for the summit to take place. "The first of many summits", as TRUMP announced, will take place in Singapore, at the Capella Hotel on Sentosa Island. In addition to the Singapore summit, it is believed that President TRUMP is, in fact, planning a second summit towards the third quarter of 2018, according to South Korean News Media. This time, the plan is to invite Kim to America. Such plan is completely unheard of but may be a true possibility depending on the outcome of the first summit. If invited, it would be the first time a North Korean leader has ever set foot on American soil, or even the Western hemisphere for that matter. However, the rumored second summit would not be held in the nation's capital but TRUMP's Mar-a-Lago. The luxurious Floridian golf course and resort has become TRUMP's preferred meeting place for foreign heads of state, including President XI and Prime Minister ABE.

2. (S) It has been announced that the security of two leaders will be led by Nepalese Gurkha soldiers. The Nepalese Gurkha soldiers are considered to be one of the fiercest special forces in the world. The Gurkha soldiers will be part of Singapore's joint task force (Military and Police) to protect the two leaders at the upcoming June summit. This will not prevent the American Secret Service from being the closest line of security and defense for POTUS, however. Other than the security protocols and teams, POTUS' entourage has officially been announced. Surprisingly, SecDef Mattis will not be part of the summit. The current POTUS team will consist of: POMPEO (SecState), BOLTON, KELLY, Andrew KIM (CIA Korea), and HOOKER (NSC).

3. (S) Although it has not been officially finalized, it is believed that the summit would last 2 days. The first priority of the two nations is to discuss denuclearization. Both parties expect this to be a long process and will take multiple talks to reach an agreement, if any. POTUS may offer a security guarantee to Kim's regime in return for PVID. As a show of seriousness, the DPRK has destroyed the sole launch pad used for its medium-range missile testing. The US will also

discuss some of the issues our allies had asked for, such as the release of the kidnapped Japanese and South Korean people.

4. (S) As for South Korea, its main objective or hope is for TRUMP to agree on ending the Korean War. Korean War has been ongoing for 68 years and recent talks have shed a light towards a final end to hostilities. The ROK, the DPRK, and the PRC had agreed to end the war and is now up to President TRUMP on announcing the US stance. The Summit will be held only 13 days prior to the 69th anniversary of the Korean War, therefore, the Koreans are hoping for a closure. If for some reason, the US disagrees on ending the war, it would cause a serious backlash from the Asian countries towards TRUMP. Ending the war is in everyone's best interest and cannot be determined simply because the US didn't get what they wanted.

5. (S) Many suspect South Korean President Moon Jae In to be present in the US-DPRK summit. The Blue House has announced that President Moon had every intention to part-take in the summit, as a mediator and a friend, if and only if he is invited. It was considered likely that President Moon would be invited but no words so far. His main intention would get the two states to cooperate and push not only towards an agreement but end the Korean War once and for all. Although, officially, the ROK is not part of the original event, its presence seems necessary. The ROK, not being invited, would raise more eyebrows not only in concern of two irrational leaders face to face, but it is clear to say that Moon played the leading role in making the summit possible in the first place.

6. (S) President TRUMP also released a statement on post-talks and the DPRK's development. TRUMP claimed that the US is 6,000 miles away from the DPRK, therefore, is not responsible for helping North Korea build their economy on par with their Southern neighbor. "They are their neighbors, not ours," referring to China, Japan, and South Korea. Such provocative statement have confused several countries and questions TRUMP's seriousness on the US-DPRK summit.

Taiwan holds large-scale military drills

7. (S) Earlier today, Taiwan launched a military drill that was meant to simulated repelling an invading force from Taiwanese soil. This latest military drill comes after months of military maneuvers by the Chinese air force, which Taipei has denounced as intimidation. King MSWATI III, king of eSwatini, the African kingdom formerly known as Swaziland, was in attendance. ESwatini is Taiwan's last remaining ally in the African continent. However, China has called on the African

continent's last remaining absolute monarchy to cut ties entirely with Taiwan before early September, when China will host a summit of African leaders. Fewer than 20 countries have official diplomatic ties with Taiwan.

Putin attempts to rebuild EU relationship, re-strengthen PRC relations

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8. (S) After Russia's violent invasion of Crimea, Ukraine, and Georgia, they have been slammed with heavy sanctions from the EU. The trades among the two parties have dwindled significantly and multilateral activities came largely to a complete standstill as a result of Russia's armed invasions. In recent events, after TRUMP imposed stiff tariffs on many close allies--including the EU--, Putin joined members of the EU to discuss bringing Russia back into the European trade game. Putin "claims he does not want to conclude or discourage anybody from anyone". This meant he does not want to encourage any kind of break in relationship between the EU and the US but his intentions are clear to most people. He wants the EU to ease sanctions, rebuild trade network, and in simple terms, "take the US' spot". Putin had also recently met with President Xi, discussing Sino-American trade war and Russia's stance on it. Putin announced that Russia would stand by China's side and support their decision. Putin had been very active on promoting his "friendship" with Xi, such as his recent birthday party.

Trade War Developments

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9. (S) A week ago, Commerce Secretary Wilbur Ross announced that a hefty tariff on aluminum and steel (10 and 25 percent respectively) will be imposed on the European Union, Mexico, and Canada. The three have already announced retaliatory measures as a result of these tariffs. Yesterday, the EU announced new tariffs on some \$3.4 billion worth of U.S. products. Unless something changes, these new tariffs will go into effect in July. These tariffs seem to primarily target the American agricultural sector and certain consumer goods. The EU also launched an official WTO complaint against U.S. steel and aluminum tariffs back in mid-May. If the WTO rules in the EU's favor or if the case is still pending after three years, the EU plans to impose tariffs on a further \$4.3 billion worth of American goods.

10. (S) Mexico also announced its own set of sweeping tariffs on U.S. steel, pork, and other agricultural products. Mexican officials

specifically targeted goods from Republican strongholds, a power move that might hinder their campaign efforts during a crucial election year. These new tariffs will affect nearly \$3 billion worth of U.S. goods and potentially dampen the demand for them in Mexico. Mexican Economy Minister Ildefonso Guajardo signalled that Mexico will turn elsewhere (primarily, China and the EU) to find new suppliers and markets.

11. (S) Canada also shot back at the United States by announcing retaliatory tariffs on a whopping \$12.8 billion worth of U.S. goods, which will go into effect July 1 unless POTUS abandons the steel and aluminum restrictions. Much like Mexico, Canada plans to target goods in crucial political bases for the Republican party; a report compiled by Business Insider indicates that the swing states of Ohio (\$1.75 billion), Michigan (\$1.17 billion), and Pennsylvania (\$1.14 billion) as well as Trump's home state of New York (\$1.17), will suffer the most under these new Canadian tariffs.

12. (S) The future of U.S.-Canada-Mexico relations have been further obfuscated due to the comments made by National Economic Council Director Larry Kudlow on "Fox & Friends" earlier this week, where Kudlow revealed that POTUS would prefer to "actually negotiate with Mexico and Canada separately" in order to allegedly speed up negotiations. There has still been no official word from POTUS on how his administration wishes to proceed with NAFTA renegotiations, but it is entirely possible that POTUS's mercurial rhetoric might jeopardize them all together.

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