Pacific Forum CSIS

Comparative Connections

A Quarterly E-Journal on East Asian Bilateral Relations

edited by

Carl Baker
Brad Glosserman

4th Quarter (October – December) 2010
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Pacific Forum CSIS

Based in Honolulu, Hawaii, the Pacific Forum CSIS operates as the autonomous Asia-Pacific arm of the Center for Strategic and International Studies in Washington, D.C. Founded in 1975, the thrust of the Forum‟s work is to help develop cooperative policies in the Asia-Pacific region through debate and analyses undertaken with the region‟s leaders in the academic, government, and corporate arenas. The Forum‟s programs encompass current and emerging political, security, economic/business, and oceans policy issues. It collaborates with a network of more than 30 research institutes around the Pacific Rim, drawing on Asian perspectives and disseminating its projects‟ findings and recommendations to opinion leaders, governments, and publics throughout the region.

An international Board of Governors guides the Pacific Forum‟s work. The Forum is funded by grants from foundations, corporations, individuals, and governments, the latter providing a small percentage of the forum‟s annual budget. The Forum‟s studies are objective and nonpartisan and it does not engage in classified or proprietary work.

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Bilateral relationships in East Asia have long been important to regional peace and stability, but in the post-Cold War environment, these relationships have taken on a new strategic rationale as countries pursue multiple ties, beyond those with the US, to realize complex political, economic, and security interests. How one set of bilateral interests affects a country‟s other key relations is becoming more fluid and complex, and at the same time is becoming more central to the region‟s overall strategic compass. *Comparative Connections*, Pacific Forum‟s quarterly electronic journal on East Asian bilateral relations edited by Carl Baker and Brad Glosserman, with Ralph A. Cossa serving as senior editor, was created in response to this unique environment. *Comparative Connections* provides timely and insightful analyses on key bilateral relationships in the region, including those involving the US.

We regularly cover key bilateral relationships that are critical for the region. While we recognize the importance of other states in the region, our intention is to keep the core of the e-journal to a manageable and readable length. Because our project cannot give full attention to each of the relationships in Asia, coverage of US-Southeast Asia and China-Southeast Asia countries consists of a summary of individual bilateral relationships, and may shift focus from country to country as events warrant. Other bilateral relationships may be tracked periodically (such as various bilateral relationships with Australia, India, and Russia) as events dictate. Our Occasional Analyses also periodically cover functional areas of interest.

Our aim is to inform and interpret the significant issues driving political, economic, and security affairs of the US and East Asian relations by an ongoing analysis of events in each key bilateral relationship. The reports, written by a variety of experts in Asian affairs, focus on political/security developments, but economic issues are also addressed. Each essay is accompanied by a chronology of significant events occurring between the states in question during the quarter. A regional overview section places bilateral relationships in a broader context of regional relations. By providing value-added interpretative analyses, as well as factual accounts of key events, the e-journal illuminates patterns in Asian bilateral relations that may appear as isolated events and better defines the impact bilateral relationships have upon one another and on regional security.

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Regional Overview:
More of the Same, Times Three

Ralph A. Cossa, Pacific Forum CSIS
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Last quarter we noted that the US profile in Asia was on the rise and China"s image was falling, while questioning if North Korea was changing, as Beijing, among others, seemed to insist. This quarter has been marked by more of the same, on all three fronts.

President Obama made a high-profile trip to Asia, visiting India, Korea (to attend the first Asia-hosted G20 meeting), Japan (for the APEC Leaders Meeting), and Indonesia. Secretary of State Clinton give a major address in Honolulu (co-hosted by the Pacific Forum CSIS) on US Asia policy, before her sixth trip to Asia, this time traveling to Guam, China, Vietnam (where the US officially joined the East Asia Summit), Cambodia, Malaysia, Papua New Guinea, New Zealand, and finally Australia, where she linked up with Secretary of Defense Robert Gates in Melbourne for a 2+2 meeting with their Aussie counterparts. Gates also visited Hanoi for the first ASEAN Defense Ministers Meeting Plus gathering in early October and stopped by Malaysia on his way home from Australia, while the *USS George Washington* paid a return visit to the Yellow Sea before participating in a joint US-Japan military exercise near Okinawa.

Beijing appeared to back off its aggressive stance in the East China Sea and South China Sea and uttered hardly a peep in response to the US aircraft carrier operations off Korea"s west coast. It did, however, continue to protect and essentially enable Pyongyang"s bad behavior by blocking any serious UNSC response to North Korea"s artillery attack on South Korean civilians on Yeonpyeong Island, its recently unveiled uranium enrichment program, or its ongoing efforts to subvert UNSC sanctions. Pyongyang once again offered an "unconditional" return to the Six-Party Talks while reinforcing the preconditions (including a peace treaty with the US and recognition of its nuclear-weapons state status) that stand in the way of actual denuclearization.

2010 proved to be a generally good year, economically speaking, as most economies bounced back from the mauling they received in 2009. It was not that good a year politically for President Obama, as he watched his Democratic Party take a real drubbing in the November mid-term elections. He did, however, exhibit great political courage in pressing the Senate in a lame duck session to vote on the New START Treaty with the Russians, which was ratified at quarter"s end. Rumors of Obama"s political demise are, we suspect, greatly overstated.

Six-Party Talks: light at the end of the tunnel?

If it is always darkest before the dawn, perhaps next quarter will see some movement toward the resumption of the long-stalled (since December 2008) Six-Party Talks aimed at Korean Peninsula denuclearization. During this quarter, however, Pyongyang made it more and more

difficult for Seoul and Washington to accept its "unconditional" offer to resume negotiations. In addition to its (not surprising) refusal to admit complicity in last spring's *Cheonan* attack, Pyongyang unexpectedly revealed what appeared to be a fully operational uranium enrichment facility at Yongbyon and also responded to a clearly defensive pre-announced South Korean military exercise with a violent artillery attack (some four hours later and apparently after a visit to the area by Kim Jong Il and his heir-apparent Kim Jong Un) on military and civilian facilities on Yeonpyeong Island. Pyongyang then warned of a "nuclear holocaust" or "holy war" should Seoul resume military exercises in this sensitive area, which Seoul did, but only after pledging that any further hostile action by Pyongyang would be met "immediately and sternly" with a strong military response. ROK Air Force (ROKAF) jet fighters were airborne for the subsequent military exercises to underscore this warning. In the face of this determined South Korean stance, Pyongyang chose not to respond militarily to a 94-minute South Korean show of force.

The North, in stating that it "did not feel any need to retaliate against every despicable military provocation," then warned of a "second and third powerful retaliatory strike" that would "lead to blowing up the bases of the US and South Korean puppet warmongers." The North's decision to not retaliate does not deserve applause as some (like New Mexico Gov. Bill Richardson, who was in Pyongyang at the time) suggested. Rather, as US State Department spokesman P.J. Crowley noted: "This is the way countries are supposed to act. The South Korean exercise was defensive in nature. The North Koreans were notified in advance. There was no basis for a belligerent response."

During his "private visit" to Pyongyang, Richardson also announced that North Korea was prepared to have International Atomic Energy Agency (IAEA) inspectors visit the North's main nuclear complex at Yongbyon, including the new uranium enrichment facility, and was willing to sell South Korea 12,000 plutonium fuel rods. Note the North did not offer to freeze or halt activity at this plant or to place it under permanent IAEA safeguards. An IAEA visit would merely serve to legitimize a facility that appears to violate both the spirit and letter of UNSC Resolutions 1874 and 1718 (barring all nuclear activity in North Korea). The North's offer did not address other still-undeclared HEU and related facilities which are suspected to exist.

Washington and Seoul made it clear that Richardson was not authorized to speak or negotiate on anyone's behalf but his own and that offers from Pyongyang to the IAEA, Seoul, or Washington should be delivered through recognized channels, not through third parties. South Korean Foreign Minister Kim Sung-hwan, in underscoring that Richardson was "not in a position to discuss nuclear issues," opined to the ROK National Assembly's Committee on Foreign Affairs that "I suspect North Korea may have tried to use Gov. Richardson's visit for regime propaganda." Others have been blunter, describing the former UN Ambassador as "a shameless self-promoting Secretary of State wannabe who brought *CNN* commentator Wolf Blizter and a *New York Times* reporter along with him on his trip to maximize international attention."

Washington and Seoul also made it clear that they were in no rush to return to Six-Party Talks, absent some hard evidence that Pyongyang was serious about denuclearization: "There are things North Korea must know. Before mentioning the resumption of the Six-Party Talks, the North must stop its provocative and risky behavior and prove the seriousness of its intent to denuclearize the country. In this sense, it would be better for Pyongyang not to test the will of

South Korea and the United States." National Security Council spokesman Mike Hammer further noted that a return to the negotiating table "depends on whether North Korea can show behavior that shows it will abide by the promises it made to the world and become a responsible member of the international community."

At quarter‟s end there were glimmers of hope that dialogue would resume. ROK President Lee Myung-bak called for a resumption of Six-Party Talks and North-South dialogue, carefully tying DPRK actions and apologies to the latter and not the former. Ironically, the North‟s failure to respond militarily to the ROK‟s Yeonpyeong show of force after threatening to do so may have provided the Lee administration with the face necessary to move forward on nuclear talks. As regards North-South dialogue (and a resumption of much-needed South Korean assistance as spring planting season approaches), President Lee appeared forthcoming in his New Year‟s message: "I remind the North that the path toward peace is yet open. The door for dialogue is still open. If the North exhibits sincerity, we have both the will and the plan to drastically enhance economic cooperation together with the international community."

What has been absent thus far in US statements regarding the resumption of nuclear talks is an explanation of what "hard evidence" Washington seeks to convincingly demonstrate a genuine DPRK commitment to denuclearization. We would suggest that this should start with Pyongyang‟s willingness to pick up where the last round of Six-Party Talks broke down, with the acceptance of a verification regime that can expand upon and validate the North‟s "complete and correct" declaration of "all its nuclear activities," which now obviously needs to be amended to include any and all uranium enrichment-related facilities. Placing all of its nuclear-related activities (both plutonium- and uranium-based) back under IAEA safeguards and freezing all enrichment activities would be another important signal of renewed commitment, as would a new moratorium on nuclear and long-range missile testing. As far as exhibiting "sincerity" toward Seoul, we suspect an apology for the *Cheonan* sinking remains an unrealistic expectation but a statement of regret over the tragic loss of life as we approach the first anniversary of the attack would be good first step, as would be a willingness to discuss the Yeonpyeong Island attack and its implications.

China as part of the problem

Last quarter we argued that when it came to Korean Peninsula denuclearization, China was becoming more a part of the problem than a partner in finding a solution. Unfortunately, this trend is continuing. Even if one accepts (which we don‟t) the North‟s explanation for its attack on Yeonpyeong – that the South‟s earlier military exercise had resulted in artillery shells falling into (contested) North Korean waters – the response was disproportionate and unacceptable. While the militaries had exchanged fire periodically since the 1953 Armistice, in this case innocent civilians were targeted and killed. This resulted in widespread condemnation from almost all quarters; even Moscow condemned the Nov. 23 shelling. Not so Beijing, which blocked any criticism of Pyongyang at an emergency session of the UN Security Council called by the Russians to defuse tensions at the time of Seoul‟s follow-up show of force. Claiming that criticism of Pyongyang‟s behavior would be a "provocation," China was prepared to accept only a bland statement calling for calm on the peninsula and for restraint from both sides, a formulation Washington and Seoul (among others) found unacceptable, as well they should have.

The ambassadors of both North and South Korea addressed the Security Council during the emergency session. Sin Son Ho, the North Korean ambassador, reportedly warned that if war broke out, it would not be limited to the peninsula but could easily spread worldwide. He called live-fire exercises near the Northern Limit Line (a UN-imposed sea boundary between North and South) a violation of North Korean territory and "gangsterlike" behavior, according to diplomats in the meeting. Park In-kook, the South Korean ambassador, noted that the line had been established in 1953 and that North Korea had accepted it under a 1992 agreement, pointing out that South Korea had conducted similar exercises over decades and, as this time, had always given notice. At the end, no statement was issued. As Philip Parham, Britain‟s deputy permanent representative, told the council in remarks released by his mission, "It is not enough simply to be concerned by tensions on the Korean peninsula and urge restraint on all sides, we need to be clear who bears responsibility. In this case, we have one party – the D.P.R.K."

China‟s protection of Pyongyang was not limited to the Yeonpyeong incident. For several months, Beijing blocked the issuance of a report from the UN North Korea Sanctions Committee assessing the effectiveness and implementation status of UN sanctions under UNSCR 1784 and 1874. The report was submitted to the committee in May but due to China‟s protest, the contents were not made public until early November. The report states that North Korea has set up front companies to trade nuclear materials and arms. In addition to blocking any follow-up action as a result of this report, China has also thus far blocked any condemnation of Pyongyang‟s illegal uranium enrichment activities. While Beijing had argued in blocking condemnation of the *Cheonan* attack that the evidence of the North‟s guilt as not conclusive (an international investigation notwithstanding), in the latest instances, the North actually bragged about its attack on Yeonpyeong and showed off its uranium enrichment facility to a visiting US scientist, further demonstrating that current sanctions are not preventing nuclear-related equipment from finding its way into North Korea. Beijing‟s "willful blindness" (as President Obama described the Chinese reaction to *Cheonan*) continues to enable and encourage the North Koreans to misbehave, knowing that regardless of how egregiously they act, Beijing will come to the rescue.

US profile in Asia continues to rise

President Obama‟s high-profile trip to Asia underscored Washington‟s continued commitment to the region over the past quarter, as did trips by Secretary Clinton and Secretary Gates. To briefly summarize (since specifics are contained elsewhere in this chapter and in the bilateral chapters), President Obama began by visiting India, where the "strategic partnership" between Washington and New Delhi was strengthened and broadened. He expressed his support for India‟s permanent membership on the UNSC in the context of broader Security Council reform (which no one predicts will or could happen anytime soon). In Korea, he attended the first Asia-hosted G20 meeting (reviewed below) while underscoring vastly improved ties between Washington and Seoul. The low point of the trip was his visit to Japan to attend another ho-hum Asia Pacific Economic Cooperation Leaders Meeting, while barely commemorating the 50th anniversary of the US-Japan alliance – one hopes for better when and if Prime Minister Kan makes his planned trip to Washington in the spring.Obama also finally visited Jakarta for his too often delayed "homecoming," underscoring Indonesia‟s important role as a major driving force behind

ASEAN. Indonesia assumes the ASEAN Chair for 2011 and thus will host the next East Asia Summit (EAS), which Obama has promised to attend.

Meanwhile, Secretary of State Clinton in late October gave a major address in Honolulu on US Asia policy (also reviewed below), before traveling to Guam, China, Vietnam (to formally commemorate the US officially joined the EAS), Cambodia, Malaysia, Papua New Guinea, New Zealand, and finally Australia, where she was joined by Secretary of Defense Robert Gates in Canberra for a 2+2 AUSMIN meeting with their Aussie counterparts to celebrate the alliance‟s 60th anniversary. This was Gates‟ second visit to the Asia-Pacific this quarter, having visited Hanoi for the first ASEAN Defense Ministers Meeting Plus gathering in early October, as promised during his June visit to Singapore for the Shangri-La Dialogue. Gates also stopped by Malaysia on his way home from Australia, underscoring the vast improvement in military-to-military relations between the two countries since former Defense Minister Najib Razak became prime minister.

In the midst of this diplomatic activity, the *USS George Washington* paid a return visit to the Yellow Sea for promised military exercises off Korea‟s west coast. While this is part of a continuing series of military exercises primarily aimed at sending a message to Pyongyang, it also reinforced the US commitment to freedom of the seas despite earlier Chinese claims that these are "territorial waters." The *George Washington* battle group then traveled to the vicinity of Okinawa to participate in the *Keen Sword* exercise, the largest-ever joint exercise between the US and Japanese militaries, further underscoring the US commitment to the defense of Japan (and territories administered by Japan). In another first, South Korean observers watched the joint US-Japan exercise. Japanese observers had joined a US-ROK exercise off the east coast of Korea earlier in the year.

America‟s ever-rising profile in the Asia Pacific

On Oct. 28, 2010, the Pacific Forum was honored to co-host a major policy address on "America‟s Engagement in the Asia-Pacific" by Secretary of State Hillary Clinton in Honolulu. [For a video of the speech, see http://csis.org/event/secretary-state-clinton-next-steps-us%E2%80%94asia-pacific-strategy] Clinton‟s address emphasized "one overarching set of goals: to sustain and strengthen US leadership in the Asia-Pacific region and to improve security, heighten prosperity, and promote our values." She said that the US was practicing "forward-deployed diplomacy" along three key tracks: "first, shaping the future Asia-Pacific economy; second, underwriting regional security; and third, supporting stronger democratic institutions and the spread of universal human values."

Secretary Clinton identified "our alliances, our emerging partnerships, and our work with regional institutions" as the "main tools" of US engagement in Asia, identifying the US-Japan alliance as the "cornerstone" of America‟s engagement in the Asia-Pacific and the US-ROK alliance as "a lynchpin of stability and security in the region and now even far beyond" (thus contributing to what is frankly the quite silly debate over what takes pride of place: cornerstone or lynchpin). She also highlighted the 25th anniversary of the AUSMINs, the Creative Partnership Agreement with Thailand, and the upcoming (in January 2011) first 2+2 dialogue with the Philippines.

In discussing new partners, she spoke first of Indonesia, praising the Bali Democratic Forum and Jakarta‟s role as "a leading advocate for democratic reform throughout Asia," and then of the "more productive than ever" level of cooperation with Vietnam. Others specifically mentioned were Singapore ("few countries punch as far above their weight"), Malaysia, and New Zealand. She also noted that India and the US "have never mattered more to each other," citing the common interests and common values that unite us, and predicting that President Obama‟s then-upcoming trip to India would elevate the US-India partnership to an "entirely new level." She spent most time discussing the "complex" US-China relationship, noting that it is of "enormous consequence and we are committed to getting it right." In response to those who accuse the US of trying to "contain" China, she noted that since the 1970s, Republican and Democratic administrations alike have consistently supported China‟s economic development. She also called for a more effective joint approach in dealing with challenges from North Korea and Iran and "responsible policy adjustments" when it comes to currency and trade.

Among the regional institutions highlighted were ASEAN (the "fulcrum" for the emerging regional architecture) and APEC (which was at a "pivotal moment"). Important "mini-laterals" included US support for the Lower Mekong Initiative and the Pacific Island Forum. She also outlined the two core principles the administration would take in its approach to the East Asia Summit: "first, ASEAN‟s central role, and second, our desire to see EAS emerge as a forum for substantive engagement on pressing strategic and political issues, including nuclear nonproliferation, maritime security, and climate change."

A more substantive East Asia Summit?

Secretary Clinton‟s desires notwithstanding, the East Asia Summit (EAS) has to date proven itself to be far less than substantive and the most recent meeting was no exception. The highlight of this year‟s fifth anniversary meeting in Hanoi was the admission of Russia and the US, who joined the original ASEAN plus six (China, South Korea, Japan, Australia, New Zealand, and India) founders in this "leaders-led forum for dialogue and cooperation on broad strategic, political, and economic issues of common interest and concern with the aim of promoting peace, stability and economic prosperity and integration in East Asia."

The Hanoi Declaration on the Commemoration of the Fifth Anniversary of the East Asia Summit highlighted concrete progress in the following areas: finance, education, energy, disaster management, and bird flu prevention, all of which have been selected as priority areas to be addressed intensively by the EAS for regional cooperation. As all declarations have done in the past, this year‟s statement once again stressed that ASEAN Plus Three (China, Korea, Japan) remains the main vehicle upon which to build an East Asia Community as a long-term goal, while reinforcing (again as always) ASEAN‟s role as "the primary driving force."

In commemorating the US entry, Secretary Clinton outlined the five key principles that will guide US engagement with the EAS:

- First, we are making an enduring commitment to this institution.

- Second, as the EAS evolves, ASEAN should continue to play a central role as a fulcrum for the region"s emerging regional architecture.

- Third, given its membership and its growing stature, the EAS should pursue an active agenda that involves the most consequential issues of our time, including nuclear proliferation, the increase in conventional arms, maritime security, climate change, and the promotion of shared values and civil society.

- Fourth, EAS discussions should complement and reinforce the work being done in other forums, such as APEC, the ARF, and the ASEAN Defense Ministerial Meeting.

- Finally, the US will continue to leverage the strength of its bilateral relationships, starting with its alliances, and will continue expanding its emerging partnerships, both in the EAS context and beyond.

Secretary Clinton noted that these principles all stem from one overarching goal: "to help strengthen and build this organization as a key forum for political and strategic issues in the Asia-Pacific." The 2011 EAS will be in Jakarta, with President Obama scheduled to be in attendance. From an ASEAN perspective, the most important aspect will be Obama actually showing up. From a US perspective, we will have to wait and see just how substantive the discussion becomes.

ADMM+ at last

This quarter heralded inauguration of the ASEAN Defense Ministers" Meeting Plus 8 (ADMM+), which gathered the defense heads or their representatives from the 10 ASEAN nations and their eight dialogue partners – Australia, China, India, Japan, the Republic of Korea, New Zealand, Russia and the United States. It is the first official defense forum involving ASEAN defense officials and those dialogue partners. The meeting was held in Hanoi, and was chaired by Gen. Phung Quang Tranh, Vietnam"s minister of national defense.

While applauding the contributions of the "plus" nations to regional peace, security, and development, the group reaffirmed ASEAN"s central role in any institutional initiative and stressed that any mechanism should abide by "ASEAN principles of respect for independence and sovereignty, non-interference in internal affairs of member states, consultation and consensus, and moving at a pace comfortable to all parties."

Drawing from the discussion paper, "Potential, Prospects and Direction of Practical Cooperation within the Framework of the ADMM-Plus" which was tabled at the meeting, the group agreed to set up five expert working groups (EWG) on humanitarian assistance and disaster relief, maritime security, military medicine, counter-terrorism, and peacekeeping operations (PKO). Vietnam and China offered to co-chair the EWG on HADR; Malaysia and Australia took up the EWG on maritime security, and the Philippines will work with New Zealand on PKOs. The ADMM+ set up an ASEAN Defense Senior Officials Meeting Plus (ADSOM+) to monitor progress. Brunei will host the next ADMM+ in 2013. While the ADMM+ is currently scheduled to convene only once every three years, the ADSOM+ will reportedly meet more frequently.

Many observers consider the ADMM+ initiative to be overdue. Foreign ministries have monopolized regional security gatherings. For some critics, that explains their (lack of) effectiveness and their attention to style over substance. Others counter that militaries should be subordinated to bureaucracies and a little pomp is a small price to pay for civilian control over the military. Others worry that a one-day meeting every three years is unlikely to yield much in the way of substance; more astute commentators counter that a lot can get done under the radar if militaries are given the chance to cooperate out of public view. Finally, there is the view among some that the forum is an attempt by ASEAN to regain the initiative on regional security initiatives, and to parry (and ultimately replace?) the IISS Shangri-La Dialogue.

G20 gyrations

The South Korean government saw the November G20 summit as another opportunity to focus international attention on Seoul, prove its leadership ability, and demonstrate that this forum is the true locus of global economic decision making. Sadly, the urgency that propelled G20 leaders to step up two years ago to deal with the worst financial crisis in nearly a century has abated, and with it, the direction and the drive of the G20 itself. In its last confabs, G20 leaders have shown that they can recognize problems, but they aren‟t prepared to do much about them. The G20 may be more representative of global wealth and power than other forums, but there isn‟t much to unite its members besides the sizes of their economies.

Sure, there was the usual pledge to "resist" protectionism, and leaders agreed that they had to rebalance the global economy. That means ending the "persistently large imbalances" in consumption and savings. Crudely put, the US has to put its house in order – save more and spend less – while the surplus states, such as China and Germany, need to stimulate their own demand. The leaders agreed to move "toward more market-determined exchange rate systems," and will do this by "enhancing exchange rate flexibility to reflect underlying economic fundamentals, and refraining from competitive devaluation of currencies." The group agreed to develop "numerical indicators" that would signal when imbalances are too big but that is a future assignment. By next year, only a progress report is required. What those indicators will ultimately be, and what they will be used for, remains unclear.

The G20 is supposed to provide a framework for common action on behalf of the global system. The Seoul meeting offered little proof that countries are prepared to pay for systemic goods. Instead, there are incremental "beggar thy neighbor" policies; they aren‟t crudely protectionist, but the impact is the same. Weirdly, promising signs stem from the divergence of developing country interests – countries like Brazil and India recognize that Chinese currency policies affect them too. While there is no stomach for squaring off against China directly, that recognition could provide a basis for setting general principles to govern state behavior. That is preferable to regular battles between developing and developed economies.

APEC – four adjectives in search of purpose

The annual Asia Pacific Economic Cooperation (APEC) Leaders Meeting followed the Seoul G20 shindig. Japan played host this year, and hopes were high that Tokyo would get the APEC

train back on track after the multilateral forum had drifted for some time. Expectations were heightened by the fact that 2010 was the 50th anniversary of the US-Japan security alliance and the US would be hosting APEC in 2011. The Japan-US "one-two punch" was supposed to demonstrate how two allies could work together, show real leadership, revive moribund institutions, and provide sustained direction for economic policy. In explaining her "pivotal moment" remarks in her Honolulu speech, Secretary Clinton had, before the fact, warmly praised Tokyo‟s "forward-leaning leadership," forecasting a "new path forward for APEC on trade liberalization" highlighted by "special efforts to increase business investment in small and medium enterprises."

Fat chance! In truth, APEC produced little besides the usual boilerplate to pursue an economically integrated community that encompasses the entire Pacific Rim. The trick is making that vision real, and the Yokohama Leaders Meeting made little progress on that front. Truthfully, the chair deserves some of the blame. If APEC aims to promote free trade and investment, then the chair needs to make that case in the run-up to the meeting. Unfortunately, Japan isn‟t onboard. The Japanese economy remains captive to vested interests, the most powerful of which is the agriculture lobby. Its strength (along with that of other groups) continues to strangle initiatives in Japan to liberalize trade.

This time, it effectively prevented the government of Prime Minister Kan Naoto from joining the Trans Pacific Partnership (TPP), a nine-member initiative that is intended to prod Asia-Pacific governments and APEC collectively toward a free trade area. The US is a big fan of the TPP, a view that pits it against Beijing, which prefers an Asian – rather than Asia-Pacific – economic architecture. TPP proponents also have a shorter deadline for creation of the free trade area, another source of irritation for regional governments who don‟t want to be pushed toward liberalization. Liberalizers in Tokyo see the TPP as a way of forcing reform on Japan; for that reason, it is resisted by domestic interests who like the status quo.

The G20 and APEC also provide opportunities for bilateral meetings. At the G20, Presidents Obama and Lee met, as did Obama and Prime Minister Kan at APEC. Their meeting was short and a disappointment to anyone who expected a definitive statement during the 50th anniversary year of the bilateral security alliance. APEC also gave Kan the chance to palaver with Russian President Dmitry Medvedev to dispel some of the tensions after Medvedev‟s Nov. 1 visit to the disputed island of Kunashir. And Kan and Chinese President Hu Jintao had a 22-minute confab – set up just 30 minutes beforehand – at which they laid out their respective positions on the disputed Senkaku/Daioyutai Islands.

The Asian dynamo keeps its pace

APEC and G20 shortcomings notwithstanding, the Asia Pacific region continues to power the global economy. In a December paper, Goldman Sachs forecasts Asia will register 7 percent growth in 2011, a slight decline from the 8 percent of 2010 but still a substantial jump over the 4.1 percent growth recorded in 2009. Excluding Japan, the rest of Asia should expand 8.3 percent in 2011. Goldman forecasts that China will lead the way in 2011 with 10 percent growth, followed by India with 8.7 percent, Indonesia with 6.2 percent, Malaysia, the Philippines and Hong Kong each expanding 5.2 percent, and Singapore growing a "mere" 4.8 percent (after a

torrid 14.8 percent expansion in 2010). South Korea‟s economy will grow 4.5 percent and Thailand 4.2 percent.

Those robust figures contrast with anemic numbers among the G7 countries. Goldman anticipates 2.3 percent growth for those seven nations in ‟11. That is a retreat from the 2.7 percent growth registered in ‟10, but is still considerably better than the 3.5 percent shrinkage of 2009. Goldman projects US growth of 2.7 percent in 2011 (the consensus estimate is 2.4 percent) and a 1.1 percent expansion in Japan (slightly less than the consensus forecast of 1.2 percent.)

The big unknowns are the perennial favorites. Will there be another property meltdown or bank failure in the US? Will US politicians muster the will to stimulate the economy and force unemployment down? If they do, can they then address the spiraling budget deficits and get the national deficit under control? How long will China be able to contain inflation and its property bubbles? Will Asia‟s expanding middle class be able to provide sufficient demand to compensate for the loss of markets in the West? There is little reason to lose sleep today, but as the foregoing discussion of multilateralism should have made clear, current trends are unsustainable over the long run. Structural change is required, but there is little indication that anyone is prepared to accept the costs that will entail.

A new START for arms control

Most observers expected the New Strategic Arms Reduction Treaty (START) to be a victim of the "shellacking" handed the Democrats in the mid-term elections, forcing the administration to delay consideration until the new Congress was seated. Instead, as part of the flurry of activity that may make this the most productive "lame duck" session in history, the Senate ratified New START with a 71-26 vote.

New START replaces the 1991 Strategic Arms Reduction Treaty, and limits each country to 1,550 deployed nuclear warheads (a reduction from 2,200 under an earlier agreement) and 800 strategic delivery vehicles. It had support from all senior members of the US military establishment, as well as foreign policy experts and former officials from Democratic and Republican administrations. Still, serving Republicans opposed the treaty, claiming that it was being rushed through Congress, that it might limit US missile defense options, or that US nuclear infrastructure required more attention and money. The administration countered that there had been dozens of hearings and attempts to respond to questions since the treaty was signed in the spring; that consideration had been delayed at GOP request to avoid politicizing the treaty; that nothing in the document restricted missile defense policies (the language was time-tested and its intent was clear); and, finally it promised to request more than $85 billion over the next decade to build new nuclear research and production facilities and overhaul aging warheads.

Arms control proponents complain that the treaty doesn‟t go far enough. There is some truth to that charge, but the treaty is a critical first step that restores momentum to the arms control process. It reduces US and Russian nuclear arsenals and makes credible their claim to be committed to disarmament. Ultimately, that credibility is a prerequisite to international buy-in on more effective nonproliferation measures. Disarmament is a necessary component of the drive to

create a unified front when dealing with governments like North Korea and Iran, suspected of acquiring their own nuclear capabilities.

The treaty also boosts the US-Russia relationship. Russian officials saw the treaty as a litmus test for bilateral relations; failure to approve it would have been seen as a rejection of the Obama administration's attempt to "reset" relations with Moscow. Coming on the heels of the Lisbon meeting at which NATO and Moscow reportedly „reset" their relationship, New START is a reminder to leaders in the West and Moscow that they share common interests and can make progress when they choose to work together. It is also a call to other nuclear weapon states to start discussing arms control as well.

A wounded president?

As alluded to above, the conventional wisdom was that the midterm elections and the tidal wave that returned control of the House of Representatives to the Republican Party were a referendum on President Obama"s first term, and the White House would retreat, reflect, and resume its efforts to govern with more humble ambitions and diminished horizons. The big question was whether Obama would adopt some version of President Bill Clinton"s "triangulation" strategy that co-opted Republican themes and win back the independent voters that propelled him to victory in 2008 and whose desertion in 2010 torpedoed Democratic prospects.

Yet, since the November ballot, Obama, in addition to winning Senate approval of New START, secured passage of an economic package that nearly equaled the size of his original stimulus package, forged a trade deal with South Korea, repealed the "Don"t Ask, Don't Tell" ban on gays serving in the military, and passed stronger food safety regulation and the extension of health benefits for 9/11 workers. That is an impressive list for any legislative term, much less for a "lame duck" session and "a wounded" president.

The notion that Obama is a spent force is wrong. He retains the power of the bully pulpit, and his party still has a majority in the Senate. The loss of the House weakens the president; if nothing else, GOP control of that august body allows it to harass the executive branch with its investigatory powers. That will slow things down and undermine the president"s authority, but a determined White House has other options if it wants to govern without Congressional approval.
Asia policy as a whole is likely to stay on course, just as it did during the transition from Bush to Obama. Expect showdowns on trade issues, where free trade-leaning Republicans will go up against Democrats protecting labor constituencies. Traditionally, the White House has come down on the side of the free traders, and the "renegotiation" of the Korea-US free trade agreement suggests that alignment may yet prevail. Obama is likely to find more support among Republicans than Democrats as he struggles to deal with Afghanistan. China could emerge as a battlefield as conservatives who worry about the PLA make common ground with liberals worried about jobs, environmental policies, and human rights activists.

The key question is how the Republican Party will act. The GOP could decide that its best hope for the 2012 presidential ballot is denying the president any legislative victories until then. If so, then every initiative will be a battleground and Washington will be a very unpleasant place. Or the party could reject "scorched earth tactics" and decide that it must act responsibly –

demonstrating that it can govern and help solve pressing national concerns. The great unknown is the thinking of the freshman class in the 2010 Congress. Some believe in compromising with the opposition, others consider that collaboration to be a sellout. Equally significant, there is no indication of what their foreign policy positions are – or if they even have any.

At a minimum, a Congress bent on denying the president any victories will undermine his international status and leverage. Astute foreign leaders – and certainly the ones most able to give the US trouble – will conclude that Obama is weak or that they can undercut his opposition to their policies by appealing to the opposition in Washington. The idea that politics stops at the water‟s edge is fiction –especially when those foreign leaders can get knee-deep in US politics. Why should a foreign leader bother negotiating an agreement – a trade deal or an arms control treaty – if the president can‟t get it through Congress?

Regional Chronology
October – December 2010

Oct. 4-6, 2010: The eighth Asia-Europe Meeting (ASEM) is held in Brussels, Belgium. Australia, Russia, and New Zealand join as new members.

Oct. 4-9, 2010: UN Framework Convention on Climate Change Conference is held in Tianjian.

Oct. 6, 2010: ROK President Lee Myung-bak meets European Union (EU) President Herman Van Rompuy and European Commission President Jose Manuel Barroso. They agree to form a strategic partnership and sign the Korea-EU free trade agreement (FTA).

Oct. 6, 2010: Vietnam demands the release of 11 fishermen who were arrested by Chinese authorities near the Paracel Islands on Sept. 11.

Oct. 6, 2010: US Assistant Secretary of State for East Asian and Pacific Affairs Kurt Campbell visits Tokyo to discuss strategies to deal with North Korea.

Oct. 7, 2010: Secretary Campbell visits Seoul for talks on a wide range of issues.

Oct. 8, 2010: South Korean Defense Minister Kim Tae-young meets US Defense Secretary Robert Gates in Washington for an annual Security Consultative Meeting (SCM).

Oct. 11, 2010: ASEAN Defense Ministers Meeting (ADMM) is held in Hanoi.

Oct. 11-12, 2010: Russia‟s Deputy Foreign Minister and chief Russian negotiator at the Six-Party Talks Alexei Borodavkin travels to Seoul to meet Wi Sung-lac, South Korea‟s lead negotiator for Six-Party Talks, and Foreign Minister Kim Sung-hwan.

Oct. 12, 2010: North Korea‟s lead Six-Party Talks negotiator Kim Gye-Gwan meets Chinese Vice Foreign Minister and chief negotiator at the Six-Party Talks Wu Dawei in Beijing.

Oct. 12, 2010: China releases nine Vietnamese fishermen that had been detained in the disputed Paracel archipelago in the South China Sea since Sept. 11.

Oct. 12, 2010: The first ADMM Plus 8 (ADMM+) is held in Hanoi. Defense ministers or representatives from the 10 ASEAN states and their eight dialogue partners (Australia, China, India, Japan, the ROK, New Zealand, Russia, and the US) attend.

Oct. 12-13, 2010: The second ASEAN Plus 3 Forum on nontraditional security threats, hosted by China"s People"s Liberation Army (PLA), is held in Shijiazhuang, Hebei province.

Oct. 13-14, 2010: South Korea hosts a Proliferation Security exercise near Busan named *Eastern Endeavor 2010*. The exercise is designed to demonstrate the capacity to deter the proliferation of weapons of mass destruction.

Oct. 21-23, 2010: G20 Ministerial Meeting is held in Gyeongju, Korea.

Oct. 28, 2010: Secretary of State Hillary Clinton visits Honolulu where she meets Japanese Foreign Minister Maehara Seiji and gives a speech on US engagement in Asia.

Oct. 28-30, 2010: The 17th ASEAN Summit and related summits are held in Hanoi.

Oct. 28-Nov. 8, 2010: Secretary of State Hillary Clinton visits Asia with stops in China, Vietnam, Cambodia, Malaysia, Papua New Guinea, New Zealand, and Australia.

Oct. 30, 2010: The fifth East Asia Summit is held in Hanoi. Russia and the US are officially invited to join and accept membership in the forum.

Nov. 2, 2010: PLA Marine Corps conducts exercises in the South China Sea involving at least 100 warships, submarines, and aircraft. More than 200 military students from 40 countries and regions observe.

Nov. 2, 2010: China turns down Secretary Clinton"s reported offer to mediate talks between China and Japan over disputed islands in the East China Sea. Foreign Ministry spokesman Ma Zhaoxu calls Clinton"s proposal "wishful thinking."

Nov. 4, 2010: The US and New Zealand sign a new partnership document, the Wellington Declaration, which covers general defense cooperation, nuclear nonproliferation, and South Pacific and Antarctic cooperation.

Nov. 6-14, 2010: President Barack Obama visits Asia with stops in India, Indonesia, South Korea, and Japan.

Nov. 7, 2010: Burma holds an election that is described by outside observers as deeply flawed.

Nov. 8, 2010: Minister for Foreign Affairs Kevin Rudd, Minister for Defense Stephen Smith, Secretary of State Hillary Clinton, and Secretary of Defense Robert Gates meet in Melbourne for the 25th annual Australia-US Ministerial (AUSMIN) Consultations.

Nov. 9, 2010: US Chairman of the Joint Chiefs of Staff (JCS) Adm. Mike Mullen reiterates the US pledge to send an aircraft carrier into the Yellow Sea for joint drills with the ROK in the near future, despite objections from China.

Nov. 10, 2010: A report by UN experts charging North Korea with supplying nuclear technology to Syria, Iran, and Myanmar, which had been blocked by China for six months, is submitted to the UN Security Council for consideration.

Nov. 11-12, 2010: The G20 Summit is held in Seoul.

Nov. 13, 2010: The Asia-Pacific Economic Cooperation Leader"s Mæting is held in Yokohama.

Nov. 13, 2010: Aung San Suu Kyi is freed from house arrest in Burma.

Nov. 16, 2010: Alleged arms dealer Viktor Bout is extradited to the US from Thailand. Bout was arrested in Bangkok in 2008 after trying to sell weapons to agents posing as Colombian rebels.

Nov. 20, 2010: The *New York Times* reports that Siegfried Hecker was shown a highly sophisticated uranium enrichment facility during his recent visit to North Korea.

Nov. 21, 2010: Chairman of the JCS Adm. Mullen denounces the DPRK for seeking a uranium-based nuclear program in violation of its agreement to denuclearize.

Nov. 22, 2010: Special Envoy Bosworth meets Foreign Minister Kim Sung-hwan and ROK negotiator Wi Sung-lac in Seoul. Bosworth also meets his Japanese counterpart in Tokyo to discuss the most recent revelations regarding the DPRK uranium enrichment facility.

Nov. 22, 2010: Defense Secretary Gates denounces North Korea for violating UN resolutions with its uranium enrichment facility.

Nov. 23, 2010: North Korea fires artillery rounds on Yeonpyeong Island, killing 4 and injuring dozens of people.

Nov. 23, 2010: Special Envoy Bosworth travels to Beijing to meet his counterparts over the DPRK"s uranium enrichment facility and the possibility of the resuming the Six-Party Talks.

Nov. 25, 2010: US State Department issues the *Annual Report on International Religious Freedom* in which China is listed among "countries of special concern."

Nov. 26, 2010: Chairman of the JCS Adm. Mike Mullen urges China to pressure North Korea to refrain from provoking South Korea and to abide by its denuclearization commitments.

Nov. 28, 2010: China proposes emergency consultations among delegates to the Six Party Talks.

Nov. 28-Dec. 1, 2010: The US and ROK naval forces including the *USS George Washington* carrier group conduct exercises west of the Korean Peninsula to "demonstrate the strength of the [ROK]-US alliance and our commitment to regional stability through deterrence."

Dec. 3, 2010: US and South Korea finalize a supplementary agreement on the KORUS FTA.

Dec. 3-10, 2010: Japan and the US conduct joint military exercise *Keen Sword* off the southern islands of Japan. The exercise is the "largest ever" joint exercise between the two militaries.

Dec. 6, 2010: Secretary of State Clinton, Japanese Foreign Minister Maehara Seiji, and South Korean Foreign Minister Kim Sung-hwan meet in Washington.

Dec. 6, 2010: International Criminal Court (ICC) opens investigation into *Cheonan* incident and Yeonpyeong shelling to see whether either constituted "war crimes" on the part of the DPRK.

Dec. 8, 2010: Chairman of the JCS Adm. Michael Mullen visits Korea and meets his South Korean counterpart, Gen. Han Min-koo, and other senior officials.

Dec. 9, 2010: China‟s State Councilor Dai Bingguo visits Pyongyang and meets DPRK leader Kim Jong Il. China‟s *Xinhua* reports that "The two sides reached consensus on bilateral relations and the situation on the Korean Peninsula after candid and in-depth talks."

Dec. 13, 2010: Papua New Guinea Prime Minister Michael Somare, facing misconduct charges relating to late filing of annual tax returns, "steps aside" to concentrate on fighting the charges, and appoints Deputy Prime Minister Sam Abal as acting prime minister.

Dec. 14, 2010: The US releases its first Quadrennial Diplomacy and Development Review.

Dec. 14, 2010: Russian Prime Minister Vladimir Putin urges North Korea to "unconditionally comply with UN Security Council resolutions" on its nuclear development.

Dec. 14-17, 2010: Deputy Secretary of State James Steinberg leads a US delegation including National Security Council Senior Director for Asian Affairs Jeffrey Bader, Assistant Secretary of State for East Asia and Pacific Affairs Kurt Campbell, and Special Envoy Sung Kim to Asia for consultations with China on regional security issues.

Dec. 16, 2010: South Korea, China, and Japan sign an agreement to establish a cooperation secretariat in Seoul next year.

Dec. 18, 2010: Russia expresses its extreme concern over South Korea‟s upcoming drills and requests an emergency meeting of the UN Security Council. China also expresses its opposition to South Korea‟s upcoming drills.

Dec. 19, 2010: UN Security Council meets in emergency session to discuss a Russian draft statement calling on both North and South Korea to refrain from escalation of the conflict but fails to reach any agreement on a coordinated statement.

Dec. 20, 2010: South Korea stages a live-fire exercise on Yeonpyeong Island near the disputed border. North Korea says it would not hit back despite having vowed deadly retaliation.

Dec. 22, 2010: The US Senate ratifies the New Strategic Arms Reduction Treaty (START).

Dec. 29, 2010: South Korean President Lee Myung-bak calls for the revival of Six-Party Talks and North-South dialogue.

Comparative Connections
A Quarterly E-Journal on East Asian Bilateral Relations

US-Japan Relations:
Tempering Expectations

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Prime Minister Kan Naoto opened the quarter with a speech promising a government that would deliver on domestic and foreign policy, but public opinion polls indicated he was failing on both fronts, damaging his own approval rating and that of the ruling Democratic Party of Japan (DPJ). The US and Japanese governments continued a pattern of coordination at senior levels and North Korea‟s bombardment of Yeonpyeong Island on Nov. 23 furthered trilateral diplomacy with South Korea and exchanges among the three militaries. President Obama met with Kan on the margins of the Asia-Pacific Economic Cooperation (APEC) Leader‟s Meeting in Yokohama to take stock of the relationship, though a once-anticipated joint declaration on the alliance did not materialize and the optics of the meeting appeared designed to lower expectations as the Futenma relocation issue remained unresolved. A bilateral public opinion survey on US-Japan relations released at the end of the quarter captured the current dynamic accurately with Futenma contributing to less sanguine views but convergence in threat perception and an appreciation for the role of the alliance in maintaining regional security as encouraging signs for the future.

Kan: good pronouncements, but deliverables?

In a speech to the Diet on Oct. 1, Prime Minister Kan vowed to exhibit political leadership in the form of a "true-to-its-word Cabinet," continue economic stimulus measures, and pursue an "active" foreign policy to be reflected in economic diplomacy and a new defense strategy due at the end of the year. The Kan government introduced various policy initiatives in the ensuing weeks but public opinion polls at the end of the quarter revealed a fundamental lack of confidence in Kan‟s ability to implement them, yielding a 30-point decline in his approval rating to just over 20 percent by December.

In the economic arena, the Bank of Japan announced a monetary easing policy on Oct. 5 featuring a reduction in the overnight call rate to between 0 and 0.1 percent and a $61 billion asset purchase program to fight deflation. A stimulus package of similar size was approved by the Diet in late November and Kan also announced a 5 percent reduction in the corporate income tax rate as part of a tax package for the fiscal year beginning in April 2011. Despite employing rhetoric regarding fiscal restraint in the context of the DPJ presidential election back in September, the Kan government approved a record high draft budget of $1.1 trillion in late December that will be the subject of heated debate in the next Diet session scheduled for late January. All of this was overshadowed, however, by Kan‟s argument in his Diet speech that Japan had to open its economy to remain competitive and should actively consider free trade agreements as a pillar of economic policy, specifically the Trans-Pacific Partnership (TPP) negotiations among nine countries including the United States.

The reference to TPP was bold given predictable opposition from agricultural interests. Subsequent arguments in favor of TPP by Foreign Minister Maehara Seiji and other Cabinet members raised expectations in the media of a formal decision to enter negotiations during the APEC forum in Yokohama in mid-November. But as with several other issues (such as climate change and the relocation of Marine Corps Air Station Futenma on Okinawa), the DPJ could not reach internal consensus and the Kan government announced a policy on comprehensive economic partnerships shortly before APEC that called for a study of agricultural reform but deferred a decision on entering TPP negotiations until June 2011. Kan did manage to initiate a lively debate about the economic and strategic importance of TPP and trade liberalization overall but the failure to match rhetoric with action in the short run raised questions about his credibility.

Defense policy also garnered significant media attention during the quarter in the lead-up to the release of a comprehensive defense strategy in mid-December known as the National Defense Program Guidelines (NDPG). The NDPG offered a pragmatic approach to the security challenges Japan faces but arguably was not resourced sufficiently in the budgetary framework, or Mid-Term Defense Plan (MTDP), that accompanied it. The NDPG was organized around the concept of "dynamic defense," which departed from core principles focused on homeland defense toward a more pro-active posture to support regional and global security. The document called for a reallocation of resources from the Ground Self-Defense Forces, which featured prominently in previous strategies to defend the North during the Cold War, to the Air and Maritime Self-Defense Forces to better defend the Nansei (southwest) island chain and strengthen Japan‟s capacities in the maritime domain. Yet the MTDP did not include substantial investments in new technology and equipment to advance the strategy and the draft defense budget for fiscal year 2011 decreased 0.4 percent compared to the previous year (exclusive of host nation support). In another example of the Kan government failing to meet expectations, the strategy stopped short of relaxing limits on arms exports to facilitate defense industrial cooperation with other countries including the US, which would enable Japan to access new technologies for less than it would cost to develop them indigenously. The NDPG simply included a short statement to "study" the matter despite recommendations from an outside advisory board and the security policy committee of the DPJ to relax said limits. That may have left a sufficient opening to proceed on a case-by-case basis, but the decision to punt on the arms export question stemmed from a political calculation that cooperation with the left, namely the Social Democratic Party (SDP), would prove critical in passing a budget in the next Diet session.

Political turmoil: to be continued

Kan defeated Ozawa Ichiro handily in the DPJ presidential race last September but the rivalry between them quickly resurfaced on Oct. 4 when a citizens‟ panel recommended Ozawa be indicted over an alleged funding scandal. Kan and DPJ Secretary General Okada Katsuya pleaded with Ozawa to answer questions in the Diet in the interest of transparency but he adamantly refused, essentially testing Kan‟s mettle and rallying his own supporters in the legislature. Kan also faced pressure from the opposition Liberal Democratic Party (LDP), which threatened to boycott Diet deliberations if Ozawa did not appear for questioning. Ozawa eventually relented and announced on Dec. 28 that he would appear once the next session of the Diet commenced and reports surfaced that he was pressing for the dismissal of Chief Cabinet Secretary Sengoku Yoshito, a vocal Ozawa critic, in exchange for his testimony and would

demand that one of his lieutenants be installed in that post. In addition to facing the threat from Ozawa, Kan also had to pursue coalition building to secure passage of budget-related bills in the next Diet session. Potential partners included the SDP, the Komeito (Clean Government Party), and even the fledgling Sunrise Party of Japan led by former LDP members Yosano Kaoru and Hiranuma Takeo. In the end, Kan found no takers and faced the real prospect of legislative gridlock and internecine warfare with the Ozawa camp heading into next year.

The Kan government also continued to face criticism for mismanaging foreign policy issues including a September incident where a Chinese fishing boat collided with two Japanese coast guard vessels near the Senkaku Islands. Kan‟s problems were compounded when video of the collision was leaked to *YouTube* by a member of the Coast Guard, which raised doubts about the protection of classified information and government control of the bureaucracy. On Nov. 26 the Upper House, where the DPJ lost its majority after an election in July, passed non-binding censure motions against Chief Cabinet Secretary Sengoku and Transportation Minister Mabuchi Sumio for their handling of the Senkaku incident, which led to calls for their respective resignations. (Sengoku had also embarrassed Kan by referring to the Self-Defense Forces as "instruments of violence" during a Diet committee hearing.)

Public opinion surveys showed Kan had lost the confidence of the public with respect to foreign affairs, economic policy, the Ozawa funding scandal, and leadership overall. A Nov. 15 *Asahi Shimbun* survey indicated 77 percent of the population did not support Kan‟s foreign policy. A Dec. 7 *Yomiuri Shimbun* poll found 83 percent of the population disapproved of Kan‟s approach to the economy and 86 percent said the Ozawa scandal was being mismanaged. Another *Asahi Shimbun* survey released Dec. 13 posted a 21 percent approval rating for Kan and a disapproval rating of 60 percent with 65 percent of respondents citing the inability to implement policies as the primary cause. The budget debate in the first quarter of next year would be his most crucial – and perhaps final – test as premier.

Bilateral coordination

Despite the Kan government‟s troubles at home, bilateral US-Japan coordination proceeded well this quarter. Secretary of State Hillary Clinton and Foreign Minister Maehara met in Hawaii on Oct. 27 to continue consultations that began on the margins of the United Nations General Assembly a month earlier. They covered a wide range of issues during the two-hour session including North Korea, Iran, base realignment issues including the Futenma replacement facility, the agenda for APEC, and Japan‟s steps toward ratifying the Hague Convention on International Parental Abduction and enhancing parents‟ basic visitation rights. The headline from the meeting was a discussion of rare earth metals and a statement by Clinton during a press conference afterward that Japan and the US should seek additional sources of supply while encouraging China to resume normal trading in those materials. Clinton also welcomed Japan‟s interest in TPP.

Defense Secretary Robert Gates and Defense Minister Kitazawa Toshimi also had an opportunity to address security matters on Oct. 11 at the Association of Southeast Asian Nations Defense Ministers Meeting Plus 8 (ADMM+) in Hanoi. Defense cooperation progressed with a successful *Aegis* ballistic missile defense test flight intercept test conducted by the Maritime

Self- Defense Force (MSDF) and the US Missile Defense Agency (MDA) off the coast of Kauai, Hawaii on Oct. 29. The two governments also concluded negotiations over host nation support in mid-December after reaching a compromise that would essentially maintain Japanese budget outlays at current levels for the next five years.

North Korea‟s shelling of Yeonpyeong Island on Nov. 23 furthered trilateral coordination with South Korea, which sent observers to *Keen Sword* 2011, a US-Japan joint training exercise held Dec. 3-10. Secretary Clinton then hosted Foreign Minister Maehara and ROK Minister of Foreign Affairs and Trade Kim Sung-hwan for a trilateral ministerial in Washington on Dec. 6 and issued a trilateral joint statement that reaffirmed efforts to consult closely on North Korea-related issues; condemned North Korea‟s construction of a uranium enrichment facility as a violation of United Nations Security Council resolutions; reiterated that sincere denuclearization efforts by North Korea were a prerequisite for the resumption of the Six-Party Talks; and stressed the importance of strengthening trilateral cooperation on political, economic, and security issues, and various global challenges.

APEC Leaders Meeting

President Obama and Prime Minister Kan met on Nov. 13 on the margins of the APEC Leaders Meeting in Yokohama and briefly appeared before the media, though they did not take questions. Kan vowed to press forward with the May 28 agreement on Futemna relocation after the Okinawa election and repeated his interest in Japan joining negotiations for the Trans-Pacific Partnership (TPP). Obama welcomed Japan‟s interest in TPP (Kan attended a meeting of TPP members in Yokohama as an observer) and mentioned a bilateral open skies agreement as a concrete example of economic cooperation. Obama also expressed support for Japan becoming a permanent member of the UN Security Council and referred to Japan as a "model citizen" in supporting international rules and norms. Obama also invited Kan to visit Washington in the first half of next year. The two governments did not produce a joint declaration to commemorate the 50th anniversary of the bilateral security treaty as anticipated earlier in the year but did issue fact sheets highlighting cooperation on nuclear security issues and economic dialogues on clean energy and trade.

The lack of a joint statement proved quizzical to the Japanese media in light of the contention by the administration that the trip was to emphasize the centrality of alliance relationships to US strategy in Asia. But the impasse over the relocation of the Marine Corps Air Station Futenma on Okinawa, a core element in a larger realignment plan for US forces in Japan, precluded any such effort and the two leaders presumably declined questions from the media to avoid the topic altogether. The president‟s invitation to the prime minister did offer some breathing room to reach a deal by spring. Okinawa Gov. Nakaima Hirokazu rejected a bilateral agreement to build a replacement facility for Futenma in northern Okinawa and repeated demands to remove Futenma from the prefecture soon after being reelected on Nov. 28 and stood firm during separate visits by Kan and Maehara to Okinawa in December. A national survey published by *Asahi Shimbun* on Dec. 15 found that 59 percent of the population felt the bilateral agreement should be renegotiated.

Bilateral developments this quarter featured a healthy level of coordination to address immediate policy challenges; less predictable is the extent to which the two governments can agree over the coming months on a long-term strategy in which alliance cooperation will be rooted.

Perceptions of US-Japan relations

A joint survey on US-Japan relations published by Gallup and *Yomiuri Shimbun* in December found the Japanese public much more negative about the state of the relationship than Americans with 40 percent of Japanese answering "poor" or "very poor" compared to just 10 percent in the US, arguably due to exhaustive coverage of the Futenma issue in the Japanese media. More encouraging is a sense of convergence with respect to North Korea and China: both rated North Korea as the most serious threat in the world and both publics expressed concern about China, though Japanese distrust China much more than Americans do, a clear impact of the Senkaku incident. Most reassuring is the recognition of the alliance as a public good in both countries, with 76 percent of Japanese and 72 percent of Americans stating that the alliance contributes greatly or somewhat to the security of the Asia-Pacific region.

Q1 2011

Prime Minister Kan could reshuffle his Cabinet to boost his public approval rating heading into a difficult Diet session focused primarily on the budget. Budgetary debates should also prevail in Washington when divided government returns to Congress with Republicans in control of the House of Representatives. Bilateral diplomacy will continue with Foreign Minister Maehara and other Japanese officials expected to visit Washington to begin preparing for the next bilateral summit in the first half of 2011.

Chronology of US-Japan Relations
October – December 2010

Oct. 1, 2010: In an address to the Diet, Prime Minister Kan Naoto calls for an "active foreign policy" including participation in free trade agreements such as the Trans-Pacific Partnership (TPP) and vows to lead a "true-to-its-word Cabinet."

Oct. 1, 2010: The Asia-Pacific Economic Cooperation (APEC) forum"s Women"s Entrepreneurship Summit is held in Gifu, Japan.

Oct. 4, 2010: A citizens" panel orders indictment of Democratic Party of Japan (DPJ) lawmaker Ozawa Ichiro in connection with a funding scandal.

Oct. 4, 2010: *Mainichi Shimbun* poll indicates a 49 percent approval rating for the Kan Cabinet.

Oct. 5, 2010: *Yomiuri Shimbun* poll posts a 53 percent approval and 37 percent disapproval rating for the Kan Cabinet. Seventy-two percent of respondents considered "inappropriate" the decision to release the captain of a Chinese fishing vessel that collided with two Japanese Coast Guard vessels near the Senkaku Islands in September; 90 percent said the government needs to

clearly demonstrate that the Senkaku Islands are Japanese territory; 71 percent said Japan should deepen its alliance with the US; and 84 percent said they do not trust China.

Oct. 5, 2010: The Bank of Japan announces a monetary easing policy, lowering the overnight call rate to between 0 and 0.1 percent and introducing a plan to purchase various financial assets such as government securities and commercial paper.

Oct. 6, 2010: Assistant Secretary of State for East Asian and Pacific Affairs Kurt Campbell visits Tokyo for consultations with Japanese officials.

Oct. 6, 2010: A *Kyodo News* poll indicates a 47 percent approval rating for the Kan Cabinet. Fifty-four percent of respondents suggested Ozawa Ichiro should resign from the Diet due to an alleged funding scandal and 63 percent said Ozawa should resign from the DPJ.

Oct. 11, 2010: US Defense Secretary Robert Gates and Japanese Defense Minister Kitazawa Toshimi discuss the East China Sea issue and the relocation of Marine Corps Air Station Futenma on the sidelines of the inaugural ASEAN Defense Ministers Meeting Plus 8 in Hanoi.

Oct. 12, 2010: Chief Cabinet Secretary Sengoku Yoshito tells a news conference the government will discuss whether to revise Japan‟s three arms exports principles. That evening Prime Minister Kan states he has no intention of changing said principles.

Oct. 12, 2010: Japanese Vice Foreign Minister Sasae Kenichiro meets with US Deputy Secretary of State James Steinberg at the State Department in Washington.

Oct. 14, 2010: Japan submits a nuclear disarmament resolution to the United Nations General Assembly for the 17th straight year.

Oct. 19, 2010: Japanese Foreign Minister Maehara Seiji declares Japan should enter negotiations over the Trans-Pacific Partnership trade liberalization initiative (TPP) at a conference hosted by *Nikkei Shimbun* and the Center for Strategic and International Studies (CSIS) in Tokyo.

Oct. 19, 2010: In a monthly economic report, the Government of Japan declares economic momentum in a lull.

Oct. 22, 2010: Minister of State for Economic and Fiscal Policy Kaieda Banri argues during a press conference that Japan should join the TPP trade liberalization initiative.

Oct. 24, 2010: Former Foreign Minister Machimura Nobutaka of the Liberal Democratic Party (LDP) wins a by-election in Hokkaido for a seat in the Lower House of the Diet.

Oct. 25, 2010: US Ambassador to Japan John Roos and Transportation Minister Mabuchi Sumio sign a memorandum of understanding regarding a bilateral open skies agreement.

Oct. 27, 2010: US Secretary of State Hillary Clinton and Foreign Minister Maehara meet in Honolulu, Hawaii to discuss security and economic issues including rare earth metal supplies.

Oct. 28, 2010: Secretary Clinton delivers remarks about US engagement in the Asia-Pacific in Honolulu, Hawaii.

Oct. 28, 2010: The Bank of Japan revises downward its forecast for economic growth in fiscal year 2010 to 2.1 percent compared to an estimate of 2.6 percent in July. The central bank leaves interest rates unchanged and releases details of a $61 billion asset purchase program.

Oct. 29, 2010: Japan‟s Maritime Self Defense Force (MSDF) and the US Missile Defense Agency (MDA) conduct a successful *Aegis* Ballistic Missile Defense (BMD) flight intercept test off the coast of Kauai in Hawaii.

Oct. 30, 2010: Secretary Clinton offers to host trilateral talks with her Chinese and Japanese counterparts during a press conference on the margins of the East Asian Summit in Hanoi.

Nov. 4, 2010: Ozawa Ichiro meets DPJ Secretary General Okada Katsuya and refuses to testify in the Diet about a funding scandal.

Nov. 5, 2010: Video footage of the Sept. 7 collision between a Chinese fishing boat and two Japanese Coast Guard vessels near the Senkaku Islands is leaked to *YouTube*.

Nov. 8, 2010: The Kan Cabinet‟s disapproval rate exceeds its approval rate by a margin of 48 to 32 percent according to a survey by *Kyodo News*. Seventy-four percent of respondents were dissatisfied with the Kan government‟s foreign policy; 46 percent supported Japan joining TPP; and 58 percent wanted Ozawa Ichiro summoned to the Diet to answer questions about an alleged funding scandal. A similar poll by *Yomiuri Shimbun* shows an approval rate of 35 percent and a disapproval rate of 55 percent with 61 percent in favor of Japan joining TPP.

Nov. 9, 2010: The Kan Cabinet approves a trade liberalization policy including discussions of agricultural reform but defers a decision on whether to join TPP to June 2011.

Nov. 11, 2010: Foreign and trade ministers of the Asia-Pacific Economic Cooperation (APEC) forum member countries meeting in Yokohama adopt a joint statement denouncing protectionism and supporting efforts toward a Free Trade Area of the Asia-Pacific (FTAAP).

Nov. 13, 2010: The leaders of the nine TPP countries including President Obama meet on the margins of the APEC forum in Yokohama. Prime Minister Kan participates as an observer.

Nov. 13, 2010: Prime Minister Kan and President Obama meet on the margins of the APEC forum in Yokohama and discuss several issues including Afghanistan, bilateral security issues, United Nations Security Council reform, APEC, and TPP. The two governments issue a fact sheet on bilateral initiatives on economic, energy, and nuclear security issues.

Nov. 14, 2010: APEC leaders adopt a joint declaration entitled “Yokohama Vision: Bogor and Beyond” outlining steps toward FTAAP.

Nov. 14, 2010: Japanese Justice Minister Yanagida Minoru reportedly questions his appointment in remarks to constituents and makes light of deliberations in the Diet.

Nov. 15, 2010: *Asahi Shimbun* poll indicates a 27 percent approval rating for the Kan Cabinet with 77 percent of respondents disapproving of Kan‟s foreign policy.

Nov. 16, 2010: A DPJ panel on foreign policy and national security submits to the government recommendations for the National Defense Program Guidelines (NDPG) due in December. Suggestions include a permanent law for the dispatch of SDF forces and a relaxation of Japan‟s three principles on arms exports.

Nov. 18, 2010: Chief Cabinet Secretary Sengoku refers to the SDF as an "instrument of violence" during a session of Upper House Budget Committee in the Diet.

Nov. 18, 2010: US Energy Secretary Steven Chu and Japanese Minister of Economy, Trade and Industry (METI) Ohata Akihiro issue a joint statement on technological cooperation on clean energy summarizing progress of a bilateral initiative launched in November 2009.

Nov. 22, 2010: Justice Minister Yanagida resigns after criticism of his remarks about Diet deliberations.

Nov. 22, 2010: *Mainichi Shimbun* survey reports 26 percent approval rating for the Kan Cabinet.

Nov. 24, 2010: *Kyodo News* poll shows the Kan Cabinet‟s approval rating fell to 23 percent and support for the DPJ fell below that of the LDP for the first time by a margin of 22 to 24 percent.

Nov. 26, 2010: The Diet approves a $61 billion stimulus package.

Nov. 26, 2010: Upper House of the Diet passes non-binding censure motions against Chief Cabinet Secretary Sengoku and Transportation Minister Mabuchi for their handling of a collision between a Chinese fishing boat and two Japanese Coast Guard vessels near the Senkaku Islands in September.

Nov. 28, 2010: Nakaima Hirokazu is reelected governor of Okinawa.

Nov. 30, 2010: Foreign Minister Maehara states there is no deadline for resolving Futenma relocation, de-linking that issue from the expected visit of the prime minister to Washington in spring 2011.

Dec. 3-10, 2010: US military personnel and the Japanese Self Defense Forces participate in a bilateral training exercise titled *Keen Sword 2011*.

Dec. 6, 2010: Prime Minister Kan announces plans to strengthen ties with the Social Democratic Party (SDP) and the People‟s New Party (PNP) before the next Diet session.

Dec. 6, 2010: Secretary of State Clinton, Foreign Minister Maehara, and ROK Foreign Minister Kim Sung-hwan conduct trilateral ministerial in Washington and issue a joint statement.

Dec. 7, 2010: *Yomiuri Shimbun* survey posts a 25 percent approval rating for the Kan Cabinet. Eighty-three percent of respondents were dissatisfied with Kan‟s approach to the economy and 86 percent said the government was mishandling the Ozawa funding scandal.

Dec. 7, 2010: The Kan Cabinet decides to exclude the relaxation of the three arms non-export principles from the National Defense Program Guidelines.

Dec. 9, 2010: Chairman of the Joint Chiefs of Staff Adm. Michael Mullen visits Tokyo to meet several officials including Defense Minister Kitazawa.

Dec. 13, 2010: Prime Minister Kan announces a 5 percent cut in the corporate income tax rate as part of a package of tax measures for fiscal year 2011.

Dec. 14, 2010: The US and Japanese governments reach an agreement on host-nation support for US forces in Japan for the next five years.

Dec. 15, 2010: Fifty-nine percent of the population thinks Japan should renegotiate the Futenma relocation plan according to a nationwide survey conducted by *Asahi Shimbun*.

Dec. 17, 2010: Government of Japan releases *National Defense Program Guidelines* and Mid-Term Defense Plan.

Dec. 17, 2010: Prime Minister Kan visits Okinawa to discuss Futenma issue with Gov. Nakaima and other officials.

Dec. 20, 2010: Ozawa Ichiro meets Prime Minister Kan and rejects a plea to answer questions about a funding scandal in the Diet.

Dec. 21, 2010: Foreign Minister Maehara visits Okinawa to meet with Gov. Nakaima.

Dec. 22, 2010: A joint survey by Gallup and *Yomiuri Shimbun* finds 40 percent of the Japanese public thinks US-Japan relations are “poor” or “very poor” but a record 52 percent said they trust the United States “very much” or “somewhat.” Forty-nine percent of US respondents said relations with Japan are “good” or “very good.”

Dec. 22, 2010: Secretary of State Clinton issues a statement honoring the Emperor of Japan‟s birthday on Dec. 23.

Dec. 24, 2010: Kan Cabinet approves record-high $1.11 trillion draft budget for fiscal year 2011.

Dec. 28, 2010: Ozawa Ichiro announces his intention to appear before the Diet to answer questions about a funding scandal after the next session of the Diet opens in January.

Comparative Connections
A Quarterly E-Journal on East Asian Bilateral Relations

US-China Relations:

Friction and Cooperation in Run-up to Hu‟s US Visit

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In the final quarter of 2010, China-US relations were marked by the now familiar pattern of friction and cooperation. Tensions spiked over North Korea, but common ground was eventually reached and a crisis was averted. President Obama‟s 10-day Asia tour, Secretary of State Clinton‟s two-week Asia trip, and US-ROK military exercises in the Yellow Sea further intensified Chinese concerns that the administration‟s "return to Asia" strategy is aimed at least at counterbalancing China, if not containing China‟s rise. In preparation for President Hu Jintao‟s state visit to the US in January 2011, Secretary Clinton stopped on Hainan Island for consultations with Chinese State Councilor Dai Bingguo and Deputy Secretary of State Steinberg visited Beijing. Progress toward resumption of the military-to-military relationship was made with the convening of a plenary session under the US-China Military Maritime Consultative Agreement (MMCA) and the 11th meeting of the Defense Consultative Talks. Differences over human rights were accentuated by the awarding of the 2010 Nobel Peace Prize to Chinese dissident Liu Xiaobo.

Gaping differences over North Korea

North Korea‟s provocative moves this quarter posed a challenge to the US-China bilateral relationship and Northeast Asian stability. The news that North Korea had built a sophisticated uranium enrichment plant took Washington and Beijing by surprise. As the two countries prepared to consider how to respond to the apparent North Korea violation of UN Security Council resolutions, Pyongyang shelled South Korea‟s Yeonpyeong Island, killing two civilians and two marines deployed on the island. In sharp contrast to the immediate condemnations of North Korea issued by Moscow, Tokyo, and Washington of the unprovoked attack, Beijing avoided blaming either side for the incident. *Xinhua* quoted Premier Wen Jiabao as saying during his meeting with Russia‟s President Medvedev that "all concerned parties" should exercise "maximum restraint" and that the international community should "make more efforts conducive to easing tensions." China‟s proposal to convene an emergency meeting of the Six-Party Talks was judged premature and was rebuffed by the US and its allies.

In a phone call with South Korean President Lee Myung-bak after the incident, President Barack Obama called for China to take a firmer stance on North Korea. Pressure on China was further intensified by public calls from Adm. Mike Mullen, chairman of the Joint Chiefs of Staff, for China to get North Korea to stand down. Speaking on *ABC*‟s "The View," Mullen stated that "The one country that has influence in Pyongyang is China and so their leadership is absolutely critical." State Department spokesman P.J. Crowley also urged China to act. "China does have influence with North Korea and we would hope and expect that China will use that influence,

first to reduce tensions that have arisen as a result of North Korean provocations and then secondly to continue to encourage North Korea to take affirmative steps to denuclearize," Crowley said. Speaking on background, a senior US administration official told *The Washington Post* that China's "embrace of North Korea in the last eight months has served to convince North Korea that China has its back and has encouraged it to behave with impunity ... We think the Chinese have been enabling North Korea."

As calls mounted from the US, Japan, and South Korea for Beijing to curb North Korea, China's Ambassador to Japan Cheng Yonghua told the *Asahi Shimbun* that the three nations should talk directly to North Korea about their concerns, rather than ask China to do it. "I cannot understand why whenever something occurs in North Korea the responsibility is always pushed upon China," Cheng told the Japanese newspaper.

Immediately following the shelling, the White House told the press that President Obama would place a phone call to Hu Jintao to discuss the crisis, but the call was not arranged until Dec. 5, almost two weeks after the attack, apparently due to the two presidents' conflicting schedules. According to a statement released by the White House, Obama emphasized the need for North Korea to halt its provocative behavior and to meet its international obligations, including its commitments in the 2005 Six Party Joint Declaration. He urged China "to work with us and others to send a clear message to North Korea that its provocations are unacceptable." According to a *Xinhua* account of the conversation, Hu Jintao maintained that China is "deeply worried" about the current situation on the Korean Peninsula and views the security situation as "fragile." "If handled improperly," Hu warned, there could be "continuous escalation of the tense situation, and even the loss of control." He called for dealing with the situation in a "calm and rational manner" and to "resolutely prevent the further deterioration of the situation."

At a closed-door emergency meeting of the United Nations Security Council initiated by Russia, the US and China crossed swords. The US insisted on a clear condemnation of North Korea, but China insisted that blaming Pyongyang would be a "provocation." After six hours of talks, the majority of council members concluded that no statement would be preferable to an ambiguous statement that fails to assign responsibility for North Korea's aggression against South Korea.

Steinberg Goes to Beijing

When President Obama talked by phone to President Hu, he suggested dispatching a senior official to Beijing to discuss the situation on the Korean Peninsula and address other issues in preparation for Hu's January visit to the US. Hu agreed, and Deputy Secretary of State James Steinberg traveled to Beijing in mid-December accompanied by Jeff Bader, senior director for Asia at the National Security Council, and Sung Kim, special envoy for the Six-Party Talks. During the visit, the US delegation met State Councilor Dai Bingguo, Director of the International Department of the Central Committee of the Communist Party Minister Wang Jiarui, Executive Vice Foreign Minister Zhang Zhijun, Vice Foreign Minister Cui Tiankai, and Special Representative on the Korean Peninsula Affairs Amb. Wu Dawei.

In a meeting with Dai Bingguo, Steinberg exchanged views on several issues including both general bilateral relations and the situation on the Korean Peninsula. A press release issued by

the Chinese Ministry of Foreign Affairs (MFA) quoted Dai, saying that China was "willing to make joint efforts with the U.S. side, properly handle relevant sensitive issues, and eliminate interferences" so that bilateral relations would continue to experience "positive, cooperative, and comprehensive growth on the basis of mutual respect, mutual benefit, and a win-win development." The two sides reaffirmed their common interests in the preservation of peace and stability and the promotion of denuclearization of the peninsula. According to the Chinese MFA statement, the US would "continue to work with China to promote the contact and negotiation process, including dialogue between the South and the North."

In a Dec. 17 statement, US Embassy in China‟s spokesman Richard Buangan stated that the group had "useful conversations concerning shared interests in peace and stability in northeast Asia," notably denuclearization of the Korean Peninsula and implementation of the 2005 Joint Statement. Apparently, Steinberg strongly urged Beijing to send a firm message to North Korea to halt its provocations. Jin Canrong, associate dean of international studies at Renmin University, told *The Financial Times* that Steinberg‟s "attitude was quite stern, so China went and made some strong effort [to lobby Pyongyang]."

Crediting China

By the end of the quarter, US-China consultations on North Korea had successfully led to a common path forward. The Obama administration credited Beijing with persuading Pyongyang to refrain from responding militarily to live-fire drills that were conducted by South Korea‟s military Dec. 22-24. The US and China agreed on a plan to press the North to reconcile with the South as a precursor to resumption of US-North Korea bilateral dialogue and the Six-Party Talks. Undoubtedly, the upcoming January visit by Hu Jintao to the US provided impetus for the two countries to find common ground.

Clinton meets Dai on Hainan Island

During her Asia trip in October, Secretary of State Hillary Clinton met State Councilor Dai Bingguo for two hours on Hainan Island in the South China Sea. The meeting had originally been scheduled to take place in Hanoi, but at China‟s request, Clinton agreed to hold the meeting on Chinese territory. Kurt Campbell, US assistant secretary of state for the Bureau of East Asian and Pacific Affairs, stated in an Oct. 26 press conference that Clinton and Dai had agreed to have "more informal diplomacy, more regular consultations" on several issues during multilateral meetings in the region, and that the side-trip to Hainan offered such an opportunity. According to a press release issued by the Chinese Embassy in Washington following the talks, the two sides made "positive comments" on US-China relations; agreed to enhanced dialogue, trust and cooperation; and pledged to stay in close contact to "create a favorable atmosphere" for Hu Jintao‟s January visit.

Sino-Japanese tensions and Chinese policy on exports of rare earth minerals dominated the discussions. China had halted exports of rare earths to Japan in September after the Japanese refused to release the captain of a Chinese fishing trawler who had rammed into two Japanese patrol craft near the Senkaku (Diaoyu) Islands. Restrictions on Chinese rare earth exports then appeared to spread to shipments to the US and Europe a month later, raising concerns globally.

Beijing denied that it was interfering with exports and insisted that it would remain a "reliable supplier." Prior to her stopover in Hainan, during a press conference in Honolulu, Hawaii, Clinton expressed concerns that China could use its rare earth monopoly as a political tool and called for countries to find alternative suppliers for the materials. Subsequently, Clinton met Chinese Foreign Minister Yang Jiechi in Hanoi on the sidelines of the East Asia Summit. At a press conference following their talks, Clinton stated that with regard to the rare earth issue, Yang had "clarified that China has no intention of withholding these minerals from the market. He said that he wanted to make that very clear." Following the meeting on Hainan, US officials stated that Dai had made similar statements and had reassured Clinton that Beijing did not pursue a policy that restricts the sales of China‟s mineral assets.

China debates and reacts to US Asia strategy

President Obama‟s 10-day Asia tour and Secretary Clinton‟s two-week Asia trip this quarter were widely portrayed in the Chinese media as aimed at shaping the strategic balance in the region so it is more favorable to the US. Some Chinese experts depicted the visits as deliberately designed to drive a wedge between China and its neighbors and strategically encircle China. In an article posted on *Guangming Wang*, for example, Qiu Lin maintained that the Obama administration made a "deliberate detour" of China and sought to "counter China‟s increasing influence in the Asia-Pacific region." Qiu maintained that the four countries on Obama‟s itinerary (India, Indonesia, South Korea, and Japan) are "all closely connected to the United States in national defense and security," which shows that the US is changing its "long-established strategy" toward China from "the one-to-one dialogue in the past to roping in a series of its allies to collectively apply pressure on China." Other experts charged that Obama‟s support for India to become a permanent member of the UN Security Council was intended to sow discord between China and India and counterbalance Chinese influence.

Not all Chinese analysts agreed with such analysis, however, and several cautioned against over interpreting the trips to Asia by President Obama and Secretary Clinton. Writing in *Liaowang, Du Lan*, a researcher from the Ministry of Foreign Affairs think tank, noted that Obama‟s stops in South Korea and Japan were for the purpose of attending the G20 Summit and the APEC Forum respectively, and that Indonesia was included because Obama had twice canceled planned visits there. Du disagreed with the proposition that Obama was "detouring around without entering, and encircling China," arguing instead that Obama had visited China in November 2009, so it was "very normal" for him to not visit China on this trip. Moreover, he stated, Treasury Secretary Timothy Geithner and Vice Premier Wang Qishan had recently held an ad hoc meeting at the Qingdao airport, and Secretary Clinton had stopped in Hainan to meet with Dia Bingguo. Therefore, Du concluded, "It is evident that contact and cooperation are still the main thread in Sino-U.S. relations, and the United States still needs to coordinate with China on major issues" even as it seeks to use the countries on China‟s periphery to counterbalance China. In an article entitled "Do Not Over-Interpret Obama‟s Asian Trip" carried by *Dongfang Zaobao*, Shen Dingli, executive vice dean of the Institute of International Affairs at Fudan University, similarly argued that President Obama‟s visiting China‟s neighbors without entering China "absolutely does not mean that the United States wants to draw Japan, the ROK, and India to its side to contain China."

Secretary Clinton‟s assertion that the Senkaku Islands (Diaoyu Islands in Chinese) are covered under Article 5 of the 1960 Japan-US Security Treaty, which obligates the US to come to the defense of Japan, prompted a harsh official reaction from Beijing. Clinton‟s statement, which was a reiteration of US policy that she had made as recently as September in New York, was made on Oct. 28 at a press conference in Honolulu following a meeting with Japanese Foreign Minister Maehara Seiji. China‟s Foreign Ministry spokesman insisted that China has "indisputable sovereignty" over the islands and maintained that the US-Japan Treaty "should not harm the interests of any third parties, including China." The spokesman declared that the Chinese government and people would "never accept any word or deed that includes the Diaoyu Island within the scope of the treaty."

A few days later in Hanoi on the sidelines of the East Asia Summit, Foreign Minister Yang Jiechi warned Secretary Clinton to not make erroneous remarks on such a highly sensitive issue and urged her to respect China‟s sovereignty and territorial integrity. A signed commentary on the website of the PRC-owned Hong Kong Journal *Ta Kung Po* blasted Clinton‟s remarks, saying that they "can only smear her own image as a politician and are very unfavorable for Sino-Japanese relations and Sino-U.S. relations."

Beijing firmly rejected a proposal by Secretary Clinton to hold a trilateral US-China-Japan meeting that had originally been scheduled in June 2009, but had been postponed by China due to concerns about a negative reaction by North Korea. Media reports claimed that Clinton had offered to mediate the territorial dispute between Japan and China. China‟s Foreign Ministry spokesman said that "Having official trilateral talks between China, Japan and the United States is only the wishful thinking of the U.S. side."

In late November, the US deployment of a carrier battle group to the Yellow Sea following North Korea‟s attack on Yeonpyeong Island provoked criticism from Beijing. In response to a question about the planned US-ROK military exercise that would include the *USS George Washington* aircraft carrier, the Foreign Ministry spokesman said that an unnamed country was "brandishing swords and spears." This formulation was nevertheless significantly more restrained than remarks made in July about an earlier exercise that was reportedly planned for the Yellow Sea, but was eventually conducted on the eastern side of the Korean Peninsula. On that occasion, China‟s Foreign Ministry spokesman had expressed "resolute opposition" to "foreign warships or military airplanes conducting activities in the Yellow Sea and other coastal waters of China that will affect China‟s security interests." An editorial in Hong Kong‟s PRC-owned *Wen Wei Po*, which is often used to signal Chinese positions, took a much harsher stance on the latest exercise, calling the military drill an effort by the US to "capitalize on the DPRK-ROK military dispute" that "seriously provokes China and exposes the U.S.‟s strategic plot to curb China."

Pentagon officials insisted that the military drills were not aimed at China and took place in international waters. In an interview with *Phoenix Television*, Adm. Mike Mullen, chairman of the Joint Chiefs of Staff, revealed that the US-ROK exercises had been planned a month prior, and that the US had informed China of their objective and how long the drills would last.

Following on the heels of the Yellow Sea drills, the US and Japan conducted their biggest-ever joint military exercises in early December with the South Korean military taking part as an

observer. *Keen Sword 2010* involved more 34,000 Japanese and 10,000 US troops and ran for eight days. China criticized the *Keen Sword* exercise as an obstacle to easing tensions on the Korean Peninsula, and reiterated its call for increased diplomatic efforts. "Brandishing of force cannot solve the issue," Chinese Foreign Ministry spokeswoman Jiang Yu said. "Some are playing with knives and guns while China is criticized for calling for dialogue. Is that fair?"

US provides clarification and reassurance

Perhaps to assuage Beijing‟s intensifying suspicions and unease about US intentions toward China as well as to counter the narrative that was taking hold in the Western media that US-China relations are rapidly deteriorating, US officials sought to reassure the Chinese several times during this quarter that the Obama administration‟s "return to Asia" is not aimed at harming Chinese interests. In a speech delivered in Hawaii on her way to Asia, Secretary Clinton denied that the US and China have a zero-sum relationship, where "whenever one of us succeeds, the other must fail." She also rejected the view that she attributed to "many in China" that the US is bent on containing China. Instead, she said that "the U.S. and China are working together to chart a positive, cooperative, and comprehensive relationship for this new century."

Ahead of defense talks with Australia, US Defense Secretary Robert Gates told the media that the US was "looking at ways to strengthen" its presence in Asia, but he stressed that the US moves in the region were not a response to actions by Beijing. "No, this isn‟t about China at all," Gates said, pointing to increased ties with countries in the region on shared interests such as counterterrorism, counterpiracy and disaster relief. "It‟s more about our relationships with the rest of Asia than it is about China."

At a press conference with Indonesian President Yudhoyono in Jakarta, President Obama seized the opportunity to offer his own reassurances. "We want China to succeed and prosper," he stated, adding that "we‟re not interested in containing that process." At the same time, Obama stated that the US wants "to make sure that everybody, including China, the United States, and Indonesia, is operating within an international framework and sets of rules in which countries recognize their responsibilities to each other."

Briefing the press on the eve of President Obama‟s departure for Asia, Jeff Bader, the senior director for Asia at the National Security Council, insisted that there is "nothing new" about areas of difference and friction in the Sino-US relationship. Noting that relations have never been "easy," he maintained that there has always been "a balance sheet of issues where we‟re cooperating and issues where we‟re not cooperating." Bader put forward three "fundamental pillars" on which the administration‟s approach to dealing with China is based: 1) broadening areas of cooperation in the bilateral relationship, 2) strengthening US relationships with partner and allies throughout the region "to assure that China‟s … rise contributes to, rather than detracts from Asian stability," and 3) insisting that China abide by global norms and international law.

In a speech on US-China relations delivered to the Center for American Progress on Dec. 7, Deputy Secretary Steinberg also attempted to put to rest concerns about growing friction. He noted that the "flavor of the week" is that the relationship is "experiencing a serious downturn" or "a freeze," but asserted that "frankly we don‟t see it that way." Reiterating prior statements

by President Obama and Secretary Clinton, Steinberg asserted that the administration "welcomes the rise of a successful, strong, and prosperous China that plays a greater role in global affairs."

Liu Xiaobo award brings human rights to the fore

The award of the Nobel Peace Prize to Liu Xiaobo, a human rights activist who advocated political reforms and the end of communist one-party rule in China, has been a media sensation this quarter, primarily over the battle of wills between Norway and China. Nevertheless, the US role also factored into China's frustrations. President Obama released a statement in support of Liu only a few hours after the public announcement of the award, describing him as "an eloquent and courageous spokesman for the advance of universal values through peaceful and non-violent means, including his support for democracy, human rights, and the rule of law." He urged the Chinese government to release Liu from prison "as soon as possible."

This is not the first time that Liu's imprisonment and US concern has ruffled feathers in Beijing. News reports on diplomatic cables released by *Wikileaks* this quarter allegedly show that the two governments have been at odds over Liu for years and the US has actively sought his release since his imprisonment in 2008.

Beijing reacted harshly to the decision to award the prize to Liu. It accused the Nobel Committee of using the award as a political tool and maintained that awarding it to a man serving an 11-year prison sentence for state subversion was "profane" and "a desecration of the rule of law." Chinese officials also hinted that they suspect the US may have had a hand in the decision. In October, when Secretary Clinton met State Councilor Dai, he said that the Chinese government viewed the award as an "American conspiracy to embarrass Beijing." Such tensions in the US-China relationship, while an on-going irritant, are certainly not new or surprising. Human rights are always on the agenda and as such are a consistent sticking point in bilateral discussions.

Military ties gradually restored

In the first substantive sign that a resumption of the US-China military-to-military relationship is underway, US Defense Secretary Gates and Chinese Minister of National Defense Liang Guanglie held a meeting in Hanoi on the sidelines of the ASEAN Defense Ministers Meeting Plus Eight (ADMM+) in mid-October. The meeting took place 10 months after China suspended military exchanges with the US in response to the Obama administration's approval of a $6.4 billion arms sale to Taiwan.

Opening the 50-minute discussion, Minister Liang said that the military relationship constitutes an important part of the overall bilateral relationship, which is of increasing global impact, according to *People's Daily*. Noting that some problems were present in the cooperation between the two militaries, Liang highlighted that US arms sales to Taiwan are "the biggest obstacle." He also stressed the need for the two countries to respect each other's core interests and consolidate strategic mutual trust. Secretary Gates expressed his hope that the military relationship would be determined by mutual interests and responsibilities. He underscored the need for "greater clarity and understanding of each other" which he said was "essential to preventing mistrust, miscalculations and mistakes."

Gates told reporters that his meeting with Liang was a "good forward step" conducted in a friendly spirit, and noted that he had emphasized his conviction that the dialogue between the two militaries should be sustainable regardless of any ups and downs in the two countries" relations. Regarding arms sales to Taiwan, Gates said that such sales are political decisions that are made at the White House, not at the Department of Defense, and therefore should not disrupt ties between the US and Chinese militaries.

According to China"s *International Herald Leader*, the topics discussed included: 1) the importance of Sino-US relations and the general situation of overall cooperation, 2) the obstacles to military exchanges, and 3) the broad space for cooperation in fighting terrorism, conducting rescue missions, providing humanitarian relief, providing shipping escorts and cooperating in other nonconventional security fields. In what *People's Daily* described as a "goodwill gesture to improve military relations between the world"s two powerful countries, Liang invited Gates to visit China in early 2011 and Gates accepted the invitation.

MMCA

A few days after the defense ministers meeting, senior officials from the US Pacific Command and China"s Ministry of National Defense held a two-day plenary session under the US-China Military Maritime Consultative Agreement (MMCA) in mid-October in Honolulu. Marine Maj. Gen. Randolph Alles, director of plans and policy at Pacific Command, was the senior US representative. People"s Liberation Army (PLA) Navy Rear Adm. Liao Shining, a deputy chief of staff of the PLA Navy, led the Chinese delegation. The MMCA talks have taken place intermittently since 1998 to discuss ensuring safety of both countries" airmen and sailors operating in close proximity to each other. The last MMCA annual meeting was held in 2008. A special MMCA meeting convened in August 2009 to discuss Chinese harassment of US ocean surveillance vessels.

According to *Xinhua*, "The two sides exchanged opinions on their maritime security situation and solutions to maritime security concerns in a „substantial" and „candid" manner." US Pacific Command said in a statement at the conclusion of the session that the discussion was significant for a "sustained, reliable and meaningful military-to-military relationship." Maj. Gen Alles described the October talks as "a professional and frank exchange." The two sides reached agreement on the issues to be addressed in next year"s MMCA working group meetings.

11th Round of Defense Consultative Talks

After a hiatus of 18 months, the Defense Consultative Talks (DCT) were held in Washington DC in mid-December. An agreement to resume the high-level policy talks was reached in September when Deputy Assistant Secretary of Defense for East Asia Michael Schiffer visited Beijing. The 11th round of the DCT was co-chaired by Undersecretary of Defense for Policy Michele Flournoy and Deputy Chief of the PLA General Staff Ma Xiaotian.

Following a full day of discussions, Flournoy gave an upbeat assessment to Pentagon reporters, noting that progress had been made in sharing information on military capabilities. Describing

the talks as "positive," she added that they "form the basis for a more productive relationship between our two countries and our two militaries over time." On issues where there was disagreement, Flournoy noted, "we had a very candid, frank and productive exchange." "The Chinese provided a brief about their defense doctrine and how they view the world and the role of their military in it," she said, which was "a step forward." The US delegation provided a brief on the administration‟s nuclear posture, ballistic missile and space defense plans, which, according to Flournoy, were the same level of detail as briefs given to the closest allies. Guan Youfei, deputy director of the PLA‟s Foreign Affairs Office, described the atmosphere of the talks as "candid and pragmatic" at a separate press conference that was summarized by *Xinhua.*

The bilateral military relationship was a major focus of the talks. For more than a decade, US-Chinese military exchanges have been periodically suspended due to untoward incidents in the overall relationship. The last two times – in October 2008 and January 2010 – Beijing halted exchanges in response to a US arms sale to Taiwan. At the DCT, both sides discussed "how to develop a more durable framework to shift the military-to-military relationship to a more sustained and reliable and continuous footing," according to Flournoy. Guan said that the two sides had agreed that relations between the two armed forces are "an integral part of bilateral ties" and should be kept "healthy and stable."

During the talks, Ma Xioatian indicated that while the US and Chinese militaries share a broad range of common interests, there are "problems and hurdles" in their relationship. He cited the main hurdles as "U.S. arms sales to China‟s Taiwan province, Congress‟ restrictions on military exchanges between the two countries, and U.S. air and sea military surveillance operations in China‟s exclusive economic zones." To ensure that the military-to-military relationship remains on a "stable development track," Ma insisted that the US and China need to "respect each other‟s core interests and major concerns, properly handle differences and sensitive issues, continuously foster and increase mutual strategic trust, and consolidate and expand common interests.

The two sides also discussed maritime safety and regional issues, including North Korea, Afghanistan-Pakistan, Africa, and Iran. Flournoy thanked the Chinese for their support for tightening sanctions against Iran in the UN Security Council.

After the DCT, an announcement was made that Defense Secretary Gates would visit China Jan. 10-14 and that Chen Bingde, chief of the General Staff of the PLA, would visit the US at a mutually convenient time in 2011. Both visits were supposed to have taken place in 2010.

Mixed bag on economics and trade

G20 meeting in Seoul

On Nov. 3, just one week before the opening of the Group of 20 *(G20)* Summit in *Seoul,* the US Federal Reserve announced its plan to purchase $600 billion of longer-term Treasury securities by the end of the second quarter of 2011. This second round of quantitative easing, known as QE2, was designed to push down long- and medium-term interest rates to encourage consumers to buy, banks to lend, and companies to spend and hire more workers. In addition to provoking criticism domestically, the QE2 had its foreign critics as well, including China. Cui Tiankai,

vice foreign minister and a lead negotiator at the G20, questioned the motivations behind the QE2, saying the US "owes us some explanation." Vice Finance Minister Zhu Guangyao maintained that the US was "not recognizing the responsibility it should take as a reserve currency issuer, and not taking into account the effect of this excessive liquidity on emerging market economies." The same day, President Obama refuted criticism of the QE2, saying that "The Fed's mandate, my mandate, is to grow our economy. And that's not just good for the United States, that's good for the world as a whole."

The QE2 set the US on a collision course with G20 member countries and diverted attention away from the discussion that the US hoped to have in Seoul on how to shift exchange rates from the current "market oriented" rates to "market determined" rates. The US plan to rally multilateral support for its efforts to encourage faster appreciation of China's currency, the *yuan*, was doomed to failure.

In negotiations over language for the group's joint statement, the US pushed to include the phrase "competitive undervaluation" to signal a united, strong G20 stance on China's currency policy. In the end, however, the statement only said that the parties agreed to refrain from "competitive devaluation" of their currencies and move toward market-determined exchange rate systems. While the language was directed at China, its subtlety avoided any direct accusation or specific timelines. When Presidents Hu and Obama met on the sidelines of the G20 Summit, currency dominated their discussion. Hu pledged that China would continue to appreciate its currency, but in an obvious rebuke to Obama's sense of urgency, he insisted that the process would be gradual and would require a "sound external environment."

JCCT

The 21st meeting of the US-China Joint Commission on Commerce and Trade (JCCT), which serves as the primary forum in which the US and China engage bilaterally on trade issues and promote commercial opportunities, convened in Washington on Dec. 13-14. Vice Premier Wang Qishan headed the Chinese delegation of roughly 100 officials and co-chaired the meeting with Commerce Secretary Gary Locke, US Trade Representative Ron Kirk, and Agriculture Secretary Tom Vilsack. During the meeting, the US sought greater market access in China and protection of intellectual property. According to a statement by Foreign Ministry spokeswoman, Jiang Yu, China hoped that the JCCT would "expand mutual cooperation and maintain the healthy and stable development of bilateral economic and trade relations."

The two countries signed agreements in several areas, including investment, agriculture, inspection and quarantine, energy resources, water conservation, and statistics as well as several economic and trade cooperation accords. They also agreed to consider the establishment of a bilateral cooperation framework on intellectual property rights (IPR), and pledged to work together to "ensure the openness, fairness and transparency of the business and investment environment and be open to foreign investment," according to the joint statement.

Where the G20 had been an overall failure for US economic objectives, the JCCT proved far more fruitful. Secretary Locke described the negotiations as "productive and effective." According to Locke, "real and substantial" results were achieved and progress made would help

reduce bilateral trade imbalances. A Dec. 15 press release from the Department of Commerce, listed "intellectual property rights (IPR) enforcement, open and neutral technology standards, clean energy, and government procurement" among the US initiatives on which China agreed to cooperate. For instance, China agreed to no longer base its decision to purchase wind power generators from the US on past results with the technology.

China also agreed to resume imports of boneless and bone-in beef from cattle under the age of 30 months, products that have been banned since 2003 due to concerns over mad cow disease. It also agreed to lift its avian influenza bans on poultry imports from Idaho and Kentucky, so long as the products met quarantine requirements. Secretary Vilsack stated that the achievement was of the "utmost importance" for US farmers. The US Department of Agriculture will send a delegation to China in January for further negotiations on beef imports.

China committed to increasing both enforcement of IPR protection and legal software purchases, according to the joint statement, by conducting campaigns to fight IPR infringements and counterfeit products, and actively advancing software legalization." USTR Kirk maintained that these commitments to IPR "will have systemic consequences for the protection of US innovation and creativity in China." China also promised to prevent discrimination against foreign suppliers by revising a major equipment catalogue for heavy machinery and other industrial equipment. In addition, China agreed to simplify the process for approving mobile phone product codes and to adjust standards for mobile phone fees. These outcomes will help US businesses' competiveness and improve their market-access in China.

Wang Qishan echoed his US counterparts' upbeat assessment of the talks, calling the JCCT "fruitful" and a "great success." Through "candid exchanges and dialogues," he added, China and the US have "enhanced mutual understanding and trust and laid the groundwork for intensive, in-depth, close economic cooperation between the two countries." However, China's gains from the dialogue were far less concrete than what it promised the US. Washington acknowledged Chinese concerns and agreed to continue reforming its export control regime and said it would take China's suggestions and ideas under consideration during this process. In addition, the US would "exercise caution" when taking trade remedy measures against China and promised to observe WTO rules. According to the joint statement, the US would also "seriously consider" Chinese concerns regarding market economy status and would "be ready" for enhanced communications and exchanges with China on this matter to "accelerate the process of recognizing China as a market economy."

Currency

Just as the JCCT produced some progress on economic issues for the US, the currency issue raised its head again. This time it was in the Senate with the re-emergence of the *Currency Reform for Fair Trade Act*, a House bill that would authorize the Department of Commerce to treat currency undervaluation as an illegal export subsidy under US trade law so that US companies could request a countervailing duty to offset China's price advantage. The bill had passed in the House in September, but no action was taken by the Senate due to the mid-term elections and voting on other legislation. China had factored heavily in a number of states in the mid-term elections, notably in campaign ads that portrayed China as stealing US jobs. These

sentiments, combined with the need to pass the bill through the Senate this year in order for it to become law, brought on another push from policymakers.

On Nov. 29, Senators Sherrod Brown (OH-D) and Olympia Snowe (ME-R) sent a letter to Senate Majority Leader Harry Reid and Senate Minority Leader Mitch McConnell requesting that the Senate schedule a vote on the bill. As weeks passed and the vote was not scheduled, Brown and Snowe filed the bill as an amendment to the high-priority bill to extend expiring tax breaks. Their strategy failed, however, when the Senate leadership pushed the tax legislation through without permitting amendments to it. "Addressing Chinese currency manipulation is vital to getting our economy back on track," Brown said in a joint statement with Snowe, who added that the amendment would "make certain our government is prepared to investigate currency manipulation policies and penalize violators of global trade rules."

Now that the tax legislation has passed, Senate leadership is considering allowing senators to pose amendments, but it is unlikely that any – including the House bill – will pass before the end of the legislative session. If not approved by the Senate during the current Congress, which ends by Jan. 5, 2011, the House bill will die. In order for the new Congress to consider it, the bill must be re-introduced into the House and Senate as a new bill, starting the process all over again.

As the year ended, the *yuan* strengthened above 6.6 per dollar for the first time in 17 years, bringing gains for 2010 to 3.6 percent. Analysts speculated that China would allow the currency to appreciate further in early January in advance of Hu Jintao‟s state visit to Washington.

Looking ahead

On Dec. 22, the Obama administration issued a statement announcing that Hu Jintao would visit the White House on Jan. 19 for an "official state visit." The statement noted that Hu‟s visit would "highlight the importance of expanding cooperation between the United States and China on bilateral, regional, and global issues, as well as the friendship between the two countries." Hu will be hosted for an official state dinner at the White House and will subsequently travel to Chicago. Foreign Minister Yang Jiechi will travel to the US Jan. 3-7 to make final preparations for the visit. Also in advance of Hu‟s visit to the US, Defense Secretary Gates will visit China Jan. 10-14.

2009 was an exceptionally smooth year for the US-China relationship, in part because the Obama administration put off actions that were likely to irritate Beijing as part of a strategy of establishing mutual trust and habits of cooperation early to provide a cushion against later tensions. 2010 was especially rocky, beginning with US arms sales to Taiwan and President Obama‟s meeting with the Dalai Lama. The two countries butted heads over the South China Sea and US military exercises in the Yellow Sea, and disagreed over how to handle North Korea.

There are reasons to be hopeful that 2011 will see an improvement in relations. Both countries now have realistic expectations and fully understand the other‟s priorities, sensitivities, and red lines. Hu Jintao‟s visit to the US presents an opportunity to reset the relationship. His trip, combined with the January visit by Secretary Gates to China, could be part of a process to build mutual strategic confidence. To make this a reality, both countries will need to exert efforts.

Chronology of US-China Relations[1]
October – December 2010

Oct. 8, 2010: President Barack Obama issues a statement welcoming the Nobel Committee‟s decision to award the Nobel Peace prize to Liu Xiaobo.

Oct. 9, 2010: Zhou Xiaochuan, the governor of China‟s Central Bank, meets Treasury Secretary Timothy Geithner on the margins of the G20 meeting in Washington.

Oct. 11, 2010: On the sidelines of the ASEAN Defense Ministers Meeting Plus 8 (ADMM+) in Hanoi, US Defense Secretary Robert Gates meets Chinese Defense Minister Liang Guanglie and accepts an invitation to visit China in early 2011.

Oct. 13, 2010: Chinese Vice Premier Wang Qishan converses by telephone with Gary Locke, co-chair of the China-US Joint Commission on Commerce and Trade (JCCT) and US Commerce Secretary, and Ron Kirk, US trade representative.

Oct. 14, 2010: After meeting former Secretary of State Madeline Albright, Chinese Vice Premier Wang Qishan calls for efforts from both sides to safeguard China-US relations.

Oct. 14-15, 2010: A Military Maritime Consultative Agreement (MMCA) meeting is held at US Pacific Command in Hawaii.

Oct. 15, 2010: The US Trade Representative agrees to investigate a complaint by the United Steelworkers union against China.

Oct 16-20, 2010: Charles Bolden, head of the National Aeronautics and Space Administration (NASA), visits China seeking cooperative opportunities between the nations‟ space programs.

Oct. 18, 2010: Fifth Plenary Session of the 17th Communist Party of China Central Committee announces promotion of Xi Jinping to vice chairman of the Central Military Commission.

Oct. 20, 2010: The People‟s Bank of China raises benchmark one-year lending rate by 25 basis points to 5.56 percent and the one-year deposit rate by the same margin to 2.5 percent respectively, the first time in almost three years that China has raised interest rates.

Oct. 21, 2010: Attorney General Eric Holder visits China to discuss cooperation on intellectual property rights violations, terrorism, transnational crime, and to promote the rule of law through the US-China Legal Experts Dialogue.

Oct. 22, 2010: US Envoy on Climate Change Todd Stern and Xie Zhenhua, his Chinese counterpart, meet in Beijing but fail to reach any binding agreements.

[1] Chronology and research assistance by CSIS intern David Silverman

Oct. 23, 2010: During a tour of several US cities, Wang Yi, director of the Taiwan Work Office of the Communist Party of China Central Committee and the State Council Taiwan Affairs Office, meets briefly with Secretary of State Hillary Clinton and other US officials.

Oct. 23, 2010: Speaking about the South China Sea at the Xiangshan security forum in Beijing, Deputy Chief of General Staff of the People"s Liberation Army (PLA) Ma Xiaotian says, "We believe the situation in the region is stable and all the passing ships and planes have a sufficient amount of freedom and security."

Oct. 25, 2010: Pentagon spokesman Geoff Morrell reiterates that the *USS George Washington* will operate in the Yellow Sea again and that joint US-ROK naval exercises were "absolutely and categorically … not scaled back in order to placate Beijing."

Oct. 28, 2010: Secretary of State Clinton delivers a speech in Honolulu in which she says the US is not seeking to contain China and denies that US and Chinese interests are at odds.

Oct. 30, 2010: On Hainan Island, Secretary Clinton meets Chinese State Councilor Dai Bingguo.

Oct. 30, 2010: Secretary Clinton meets Chinese Foreign Minister Yang Jiechi on the margins of the East Asia Summit and receives reassurances on the Chinese government"s policy on the export of rare earth minerals.

Nov. 1, 2010: In Phnom Penh, Secretary Clinton calls on Cambodia to maintain a more independent foreign policy and not be overly dependent on any one country.

Nov. 2, 2010: China"s Marine Corps holds a major naval exercise in the South China Sea. The live-fire exercises, codenamed *Jiaolong 2010*, include more than 1,800 troops and over 100 ships, submarines, and aircraft.

Nov. 2, 2010: China turns down Secretary Clinton"s reported offer to mediate talks between China and Japan over disputed islands in the East China Sea. Foreign Ministry spokesman Ma Zhaoxu calls Clinton"s proposal "wishful thinking."

Nov. 4, 2010: Sen. Jim Webb, chairman of the Subcommittee on East Asian and Pacific Affairs of the Foreign Relations Committee, issues a statement criticizing China"s "military aggression toward Japan, Vietnam, and other nations over territorial disputes in regional waters."

Nov. 5, 2010: Cui Tiankai, vice foreign minister, says the US proposal for setting caps on nations" current account is a return "to the days of a planned economy."

Nov. 11, 2010: President Obama meets President Hu Jintao on the sidelines of the G20 Summit.

Nov. 17, 2010: Energy Secretary Steven Chu visits China to attend a meeting related to the Sino-US clean energy research center and meets Vice Premier Li Keqiang and State Councilor Liu Yandong.

Nov. 18, 2010: The US-China Economic and Security Review Commission 2010 report claims China Telecom, the state-owned telecommunications operator, "hijacked" 15 percent of the world"s internet traffic, including sensitive encrypted data from the US Senate, the Department of Defense and NASA, in April 2010.

Nov. 18, 2010: On a visit to Washington, State Council Information Office Director Wang Chen meets Under Secretary of State for Public Diplomacy and Public Affairs Judith McHale to discuss strengthening bilateral cooperation in public diplomacy and cultural exchanges.

Nov. 23, 2010: Special Envoy of the Chinese Government for Korean Peninsula Affairs Wu Dawei meets US Special Envoy on North Korea Stephen Bosworth in Beijing.

Nov. 24, 2010: State Department spokesman Phil Crowley says that China is pivotal to moving North Korea in a fundamentally different direction.

Nov. 24, 2010: Adm. Mike Mullen, chairman of the Joint Chiefs of Staff, says that China is "absolutely critical" in dealing with North Korea, saying "It"s very important for China to lead."

Nov. 24, 2010: In a phone conversation with South Korean President Lee Myung-bak, President Obama says that China should take a more resolute stance on North Korea.

Nov. 25, 2010: State Department issues the *Annual Report on International Religious Freedom* in which China is listed among "countries of special concern."

Nov. 26, 2010: Secretary Clinton talks over the phone with Foreign Minister Yang Jiechi to discuss the situation on the Korean Peninsula.

Nov. 26, 2010: The US announces upcoming joint military drills with South Korea in the Yellow Sea that include an aircraft carrier battle group, stating that the exercises are not aimed at China, but are intended to deter North Korean aggression.

Nov. 26, 2010: China"s Foreign Ministry spokesman declares that China opposes any military acts in its exclusive economic zone without permission.

Nov. 28, 2010: State Councilor Dai Bingguo calls Secretary Clinton to discuss the situation on the Korean Peninsula.

Nov. 28, 2010: Chinese Envoy Wu Dawei calls for an emergency meeting in Beijing of delegates to the Six-Party Talks.

Dec. 2, 2010: Wang Jiarui, head of the International Department of the CPC Central Committee, meets Deputy Secretary of State James Steinberg. Wang is visiting Washington to attend the Second China-US High-Level Political Party Leaders Dialogue.

Dec. 6, 2010: President Obama phones President Hu to warn that China"s muted response to Korean Peninsula tensions is emboldening North Korean provocations, reiterating a June assertion that China was practicing "willful blindness" to DPRK transgressions.

Dec. 6, 2010: 30 US senators send a letter to Chinese Vice Premier Wang Qishan calling for the *yuan* to "appreciate meaningfully" before President Hu"s trip to Washington.

Dec. 8, 2010: US House of Representatives approves a resolution congratulating Liu Xiaobo for winning the Nobel Peace Prize and calls on China to release him.

Dec. 10, 2010: Under Secretary of Defense for Policy Michele Flournoy meets Deputy Chief of the PLA General Staff Gen. Ma Xiaotian at the 11th round of US-China Defense Consultative Talks in Washington.

Dec. 13, 2010: A World Trade Organization ruling upholds US duties on Chinese tires put in place last year.

Dec. 14, 2010: Vice Premier Wang Qishan arrives in Washington leading a Chinese delegation to the US-China Joint Commission on Commerce and Trade (JCCT).

Dec. 15, 2010: Deputy Secretary of State Steinberg arrives in Beijing, leading a high-level US delegation for discussions on Korean Peninsula issues.

Dec. 19, 2010: China, the US, and other members of the UN Security Council meet to discuss tensions and events on the Korean Peninsula but fail to agree on a joint statement condemning North Korea"s actions.

Dec. 22, 2010: The Obama administration accuses China of illegally subsidizing the production of wind power equipment and calls for discussions at the WTO, the first step in a trade case sought by US steelworkers.

Dec. 28, 2010: PACOM Commander Adm. Robert Willard says that he believes the Chinese anti-ship ballistic missile program has achieved "initial operational capability."

Comparative Connections
A Quarterly E-Journal on East Asian Bilateral Relations

US-Korea Relations:
A Tumultuous Ending of Year 2010

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US-Korea relations in the last quarter of 2010 centered around two major events. On the economic front, even though Presidents Barack Obama and Lee Myung-bak failed to seal a deal on the KORUS Free Trade Agreement (FTA) during their meeting on the margins of the G20 in Seoul, the two countries reached final agreement a few weeks later, potentially opening a new era in bilateral relations pending approval in the two legislatures. Meanwhile, North Korea‟s revelation of its uranium enrichment facility and shelling of Yeonpyeong Island raised a real possibility of war on the peninsula. South Korea and the US once again demonstrated their strong security alliance and solidarity even at the risk of a military conflict. North Korea‟s artillery attack quelled ongoing diplomatic efforts to resume the Six-Party Talks, as the prospect for early resumption vanished.

G20 Summit and KORUS FTA

The Seoul G20 Summit in November served as a platform for South Korea to project its economic prosperity and leadership in the global economic order. As the first non-G7 and the first Asian country to host the G20, South Korea felt that the summit‟s success would be a national achievement that would lift its global economic status. Seoul framed the agenda around currency reform, financial safety nets, International Monetary Fund (IMF) reform, and responsible development assistance. It sought to fill a special niche as a country that could bridge the gap between the developed and developing world given its unique development experiences. The summit was also given importance in the US as it offered an opportunity to forge an international consensus and help form a framework to deal with trade imbalances and currency exchange rate revaluation – issues that were increasingly deepening conflicts with China.

The meeting between President Barack Obama and President Lee Myung-bak on the margins of the G20 was another focal point, as Obama had previously pledged to finalize a deal on the Korea-US Free Trade Agreement (KORUS FTA) during his visit to South Korea.

US Trade Representative (USTR) Ron Kirk and ROK Trade Minister Kim Jong-hoon met twice to resolve their differences on outstanding issues, namely revision of the auto and beef clauses in the 2007 deal. Specifically, the US demanded that South Korea ease market access restrictions for US cars and lift its ban on the import of US beef from cattle more than 30 months old. South Korean negotiators strongly resisted those modifications and made it very clear that beef was not to be discussed given the political sensitivity of the issue in South Korea.

While negotiators were struggling to break the impasse, leaders and government officials from the two countries made repeated calls for cooperation and progress while reiterating their commitments to settle the differences before the summit. At home, President Obama started a domestic campaign to create a favorable atmosphere and garner support for ratification. In his *New York Times* op-ed, "Exporting Our Way to Stability," which came out on Nov. 5, Obama emphasized the positive impact of the KORUS FTA on the growth of US exports and jobs, touting the agreement as essential to the revitalization and recovery of the US economy. At the same time, he noted that the agreement should come with the "right terms" and urged South Korea to make concessions on US auto and beef imports.

On Nov. 12, Obama and Lee met on the sidelines of the G20 Summit to hammer out a final deal on the KORUS FTA. But after a prolonged meeting, they announced that they could not reach agreement and needed more time to resolve their differences. In a joint press conference, Obama stated that, "if we rush something that then can't garner popular support, that's going to be a problem. We think we can make the case but we want to make sure that case is airtight." He later said that the auto issue had been a bigger obstacle than beef and assured that both countries would continue to work together to complete their negotiations "within weeks, not months." Obama's inability to deliver on his pledge by the self-imposed deadline invited domestic criticisms and was heralded as an "embarrassing setback" and an early manifestation of the president's weakness after a major setback in the Congressional midterm elections a week earlier. In light of his personal ties with President Lee and confidence in the strength of the US-ROK alliance, leaving Seoul without the KORUS FTA deal undoubtedly disappointed Obama.

A few weeks later, USTR Kirk and Trade Minister Kim reconvened in Columbia, Maryland to resume talks on KORUS. After four days of extended negotiations, the two reached a final accord on Dec. 3 by coming to a compromise on auto issues. Under the revised agreement, US automakers were guaranteed wider access to the Korean market through South Korea's easing of safety and environmental standards. South Korea agreed to reduce its 8 percent tariff on US cars to 4 percent and allowed the US to maintain the current 2.5 percent tariff on Korean cars. Both countries agreed to eliminate all tariffs on cars in the fifth year after KORUS takes effect. South Korea also allowed the US to delay a phase out of its 25 percent tariff on Korean light trucks. In return, Seoul gained concessions from Washington such as a two-year delay in tariff reductions on US pork and the extension of L-1 visa validity for Korean workers in the US. The US also granted a three-year grace period on Korean generic medicine. Moreover, South Korea successfully kept the beef issue off the negotiation table. Upon hearing about a breakthrough deal on the revised KORUS FTA, President Obama hailed it a "landmark deal" and "win-win for both our countries," expressing his desire to work with the Congress for its ratification. President Lee also welcomed the news. During his biweekly radio address, he said that conclusion of the KORUS FTA meant forming an "economic alliance" with the US and called for early ratification of the revised agreement by the ROK National Assembly.

The prospect of passage of the revised KORUS deal in the US Congress appears good. President Obama may find the issue a good one on which to work with the soon-to-be Republican-controlled House. The supplemental deal on auto trade also cleared a major obstacle to its ratification as a number of individual lawmakers and auto companies like Ford Motor Company dropped their opposition. Administration officials who commented on background about the

agreement pointed out that prospects of passage were good and that this was the first FTA that had the active support of major US labor unions. Nonetheless, the Republican Party‟s congressional agenda for the new year and the beef issue are factors that need to be watched as they could alter the prospects for ratification in 2011. In South Korea, opposition parties criticized the revised agreement as an "unfair" and "humiliating" deal. Since the final agreement was reached during a crisis following North Korea‟s artillery attack on South Korea‟s Yeonpyeong Island (discussed below), some opposition parties argued that Seoul made too many concessions in return for security and vowed to block its passage if they find the balance of interests were compromised. Major opposition politicians who will oppose the agreement admit privately, however, that passage of the agreement in Korea was likely. In the end, this agreement – the largest bilateral FTA ever reached by the US – is too important to fail.

North-South Korea on the edge of war

The North Korean artillery barrage on a South Korean island raised a real possibility of war on the Korean Peninsula this quarter. At 2:34 pm local time on Nov. 23, North Korea fired over 170 artillery rounds on and around Yeonpyeong Island in the Yellow Sea, claiming that South Korea had provoked it with a military exercise on the island. The South Korean military returned 80 artillery shells and deployed fighter jets to the area in response, reportedly causing substantial damage in the North. The North Korean attack killed two ROK marines and two civilians and injured 19 others. It destroyed many houses and severely damaged infrastructure on the island, prompting the immediate evacuation of its 1,300 residents.

The shelling of Yeonpyeong Island had serious ramifications in South Korea since it was the second military provocation this year – the sinking of the *Cheonan* in March occurred in the same general area of the Yellow Sea. More importantly, it was the first time since the end of the Korean War that the North launched a direct attack onto South Korean territory, causing civilian casualties. The gravity of the situation drove the ROK National Assembly to swiftly pass a resolution condemning North Korea for its provocation and demand that the Lee administration counter further provocations in a firm manner. The attack caused a rightward swing in South Korean public opinion. What else made this provocation different from others was not just its outright brashness, but also that the artillery barrages were shown live on television throughout the country. The so-called "*CNN* effect" had a major impact on Korean thinking. According to a survey jointly conducted by the East Asia Institute (EAI) and Korea Research in the wake of the artillery attack, 68.6 percent of respondents agreed that a limited military response toward North Korea was appropriate. When the *Cheonan* incident took place, by contrast, only 28.2 percent supported the limited military option. The Asan Institute for Policy Studies (AIPS) had a similar survey result; after the shelling of Yeonpyeong, 80.3 percent of respondents said the South Korean government should have taken a stronger military action in response to the North‟s attack on the island. In the event of future provocations, 40.5 percent favored a limited military response and 25 percent favored strong retaliation with an all-out war mobilization.

Presidents Lee and Obama quickly decided to hold US-ROK joint military exercises in the Yellow Sea, with the participation of the aircraft carrier *USS George Washington.* Obama strongly condemned North Korea for its attack and reiterated the US commitment to the security and defense of its ally. He also called on China to step up and pressure North Korea to refrain

from further provocations. In a public address, Lee expressed his frustration with North Korea, saying "prolonged endurance and tolerance will spawn nothing but more serious provocations." He also warned that any future provocations by the North would be met with "actions" rather than "words." A week after the US-ROK joint exercises ended, the US, South Korea, and Japan held a ministerial-level trilateral meeting in Washington to discuss the crisis in the peninsula. The meeting was an opportunity for the three countries to strengthen their policy coordination and consultation on North Korea"s provocations and its nuclear program. According to the *Chosun Ilbo*, Secretary of State Hillary Clinton and Japanese Foreign Minister Maehara Seiji agreed to support South Korea"s military response to any further provocations by the North. This was effectively an unprecedented statement of collective self-defense. Though this made Seoul a bit uncomfortable given historical sensitivities regarding Japan, it was seen as the appropriate response given the gravity of the situation. Preconditions that North Korea must meet before a resumption of the Six-Party Talks were also set. According to State Department spokesman Philip Crowley, the three agreed that Pyongyang must 1) cease provocations, 2) reduce tensions in the region, 3) improve its relationship with South Korea, 4) take affirmative steps to denuclearize in line with the 2005 joint statement, and 5) abide by its international obligations under UN Security Council resolutions.

Tensions on the peninsula peaked when South Korea conducted its planned live-fire drills near Yeonpyeong Island on Dec. 20 amid the North"s threats of retaliation. China and Russia expressed extreme concern, called for restraint from both Koreas, and strongly urged South Korea to halt its exercises. Backed by the US and Japan, South Korea flatly rejected their call, saying that conducting the drills in its own territory is a matter of national sovereignty. The country showed its determination by completing military preparations and enhancing combat readiness in the event of a possible North Korean retaliation. As the two Koreas inched closer to war, the UN Security Council held an emergency meeting upon Russia"s request. Despite an eight-hour meeting, the UNSC failed to pass a resolution due to internal disagreements among countries. Both China and Russia strongly opposed any statement that blamed North Korea for the shelling incident and called upon South Korea not to aggravate the situation. The US defended South Korea"s exercise, claiming that its ally has the right to conduct military exercises in its self-defense.

North Korea held back from launching an attack in response to the ROK exercise. Newspapers reported that Beijing was so concerned that the situation would escalate uncontrollably that State Councilor Dai Bingguo contacted Pyongyang prior to the exercise urging Pyongyang not to respond to the ROK drill. True or not, the visit by National Security Council Senior Director Jeff Bader and Deputy Secretary of State Jim Steinberg to Beijing on Dec. 14-15 made clear that 1) the ROK would hold the artillery exercise, 2) the US would not stop the drill, and 3) China must do what it can to restrain the North. Tensions still hovered over the peninsula as the quarter ended. But, what was notable about the South Korean drills was that the government demonstrated its determination to break the vicious cycle of North Korea"s hostility through a strong, proportional military action, even at the risk of military conflict. Unlike before, the US and Japan supported the South Korean military action even with the possibility that it could have drawn them into the conflict. Further, the shelling of Yeonpyeong revealed that there is a growing consensus in South Korea that favors a military response to Pyongyang"s bellicosity over a diplomatic response or dialogue. All of these are a significant departure from the past.

Whether the Lee administration‟s shift in thinking, tougher stance, and enhanced military posture toward Pyongyang can effectively deter future provocations is yet to be seen. Meanwhile, North Korea‟s future provocations could occur in an ambiguous way, which would give it the opportunity to deny responsibility.

Six-Party Talks in a tug-of-war

Small movements between the two Koreas after the *Cheonan* incident created momentum among the participating countries to discuss the resumption of the Six-Party Talks. In October, negotiators were engaged in another round of shuttle diplomacy to discuss resuming talks. Pyongyang sent a positive signal by announcing its commitment to the September 2005 agreement. Such efforts abruptly ended in mid-November when North Korea disclosed its uranium enrichment facility to a group of US nuclear experts. During their visit to North Korea‟s Yongbyon nuclear complex, nuclear scientist Siegfried Hecker and his Stanford University colleagues John Lewis and Robert Carlin were shown an experimental light-water reactor (LWR) in the early stages of construction and a new facility housing as many as 2,000 centrifuges that could be used to enrich uranium. According to Hecker, North Korea claimed that the new reactor would be operational by 2012 and its intention was only to promote civilian nuclear power and not to enrich weapons grade uranium.

If Pyongyang‟s strategy behind its revelation was to coerce countries to come to the negotiation table so it could extort food and economic aid, then it was partly successful in delivering its message: Stephen Bosworth was immediately dispatched to South Korea, Japan, and China to discuss the North‟s nuclear program and the resumption of talks. But the North‟s disclosure did not force the issue: Bosworth called it “provocative” but not a “crisis” after meeting his counterparts in Seoul. The next day North Korea launched its artillery bombardment on Yeonpyeong Island, causing a real crisis.

Meanwhile, countries continued to play tug-of-war over resumption of the Six-Party Talks. Immediately prior to the US and South Korea joint exercises in the Yellow Sea, State Councilor Dai Bingguo, who is in charge of foreign affairs, made an unscheduled visit to Seoul to propose an emergency meeting of the Six-Party Talks. President Lee dismissed the Chinese proposal, saying that it wasn‟t the right time for talks and it was more urgent to deal with North Korea‟s hostility. Washington and Tokyo echoed Lee‟s rejection. Unusual for Russia, Foreign Minister Sergey Lavrov quickly condemned North Korea for its shelling of Yeonpyeong, and Prime Minister Vladimir Putin urged the country to “unconditionally” comply with UN Security Council resolutions 1718 and 1874. Sensing a different tone in Russia‟s statement, both Seoul and Pyongyang swiftly dispatched envoys to Moscow in mid-December to meet their Russian counterparts. In the end, Russia clung to its conventional stance and concurred with China on the necessity to defuse heightened tensions through dialogue.

Although both the US and South Korea are wary of any future Pyongyang calls for dialogue, the only real path back to negotiations requires first an improvement in North-South relations. What form this should take is unclear, but given recent events, inter-Korean military talks and possible economic engagement discussions are the most likely places to start. Successful conclusion of these talks would give Washington a more positive indication of Pyongyang‟s willingness to

negotiate in earnest. Admittedly, at the end of 2010, those are a long way away. Whether Presidents Obama and Hu Jintao can come to any substantial agreement on North Korea issues during their summit in January next year remains unclear, but their meeting will help shape developments on the Korea Peninsula.

Chronology of US-Korea Relations
October – December 2010[†]

Oct. 2, 2010: US Director of Central Intelligence (DCI) Leon Panetta makes a surprise visit to Seoul to discuss North Korean succession with President Lee Myung-bak.

Oct. 6, 2010: US Assistant Secretary of State for East Asian and Pacific Affairs Kurt Campbell visits Tokyo to discuss strategies to deal with North Korea.

Oct. 7, 2010: Secretary Campbell visits Seoul for talks on a wide range of issues.

Oct. 8, 2010: South Korean Defense Minister Kim Tae-young meets Defense Secretary Robert Gates in Washington for an annual Security Consultative Meeting (SCM).

Oct. 10, 2010: North Korean defector Hwang Jang-yop dies at his home in Seoul of an apparent heart attack at the age of 87.

Oct. 11-12, 2010: Russia‟s Deputy Foreign Minister and chief Russian negotiator at the Six-Party Talks Alexei Borodavkin travels to Seoul to meet Wi Sung-lac, South Korea‟s lead negotiator for Six-Party Talks, and Foreign Minister Kim Sung-hwan.

Oct. 12, 2010: North Korea‟s lead Six-Party Talks negotiator Kim Gye-Gwan meets Chinese Vice Foreign Minister and chief negotiator at the Six-Party Talks Wu Dawei in Beijing.

Oct. 13-14, 2010: South Korea hosts a multinational Proliferation Security Initiative (PSI) maritime exercise off of the coast of Pusan.

Oct. 16, 2010: North Korea strongly criticizes the PSI maritime exercise hosted by Seoul.

Oct. 16, 2010: US State Department spokesman P.J. Crowley announces that the US will not lift sanctions on North Korea to lure it back to the Six-Party Talks.

Oct. 16, 2010: North Korea‟s *Korean Central News Agency (KCNA)* announces that Pyongyang is ready to follow through on a September 2005 agreement to denuclearize the Korean Peninsula.

Oct. 19, 2010: South Korean parliamentarians and members of the US Congress send letters to their respective presidents asking for “meaningful changes” to the pending KORUS FTA.

[†] Compiled by Nick Anderson and Soo Kook Kim

Oct. 21, 2010: US Special Envoy for North Korean Human Rights Robert King calls on Pyongyang to improve human rights conditions for the betterment of bilateral ties.

Oct. 25, 2010: South Korea and the US begin formal talks on renewing their civilian nuclear agreement, which is set to expire in 2014.

Oct. 25, 2010: The Pentagon announces it will postpone planned joint naval drills in the Yellow Sea with the ROK, but adds that China had nothing to do with the decision.

Oct. 26-28, 2010: US Trade Representative (USTR) Ron Kirk and South Korean Trade Minister Kim Jong-hoon meet in San Francisco in an effort to finalize details of the KORUS FTA.

Oct. 27, 2010: The United Nations Command (UNC) and the Korean People"s Army hold a 90-minute colonel-level meeting in Panmunjom regarding the *Cheonan* incident.

Oct. 28, 2010: In a speech given in Honolulu, Secretary of State Hillary Clinton refers to the US-Korea alliance as a "lynchpin" of peace and security in the region.

Oct. 29, 2010: North Korea fires two rounds toward South Korea and South Korean troops immediately return fire.

Oct. 30, 2010: President Lee Myung-bak and Secretary Clinton meet in Hanoi on the sidelines of the East Asia Summit.

Oct. 30, 2010: South Korean Foreign Minister Kim Sung-hwan meets separately with Secretary Clinton and Russian Foreign Minister Sergei Lavrov in Hanoi.

Nov. 1, 2010: The UNC announces that it will begin an on-site investigation into the exchange of gunfire between the two Koreas at the border.

Nov. 4-7, 2010: Assistant USTR for Korea, Japan, and APEC Affairs Wendy Cutler and Korean Deputy Minister for Trade Choi Seok-young hold working-level discussions on the KORUS FTA in Seoul.

Nov. 5, 2010: In a *New York Times* Op-ed, President Obama states, "President Lee Myung-bak and I will work to complete a trade pact that could be worth tens of billions of dollars in increased exports and thousands of jobs for American workers."

Nov. 8-9, 2010: USTR Kirk and ROK Trade Minister Kim meet to address pending issues regarding the KORUS FTA.

Nov. 9, 2010: US Chairman of the Joint Chiefs of Staff (JCS) Adm. Mike Mullen reiterates the US pledge to send an aircraft carrier into the Yellow Sea for joint drills with the ROK in the near future, despite objections from China.

Nov. 10, 2010: A report by UN experts charging North Korea with supplying nuclear technology to Syria, Iran, and Myanmar, which had been blocked by China for six months, is submitted to the UN Security Council for consideration.

Nov. 11, 2010: Presidents Obama and Lee meet on the sidelines of the G20 in Seoul to discuss the KORUS FTA, North Korea, and resumption of the Six-Party Talks. They announce that they were unable to reach on the KORUS FTA and that negotiations will continue.

Nov. 18, 2010: South Korean Six-Party Talks negotiator Wi Sung-lac meets his Japanese counterpart Akitaka Saiki in Tokyo.

Nov. 18, 2010: According to *Yonhap*, the US Treasury Department blacklists two more North Korean firms managing slush funds for the North Korean leadership and other economic activities banned under UN resolutions and US domestic laws.

Nov. 20, 2010: The *New York Times* reports that Siegfried Hecker was shown a highly sophisticated uranium enrichment facility during his recent visit to North Korea.

Nov. 21, 2010: US Special Envoy for North Korea Stephen Bosworth travels to Seoul to discuss the resumption of the Six-Party Talks with South Korean counterparts.

Nov. 21, 2010: According to *Yonhap*, South Korea expresses "very grave" concern following a news report that North Korea has an operational uranium enrichment plant.

Nov. 21, 2010: According to *Chosun Ilbo,* Defense Secretary Gates says that North Korea"s new uranium enrichment plant gives the North the potential to build more nuclear bombs.

Nov. 21, 2010: Chairman of the JCS Adm. Mullen denounces the DPRK for seeking a uranium-based nuclear program in violation of its agreement to denuclearize.

Nov. 22, 2010: Special Envoy Bosworth meets Foreign Minister Kim Sung-hwan and ROK negotiator Wi Sung-lac in Seoul. He also meets his Japanese counterpart in Tokyo to discuss the most recent revelations regarding the DPRK uranium enrichment facility.

Nov. 22, 2010: Defense Secretary Gates denounces North Korea for violating UN resolutions with its uranium enrichment facility.

Nov. 23, 2010: The ROK Defense Ministry and Blue House rule out redeployment of US tactical nuclear weapons on the Korean Peninsula.

Nov. 23, 2010: Special Envoy Bosworth travels to Beijing to meet his counterparts over the DPRK"s uranium enrichment facility and the possibility of the resuming the Six-Party Talks.

Nov. 23, 2010: North Korea fires approximately 100 artillery rounds on and around Yeonpyeong Island in the Yellow Sea. President Obama denounces North Korea for the attack, consults with President Lee, and agrees that a first response will be to hold joint military exercises.

Nov. 24, 2010: The State Department urges China to influence North Korea to reduce tensions after the Yeonpyeong attack.

Nov. 24, 2010: The UNC proposes holding general-level military talks with North Korea to discuss the North‟s artillery attack on Yeonpyeong.

Nov. 25, 2010: Secretary Clinton reassures the ROK of the US commitment to the alliance.

Nov. 25, 2010: North Korea rejects talks with the UNC on the Yeonpyeong artillery shelling.

Nov. 25, 2010: South Korean Defense Minister Kim Tae-young resigns.

Nov. 26, 2010: North Korea threatens a "shower of fire" in response to the joint US-ROK naval exercises in the Yellow Sea.

Nov. 26, 2010: US Forces Korea (USFK) Commander Gen. Walter Sharp visits Yeonpyeong Island to survey the damage of the artillery attacks.

Nov. 26, 2010: President Lee names Kim Kwan-jin as minister of defense.

Nov. 26, 2010: Chinese Foreign Minister Yang Jiechi expresses Beijing‟s concern over the upcoming US-ROK joint exercises in the Yellow Sea.

Nov. 26, 2010: Chairman of the JCS Adm. Mike Mullen urges China to pressure North Korea to refrain from provoking South Korea and to abide by its denuclearization commitments.

Nov. 27, 2010: Chinese State Counselor Dai Bingguo makes a sudden visit to Seoul to meet President Lee.

Nov. 27, 2010: The DPRK accuses the US of creating confrontation between the divided Koreas to increase its military presence in the region.

Nov. 28, 2010: China proposes emergency consultations with members of the Six-Party Talks.

Nov. 28-Dec. 1, 2010: South Korea and the US conduct naval exercises off of the west coast of the Korean Peninsula with the aircraft carrier *USS George Washington*.

Nov. 29, 2010: President Lee makes his first major address to the nation following the Yeonpyeong Island artillery attack and rejects China‟s proposal for convening an emergency meeting of the Six-Party Talks. The US State Department echoes Lee‟s rejection.

Nov. 30-Dec. 2, 2010: South Korea and the US hold KORUS FTA talks in Columbia, Maryland.

Dec. 1, 2010: On the sidelines of the Organization for Security and Cooperation in Europe (OSCE) summit in Kazakhstan, Secretary Clinton and Foreign Minister Kim agree that the Six-

Party Talks should resume only after North Korea takes concrete steps demonstrating its commitment to give up its nuclear programs.

Dec. 1, 2010: The US House of Representatives passes a resolution condemning North Korea for the shelling of Yeonpyeong Island.

Dec. 2, 2010: US Senate passes a resolution condemning North Korea for its attack on Yeonpyeong Island.

Dec. 3, 2010: US and South Korea finalize a supplementary agreement on the KORUS FTA.

Dec. 4, 2010: President Lee calls for the early ratification of the revised KORUS FTA.

Dec. 6, 2010: According to the White House, President Obama asks President Hu Jintao "to send a clear message to North Korea that its provocations are unacceptable."

Dec. 7, 2010: Foreign Minister Kim Sung-hwan, Secretary of State Clinton, and Japanese Foreign Minister Maehara Siji hold a trilateral meeting in Washington to discuss North Korea‟s latest provocations and release a joint statement.

Dec. 8, 2010: Chairman of the JCS Adm. Mullen meets with South Korean JCS Chairman Gen. Han Min-koo in Seoul.

Dec. 9, 2010: Kim Jong Il meets Chinese State Counselor Dai Bingguo in Pyongyang.

Dec. 9, 2010: South Korean JCS Chairman Han Min-koo visits Yeonpyeong Island, and claims that the ROK "will completely crush the enemy" if the North attacks again.

Dec. 10, 2010: North Korean foreign minister says US and South Korean actions are forcing Pyongyang to strengthen its nuclear deterrent.

Dec. 13, 2010: The US and the ROK form the Extended Deterrence Policy Committee, a joint committee to make decisions about the alliance‟s nuclear and extended deterrence policies.

Dec. 13, 2010: Russian Foreign Minister Lavrov denounces North Korea for shelling Yeonpyeong Island.

Dec. 14, 2010: ROK negotiator Wi Sung-lac visits Moscow to meet his Russian counterpart, Deputy Foreign Minister Alexei Borodavkin.

Dec. 14, 2010: Russian Prime Minister Vladimir Putin urges North Korea to "unconditionally comply with UN Security Council resolutions" on its nuclear development.

Dec. 15, 2010: Deputy Secretary of State James Steinberg leads a delegation to Beijing to discuss Northeast Asian security and developments on the Korean Peninsula.

Dec. 16, 2010: South Korea announces that it will hold live-fire drills on Yeonpyeong Island.

Dec. 16, 2010: North Korea‟s Foreign Ministry states that the DPRK "supports all proposals for dialogue including the Six-Party Talks prompted by the desire to prevent a war and realize denuclearization on the Korean Peninsula."

Dec. 16, 2010: *Chosun Ilbo* reports that Kim Jong Il said during a meeting with State Counselor Dai Bingguo that he was willing to consider allowing International Atomic Energy Agency (IAEA) inspections into the DPRK.

Dec. 16-19, 2010: New Mexico Gov. Bill Richardson visits Pyongyang for an unofficial diplomatic mission at the invitation of DPRK negotiator Kim Gye-gwan.

Dec. 17, 2010: North Korea warns of „catastrophe‟ if South Korea conducts live-fire exercises near Yeonpyeong Island.

Dec. 18, 2010: Russia expresses its extreme concern over South Korea‟s upcoming drills and requests an emergency meeting of the UN Security Council. China also expresses its opposition to South Korea‟s upcoming drills.

Dec. 19, 2010: UN Security Council meets in an emergency session, but fails to reach any agreement on ways to ease tensions on the Korean Peninsula.

Dec. 20, 2010: South Korea conducts a live-fire drill near Yeonpyeong Island. North Korea does not launch an attack, saying the drill was not worth a response.

Dec. 20, 2010: Gov. Richardson says North Korea has agreed to allow IAEA inspectors to monitor its nuclear facilities at Yongbyon and is willing to negotiate the sale of 12,000 spent nuclear fuel rods. State Department welcomes the news, but adds that it will heed actions, not words regarding the North‟s denuclearization.

Dec. 22, 2010: North Korea and the US restore their New York dialogue channel.

Dec. 23, 2010: South Korea stages massive firing drills involving missiles, artillery, and fighter jets near the border with North Korea.

Dec. 23, 2010: *KCNA* says North Korea is ready to launch a "sacred war" against South Korea on the basis of its "nuclear deterrent."

Comparative Connections
A Quarterly E-Journal on East Asian Bilateral Relations

US-Southeast Asia Relations:
Full Court Press

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High-level visits to Southeast Asia this quarter found President Obama in Indonesia to inaugurate a Comprehensive Partnership, Secretary of Defense Gates in Malaysia and Vietnam, and Secretary of State Clinton in several Southeast Asian states, a trip that was highlighted by her acceptance of US membership in the East Asian Summit and attendance at the Lower Mekong Initiative meeting. Obama praised Jakarta‟s democratic politics and insisted that the multifaceted relations with Jakarta demonstrate that Washington is concerned with much more than counterterrorism in its relations with the Muslim world. In Vietnam, both Clinton and Gates reiterated the US position from the July ASEAN Regional Forum that the South China Sea disputes be resolved peacefully through multilateral diplomacy led by ASEAN. Clinton expressed Washington‟s appreciation that China had entered discussions with ASEAN on formalizing a Code of Conduct on the South China Sea. In all her Southeast Asian stops, she emphasized the importance of human rights. While deploring the faulty election in Burma, the US welcomed Aung San Suu Kyi‟s release from house arrest and the prospect for more openness in Burmese politics.

President Obama in Indonesia: the fourth try is the charm

After three abortive attempts to visit Indonesia – his boyhood home and arguably Southeast Asia‟s most important country – President Barack Obama finally succeeded on Nov. 9-10 to considerable Indonesian public acclaim. The three earlier postponements, however, strained US relations with Indonesian President Susilo Bambang Yudhoyono who declined Obama‟s invitation to the second US-ASEAN Leaders Meeting held in September on the sidelines of the UN General Assembly. In a Nov. 6 Op-Ed in *The New York Times*, Obama listed the primary reasons for Indonesia‟s significance to the US: (1) its membership in the G20, (2) its incoming chairmanship of ASEAN – a market of more than 600 million people, integrating into a free trade area to which the US annually exports $80 billion in goods and services, and (3) as the focus of a new comprehensive partnership.

Formalizing the Comprehensive Partnership, initially proposed by President Yudhoyono more than a year ago, was the visit‟s primary achievement. US adherence constitutes one component of a region-wide effort to demonstrate that the US is committed to maintaining a multi-dimensional presence in Southeast Asia. Toward that end, the US-Indonesian Comprehensive Partnership encompasses higher education, climate change, trade and investment, maritime security, and counterterrorism. Put another way, the enhanced bilateral relationship now covers politics, economics, and security. On the trade and investment dimension, the US Export-Import Bank immediately established a $1 billion line of credit to facilitate trade while working groups

were set up to develop ways of implementing the other partnership components. At a Nov. 9 press conference following the announcement of the Comprehensive Partnership, President Obama stated that the US is "leading again" in Asia as demonstrated by its "deepening" relations with Asian countries.

Obama also praised Indonesia's commitment to democracy, a theme the US has emphasized for several years. He went on to note that the new Comprehensive Partnership shows that "we are building bridges and expanding our interactions with Muslim countries so that they're not solely focused on security issues." During his predecessor's administration, a common Southeast Asian complaint about the US was its alleged single-minded concern with terrorism. While Presidents Obama and Yudhoyono reaffirmed their joint commitments to counter terrorism, Obama commended Indonesia for a "spirit of tolerance that is written into your constitution, symbolized in your mosques and churches and temples, and embodied in your people." While acknowledging that mistrust of the US continues in the Muslim world, Obama said that his country is working to eliminate those misunderstandings.

Nevertheless, there were some negative undertones during Obama's visit. Prior to his arrival, leftist student groups demonstrated against his coming, calling the US "imperialist" and warning that the Comprehensive Partnership Agreement would subordinate Indonesia to US foreign policy. Islamist groups took a difference tack, insisting that the Obama visit would hurt Muslims worldwide because the US president "has so far been a loyal supporter of Israel which has been butchering Muslims in Palestine...."

Cognizant of these objections, President Yudhoyono, meeting with the Indonesian Muslims Intellectual Association (ICMI), emphasized that Indonesia was under no pressure from the US economically or militarily and that the Obama visit did not mean that Indonesia is dependent on the US. Moreover, the Indonesian legislature urged protesters to stop their demonstrations because Obama's visit would benefit Indonesia. And, Indonesia's two largest Muslim organizations, Nahdlatul Ulama and Muhammadiyah, emphasized the importance of welcoming President Obama as a follow-up to his Cairo visit in June 2009, where he said the US would seek "a new beginning between the United States and Muslims around the world."

Two prominent Indonesian MPs took a more measured view of the US president's visit, seeing it as primarily ceremonial with little substance and much too brief. Only time will tell if the Comprehensive Partnership becomes the basis for an enhanced relationship.

On military matters, President Obama's visit provided an opportunity to discuss renewed cooperation between the US military and the Indonesian Special Forces (*Kopassus*) that had been agreed in an earlier visit by Defense Secretary Robert Gates. Additionally, Jakarta is considering a US offer to provide the Indonesian Air Force with two squadrons of retrofitted used *F-16A/B*s at one-third the price of a new aircraft. (The US had offered the latest version of *F-16C/D*s, but Indonesia declined because of budget limitations.) While the offer of 24 secondhand *F-16*s would more than double the current Indonesian inventory of 10 *F-16*s, some Indonesian legislators expressed reservations about their maintenance costs; others saw the US offer as part of Washington's effort to strengthen bilateral ties inherent in the new Comprehensive Partnership. By late 2010, no decision had been made by the Indonesian armed forces.

Indonesia‟s radical Islamist cleric, Abu Bakar Bashir, spiritual leader of Al Qaeda-backed Jemmah Islamiyah and more recently involved in Al Qaeda in Aceh, is on trial for raising funds for a military-style training camp in that province. Bashir denies involvement and insists that Indonesia‟s anti-terrorist police squad, Detachment 88, arrested him on orders from Australia and the US. (Canberra and Washington provided funds and trainers from the Australian Federal Police and the US Federal Bureau of Investigation to set up Detachment 88 in the wake of the 2002 Bali bombing. While it has arrested or killed several hundred terrorists and significantly reduced their actions, Detachment 88 has also been accused of harsh tactics and preferring to kill rather than capture.) The Pentagon has renewed a training program for Indonesia‟s *Kopassus* to assist the police in counterterrorism. US officials are particularly concerned about the effectiveness of Jakarta‟s rehabilitation program for captured terrorists, as some jailed militants have returned to fight after their release, and the ability to track militants once they are freed has been imperfect. To help monitor Indonesian terrorist movements, the US is providing helicopters, radar systems, and small boats to assist Indonesia in the creation of an interdiction force for use among its own islands as well as between Indonesia and the southern Philippines.

US full court diplomatic press in Southeast Asia

The past year has witnessed a full-court press by the US in its Southeast Asian diplomacy. Capped by President Obama‟s Indonesia visit in November, also included were Secretary of State Hillary Clinton‟s initiatives at the ASEAN Regional Forum (ARF) in July, her subsequent attendance at the East Asia Summit (EAS), and Defense Secretary Robert Gates‟ participation in the October ASEAN Defense Ministers Meeting Plus 8 (ADMM+), also in Hanoi. All of these added to Obama‟s brief US-ASEAN Leaders Meeting in September on the sidelines of the UN General Assembly in New York. These meetings constitute the highest-ranking US attention to Southeast Asia for some time and serve the political goal of emphasizing the region‟s continued importance to the US as well as Washington‟s plans to remain a major player in the region. At the ADMM+, Gates elaborated on Clinton‟s earlier ARF projection that America‟s Asian "bilateral relationships be supplemented by strong multilateral institutions." Undoubtedly with China in mind, he averred: "[W]e must establish both shared „rules of the road‟ and pursue greater transparency – meaning that as we improve our capabilities, we must discuss these developments together." More specifically, he cited competing territorial claims in the South China Sea that "should be settled peacefully, without force or coercion, through collaborative diplomatic processes...." Summing up, Gates praised ASEAN South China Sea claimants‟ efforts to develop the 2002 ASEAN Declaration on a Code of Conduct for the South China Sea islands disputes and reiterated that the US is "ready to help facilitate such initiatives." China has accused the US of meddling in these affairs and has insisted there is no need for any US mediation.

In an Oct. 28 policy address in Honolulu prior to a two-week regional tour taking her to Vietnam, Cambodia, Malaysia, Australia, New Zealand, and Papua New Guinea, Secretary Clinton said she was "encouraged by China‟s recent steps to enter discussions with ASEAN about a more formal binding code of conduct" on the South China Sea disputes. Although an ASEAN-China working group on the subject has been in existence for some time, it has made no progress either in resolving the disputes among claimants or changing the Declaration on Conduct into a more formal code. Southeast Asian states‟ support for Washington‟s July ARF

proposal that ASEAN play a major role in resolving the South China Sea conflicts probably led to Beijing‟s subsequent agreement to discuss with ASEAN as a whole – not just the claimants bilaterally – the formalization of a code of conduct. From Washington‟s perspective, these developments would be part of a larger plan to pressure China to honor accepted standards for sharing oceans and airspace and to cease the harassment of ships and aircraft traveling in international transit lanes.

At the ADMM+, although China sought to keep discussions of the South China Sea off the agenda, the conflict was mentioned by the US, South Korea, Japan, Vietnam and several other Southeast Asian states. However, the final statement made no mention of the disputes. Later, in Tokyo, ASEAN Secretary General Surin Pitsuwan stated that ASEAN would convene multilateral talks on the South China Sea and seek China‟s participation. In effect, Surin‟s offer echoed Secretary Clinton‟s proposal at the July ARF gathering. Then, at the East Asia Summit (EAS) in late October, Clinton applauded "China‟s recent steps to enter discussions with ASEAN about a more formal binding code of conduct."

A working group representing China and ASEAN met in December to establish technical details on how a code could be formulated. The US has indicated it is willing to assist if requested. Although China still insists that the territorial disputes in the South China Sea should be resolved bilaterally with the claimants, the fact that China has accepted ASEAN as the negotiating partner for a new, formal code of conduct means that Beijing has abandoned its insistence that all South China Sea discussions be exclusively bilateral. This development has also raised ASEAN‟s regional security status. Washington‟s ASEAN consultations on the South China Sea that began prior to the July ARF meeting seem to have led to a dominant ASEAN strategy to which China has now reluctantly agreed. Extending this prospect, US Chief of Naval Operations Adm. Gary Roughead on Nov. 10 stated that since the Chinese and US navies were working together effectively in the Somali basin, perhaps that cooperation "should be replicated in the South China Sea...."

Solidifying regional security architecture

During the George W. Bush administration, Southeast Asians perceived – not entirely accurately – that the US was indifferent to regional politico-security organizations. Instead, Washington concentrated on bilateral ties with friendly countries primarily to enhance counterterrorism capabilities. Neither ASEAN nor the ARF featured prominently in US diplomacy. From its beginning, the Obama administration worked to alter that perception. In an article written for the November/December 2010 issue of *Foreign Affairs*, Secretary Clinton averred: "The United States is investing in strengthening global structures such as the G20 and regional institutions such as ... the Association of Southeast Asian Nations." She went on to note a "new global architecture of cooperation ... includes not only the East and West but also the North and South."

Illustrative of this new architecture is the October ADMM+ held in Hanoi. Leading the way were visits to all ASEAN states and the Association‟s dialogue partners by Vietnamese defense officials to discuss the ADMM+ structure and agenda. While the meeting of all ASEAN defense ministers is relatively new (2006), including Russia and the US was a first. As Ernest Bower of the US Center for Strategic and International Studies noted, US membership demonstrated an

ASEAN "desire to include the United States formally in Asia‟s newly developing security infrastructure." The ADMM+ agenda replicates the ARF‟s, focusing on the nontraditional security concerns of humanitarian and disaster relief, maritime security broadly defined, counterterrorism, and peacekeeping operations. The one traditional security issue and ASEAN‟s most contentious – the South China Sea – was omitted from the official agenda. Nevertheless, Secretary Gates and several Southeast Asian ministers raised the issue in their remarks, with Gates reiterating the US offer to facilitate discussion between ASEAN and Beijing on a full code of conduct; by late 2010, that offer has yet to be accepted. Moreover, given the sensitivity of military discussions, although some of the bigger powers urged that the meeting be made an annual event, ASEAN states agreed that the ADMM+ would convene only every three years with the next meeting scheduled for Brunei in 2013. Vietnam‟s Prime Minister Nguyen Tan Dung declared this inaugural meeting a success and urged the countries involved to use other ASEAN tools to ensure peace and security in the region, particularly the Treaty of Amity and Cooperation (a nonaggression pact) and Southeast Asian Nuclear Weapon-Free Zone Treaty.

As Barry Desker, dean of Singapore‟s Rajaratnam School of International Studies, noted, the ADMM+ moves ASEAN "a step closer to the realization of the ASEAN Security Community [because] ASEAN will be at the centre of the ADMM Plus Eight." In an Oct. 15 *RSIS Commentary*, Desker underlined the fact that the ADMM+ is not a military alliance nor is it designed to cope with traditional security issues such as bilateral conflicts or territorial disputes. Nevertheless, he sees the ADMM+ adding an important dimension absent from the ARF, which is a gathering dominated by foreign ministers. The ADMM+ could become the key institution in the Asia-Pacific promoting practical cooperation among its participants‟ armed forces, including meetings of defense and intelligence chiefs. Despite these early hopes, however, there remains a nagging sense that the new architecture is redundant, that the ARF, the ADMM+, and the EAS have similar memberships and agendas, while prospects for addressing traditional security concerns lag. Where are the forums to address Asia‟s growing military modernization, the rise of incidents at sea, and whether countries can enforce vast oceanic claims under international law?

The ASEAN Summit did continue, nonetheless, its involvement in members‟ internal affairs, thus demonstrating that the ASEAN‟s Political-Security Community is viable. Once again, in its Oct. 29 meeting, ASEAN called on Burma to hold free, fair, and inclusive polls in the national elections scheduled for Nov. 7. ASEAN also asked Burma‟s ruling junta to allow a joint ASEAN team of observers to monitor the election – a request rebuffed by the ruling generals who stated only UN representatives and resident diplomats would be permitted to observe. The foreign ministers of ASEAN‟s two most democratic states – Indonesia and the Philippines – stated that Burma suffers from a credibility deficit and that a non-inclusive election is little more than a farce, referring to the incarceration of political opponents, most particularly opposition leader and Nobel-laureate Aung San Suu Kyi.

Bilateral initiatives in Secretary Clinton‟s Southeast Asia visits

In the realm of bilateral relations with Southeast Asian states, human rights concerns remained a high priority for Secretary Clinton. Days before her arrival in Hanoi, a number of labor activists, political bloggers, and Catholic parishioners were detained or convicted of political

dissidence. The US Embassy complained that these government actions "contradict Vietnam"s own commitment to internationally accepted standards of human rights. We urge ... Vietnam to release these individuals." US congressional members also urged Clinton to press Hanoi on the politicization of the judicial system, which they claimed has been used to curb political speech and action.

On a more positive note, the back-to-back visits of Secretary Clinton and Secretary Gates underscored the growing security relationship between the US and Vietnam. Hanoi"s Vice Minister of Defense Nguyen Chi Vinh mused in a press interview: "It is always good to have a new friend. It is even better when that friend used to be our foe." He may well have had in mind that the two countries held their first security dialogue in August, recent visits of US Navy ships, and the number of Vietnamese officers currently studying in US military service academies. Vietnam and the US are also reported to be discussing an agreement that would give Vietnam access to US nuclear energy technology for electricity production. Vietnamese officials are also interested in US military sales, including technology and spare parts for elements of Hanoi"s army inventory consisting of Vietnam War era equipment. Finally, at the close of the EAS on Oct. 30, in response to a reporter"s question, Prime Minister Nguyen Tan Dung announced that Vietnam was prepared to open the port facility at Cam Ranh Bay, formerly used by both the US and Russia. Nguyen said the port would be available on a commercial basis for "naval ships for all countries including submarines when they need our services." He went on to state that the port would be developed with Russian assistance primarily because Moscow is selling six *Kilo*-class submarines to Vietnam. The deal includes a provision for building a berth to maintain and repair these submarines, reported Carl Thayer, a Vietnam specialist at the Australian Defence Force Academy.

After her visit to Vietnam, Secretary Clinton visited Cambodia from Oct. 30-Nov. 1. Stressing the importance of human rights once more and the Cambodian government"s need to accept a credible political opposition, she weighed in on the future of the Khmer Rouge tribunal, which recently achieved its first conviction after years of trial preparation and millions of dollars in foreign assistance to support the special court. A second trial is expected to start next year for the four top surviving Khmer Rouge leaders. Its costs could reach $60 million to which Clinton pledged US support. Cambodian Prime Minister Hun Sen has insisted the trials will stop there, although the United Nations also wishes to bring lower level members of the Khmer Rouge to justice. Critics accuse the Cambodian leader of wanting to limit the court"s scope to prevent his political allies from being indicted. Hun Sen was once a Khmer Rouge officer, and many of his inner circle are also former Khmer Rouge.

On other matters, Secretary Clinton threw her support behind the UN human rights office in Cambodia, which Hun Sen has threatened to close because of its alleged political interference. She noted the office"s technical assistance to the Cambodian government on dealing with human trafficking, human rights, and rule of law – all "very complementary to which the Cambodian government is committed to doing, and we think the work is important and we would like to see it continue." Clinton also discussed the disposition of a $445 million Cambodian debt to the US dating back to the Lon Nol government in the 1970s. Phnom Penh says the debt should be cancelled, but Washington prefers to see the money spent in Cambodia on improving education and environmental protection. Speaking at a concluding joint press

conference, Clinton cautioned Cambodia not to become too dependent on any one country (read: China). There are a number of issues Phnom Penh could raise with Beijing, including the dams China built along the upper reaches of the Mekong River that threaten the water supply in the downstream countries. Cambodia has leaned toward China in regional international politics, for example, supporting Beijing‟s bilateral approach to the Spratly Islands dispute rather than an ASEAN role.

Secretary Clinton‟s Nov. 2 visit to Malaysia emphasized counterterrorism and security cooperation. Malaysia is providing medical services in Afghanistan and generally supports US efforts there. Moreover, Prime Minister Najib Razak has been emphasizing the importance of religious moderates speaking out in all major world faith groups as the best way of marginalizing the extremists who advocate violence. Clinton applauded Malaysia as a significant partner and a leader in the Asia-Pacific region in promoting religious moderation. She also endorsed the prime minister‟s call for a "global movement of moderates to combat extremism." Choosing not to meet personally with opposition leader Anwar Ibrahim, currently on trial for sodomy, a prosecution that is considered by Washington to be politically motivated, Clinton made it clear that "the United States believes that it is important for all aspects of the case to be conducted fairly and transparently and in a way that increases confidence in the rule of law in Malaysia."

Out of deference to the sensitivity of the case and improved US relations with Malaysia, Secretary Clinton only spoke with Anwar by phone. She said, nevertheless, that US officials are in regular contact with him and "we are watching his case very closely." Malaysian Foreign Minister Anifah Aman assured Clinton that Anwar would receive a "fair and open trial." Finally, she praised Malaysia‟s new legislation designed to combat nuclear proliferation.

In her last Southeast Asian stop, before going on to New Zealand, Secretary Clinton went to Papua New Guinea (PNG) where she focused on its abysmal human rights situation, particularly concerning women who have been victimized in tribal hunts for sorcerers. Noted for massive corruption, the PNG government expects a windfall from the discovery of large deposits of natural gas and other minerals. To avoid further fueling government impunity toward its own people, Clinton urged political leaders to embrace an anti-corruption agenda and a commitment to good governance as the best ways to move the country toward prosperity. She said the US would work on a program with Exxon Mobil – holding the natural gas exploration contract – to "end the culture of violence against women and girls." One sign of the pervasiveness of violence in the country is the fact that the police force is outnumbered by private security guards, who often must protect their employers from the police as well as other marauders. PNG Prime Minister Somare has denied the reports of depredations in his country against women.

Visiting Forces Agreement continues to dominate Philippine-US military relations

For nationalists and leftists in the Philippine Congress, the US-Philippine Visiting Forces Agreement (VFA) is a perennial source of controversy. When he was a senator, President Benigno Aquino III advocated review and amendment of the VFA to make it more equitable, particularly with respect to criminal proceedings involving US military people. Now, as president, he has been called upon to fulfill his legislative pledge by his former colleagues in the Congress. US Ambassador Harry Thomas on Oct. 4 said the US will agree to a Philippine review

and that US forces will remain in the Philippines as long as Manila wants them. Thomas stressed that the US provides training, intelligence, and financial support to the cash-strapped Philippine armed forces to help suppress radical Islamist groups such as the Sulu-based Abu Sayyaf. At no time are there more than 500-600 US Special Forces in the southern Philippines to train Philippine soldiers. The ambassador insisted: "We are temporary guests of the Philippine government. We don't have bases here. We have no construction here." In fact, he continued, the US is building a base in Guam and may well need up to 50,000 Filipino workers to construct it. (The Philippine Constitution forbids foreign military bases and the permanent deployment of foreign forces.)

Opponents of the VFA fall into two camps. The more radical group, led by Sen. Miriam Defensor-Santiago, argues that the US Special Forces in the south are actually a permanent presence and, therefore, in violation of the Philippine Constitution. Nevertheless, in March 2010, the Philippine Supreme Court upheld the 1999 VFA's constitutionality, saying it was "duly concurred in by the Philippine Senate and has been recognized as a treaty by the United States." The Court went on to say the VFA is an implementing agreement of the 1951 Philippine-US Mutual Defense Treaty. In fact, however, the US describes the VFA as an "executive agreement" in that it was not ratified by the US Senate. Indeed, all the US VFAs are executive agreements, not treaties.

The other opposition camp accepts the VFA's validity but claims it is unfair to the Philippines because it permits the US to retain custody of service people convicted of crimes in the Philippines. In addition to the several hundred US forces in Mindanao, some 4,000 to 5,000 US military personnel take part annually in exercises in Luzon and US Navy ships regularly visit Philippine ports. President Aquino's thoughts on the VFA review seem to align with the second camp. Through a review of the VFA, Manila should be able to improve its equity and leverage additional military assistance through US Foreign Military Sales programs at a reduced price as well as more surplus US military equipment as aid. The Philippine realist viewpoint was best expressed by Senate President Juan Ponce Enrile who, on Nov. 23, stated that the Philippines did not possess the military capacity to defend its territories and that US treaty commitments, military aid, and training were essential "to balance the capability of other countries to attack us." Although Enrile did not mention China, the Spratly Islands were discussed in the Philippine Senate debate as a potential flashpoint.

Burma: a "sham" election and the release of Aung San Suu Kyi from house arrest

After disenfranchising Nobel Prize winner Aung San Suu Kyi and her opposition political party, the National League for Democracy (NLD), refusing suffrage to millions of ethnic minorities, and guaranteeing the military a quarter of all seats in the Parliament, Burma held its first elections in 20 years on Nov. 7. ASEAN and UN offers to send observers were rebuffed. Indonesia and the Philippines – ASEAN's most democratic members denounced the elections as a sham; the Association's more authoritarian regimes, Cambodia, Laos, and Vietnam endorsed the polls. Thailand, Singapore, and Malaysia took a more pragmatic stance, saying that Southeast Asia had no choice but to live with the result. ASEAN's Secretary General Surin Pitsuwan expressed guarded optimism by saying: "There will be opportunities, openings, and new space after the elections, and more room for engagement." Immediately after the vote,

President Obama and Secretary Clinton along with many other Western leaders decried the vote as neither free nor fair. Clinton said Washington would maintain "rigorous sanctions" against the Burmese regime if it continues to abuse human rights, ignores dialogue with the opposition, and holds political prisoners. Burma"s military-backed Union Solidarity and Development Party declared victory with 80 percent of the vote, and ASEAN"s current chair – Vietnam"s Foreign Minister Phanm Gia Khiem – on Nov. 15 welcomed the elections as a "significant step forward in the implementation of Burma"s seven-point roadmap for democracy." It seems that ASEAN has decided to take the lemon of Burma"s faulty election and make lemonade from it.

Soon after the election, on Nov. 13, Aung San Suu Kyi was released from seven years of house arrest. Western capitals celebrated, and President Obama enthused: "She is a hero of mine and a source of inspiration for all who work to advance human rights in Burma and the world." ASEAN leaders also welcomed Suu Kyi"s release, though Indonesian Foreign Minister Marty Natalegawa, on Nov. 14, said that ASEAN should focus on Burma"s next challenge: "national reconciliation" and that Suu Kyi should be allowed to work on Burma"s "future democratization." On the same day, Secretary Clinton urged Burma"s leaders "to break with their repressive policies and begin an inclusive dialogue with Aung San Suu Kyi and other democratic and ethnic leaders." (By late December, no such dialogues had begun.)

Suu Kyi has said she is reconsidering her stand on economic sanctions against the Burmese government "only on the grounds of whether or not the sanctions are hurting the people...." But, she also cautioned Washington to assess whether engagement with the regime is working and not to wear "rose colored glasses." The US has called upon Burmese authorities to release all the country"s 2,100 political prisoners. On the diplomatic front, Assistant Secretary of State for East Asian and Pacific Affairs Kurt Campbell, who is leading talks with Burma, said during an India visit that Burma is smuggling in nuclear materials – possibly from North Korea – and that Rangoon could become a proliferator and nuclear threat to South Asia. The Indians replied that the nuclear threat to South Asia comes from Pakistan about which the US has done nothing.

The "Lord of War" finally extradited to the United States

After two and one-half years in a Thai jail, Victor Bout, a Russian citizen, better known as the "Lord of War," was extradited on terrorism charges to the US on Nov. 16. An arms dealer who has allegedly supplied weapons to insurgents, drug cartels, and terrorist organizations in Africa, South America, and the Middle East, Bout was arrested in Bangkok in March 2008 in a sting operation conducted by US undercover agents. Bout"s extradition was vigorously contested by Russia, and Thailand was caught in the middle, not wanting to offend either country. In October, Thai Prime Minister Abhisit Vejjajiva urged the two countries to resolve the issue on their own. Moscow is concerned that Bout, with connections to Russian military intelligence, may be willing to provide US authorities with sensitive information in exchange for leniency. The Russian Foreign Ministry on Nov. 18 claimed that that "the illegal extradition resulted from unprecedented US political pressure on the government and judiciary of Thailand." Bangkok rebutted the Russian claim. (Ironically, for a time Bout"s airplanes were delivering freight to Iraq under a Pentagon contract.)

Summing up

This past quarter seemed to validate Secretary Clinton claim made in the Obama administration‟s first year that "the United States is back!" in Southeast Asia. Between them, President Obama and Secretary Clinton visited four of the 10 ASEAN countries in November. Clinton was in Vietnam both to accept the invitation for the US to join the EAS and to hold a meeting of the Lower Mekong Initiative, a partnership with four mainland Southeast Asian countries – Cambodia, Laos, Thailand, and Vietnam focused on sustainable development. She also visited Cambodia and Malaysia. In Indonesia, Obama launched the Comprehensive Partnership, and Secretary of Defense Gates traveled to Hanoi for the ADMM+ gathering. Underlying this enhanced US posture in Southeast Asia is Washington‟s recognition that ASEAN is the core of both regional security and economic activities and that the US must play a major role in regional affairs as well as continuing to strengthen bilateral ties. While both the region and the US view this heightened profile as part of an Asian balance of power toward China, Washington chooses to emphasize that its presence is a contribution to regional stability and prosperity, that is, as a positive-sum enterprise in which China also has a constructive role to play.

Chronology of US-Southeast Asian Relations
October – December 2010

Oct. 2, 2010: The aircraft carrier *USS George Washington* arrives in Thailand for a five-day visit with a crew of 6,250 and 80 aircraft aboard.

Oct. 3, 2010: US Deputy Assistant Secretary of State Joseph Yun in a Congressional hearing states that the US is concerned about reports of human rights abuses in Papua and supports implementation of the 2001 Special Autonomy Law for that Indonesian province.

Oct. 4, 2010: US Ambassador to the Philippines Harry Thomas urges ASEAN and China to make their 2002 Declaration of Conduct on the Spratly islands into a legally binding code. He says the US would be willing to assist ASEAN in this endeavor.

Oct. 4, 2010: Thailand asks the US for a mid-life upgrade of 18 *F-16A/B* aircraft worth about $700 million.

Oct. 11, 2010: US Secretary of Defense Robert Gates, speaking at the Vietnam National University, praises the development of defense ties between the two countries represented by the August visit of the *USS John McCain* as well as Vietnam‟s observer status at recent *Cooperation Afloat Readiness and Training (CARAT)* exercises.

Oct. 12, 2010: The US and Philippine navies conduct bilateral *CARAT* and *PHILBEX* exercises. Nearly 4,000 personnel from both countries participate in an amphibious landing exercise to enhance interoperability.

Oct. 12, 2010: The ASEAN Defense Ministers Meeting Plus 8 (ADMM+) convenes in Hanoi, with Secretary Gates in attendance.

Oct. 19, 2010: Responding to an Obama administration request, Malaysia sends a military medical continent to Afghanistan to serve with the International Security Assistance Force.

Oct. 21, 2010: *USS Essex*, participating in *PHILBEX*, responds to an appeal from the Philippine government to provide humanitarian assistance and disaster relief in the wake of Typhoon *Megi*.

Oct. 25, 2010: US military personnel deliver more than 170,000 pounds of relief supplies to victims of Typhoon *Megi*. USAID announces an additional $800,000 for disaster relief.

Oct. 26, 2010: Over 1,000 US and Cambodian sailors engage in the first at-sea US-Cambodian *CARAT* exercise. The US Navy also conducts bilateral *CARAT* exercises with Brunei, Indonesia, Malaysia, Singapore, Thailand, the Philippines, and Bangladesh.

Oct. 26, 2010: UN Secretary General Ban Ki-moon turns down an appeal by Thai opposition Red Shirts to intervene with the Thai government on the investigation of deaths of their members during the April-May riots in Bangkok.

Oct. 27, 2010: US State Department spokesman Philip Crowley accuses the Burmese junta of "craven manipulation" of the upcoming election and says all political prisoners should be immediately released and that Aung San Suu Kyi should be allowed to participate.

Oct. 27, 2010: US congressmen call on Secretary of State Hillary Clinton to raise human rights issues in her Vietnam visit after the ASEAN Summit.

Oct. 28, 2010: President Barack Obama and Secretary Clinton send condolences to Indonesia for the families of victims of the Oct. 25 earthquake-generated tsunami in Mentawai, West Sumatra.

Oct. 31-Nov. 1, 2010: Secretary Clinton visits Cambodia, emphasizing human rights.

Nov. 1-3, 2010: Secretary Clinton visits Malaysia, emphasizing the country‟s role as a center for moderate Islam.

Nov. 2, 2010: US Ambassador to Indonesia Scot Marciel stresses that America‟s "good relationship" with the country will be maintained despite Democratic Party losses in the US midterm elections.

Nov. 3, 2010: Secretary Clinton visits Papua New Guinea, promoting human rights in the violence-prone country.

Nov. 4, 2010: The US and New Zealand sign a new partnership document, the Wellington Declaration, which covers general defense cooperation, nuclear nonproliferation, and South Pacific and Antarctic cooperation.

Nov. 8, 2010: Secretary Clinton and Seretary Gates attend the annual Australia-US Ministerial talks in Canberra where Australia‟s role in Afghanistan, cyber security, and counterterrorism are on the agenda.

Nov. 9, 2010: Speaking in Jakarta, President Obama pledges to send humanitarian aid to victims of the Mount Merapi eruptions in Central Java and the tsunami in Mentawai. Obama and Indonesian President Susilio Bamgang Yudhoyono initial a Comprehensive Partnership Agreement covering several areas of policy cooperation.

Nov. 9, 2010: Secretary Gates holds discussions in Kuala Lumpur with Malaysian Defense Minister Ahmad Zahid Hamidi.

Nov. 13, 2010: Burmese Nobel-laureate Aung San Suu Kyi is freed from seven years of house arrest in Rangoon following the military junta‟s rigged election victory. President Obama praises her steadfast efforts to promote genuine democracy.

Nov. 16, 2010: Russian arms dealer Victor Bout, held in a Thai jail since his 2008 arrest, is extradited to stand trial in the US for arms trafficking to terrorist groups.

Nov. 24, 2010: US Army Chief of Staff General George Casey visits Vietnam, hoping to boost military-to-military relations.

Dec. 7-10, 2010: Deputy Assistant Secretary of State Yun visits Burma and meets Foreign Minister U Nyan, Police Chief Brig. Gen. Khin Yi, and opposition leader Aung San Suu Kyi.

Dec. 13, 2010: Papua New Guinea Prime Minister Michael Somare “steps aside” in anticipation of facing a leadership tribunal for failure to submit full income returns to the Ombudsman Commission. He appoints Deputy Prime Minister Sam Abal as acting prime minister.

Dec. 22, 2010: Thailand lifts a state of emergency in Bangkok and three neighboring areas, seven months after a military crackdown on anti-government “Red Shirt” protests.

Dec. 23, 2010: Thongsing Thammavong is appointed prime minister of Laos after the surprise resignation of Bouasone Bouphavanh.

Comparative Connections
A Quarterly E-Journal on East Asian Bilateral Relations

China-Southeast Asia Relations:

China Reassures Neighbors, Wary of US Intentions

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Following last quarter‟s strong criticisms of US and regional moves seen directed against Chinese policies, Chinese leaders and commentary this quarter reverted to a reassuring message of good neighborliness and cooperation. Senior leaders interacted constructively and official Chinese media gave repeated emphasis to positive and mutually beneficial relations. Wariness of US policies and practices was registered in lower-level commentaries while Chinese officials interacted in business-like ways with US counterparts over regional issues. China consulted with ASEAN representatives seeking to implement a code of conduct in the disputed South China Sea, and a working group meeting was held in Kunming, China on Dec. 21-23. Handling of issues in the South China Sea was more moderate than the confrontational approach witnessed in Chinese actions and publicity over fishing and other rights in disputed waters in the East China Sea and the Yellow Sea. On the other hand, even reassurances underlined a determination to rebuff violations of China‟s "core interest" in protecting territorial claims. Some military exercises and enhanced patrols by Chinese ships also were noted in the South China Sea. Meanwhile, China‟s positive reaction to the November elections in Myanmar was in line with longstanding Chinese support for the authoritarian military leadership.

Premier Wen Jiabao at regional meetings in Hanoi

As in the past, Chinese Premier Wen Jiabao represented China at the regional meetings associated with the annual ASEAN Summit, held this year in Hanoi in late October. Wen‟s meetings included the 13th summit between China and ASEAN; the 13th summit among ASEAN, China, Japan, and South Korea (ASEAN Plus 3); and the fifth East Asia Summit (EAS), which this year featured expanded membership to include Russia and the United States and the participation of Secretary of State Hillary Clinton representing the US. Clinton notably used the occasion to reaffirm US interests in freedom of navigation and peaceful resolution of territorial disputes in Asian regional waters that had aroused Chinese official rebuke during the ASEAN Regional Forum (ARF) meeting in July, but this time prompted muted media criticism. Strong public disputes with Japan over the Diaoyu/Senkaku Islands prevented a separate meeting between Wen and Japan‟s prime minister, but he did have a trilateral meeting in Hanoi with his counterparts from Japan and South Korea; Wen also had talks with Vietnam‟s prime minister.

Premier Wen affirmed China‟s interest in negotiating and signing a bilateral agreement with Vietnam over maritime disputes. He and his ASEAN counterparts adopted a China-ASEAN agreement on sustainable development and a plan of action to accelerate cooperation in security, trade, and politics during the next five years. Accords on further development and implementation of the ASEAN-China Free Trade Agreement were featured during the visit. At

the meeting with the Japanese and South Korean leaders, Wen pursued China‟s interest in a free trade agreement among the three countries. Wen duly welcomed the participation of Russia and the US at the EAS and emphasized China‟s interest in fostering economic integration in East Asia while promoting regional peace and development.

Chinese commentary on the series of meetings focused on the importance of securing traditional China-Southeast Asian friendship, strengthening regional economic cooperation, and deepening mutual trust. At the EAS, regional leaders discussed furthering cooperation on such issue areas as energy security, education, bird flu control, and disaster relief.

Defense Minister Liang Guanglie at ASEAN Defense Ministers Meeting

Official Chinese media reported approvingly that territorial disputes in the South China Sea were not featured in the inaugural meeting of the Asia-Pacific defense ministers, known as the ASEAN Defense Ministers Meeting Plus 8 (ADMM+8), in Hanoi on Oct. 12. Chinese Defense Minister Liang Guanglie joined other defense ministers, including US Secretary of Defense Robert Gates, at the meeting.

The Chinese commentary noted in passing the comments by the hosting Vietnamese defense minister that "some ministers mentioned the South China Sea." In fact, Secretary Gates strongly affirmed US interests in freedom of navigation and in seeking a peaceful resolution of disputes in the South China Sea; Gates supported the creation in the interim of a "full code of conduct" in line with the 2002 ASEAN-China Declaration on the Conduct of Parties Regarding Disputed Territory in the South China Sea. Moreover, ministers from South Korea, Japan, Vietnam and other Southeast Asian countries also reportedly raised South China Sea issues, but the final statement on the meeting made no mention of the disputes.

Chinese media coverage of Liang‟s remarks highlighted China‟s "defensive" military posture and its aversion to challenging or threatening others. Liang proposed steps to build greater mutual trust and supported further meetings of defense officials under the leadership of ASEAN to create a "fair security mechanism" that would contribute to regional peace and stability in line with China‟s search for "a peaceful environment that would enable continuous prosperity."

South China Sea developments

Chinese official media gave little coverage to the consultations reportedly taking place among Chinese and ASEAN representatives on reaching an agreement implementing and advancing the 2002 Declaration on the Conduct of Parties between China and ASEAN Regarding Disputed Territory in the South China Sea. *Xinhua* reported briefly on the Dec. 21-23 meeting in Kunming, China, of a China-ASEAN joint working group on this issue. It said the next working group meeting would be held in Indonesia in March 2011.

In the meantime, Chinese officials continued to emphasize that the South China Sea disputes should be handled by the "nations directly involved in territorial disputes" and should not involve "outside forces," notably the US. Chinese official media also registered opposition to statements by Secretary Gates and Secretary Clinton highlighting US interests in South China

Sea issues. At a forum in Beijing on Oct. 22, Ma Xiaotian, deputy chief of the General Staff of the People‟s Liberation Army (PLA), reaffirmed China‟s "indisputable sovereignty" over the South China Sea while affirming commitment to enhance dialogue and cooperation "with the parties concerned." He said that the overall situation in the South China Sea is "stable," adding that "it will do no good to the region‟s security and stability to repeatedly bring forward the issue or exaggerate the issue, like what some countries do."

Chinese official media carried reports this quarter asserting that China plans over the next five years to add 30 marine law enforcement vessels to patrol the South China Sea and other disputed waters. The latest addition to its fleet in the South China Sea was a 1,290-ton ship with advanced satellite and navigation equipment capable of speeds up to 20 knots and able to cruise for 5,000 miles without refueling. The Nov. 3 *New York Times* reported China held a live-fire exercise involving 1,800 troops and more than 100 ships in the South China Sea.

Emphasizing the positive with Southeast Asian neighbors

In addition to positive meetings by the prime minister and defense minister with Southeast Asian counterparts, Chinese President Hu Jintao interacted constructively with Southeast Asian and other Asia-Pacific leaders at the APEC forum in Japan in November, and Vice President Xi Jinping underlined reassurance and cooperation during a trip to Singapore that month.

At a reception in Singapore on Nov. 16, Xi spoke to a broader audience of ASEAN members, highlighting China‟s leadership in being the first foreign power to sign ASEAN‟s Treaty of Amity and Cooperation, to fully support the Southeast Asia Nuclear Weapon-Free Zone Treaty, and to establish a free trade area with ASEAN. Xi highlighted China‟s determination to pose no threat to any country and to insure that its burgeoning economic strength benefits its neighbors.

Politburo Standing Committee Member Jia Qinglin presided at the seventh China-ASEAN Business and Investment Summit in Nanning, China, on Oct. 19. He emphasized that "no matter how strong and powerful China can be, the country‟s policy of mutual trust, equal treatment, good neighborhood, mutually beneficial cooperation, and common development would remain unchanged in developing relations with ASEAN countries."

Chinese media this quarter was full of headlines and feature articles underlining ever stronger ties between China and ASEAN countries. They said that China-ASEAN trade surged 44 percent in the first nine months of 2010, reaching $211 billion. Chinese investment in the first half of the year was said to be worth $1.2 billion. An unusual full-page interview with Assistant Foreign Minister Hu Zhengyue, a Foreign Ministry official responsible for Southeast Asian affairs, appeared in Chinese media on Nov. 12, emphasizing that "China wants mutual trust and benefit" in relations with its neighbors. Other articles had headlines stressing "China Reaches Out to Asian neighbors," "Peace, harmony, good-neighborliness – goals of China‟s diplomacy," and "Western hegemony theory does not apply to China-Asia relations."

Reduced criticism of US role

The Nov. 12 full-page interview with the assistant foreign minister was notable in that there was no criticism of the US. Similarly muted in its treatment of the US in Asian affairs and other

issues was a lengthy article by State Councilor Dai Bingguo entitled "Persisting with taking the path of peaceful development," that was posted on the website of the Chinese Foreign Ministry on Dec. 6 and featured prominently in Chinese media.

One passage in the Nov. 12 interview seemed to recall Chinese rhetoric in the late 1990s that took aim at US alliances in the Asia Pacific and other aspects of "Cold War thinking" by the US in urging regional governments to reject the US approach and to support the "New Security Concept" being fostered by China. China found that pressing Asian countries to choose between the US and China was a losing proposition, and Chinese officials stopped doing so in tandem with a fuller emphasis on China‟s peaceful rise and eventual stress on peaceful development. Yet, Assistant Minister Hu seemed to revive the Chinese call for regional countries to choose between China and the US when saying "...China believes that the old security concept and security logic defined by alignment, strength, deterrence and power should be rejected in the region. And a new security concept should be established with mutual trust, mutual benefit, equality and coordination at its core. The new concept recognizes, respects, and rises above national differences in terms of ideology, values, social systems, and stages of development." Thus far, other Chinese officials have not been seen in public pressing Southeast Asian and other neighboring countries to choose between China and the US in the region, but private pressure to do so reportedly has been evident since the US intervention over South China Sea issues in July 2010.

Other, less authoritative Chinese commentary continued to attack US involvement in Southeast Asia, though the frequency and harshness of the criticism was much reduced from the Chinese media attacks last quarter. *People's Daily Online* columnist Li Hongmei repeatedly portrayed enhanced US involvement with the Asia-Pacific as desperate ploys of a declining power seeking to exploit China‟s differences with Asian neighbors in order to preserve a leading position in the face of China‟s impressive rise. Chinese government intelligence analyst Song Qingrun writing in *China Daily* on Oct. 15 was less sanguine about China‟s situation; the analyst saw China facing a daunting challenge posed by US reengagement with Asia and "growing misgivings among some neighboring nations toward China." Chinese Academy of Social Science expert Li Wen writing in the Oct. 28 *China Daily* underlined the complications US involvement in the EAS poses for China‟s preferred regional grouping, ASEAN Plus 3. A prevailing theme in the various commentaries was a call for China to react calmly, defend its sovereignty and other interests, and avoid "over-reacting" to any challenges posed by the US or others.

Suspicion of US motives in Trans-Pacific Partnership

Chinese media has focused continued criticism on US-backed efforts to foster the Trans-Pacific Strategic Economic Partnership (TPP) Agreement. The TPP is a proposed free trade zone that currently includes Brunei, Singapore, Chile and New Zealand, with the US, Australia, Malaysia, Peru and Vietnam in talks on joining. Japan, South Korea, Canada and Taiwan also have expressed interest in joining TPP. Chinese and foreign media noted that at the Asia Pacific Economic Cooperation (APEC) forum in Japan in November, leaders of the nine current negotiating countries endorsed the proposal advanced by President Obama that set a target for settlement of negotiations by the next APEC Leaders Meeting in 2011, which will be held in the

United States. Reports indicated an intention to make the TPP a foundation for the Free Trade Area of the Asia-Pacific endorsed by the 21-nation APEC group at the November meeting.

Chinese media criticism has focused on US motives and possible negative consequences for China‟s preferences in Asia-Pacific multilateral cooperation. Washington is seen using the TPP as a means "to reverse its self-marginalization in the booming economic integration of East Asia." Chinese commentators see the US-backed plan running against the ASEAN Plus 3 free trade area long favored by China. A commentary by an expert from the Chinese Academy of Social Sciences appearing in the Nov. 15 *China Daily* predicted that both the US and Japan will join the TPP. When this happens, it said that TPP will be "overwhelmingly" superior to other regional plans for multilateral economic cooperation, "Washington‟s role in trans-Pacific cooperation will be further strengthened," and the Chinese favored ASEAN Plus 3 arrangement will be overshadowed and might come to exist "in name only."

China reacts to Myanmar elections

Following Myanmar‟s first elections in nearly 20 years on Nov. 7, relations between China and Myanmar remain stable. The newly appointed Chinese Ambassador to Myanmar Li Junhua emphasized that Beijing will continue to uphold its longstanding policy of promoting friendly, cooperative political, economic, and military ties. While China continues to shun interference, the domestic political dynamics in Myanmar have seen increasing involvement from Beijing to protect its economic and security interests. In a recent article in *Foreign Policy*, Stephanie Kleine-Ahlbrandt observes that China is already taking some concrete actions. Following the unrest in Myanmar‟s Kokang region in August 2009 between ethnic minority groups and the military junta, China has broadened direct engagement with the border ethnic groups and has been mediating privately, urging the military junta to refrain from using excessive force while calling for the Wa minority group to negotiate with the junta. The unrest in 2009 saw refugees flooding into China‟s Yunnan province, a festering problem that Chinese authorities worry might have spillover effects on regional stability along China‟s southwestern borders. Looking ahead, China faces an increasing dilemma. A recent article in *The Economist* in November notes that the elections will help legitimate Beijing‟s backing of the military junta, which is crucial to ensuring that the Chinese construction of the supply route for gas and oil continues unabated. At the same time, Beijing will continue to maintain close ties with the militias, many of which evolved from the Communist Party of Burma decades ago and received large sums of arms and support from China. Ensuring stability in Myanmar is thus increasingly important for Beijing, and China may continue to take a more active stance to help prevent conflict and promote development in the border regions.

Other developments

China-Vietnam. In early October, Vietnam asked China to release fishermen detained since September for fishing near disputed islands in the South China Sea. China released the detainees prior to the ADMM+ later that month. Also, high-level China-Vietnam military exchanges occurred during the quarter.

China-Australia. Reacting to advances seen targeting China in US-Australian defense cooperation during visits by Secretary of State Clinton and Secretary of Defense Gates to

Australia in November, Chinese government expert Zhai Kun averred that China would continue developing its relationship with Australia and does not see Sino-Australian relations coming at the cost of the US-Australian alliance.

Outlook

Regional leaders will join international observers to discern whether and how the Hu Jintao visit to the US in January 2011 might increase or dampen Chinese initiatives over the past two years that were widely seen as signs of greater Chinese assertiveness targeted against the US in Southeast Asia and other areas. They also will be watching to see how well or poorly the US plays the role of regional guarantor without substantially exacerbating tensions with China. Ongoing Chinese efforts to deepen economic, political, and military interchange with neighboring countries seem poised to continue, with some probable lull on account of winter weather and China‟s prolonged holiday during the lunar New Year.

Chronology of China-Southeast Asia Relations
October – December 2010

Oct. 2, 2010: Wu Bangguo, chairperson of China‟s National People‟s Congress (NPC) Standing Committee, meets Thongsing Thammavong, president of the Laotian National Assembly, in Shanghai. They agree to increase high-level contacts, expand trade and economic cooperation, and strengthen exchanges between the ruling parties.

Oct. 11, 2010: Chinese and Vietnamese defense ministries issue a joint communiqué announcing agreement to strengthen bilateral defense cooperation, continue the exchange of visits between the two armed forces and navies, and to resolve all territorial disputes in a peaceful manner.

Oct. 12, 2010: China‟s Defense Minister Liang Guanglie announces that China and Vietnam will co-chair an expert working group to strengthen regional capacity to respond to non-traditional security challenges such as humanitarian assistance and disaster relief, maritime security, counterterrorism, and peacekeeping operations. The working group is part of the ASEAN Defense Ministers Meeting Plus 8.

Oct. 19, 2010: The China-ASEAN Expo opens in Nanning, with an emphasis on expanding regional cooperation in agriculture, trade, and investment.

Oct. 28-Nov. 14, 2010: China and Thailand conduct a joint military exercise at Sattahip Naval Base in the Gulf of Thailand. *The Washington Times* reports the *Blue Assault 2010* exercise is the first time Chinese People‟s Liberation Army (PLA) marines are training with foreign troops. The drill focuses on counterterrorism, involving more than 100 marines from each side.

Oct. 30, 2010: Chinese Premier Wen Jiabao visits Hanoi for the 13th annual summit between China and ASEAN; the 13th summit among ASEAN, China, Japan and South Korea (ASEAN Plus 3); and the fifth East Asia Summit.

Nov. 2, 2010: China's Marine Corps holds a major naval exercise in the South China Sea. The live-fire exercises, codenamed *Jiaolong 2010*, include more than 1,800 troops and over 100 ships, submarines, and aircraft.

Nov. 11, 2010: Wu Bangguo, chairperson of China's NPC Standing Committee, visits Jakarta and meets Indonesian President Susilo Bambang Yudhoyono. They agree to deepen and expand bilateral business, trade, and economic ties, and to increase agricultural cooperation.

Nov. 16, 2010: Chinese Vice President Xi Jinping visits Singapore and holds talks with Prime Minister Lee Hsien Loong. They agree to strengthen bilateral ties through further cooperation in counterterrorism activities, transnational crimes, maritime security, and other nontraditional security issues. They also sign a Memorandum of Understanding to further boost educational and cultural exchanges between China and Singapore.

Nov. 19-24, 2010: The Chinese PLA and the Singapore Armed Forces (SAF) hold a joint exercise in Singapore. It is the first time a PLA chemical defense regiment participates in a training exercise with the SAF and involves around 150 personnel from both sides participating in a series of seminars, planning exercises, and response drills.

Nov. 22, 2010: Deputy Secretary of the Chinese Communist Party Central Commission for Discipline Inspection He Yong meets his Vietnamese counterpart in Beijing to discuss strengthening bilateral exchanges and cooperation to tackle corruption.

Nov. 26, 2010: Chinese Minister of Public Security Meng Jianzhu and his Laotian counterpart Thongbanh Seng Aphone sign a security cooperation agreement to tackle cross-border crimes and increase patrol in the border areas between the two countries.

Nov. 27, 2010: Deputy Chief of the General Staff of the PLA Ma Xiaotian meets Vietnamese counterpart Nguyen Tri Vinh in Hanoi for the fourth round of bilateral defense and security consultation. They agree to strengthen exchanges and coordination in regional security affairs.

Nov. 29, 2010: Deputy Chief of the General Staff of the PLA Ma visits Bangkok and meets Thai Defense Minister Prawit Wongsuwan for the 9th Defense and Security Consultation. They review bilateral military affairs and agree to increase exchanges and joint training.

Dec. 3, 2010: The Chinese frigate *Xiangfan* arrives in Danang, Vietnam following a joint naval patrol in the Beibu Gulf. The five-day port visit is intended to help enhance mutual trust between the two navies.

Dec. 7, 2010: Chief of the General Staff of the PLA Chen Bide meets Chief of Staff of the Philippine Armed Forces Ricardo David in Beijing. They agree to contribute to regional stability through further exchanges and cooperation between the two militaries. David also meets Defense Minister Liang.

Dec. 12, 2010: *South China Morning Post* reports that Chinese and Vietnamese officials have been holding negotiations to help resolve the South China Sea disputes, but Chinese officials

reportedly refuse to yield on discussions related to the Paracel Islands. So far, there have been four rounds of bilateral dialogue, all of which focus on the Spratly Island disputes.

Dec. 12-15, 2010: Cambodian Prime Minister Hun Sen visits China and meets President Hu Jintao and other senior Chinese officials. The two sides agree to establish a comprehensive strategic partnership of cooperation and sign a number of deals to strengthen bilateral cooperation in energy security, infrastructure development, finance, and consular affairs.

Dec. 22, 2010: Defense Minister and State Councilor Liang Guanglie meets Singaporean Chief of Navy Chew Men Leong in Beijing. They agree to continue deepening bilateral cooperation between the two navies, including more frequent port visits, officer exchanges, and escort operation in the Gulf of Aden.

Dec. 23, 2010: Philippine press reports that Chinese Ambassador Liu Jianchao expressed strong dissatisfaction at a forum held at the Chinese Embassy in Manila regarding the US role in the South China Sea dispute, emphasizing that involvement should only be limited to claimant countries in the region.

Dec. 24, 2010: *Xinhua* reports the fifth meeting of a China-ASEAN joint working group on the implementation of the Declaration of the Conduct of Parties in the South China Sea was held on Dec. 21-23 in Kunming, China.

Dec. 30, 2010: The newly appointed Chinese Ambassador to Myanmar Li Junhua meets Chairperson of Myanmar‟s State Peace and Development Council (SPDC) Gen. Than Shwe. Li remarks that China will uphold its longstanding policy of promoting friendly and cooperative ties and deepening economic ties with Myanmar.

Comparative Connections
A Quarterly E-Journal on East Asian Bilateral Relations

China-Taiwan Relations:
Looking Ahead to 2012

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The pace of progress in cross-strait relations has slowed as agreement continues to take longer than anticipated. A medical and healthcare agreement was signed in December, but consensus on an investment protection agreement was not reached and establishment of the Cross-strait Economic Cooperation Committee (CECC) has been delayed. The mayoral elections in November saw the opposition Democratic Progressive Party (DPP) receiving more votes than the ruling Kuomintang (KMT). Both parties are now gearing up for the presidential election in March 2012. Consequently, campaign politics in Taiwan and jockeying in preparation for the 18th Party Congress in Beijing will dominate the way Beijing, President Ma Ying-jeou, and the opposition in Taiwan approach cross-strait issues in the year ahead.

Cross-strait negotiations

The most important goal for cross-strait relations this fall was to move ahead with implementing the Economic Cooperation Framework Agreement (ECFA) by establishing the Cross-strait Economic Cooperation Committee (CECC) and launching the four sets of negotiations on commodities trade, services trade, investment protection, and dispute resolution called for in ECFA. Procedural rather than substantive issues have delayed establishment of the CECC into the new year, making it impossible to launch the four negotiations within the six months stipulated in ECFA.

Nevertheless, information about the CECC leaked out in Taipei during the fall. It was said that consensus had been reached that the CECC would be led by vice ministers – China"s Vice Minister of Commerce Jiang Zhengwei and Taiwan"s Vice Minister of Economic Affairs Francis Kuo-hsing Liang. It was also leaked that the committee would have seven sub-committees to deal with commodities, services, financial services, intellectual property, economic cooperation, dispute settlement, and investments. Each of the sub-committees would be co-"convened" by bureau director-level officials from each side. Then in December, after the DPP"s strong showing in the local elections in Taiwan, rumors were that the CECC would be co-chaired by Association for Relations Across the Taiwan Strait (ARATS) Vice President Zheng Lizhong and Straits Exchange Foundation (SEF) Deputy Chairman Kao Kong-lian. The vice ministers would be the CECC"s "general conveners" under the SEF-ARATS umbrella. Presumably, this extra level of non-official cover was needed by Beijing. SEF Chairman Chiang Pin-kung indicated in late November that the CECC would be established before the sixth SEF-ARATS meeting in December. Subsequently, the SEF indicated that it would be established at the sixth meeting. Then, on the eve of that meeting, it was announced that CECC establishment would not occur at

the meeting after all. Press reports indicate that one of the remaining issues is how government officials will be referred to in CECC documents to avoid sovereignty recognition implications.

The other main goal this fall was to hold a successful ARATS-SEF meeting. The meeting was to be the occasion for signing two agreements – one on investment protection and the other on medical cooperation. However, in early December, Taipei announced that unresolved differences would prevent signing the investment agreement. The most important difference was said to involve identifying a neutral arbitration body for investment disputes. Taipei proposed using the World Bank‟s International Center for the Settlement of Investment Disputes, which was unacceptable to Beijing because it was seen as a venue for dealing with "international" disputes.

This lack of consensus meant that the sixth meeting would be the least productive thus far. ARATS President Chen Yunlin and SEF Chairman Chiang Pin-kung met in Taipei on Dec. 21 and signed the "Cross-Strait Medical and Health Cooperation Agreement." The two sides trumpeted the health and economic benefits of the agreement and expressed hope that the investment protection agreement would be signed in 2011. At the meeting, the two sides also agreed to increase the quota for Chinese tourists visiting Taiwan and to begin authorizing individual Chinese tourism to Taiwan in addition to current arrangements for group tours.

Other specific steps were also accomplished this fall. In late October, the two sides jointly identified five service industry sectors that each would liberalize under ECFA‟s early harvest provisions. In late December, both sides announced an additional six service sectors that would be opened, importantly including banking. Also in October, Taiwan‟s National Police Agency director led an inaugural delegation to China for consultations under the Judicial Cooperation Agreement. In December, Beijing authorized the first two Taiwan-based banks to open branches in Shanghai. On Jan. 1, both sides began implementing the early harvest tariff reductions and service sector opening under ECFA.

Political issues remain on hold

There has been no movement toward talks on political or security issues, and none is likely in the coming months. Beijing continues to understand the domestic constraints on President Ma Ying-jeou, which were only strengthened by the KMT‟s poor showing in the mayoral elections. In reporting an interview with Ma in November, the *Associated Press* said that he envisaged the possibility of political talks if re-elected. This provoked a storm of controversy in Taipei and Ma reacted quickly reaffirming that he had no intention of holding political talks and releasing the verbatim text of the interview to show that *AP* had misinterpreted his remarks. However, this did not calm the suspicions of many in the opposition.

In October, the Taiwan Affairs Office (TAO) spokesman responded to a question about Premier Wen Jiabao‟s earlier remark that People‟s Liberation Army (PLA) missiles would eventually be removed. The spokesman said that at an appropriate time and in an appropriate forum the "deployments on both sides of the Taiwan Strait" could be discussed. In December, Mainland Affairs Council (MAC) Chairperson Lai Shin-yuan cited two preconditions for talks on security issues – namely domestic consensus and cross-strait mutual trust – neither of which exists. While Beijing is showing patience about dealing with the core political difficulties, TAO Minister

Wang Yi said in December that these issues will have to be addressed and that for the two sides should build mutual trust and create the conditions for addressing them at an appropriate time.

Arms sales

Beijing continues to signal its opposition to US arms sales to Taiwan, particularly of *F-16C/D* aircraft. This issue was raised in the meeting between US Defense Secretary Robert Gates and Chinese Minister of Defense Liang Quanglie in Hanoi in October and again when Deputy Chief of Staff Ma Xiaotian visited Washington in December for defense talks. Moreover, in the preparations for President Hu Jintao‟s January state visit to the US, Beijing has made it crystal clear that arms sales are one of the things they do not want to see before the visit.

No arms sales notifications have been sent to Congress this quarter. However, Washington is working on a separate request from Taipei to upgrade its existing *F-16A/B* aircraft. It is possible this multi-year and multi-billion dollar upgrade program could be notified in 2011.

In Taipei, it is becoming increasingly clear that the Ma administration is not appropriating enough money for the timely purchase of the $13 billion of weapons approved for Taipei in the 2008 and 2010 arms packages. Although President Ma‟s campaign platform called for defense spending equal to 3 percent of GDP, both the 2010 and 2011 defense budgets are well below this target and provide only about $1.5 billion for procurement of equipment from the US. KMT legislator Lin Yu-fang has focused public attention on this and indicated that Taipei may soon ask Washington to delay the purchase of the *PAC-III* anti-missile batteries and *Blackhawk* helicopters. In the meantime, weapons prices are increasing, further complicating Taiwan‟s willingness to purchase the approved systems.

International issues

At the Tokyo International Film Festival in October, Jiang Ping, the head of the People‟s Republic of China (PRC) delegation protested the organizer‟s listing of the Taipei delegation as “Taiwan.” Jiang‟s unexpected protest provoked an outburst of criticism in Taipei both from the government and opposition. Beijing moved quickly to defuse the issue. TAO Deputy Minister Sun Yafu said that efforts should be made to avoid such frictions, and the Foreign Ministry quoted Hu‟s Six Points on Beijing‟s reasonable and flexible approach on international space issues. Jiang‟s protest appears to have been an anomaly. However, some Beijing diplomats continue to act in a manner inconsistent with the current state of cross-strait relations. In November, Missouri Gov. Jay Nixon publicly postponed a trade delegation to Taipei. The press reported that PRC consular officials had threatened his office that the visit to Taipei could damage Missouri‟s economic interests in China. There have reportedly been other similar cancellations that have not been mentioned in the media.

China‟s harsh condemnation and reaction to the Norwegian Nobel Committee‟s award of the 2010 Peace Prize to human rights and democracy advocate Liu Xiaobo included an unanticipated cross-strait element. On Dec. 9, a little known group in Beijing awarded the first-ever “Confucius Peace Prize” to KMT Honorary Chairman Lien Chan. Lien‟s spokesman said he was completely uninformed about the award, and no representative turned up to accept it. The

award was an awkward embarrassment for Lien and the KMT because it risked making them look like pawns in Beijing‟s anti-democratic rant against the award of the Peace Prize to Liu.

In other respects, international issues have been handled more constructively. As has been the practice since Ma‟s inauguration, Lien Chan was appointed Ma‟s representative to the annual APEC Leaders Meeting. In Seoul, Lien had another of his now annual meetings with General Secretary Hu Jintao. In December, the press reported that El Salvador President Carlos Funes was exploring a shift of diplomatic relations to Beijing. In an unusual move, both the TAO in Beijing and Ministry of Foreign Affairs (MOFA) in Taipei almost simultaneously denied the press report.

Other economic issues

Singapore and Taipei have successfully concluded preliminary talks on an economic cooperation agreement. On Dec. 15, the two trade representative offices jointly announced that after New Year they would begin formal negotiation of the "Agreement between Singapore and the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu on Economic Partnership" (ASTEP).

Cross-strait trade and investments continue to recover from their dramatic decline in late 2008 and early 2009. According to Taipei statistics, cross-strait trade during January-October 2010 reached $125 billion. Taiwan‟s exports were $95 billion, up 42 percent from the same period in 2009, and Taiwan‟s imports were $30 billion, up 51 percent. At this pace cross-strait trade for 2010 will easily exceed the pre-recession level. According to Taipei‟s Investment Commission, Taiwan-listed companies had invested $10 billion in China during the first 10 months of 2010, up 114 percent from the recession levels in 2009. In December, Taipei approved a major investment by AU Optronics in a flat panel-display plant in Kunshan, Jiangsu province.

Mayoral elections

The Taiwan mayoral and related elections in November were important because they covered 60 percent of Taiwan‟s population and were seen as a barometer of support for President Ma‟s policies. The KMT won the mayoral races in Taipei, Xinbei, and Taichung; the DPP won the races in Tainan and Kaohsiung. More importantly, the DPP garnered 49.95 percent of the mayoral election votes, outpolling the KMT by 400,000 votes. This strong showing was a wake-up call for any who thought the DPP might never win the presidency again. As the mayoral elections focused on local issues and candidates generally did not comment on cross-strait issues, including ECFA, it would be a mistake to read much into them about public attitudes on cross-strait relations.

Beijing‟s official media only reported what the party considered good news – that the KMT had won three of the five mayoral contests. However, the pro-China media in Hong Kong described the outcome as a catastrophic victory for the KMT. This conclusion more closely reflects the concern that Chinese commentators expressed privately about the outcome and its possible implications for the 2012 presidential election.

When asked immediately after the elections, President Ma said the outcome would not lead to any change in the pace or content of his cross-strait policy. His subsequent statements have been consistent with that assessment. However, after the sixth SEF-ARATS meeting, Ma commented that cross-strait relations should be pursued cautiously and that the pattern of semi-annual SEF-ARATS meetings should shift to a more flexible schedule consistent with progress in negotiations that were already dealing with more difficult, time-consuming issues such as investment protection.

The elections results buoyed the DPP. Chairperson Tsai Ing-wen has announced that the party will establish a think tank to deal inter alia with cross-strait issues. The press has reported that Wu Nai-jen will head the new organization and that Bi-khim Hsiao will be its research director. Party officials have indicated that the new think tank will help prepare the party for the 2012 election and that its research will focus primarily on two areas – domestic socioeconomic policies and international issues including "China policy." Furthermore, as it is clear that PRC scholars have been given more leeway to contact DPP members, the new think tank, which will be collocated with the party headquarters, will strengthen the DPP"s capability for coordinating party members" responses to invitations to visit China and requests to receive visitors from China.

The campaign jockeying for 2012 has already begun. In late December, President Ma fired the first shot by urging Tsai Ing-wen to accept the 1992 consensus. The DPP spokesman Lin Yu-chang responded saying that the party had never accepted the 1992 consensus and that there was "one China." A few days later, Tsai added her voice saying the party did not agree there was such a consensus. Soon thereafter, TAO spokesman Yang Yi was asked for comment on the DPP"s rejection of the consensus. Yang reiterated Beijing"s now standard position that, "Opposing independence, upholding the 1992 consensus is the important basis for establishing political trust across the strait and also the premise and basis for improving and developing cross-strait relations." By implying that this two-element basis for Beijing"s cooperation with the KMT would also be the basis for cooperation with a future DPP government, Beijing is setting a threshold, at this point in time, that it knows the DPP cannot reach. Yang also reiterated that Beijing was open to visits by DPP members in an appropriate capacity. Contacts have been occurring between Chinese scholars and DPP individuals in recent months, and these contacts have begun exploring whether there could be a basis for dialogue between Beijing and the DPP.

Looking ahead

The cross-strait agenda for the coming months will primarily be the completion of tasks left over from 2010, namely gradual implementation of ECFA, establishment of the CECC, the launch of the sector negotiations identified in ECFA, and conclusion of an investment protection agreement. That no new agenda has been announced is another sign that the pace of cross-strait economic negotiations is likely to remain slow.

In the spring of 2011 two presidential election-related areas are likely to be the focus of considerable behind the scenes work and public attention. One area will involve Beijing and the KMT, both of which have an interest in some progress on issues that would strengthen public support for President Ma. Potential areas for progress would include additional economic

measures to benefit specific sectors in Taiwan, progress on international space issues, other steps related to Taiwan‟s place in regional trade liberalization and possible unilateral PRC moves to reduce the military threat to Taiwan. The second area is the internal work within the DPP to produce a new statement on "China policy" in the context of Chairman Tsai‟s plan for a new 10-year party platform. At the same time, the DPP process for nominating its presidential candidate will proceed and that process will involve candidates commenting on cross-strait issues. Meanwhile political maneuvering in advance of the 18th Communist Party of China Congress in 2012 is evident in Beijing. Developments in all these areas could have important implications for future cross-strait relations.

Chronology of China-Taiwan Relations
October – September 2010

Oct. 1, 2010: On the People‟s Republic of China (PRC) National Day, Politburo Chairman Jia Qinglin reaffirms the theme of peaceful development.

Oct. 2, 2010: A business delegation led by Ministry of Economic Affairs (MOEA) Minister Shih Yen-shiang returns to Taiwan from Indonesia.

Oct. 3-5, 2010: Annual US-Taiwan Defense Industry Conference is held in Cambridge, MD.

Oct. 10, 2010: On the Republic of China (ROC) National Day, President Ma Ying-jeou again welcomes indications that Beijing will remove missiles from China‟s East Coast.

Oct. 11, 2010: Democratic Progressive Party (DPP) legislators call for a Chinese missile withdrawal timetable.

Oct. 12, 2010: President Ma again appoints Lien Chan as his Asia Pacific Economic Cooperation (APEC) representative.

Oct. 12, 2010: US Defense Secretary Robert Gates and Chinese Defense Minister Liang Guanglie meet in Hanoi and discuss US arms sales to Taiwan.

Oct. 17, 2010: Deputy Minister Lin Tsong-ming says the Ministry of Education (MOE) is considering a Memorandum of Understanding (MOU) on education with China.

Oct. 18, 2010: Communist Party of China (CPC) Central Committee meeting concludes; Xi Jinping is promoted to Central Military Commission (CMC) vice chairman.

Oct. 21, 2010: Minister Wang Yi of the Taiwan Affairs Office (TAO) of the State Council visits Washington for consultations.

Oct. 27, 2010: National Police Agency (NPA) Director General Wang Cho-chiun meets Minister of Public Security Meng Jianzhu in Beijing.

Oct. 27, 2010: Beijing and Taipei announce reciprocal opening of five service sectors under the Economic Cooperation Framework Agreement (ECFA).

Oct. 29, 2010: Boeing wins the contract to provide spare parts for Taiwan‟s *Apache* helicopters.

Oct. 31, 2010: President Ma receives former Japanese Prime Minister Abe Shinzo in Taipei.

Nov. 2, 2010: Two Taiwan firms are approved as the first Taiwanese Qualified Foreign Institutional Investor (QFII) in China.

Nov. 3, 2010: Straits Exchange Foundation (SEF) spokesman says consensus has been reached on establishment of the Cross-strait Economic Cooperation Committee (CECC).

Nov. 9, 2010: At APEC, Lien Chan promotes Taiwan‟s interest in joining Trans-Pacific Partnership (TPP).

Nov. 12, 2010: At the Asian Games in Guangzhou, Premier Wen Jiabao receives Kuomintang Honorary Chairman Wu Poh-hsiung.

Nov. 13, 2010: President Hu Jintao meets Lien Chan at the APEC Forum.

Nov. 15, 2010: President Ma receives former President Bill Clinton in Taipei; Clinton applauds cross-strait progress including ECFA.

Nov. 22, 2010: US Air Force task force visits Taiwan to consult on *F-16A/B* upgrades.

Nov. 22, 2010: Beijing and Taipei refute press reports that El Salvador President Carlos Funes is discussing diplomatic relations with Beijing.

Nov. 27, 2010: Municipal elections are held in Taiwan.

Nov. 29, 2010: SEF Chairman Chiang Pin-kung says the CECC will be formed before sixth SEF-Association for Relations Across the Taiwan Strait (ARATS) meeting.

Dec. 1, 2010: ARATS Deputy Chairman Zheng Lizhong visits Taipei for consultations.

Dec. 1, 2010: President Ma receives American Institute in Taiwan (AIT) Chairman Ray Burghardt and reiterates the request for the sale of *F-16*s.

Dec. 6, 2010: Mainland Affairs Council (MAC) and MOEA announce investment protection agreement will not be signed at sixth SEF-ARATS meeting.

Dec. 8, 2010: Lien Chan denies any knowledge of “Confucius Peace Prize.”

Dec. 9, 2010: Chairman Jia Qinglin receives Taiwan delegates to a financial conference in Beijing.

Dec. 10, 2010: Missouri Gov. Jay Nixon acknowledges canceling a trade mission to Taiwan.

Dec. 10, 2010: People‟s Liberation Army (PLA) Deputy Chief of staff Ma Xiaotian visits Washington for talks.

Dec. 15, 2010: Taipei and Singapore trade offices announce formal negotiations on a trade agreement will begin in 2011.

Dec. 17, 2010: AU Optronics gets ROC approval for flat panel plant investment in China.

Dec. 21, 2010: The sixth SEF-ARATS Meeting is held in Taipei.

Dec. 21, 2010: ARATS President Chen Yunlin calls on MAC Chair Lai Shin-yuan.

Dec. 22, 2010: MAC Chair Lai enunciates preconditions for political talks; TAO Minister Wang Yi says time not ripe for political talks.

Dec. 22, 2010: President Ma urges DPP to acknowledge the 1992 consensus.

Dec. 23, 2010: DPP Spokesman Lin Yu-chang reiterates party‟s rejection of the 1992 consensus.

Dec. 27, 2010: DPP Chair Tsai reiterates that DPP cannot accept the 1992 consensus.

Dec. 29, 2010: TAO Spokesman reiterates that the 1992 consensus and opposition to independence are the basis for cross-strait relations.

Dec. 30, 2010: Taipei and Beijing announce additional service sectors to be liberalized under ECFA.

Jan. 1, 2011: President Ma delivers his New Year‟s message “Building up Taiwan, Invigorating Chinese Heritage.”

Jan. 1, 2011: Taipei ceremony kicks off ROC‟s 100th anniversary year celebrations.

Comparative Connections
A Quarterly E-Journal on East Asian Bilateral Relations

South Korea-North Korea Relations:
Playing with Fire

Aidan Foster-Carter
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Ten years have passed since Ralph Cossa first asked me to write for this esteemed journal. *Comparative Connections* was young then. Launched in mid-1999, then as now its remit was to cover and track East Asia‟s key bilateral relationships: with the US and regionally.

At the outset, inter-Korean relations must have seemed too insubstantial to be included. That changed in 2000: the *annus mirabilis* which saw the South‟s then president, Kim Dae-jung, fly to Pyongyang in June and hold the first ever North-South summit meeting with the man who still leads the North, Kim Jong Il. The former, but thankfully not the latter, was awarded the year‟s Nobel Peace Prize for this among other achievements.

At the time this seemed, and was, a breakthrough. The summit was not just a one-off photo-op. We did not yet know that money had gone under the table to bring it about. Even so, to write as I did then of "the wholly new phase of regular and substantive inter-Korean dialogue that has ensued – ministerial and defense talks, family reunions, economic deals, transport links, and more" – was not mistaken. Seven years followed in which inter-Korean relations moved forward. Not evenly, not enough, and not reciprocally – but forward, none the less.

Another sentence that I wrote a decade ago, on the broader vista, is painful to reread now:

> In a for once happily inapt metaphor, diplomatically speaking the DPRK blazed away on all barrels in all directions during the past year, apparently seeking better ties across the board, both reviving old alliances and embarking on new ones.

And I concluded:

> We are in a new phase, which has no pre-written script. The challenge in 2001 will be for the DPRK to show that its change is more than just cosmetic and tactical by imbuing its new formal ties with substantive content, and above all by moving to address at least some of the many real security concerns of its various interlocutors.

Merciless thunderbolt of revenge

That was then. A decade on, alas, talk of guns blazing away is not a metaphor. On Dec. 24, DPRK‟s *Central TV* featured some of the actual Korean People‟s Army (KPA) artillerymen who a month earlier on Nov. 23 shattered the fragile peace in the West (Yellow) Sea with a volley of shells onto Yeonpyeong, one of five Southern-held islands northwest of the ROK‟s main land-

mass, all too close to the North Korean coast. Two marines and two civilians died, 18 were wounded and there was widespread fire damage to the island‟s buildings, fields, and forests.

Here are the gunmen‟s own words, quoted by the Seoul daily *Chosun Ilbo*:

> Fire burned in our eyes when we saw [South Korean] artillery shells fall into our territorial waters. We poured our merciless thunderbolt of revenge on them. When we saw the first shell hit the enemy‟s radar post and several pillars of fire soar there, shouts of „Hurrah‟ celebrated our victory… We clearly demonstrated that our earlier pledge to fight was no empty talk and launched the attack without an ounce of mercy.

That is the mood in which the peninsula enters 2011. Moreover, the hostility is mutual. One hesitates to pronounce on public opinion in Seoul, which tends to be volatile politically, not least regarding the North. Yet some reckon the Yeonpyeong shelling – more so, oddly, than Pyongyang‟s earlier attack on March 28 when it sunk the corvette *Cheonan*, drowning 46, mostly young naval conscripts – has wrought a sea change in South Korean perceptions.

No more „nutty uncle‟

That may be another metaphor too hastily used, given how quickly the political weather can change on the peninsula. In a useful and varied recent edited volume on *New Challenges of North Korean Foreign Policy* (ed. Kyung-Ae Park; Macmillan, 2010), the doyen of liberal US scholars of Korea, Bruce Cumings, writes in the present of what is now the past:

> [T]he stark reversal of Seoul‟s former anticommunist strategy created a sea change in their perceptions of the North – from evil enemy to long-lost cousin, led by a nutty uncle perhaps.

Or perhaps not. This particular sea-change now looks more of a tide that rolled in for a time, only to roll out again. Either way, it is history. As for nutty uncle, nasty now seems a better epithet – and arguably always was. We return to such wider issues at the end of this article.

Succession moves forward

Also by way of context-setting, let us remind ourselves that, in Rumsfeldian parlance, the last quarter of 2010 was when at least one North Korean known unknown became slightly less unknown. Kim Jong Il‟s third son, Kim Jong Un, having made his public debut on Sept. 28 at a rare delegates‟ conference of the DPRK‟s ruling Workers‟ Party of Korea (WPK), cemented his raised status by appearing again soon after on Oct. 10 at a large-scale military parade marking the WPK‟s 65th anniversary. In a last-minute decision, about 80 of what Pyongyang sometimes calls the “reptile press” were flown in from Beijing, to see the „young general‟ on the saluting dais with his visibly ailing father. (Also on the stand, less noticed, was a new top Chinese envoy, but that is another story – no doubt told elsewhere in this issue of *CC*.)

Had any doubt remained, two days earlier a veteran figure, Yang Hyong Sop, vice president of the Presidium of the Supreme People‟s Assembly (SPA, the DPRK‟s rubber-stamp Parliament),

confirmed Kim Jong Un‟s status as successor in an interview with *Associated Press Television News*: “Comrade Kim Jong Il and now the young general Kim Jong Un, who will follow him, is leading the revolution … The North Korean people take pride in the great leadership that has continued for three generations from Kim Il Sung to Kim Jong Il to Kim Jong Un.”

Throughout the quarter the young general made various appearances, always at his father‟s side – no solo roles, thus far – at public events or (more often) guidance visits. The official *Korean Central News Agency* (*KCNA*)‟s English language service mentioned him four times in late September, 12 in October, 13 in November and 7 in December. These outings included one on Nov. 22, ostensibly to a fish farm in the southwest – close to the artillery bases which the next day rained fire on Yeonpyeong. A very thorough recent study by the International Crisis Group (ICG) of this and other West Sea incidents (including the *Cheonan*) reckons that “it is inconceivable for such a high-level delegation not to have visited nearby military units.” (*North Korea: The Risks Of War In The Yellow Sea.* Asia Report N°198, 23 December 2010, page 26. Summarized and downloadable at http://www.crisisgroup.org/en/regions/asia/north-east-asia/north-korea/198-north-korea-the-risks-of-war-in-the-yellow-sea.aspx)

Speaking of domestic politics, as the quarter began South Korea finally got itself a new prime minister, after a two-month hiatus, when the National Assembly confirmed Kim Hwang-sik in the post. (An earlier nominee was unable to explain his links to a businessman jailed for bribery.) That in turn cleared the way for a new foreign minister; there was none for nearly a month after Yu Myung-hwan quit on Sept. 4 over a nepotism scandal. The new man is Kim Sung-hwan, a career diplomat of moderate views, previously senior presidential secretary for foreign affairs and national security. Kim was nominated on Oct. 1 and in post by Oct. 8; he pledged to reform his ministry, as new ministers in Seoul invariably do. These damaging vacuums in key posts were just the latest, but would not be the last, in the Lee administration‟s lamentable and puzzling chronic mishandling of personnel appointments.

Flood aid for Sinuiju

Turning to inter-Korean relations specifically, it is hard to recall that a quarter which ended so abysmally had begun more optimistically; a fact that might offer some hope that today‟s stormy seas could, *malgré tout*, grow calmer in 2011. Despite serious tensions over the sinking of the *Cheonan* – for which North Korea continued to deny any responsibility, most recently in a lengthy and vitriolic document circulated at the UN in November – by early October both Koreas appeared to be seeking a way to mend fences, at least in part.

As mentioned last time, the catalyst for a thaw was the latest of the natural disasters which hit the North almost every summer. This year it was flooding in the northwest, including the city of Sinuiju. The modest Southern aid agreed in September was sent on Oct. 26, a day later than planned, delayed by stormy seas. A ship carrying 5,000 tons of rice – the first from Seoul for two years, if only 1 percent of the half a million tons that used to be sent every year in the „sunshine‟ era – left Gunsan for Dandong in China, just across the Yalu river (Amnok, to Koreans) from Sinuiju. Another ship sailed from Incheon to Dandong with 3 million packets of instant noodles. ROK Red Cross officials flew to Dandong to supervise delivery. The rice was in 5 kg packs, each marked “Donation from the Republic of Korea.”

September‟s aid agreement opened the way for wider talks. Not all were successful. The first military talks (at colonel-level) for two years, held at Panmunjom on Sept. 30, foundered on the wreck of the *Cheonan.* The South insisted on an admission and apology, while the North still demanded to send its own inspectors to examine the wreckage. Pyongyang wanted to hold further talks, but Seoul demurred unless there was first a confession for the *Cheonan.*

Family reunions resume

By contrast, a day later the two sides‟ Red Cross bodies, meeting for a third time after initial talks in September, agreed to hold a fresh round of reunions of separated families – the first such for over a year – at the end of October, and also to discuss doing this on a regular basis, as the South would like. So, the world once again witnessed – insofar as it noticed – a by now familiar sorry spectacle. On Oct. 30, 435 South Koreans, ranging in age from 12 to 96, were bussed along a road less travelled these days, across the eastern end of the Demilitarized Zone (DMZ) to the North‟s Mt. Kumgang resort to meet 97 elderly North Korean kin – husbands and wives, brothers and sisters, parents and children – of whom they had seen or heard nothing for over half a century, since the end of the Korean War in 1953. They came home on Nov. 1. Two days later, another 96 aged South Koreans crossed the border to be similarly and briefly reunited with 207 of their long-lost relatives living in the North.

Why "a sorry spectacle"? For at least three reasons oft rehearsed in these pages before. First, these events are not nearly frequent enough. This latest was the 18th since 2000, but only the second since Lee Myung-bak took office in Feb. 2008. *KBS*, the South‟s main broadcaster, summarized the statistics as of Oct. 27: so far 3,573 families and about 17,100 individuals have participated, half each from the North and South. Yet, in South Korea alone, a total of 128,232 people have applied to the program, of which 44,940 or 35 percent have since died. Of those still living, 5 percent are over 90, 35 percent are over 80 and 36 percent over 70. (For the North, of course, we know no overall numbers.) At this snail‟s pace, with meetings few and far between, most are doomed to die disappointed and un-reunited.

Even the lucky few who do get to meet face two further problems. What should be a deeply private encounter is played out in part in public, as a kind of reality TV show awash in tears. The families do get just one day to themselves, but both their first meetings the day before, and fond farewells as they leave, are in full view of the cameras. And then that is it. Cruelly, they are allowed no further contact of any kind, not even letter, phone or email, much less to meet again in the flesh and hold each other close. Does brief joy outweigh renewed sorrow?

No more regular tourism

A complicating factor this time was the venue‟s status. Expensively developed by Hyundai, Mt. Kumgang used to be a thriving resort. Over a decade, 1.9 million South Korean tourists crossed the once-impermeable DMZ for a brief taste of a (stylized and sanitized) North. That stopped abruptly in July 2008 when the KPA shot and killed a middle-aged female tourist, Park Wang-ja, and refused to let a Southern team come and investigate. The Lee Myung-bak government suspended tours and there have been none since. Pressure – typically perverse – from Pyongyang to have this cash cow resume culminated in April with formal confiscation of Southern-owned

assets at Mt. Kumgang, including the ROK government‟s new purpose-built family reunion center costing over $50 million, hardly ever used as yet. Seoul insisted that this be the venue for the latest reunions and Pyongyang reluctantly agreed.

Seoul rejects aid linkage

In November the North kept pressing for regular tourism to resume, but the South insisted that the asset confiscation must first be rescinded. Then came the shelling, which means that tourism – or even talks about it – will not soon resume. The same doubtless goes for family reunions. Even before this, indeed before the latest reunion itself, the two sides had failed to agree on holding such events regularly. Talks to that end on Oct. 27 stalled on two issues. The South would like to vary the venue – instead of always going North, it proposed its own border town of Munsan. The North, as ever, wants to be paid. It demanded resumption of the half a million tons of rice and 300,000 tons of fertilizer aid that Seoul used to send each year during the sunshine era. Seoul refused this linkage, or rather reversed it. On Nov. 4 Vice Unification Minister Um Jong-sik said regular reunions of separated families would be "conducive to creating public sentiment [in the South] for aid provision to the North."

Unwillingly Northern, formerly Southern

A different kind of problem is that, not for the first time, the North produced four old men as DPRK citizens who are in fact ex-ROK prisoners of war (POWs), captured during the Korean War and illegally held ever since while the South thought they were dead (and paid pensions to their grieving families accordingly). This is the tip of a large iceberg. The Korean Institute for National Unification (KINU, a state think-tank under the Unification Ministry, MOU) in its latest and always invaluable annual *White Paper on Human Rights in North Korea 2010 (*available online at http://www.kinu.or.kr/eng/pub/pub_04_01.jsp?category=2672) states that no less than 41,971 ROK soldiers were missing in action (MIA) after the Korean War. Of these 22,562 were later classified as killed in action (KIA), while the fate of the remaining 19,409 remains unclear.

Although Seoul has named 510 whom it believes to be still alive in the North, Pyongyang resolutely refuses to discuss the issue, insisting that it holds no one involuntarily. It likewise denies the status of the oddly similar number (506) of post war abductees whom the South has listed as being detained in the North – mostly fishermen seized at sea up to the 1970s; nowadays they are usually returned – by claiming that they have all embraced the socialist motherland on their own free will. Since 1994 a total of 79 ex-POWs, with 197 of their new Northern family members, and 8 abductees have managed to flee the North and make their way back to the South. (At least some of these returning POWs have not been officially reclassified, so that pensions can continue to be paid to their relatives.) After the latest four came back from the dead at the Mt. Kumgang reunions, the ROK Defense Ministry (MND) said it will make a new study on the number of POWs still held in the North, although it admitted that without Northern cooperation this would inevitably remain incomplete.

Yet there is an even larger can of worms. Dwarfing these figures are the thousands whom the DPRK marched North in 1950, when the KPA twice briefly captured Seoul and for a few months occupied most of the South. Estimates vary wildly, but the most recent study, by an association

of relatives of the missing, lists 96,013; others put the total at over 100,000. None ever came back, and some may have gone voluntarily. A great many – perhaps most – must now be dead of natural or other causes, though most were young when they were taken; 21,000 were 20 or younger, and another 51,000 under 30. It is thought that the North took them because of shortages of skilled and other labor, not to mention soldiers. (More details are in the KINU White Paper.)

Unlike POWs and post-war abductees, this earliest and largest group of victims had barely featured on the formal inter-Korean agenda in modern times. On Dec. 13 the ROK launched an official committee, chaired by the premier and also including the unification, foreign and defense ministers, to clarify names and numbers involved. At a meeting to inaugurate this, Unification Minister Hyun In-taek declared that, "The issue of abductions is no past issue. It is part of the reality of the inter-Korean relations." Even absent Yeonpyeong, the chances of any cooperation with Pyongyang on this matter would be zero. While Seoul has every right to raise it, choosing to do so now – and at such a senior level – is but one sign among many that the Lee government no longer has any serious expectation of dialogue with the North.

Suffer the little children

A decade ago, the UN World Food Program (WFP) had its largest operation anywhere in the world in North Korea. The need remains, but others‟ willingness to meet it has shrivelled. WFP head Josette Sheeran visited Seoul on Oct. 28 en route to Pyongyang and appealed for support for the agency‟s work in North Korea. WFP is currently feeding 671,000 hungry children in 65 DPRK counties. Its plan to supply 75,000 tons of food to 2.5 million needy children, costing $45 million, is only 20 percent funded.

This is hardly megabucks. Altruism apart, an ROK government concerned for the quality of human capital in a future united Korea might deem it a sound investment. Or there is a pair of billionaire brothers for whom this is loose change. But neither the carmaker Chung Mong-koo, nor his shipbuilder/politician sibling Chung Mong-joon, cares about the North like their late father (who was born there), the Hyundai group founder Chung Ju-yung – whose generosity Pyongyang milked to the full. So North Korea‟s innocent children will remain hungry and cold this winter, and will not grow and thrive as they deserve to.

***Wikileaks* adds to Hyundai‟s woes**

Speaking of Hyundai, which once rivaled Samsung as the biggest *chaebol* (conglomerate), it is only a shadow of its old self since the best bits, like auto- and ship-making, were spun off amid rivalry among Chung Ju-yung‟s many sons. The rump Hyundai includes Hyundai Asan – vehicle of Chung‟s costly forays into North Korea, and bleeding red ink from Seoul‟s ban on tourism to its Mt. Kumgang resort since July 2008. It is headed by Hyun Jeong-eun: widow of former chairman Chung Mong-hun, the founder‟s favorite son, who killed himself in 2003 when under investigation in Seoul for illicit payments to Pyongyang.

Hyundai and Hyun now face embarrassment from *WikiLeaks*. On Jan. 4 the *Chosun Ilbo* reported a cable describing a breakfast meeting between US Ambassador Kathleen Stephens and

Hyundai‟s chairwoman on Aug. 25, 2009, soon after Hyun returned from an eight-day visit to North Korea where she met Kim Jong Il. Hyun allegedly complained (Hyundai now says that this report contains many errors; well, they would) that “she faced more obstacles in South Korea than in the North.” Kim Jong Il, interestingly and astutely, remarked that MOU “had lost the driver's seat” in handling unification to the Foreign Ministry (MOFAT), which Kim said “did not understand” the North. A tad disingenuously, he also wondered why the Lee administration did not “better utilize” officials from previous administrations with ample experience in dealing with the DPRK and said that the main problem is a lack of trust.

Kim also asked why more *chaebol* do not invest in Kaesong. Hyun‟s reply, that this would get them into trouble with the US, is at best a half-truth. The real reason is that having seen how greedily the North exploited Chung Ju-yung‟s goodwill and deep pockets, no other big Korean firm – including Chung‟s surviving sons – wants to touch it with a bargepole. That was true even in the sunshine era, let alone with North-South relations at their current nadir.

Sea shells

But to the main event. After a quite quiet autumn, in late November the peninsula‟s weather changed with a vengeance as North Korea made headlines twice over on successive days. On Nov. 22, Siegfried Hecker, a leading US nuclear scientist and regular visitor to the DPRK, reported seeing facilities which suggest that Pyongyang has got much further in enriching uranium than had been thought.

As if that were not bombshell enough, next day KPA artillery suddenly shelled military and civilian targets on Yeonpyeong – one of five South Korean islands in the West (Yellow) Sea, close to North Korea. Two marines and two civilians were killed, 18 persons were injured, and fire damage to property and trees from suspected thermobaric shells was substantial. The targets included not only military bases but also a restaurant and a health centre elsewhere. (For two thoroughly detailed accounts of this episode, see the ICG report mentioned above, and also a study by Joe Bermudez in his *KPA Journal*, discussed below.)

South Korean forces on the island returned fire, but the South did not escalate its retaliation. Most of the island‟s population was evacuated over the next few days. The South Korean *won* fell and stock markets wobbled, locally and globally. Markets in Seoul remained volatile for the rest of the week, but did not plummet. The financial effects did not last; some brokerages even suggested that investors consider this brief dip as a buying opportunity. A lower *won*, especially against the *yen*, also helps South Korean exporters, who have had a record year.

Anger and disarray in Seoul

The political fallout, by contrast, went much deeper. There was fury – not least in President Lee Myung-bak‟s conservative ruling Grand National Party (GNP) – that the South yet again seemed impotent against Northern aggression. All this had an air of *déjà vu*, six months after Seoul accused Pyongyang of torpedoing its corvette *Cheonan* in nearby waters on March 28. Then as now the South threatened to strike back – next time. Always next time.

While some South Koreans query the official version regarding the *Cheonan*, this time there was near-unanimity. Even the left-wing daily *Hankyoreh Shinmun*, a noted skeptic as regard the ship sinking, wrote an editorial harshly critical of Northern aggression – and printed a map showing how most of the North‟s shells had fallen on non-military targets. The longer-term political impact remains to be seen. Though Lee as president took the flak for now, incidents like this do not help the center-left opposition Democratic Party (DP), which wants to return to the former „sunshine‟ policy of engaging the North. However no elections are due in South Korea until 2012, when voters will pick a new president and national assembly.

With reports that the radar and some howitzers on Yeonpyeong had not worked, Defense Minister Kim Tae-yong, who had offered his resignation in May over the *Cheonan*, suddenly found it accepted on Nov. 25. Even replacing him was a shambles. First reports were that President Lee had appointed his top security adviser, Lee Hee-won. As of Jan. 7, 2011 the semi-official Yonhap newsagency is still carrying that „news,‟ complete with a photo of Lee: http://app.yonhapnews.co.kr/yna/basic/ArticleEnglish/ArticlePhoto/YIBW_showArticlePhotoPopup.aspx?contents_id=PYH20101126018300341

The *BBC* and other media duly announced this. But in fact the new defense minister is Kim Kwan-jin, a former chairman of the Joint Chiefs of Staff. If personnel and communications in Seoul are such a mess, one must hope the nation‟s defenses are in better shape. (They may not be; on Nov. 28 an ROK howitzer was fired by mistake, sending a shell flying 10 miles northward toward – but fortunately not across – the DMZ. The South swiftly sent a phone message to the North that this was an accident; so at least the hotlines are still in use.)

US sends gunboats

In a show of force and solidarity in response to the Yeonpyeong shelling, the aircraft carrier *USS George Washington* and other vessels sailed from US bases in Japan to hold four days of joint exercises with ROK forces in the Yellow Sea, starting Nov. 28. Some feared this would ratchet up tensions rather than ease them; yet to do nothing would suggest weakness. Prudently, these war games were held well south of the disputed sea border.

Pyongyang‟s predictable rhetorical riposte to these moves could be summarized as “Bring it on!” Belying its name, the Committee for the Peaceful Reunification of Korea (CPRK) on Nov. 26 warned that “Gone are the days when verbal warnings are served only.” A day earlier, the North‟s military had declared that “the Korean People's Army will deal without hesitation the second and third strong physical retaliatory blow if the south Korean puppet warmongers commit another reckless military provocation out of all reason.” There were reports that the North had readied surface-to-surface missile batteries on its west coast.

China waves a dead rabbit

By contrast, China‟s response this time was more muted than after the *Cheonan*. Then, its fierce opposition to US-ROK naval maneuvers in the Yellow Sea, supposedly too close to its own coast for comfort, caused the allies rather ignominiously to retreat to waters on the other side of the peninsula. No such deference was in the cards a second time, as Beijing grasped. Its own response showed elements of disarray. China‟s Foreign Minister Yang Jiechie abruptly cancelled

an already planned trip to Seoul. As over the *Cheonan*, Chinese media did not blame the North but reproduced its feeble excuses, on which more below.

By the weekend this low-key approach seemed inadequate. On Nov. 27, as the *USS George Washington* sailed toward the Asian mainland, State Councilor Dai Bingguo, who outranks Yang Jiechie, flew to Seoul and met Lee Myung-bak for two hours. In a chilly if restrained tone, the Blue House reported that Lee "asked China to play a role to match its new status in dealing with inter-Korean relations to pursue coexistence and peace in the 21st century after the end of the Cold War," and urged Beijing to "act in a fairer and more responsible way in dealing with South-North Korea relations and contribute to peace on the Korean Peninsula."

Next day China‟s Foreign Ministry called a press conference in Beijing. Hopes were dashed when they produced a dead rabbit from the hat by merely proposing an emergency session of the Six-Party Talks (6PT), stalled since 2008. South Korea and its allies were underwhelmed. They want and need more; though what exactly – in the realms of the feasible – is unclear.

Escalation, with no provocation

Much ink has been spilled over exactly why North Korea shelled Yeonpyeong. Unlike with the *Cheonan*, Pyongyang did not plead innocent, but its pretext did not convince. It claimed to be reacting to the South‟s having first fired live artillery shells into „Northern‟ waters, and said it had warned Seoul to desist before shooting back. But this is entirely specious.

The background here – as rehearsed often in these pages before, after previous incidents – is that the North has never accepted the Northern Limit Line (NLL), the *de facto* marine border set by the United Nations Command (UNC) after the Korean War. Instead it claims a line of its own, extending the land-based Military Demarcation Line (MDL) westward. This would put Yeonpyeong and other islands – including Baengnyeong, off which the *Cheonan* sank – in Northern waters. Naturally that is unacceptable to the South. (Ironically, as its name hints, the NLL was originally drawn to stop provocations from the South. The then ROK President Syngman Rhee refused to sign the 1953 Armistice; the NLL was set to hold him in check.)

In practice the North has mostly respected the NLL, with intermittent challenges. The waters near Yeonpyeong saw two brief but fatal firefights between patrol boats, in 1999 and 2002. The last such clash occurred in November 2009 near Daecheong, another island in this area. Then in Jan. and Feb. this year on several occasions KPA artillery shot volleys of shells into the sea north of the NLL. The South at first riposted, firing (again within their own waters) before deciding these were routine Northern winter maneuvers. Not so. The veteran military analyst Joseph S Bermudez Jr, in a detailed two-part study of the Yeonpyeong incident in his online journal http://www.kpajournal.com/ (issues 11 and 12), has suggested that this month-long exercise was in fact used successfully to test new tactics, including synchronized "time on target" firing from various locations and using different weapons systems (rockets and artillery). This tactic would later be used to rain down coordinated fire on Yeonpyeong.

The North claims it was provoked, but in fact both Koreas hold regular military drills. In this case, the South and the US were engaged in their regular *Hoguk* joint exercise, held every year.

The North complained as it does about all such war games, claiming they are a prelude to invasion. Separately, but again as normal, ROK marines on Yeonpyeong carried out their monthly live-fire exercise, as always to the southwest of the island, on the opposite side from the DPRK coast. All this was routine. For the analyst, the key question is whether either side ups the ante and provokes the other by doing something that is out of the ordinary. There is no evidence that the ROK-US side did anything this time, nor did Pyongyang accuse them of doing so. The North did not even claim that any of its ships were a target or in the vicinity, merely that Yeonpyeong's coastal waters were somehow its own – "There is in the West Sea of Korea only the maritime military demarcation line set by the DPRK."

Mixed motives

This attack – said to be the first shelling of South Korean civilians since the 1953 Armistice – was thus a dramatic and deliberate escalation by North Korea. As with the *Cheonan,* this prompted much speculation on Kim Jong Il's motives, and the likely mix between domestic and external goals. The former might include boosting the prestige of Kim's third son and successor Kim Jong Un among a military that may well remain skeptical of this untried youth, despite his implausible promotion in September to the rank of a four-star general. Significantly, as noted above, both Kims were in the vicinity on the day of the attack.

Yet in foreign policy terms it is hard to see what Pyongyang hoped to gain. It had already achieved far more, less aggressively and more subtly, with a quite different story that broke a day before the shelling. Siegfried Hecker, a leading US physicist, reported that earlier in November he had been shown a hitherto unsuspected ultra-modern plant for enriching uranium, with up to 2,000 centrifuges, which suggests the North is much further down a second route to potentially producing nuclear weapons – via highly enriched uranium (HEU), rather than plutonium – than was supposed. This already sufficed for President Obama to hastily dispatch his (part-time) special adviser on North Korea, Stephen Bosworth, for consultations in Seoul, Tokyo, and Beijing; so he was in the region when Yeonpyeong was shelled. On its own, this revelation would surely have pressured all three allies to rethink their reluctance to return to the 6PT absent a change of heart by the DPRK. Robert Gates, the US secretary of defense, had famously said that US will not buy the same horse twice. In that sense Kim Jong Il was showing off a fresh thoroughbred, or at least a frisky colt.

By contrast, the attack on Yeonpyeong makes resumption of dialogue more difficult, at least in the short run. So why do both? There are at least two hypotheses, and both may be true. One is that the shelling enabled North Korea to swiftly change the agenda, from the nuclear issue in particular to tensions on the peninsula more generally. This has bought it more time – several months at least – to press on with enriching uranium rather than being summoned urgently to fresh talks and told to stop, as would otherwise likely have happened

Or one can come at all this from another angle. North Korea's philosophy of *juche* is often translated as self-reliance, but that is misleading. Right from the outset the DPRK has always needed, demanded, and taken other people's money. Rather, its abiding aim is to do this while at the same time remain unbeholden to and unbiddable by anyone. Squaring that circle gets no easier, but Pyongyang is adept at finding and exploiting whatever wiggle room it can.

Calculated, calibrated

Its provocations are thus carefully calculated and calibrated. Even as Kim Jong Il draws ever closer to China, he needs to signal that he is not about to go quietly; despite a still delicate and incomplete succession, nobody messes with the DPRK or takes it for granted. In that context, the fallout from the *Cheonan* – or rather the lack of any – may have been read in Pyongyang as a licence to provoke further. Now, as then, the gamble is that South Koreans have no stomach for a fight and Lee Myung-bak dare not upset financial markets, much less risk a robust retaliation that might rain down artillery fire and missiles on Seoul itself. In short, the KPA shelled Yeonpyeong because they knew they could get away with it – again. What fun to watch Lee flail and squirm. Give it a few months, and they may well try again.

Needless to add, this raises risk on the peninsula. Nor is Pyongyang the only Korean capital where the current game plan is hard to read. While by no means positing an equivalence of aggressor and victim, and granted that the North has placed President Lee in an unenviable position, even so it is hard to fathom his thinking at the moment. Perhaps Lee had no option but to mount a show of force, but the several successive exercises held in December in and around Yeonpyeong brought fierce verbal reaction from Pyongyang. All this had the world, and the markets, worried for several days. But this time the North‟s bark was worse than its bite, as usual. Talk is cheap, and in truth the KPA like lightning was hardly going to strike twice in the same place – especially at a time when its foes were on full alert for any move.

A democracy of course, unlike a dictatorship has to cope with public opinion, and the mood in the South has certainly hardened since the shelling (more so than over the *Cheonan*). The risk is that if the North is unwise enough to provoke for a third time, it would be politically all but impossible for Lee not to strike back militarily. Yet it is a huge challenge – no doubt one being furiously mulled in Seoul – to find a way to do this which is targeted and finite; a blow that is firm and effective, yet which does not risk further escalation and the nightmare of all-out war. Short of that, even a single hit on a Seoul skyscraper or apartment block by one of the KPA‟s thousands of heavy artillery or multiple rocket launchers along the DMZ would cause far greater casualties and take the peninsula into uncharted, perilous territory.

Talking peace, on and off

Perhaps both sides peered into the abyss, breathed deeply and thought twice. Or maybe such a hope is to clutch at straws. Either way the New Year brought mixed messages from each. The DPRK‟s customary New Year joint editorial called for peace – but it always does. The day before, Kim Jong Il inspected a crack tank division, named *Seoul* because it was the first KPA unit to roll into the Southern capital in June 1950. That hardly signals peaceful intent.

More striking was the North‟s offer on Jan. 5 to “meet anyone anytime and anywhere” for “wide-ranging dialogue and negotiations.” Seoul was sniffy, yet two days earlier President Lee had similarly assured the North that “the door for dialogue is still open.” But as ever he set conditions: “nuclear weapons and military adventurism must be discarded.” Lee even compared the Yeonpyeong shelling to the 9/11 attacks on the US, which if intended as a serious comparison suggests a serious lack of judgment or of any sense of proportion.

Other remarks could only set alarm bells ringing in Pyongyang. To call for "endeavors to engage our North Korean brethren in the long journey toward freedom and prosperity," like other statements during the last month – for further examples, see the Chronology – tends to suggest that Seoul has given up on Kim Jong Il. Early December found Lee in messianic mode: "I feel that reunification is drawing near." Regime change is the clear subtext here.

And it will happen – but probably sooner in the South, thanks to the electoral cycle. Lee cannot run again, but his successor will be elected less than two years from now in December 2012. Despite the present mood which may pass, not everyone in the ruling GNP supports Lee‟s hard line. Polls suggest that the front-runner is his rival and nemesis Park Geun-hye, daughter of the late dictator Park Chung-hee. No less conservative than Lee overall, in 2002 Ms Park visited Pyongyang and dined *à deux* with Kim Jong Il. The weather vane could yet turn again on the peninsula, and any direction is better than risking war.

Chronology of North Korea-South Korea Relations
October – December 2010

Sept. 30, 2010: The Koreas hold their first direct military talks (at colonel level) in two years, at Panmunjom. They founder on the wreck of the *Cheonan.* The South insists on an apology, while the North still demands to send its own inspectors to examine the wreckage. [Ed. Note: Our apologies for incorrectly reporting them as occurring on Oct. 1 in our last issue.]

Oct. 1, 2010: At a meeting of their Red Crosses, the two Koreas agree to hold family reunions at the North‟s Mt. Kumgang resort Oct. 30-Nov. 5.

Oct. 1, 2010: ROK National Assembly confirms Kim Hwang-sik as premier two months after an earlier nominee withdrew.

Oct. 2, 2010: North Korea proposes working-level talks on Oct. 15 to discuss ways to restart regular tourism to Mt. Kumgang.

Oct. 3, 2010: An unnamed ROK official tells the daily *JoongAng Ilbo* that in 2007 a senior DPRK diplomat, Ri Gun, inadvertently admitted North Korea‟s responsibility for the 1987 bombing of KAL 858, with 115 deaths.

Oct. 4, 2010: In Germany for the 20th anniversary of reunifcation, ROK Unification Minister Hyun In-taek says North Korea must change its stance on the *Cheonan* if it wants the South to consider resuming cross-border tourism.

Oct. 4, 2010: A parliamentary report by the ROK Ministry of Knowledge Economy (MKE) shows the Kaesong Industrial Zone almost unaffected by the *Cheonan* incident. Output at the zone in July was worth $26.4 million, only slightly down from $26.5 million in June and $28.1 million in April.

Oct. 4, 2010: A survey by MOU shows that North Korean defectors in the South earn on average barely half as much as South Korean workers.

Oct. 4, 2010: Ratings agency Standard & Poor‟s (S&P) says that: "Significant uncertainties remain from a possible succession in the near future in North Korea … We continue to view [such] instability as an important constraint on the creditworthiness of South Korea."

Oct. 4, 2010: An editorial in *Rodong Sinmun*, daily paper of the North‟s ruling Workers‟ Party of Korea (WPK), urges implementation of the agreements reached at the second inter-Korean summit held in Pyongyang three years to the day earlier, on Oct. 4, 2007.

Oct. 5, 2010: The two Koreas exchange lists of names of 200 separated families each, who will be briefly reunited at the upcoming family reunions.

Oct. 5, 2010: Unification Minister Hyun tells lawmakers that about 100,000 North Koreans are hiding in China. Most estimates are lower than this. DPRK defector numbers reaching the ROK are on the increase: 2,018 in 2006, 2,544 in 2007, 2,809 in 2008 and 2,927 in 2009. The cumulative total will surpass 20,000 this year.

Oct. 5, 2010: Kim Tae-hyo, ROK presidential secretary for national strategy, tells a forum in Seoul that the North‟s "nuclear program is evolving even now at a very fast pace."

Oct. 5, 2010: ROK Defense Minister Kim Tae-young tells a National Assembly audit that the North‟s ability to jam GPS signals is a new threat, and that Pyongyang has imported mobile equipment from Russia to do this.

Oct. 5, 2010: In his first reported outing since Sep. 28‟s WPK conference, the North‟s heir-apparent Kim Jong Un watches a live-fire drill with his father, DPRK leader Kim Jong Il.

Oct. 8, 2010: Yang Hyong Sop, vice president of the Presidium of the Supreme People‟s Assembly (SPA, the DPRK‟s rubbber-stamp parliament), confirms Kim Jong Un‟s status as successor in an interview with *Associated Press Television News*.

Oct. 8, 2010: Kim Sung-hwan – a career diplomat, previously senior presidential secretary for foreign affairs and national security – takes as office as ROK foreign minister.

Oct. 8, 2010: After the annual Security Consultative Meeting (SCM) with US Secretary of Defense Secretary Robert Gates, ROK Defense Minister Kim Tae-young says that both allies are fully ready for "all situations that could occur … If Kim Jong Il‟s health worsens further or economic difficulties deteriorate, we can't rule out … instability in North Korea."

Oct. 10, 2010: In his second major public appearance, and the first sighting of him by about 80 invited foreign journalists, Kim Jong Un joins his father (and a senior Chinese delegation) on the saluting stand for a large-scale military parade marking the WPK‟s 65th anniversary.

Oct. 10, 2010: ROK Defense Ministry (MND) report says the North‟s Korean People‟s Army (KPA) is now thought to have 200,000 special warfare troops; 11 percent more than in 2008, and up from 120,000 in 2006. Other KPA assets include some 1,000 ballistic missiles, about 2,500-5,000 tons of chemical weapons agents, and around 600-700 computer hacking specialists.

Oct. 10, 2010: Hwang Jang-yop, the most senior DPRK defector of modern times – a former WPK secretary, he fled in 1997 and in exile became a fierce critic of Kim Jong Il – is found dead at home in Seoul of a suspected heart attack at age 87.

Oct. 12, 2010: South Korea‟s Unification Ministry (MOU) reports that the military has plans to set up camps for refugees in case of instability in the North.

Oct. 13-14, 2010: South Korea hosts a Proliferation Security exercise near Busan named *Eastern Endeavor 10*.

Oct. 15, 2010: The head of the KPA‟s delegation to inter-Korean military-level talks warns that "if the South does not stop anti-Pyongyang psychological broadcasts and dissemination of leaflets, it will be met with our military's strikes on those sites." The South has not in fact engaged in such activities for some years, but keeps threatening to do so.

Oct. 15, 2010: *Minju Joson* attacks ROK Unification Minister Hyun In-taek for expressing the hope that Korea may achieve a reunification similar to that of Germany 20 years earlier.

Oct. 16, 2010: *Rodong Sinmun* attacks Seoul for taking part in *Eastern Endeavor 10*, a four-nation drill (including Japan and Australia) held on Oct. 13-14 in the ROK‟s southern seas under the US-led Proliferation Security Initiative (PSI).

Oct. 18, 2010: *Rodong Sinmun* criticizes Seoul for saying it needs more time to think about holding talks on resuming tourism to Mt. Kumgang, calling this an "absurd pretext" and "a sleight of hand revealing their shallow trick." Pyongyang had demanded talks on Oct. 15.

Oct. 18, 2010: MOU reports that the two Koreas have reopened their aviation hotline, which was cut off in May in reprisal for the South‟s sanctions against it over the sinking in March of the corvette *Cheonan*.

Oct. 18, 2010: Meeting briefly at a checkpoint in the DPRK border city of Kaesong, the two Koreas‟ Red Crosses exchange lists of family members to be reunited at the end of October.

Oct. 18, 2010: A report by the ROK Joint Chiefs of Staff (JCS) claims that the DPRK has violated the Northern Limit Line (NLL) 211 times since 2006. Such trespass has increased, with 88 violations so far this year compared to 50 in all of 2009.

Oct. 18, 2010: Gen. Han Min-koo, chairman of the ROK JCS, tells an annual international Chiefs of Defense Conference held in Seoul that the DPRK‟s "nuclear program, as well as its weapons of mass destruction, is the biggest threat" to the security of the Asia-Pacific region.

Oct. 20, 2010: North‟s Committee for the Implementation of the June 15 Declaration – the accord reached at the first inter-Korean summit in June 2000 – faxes its Southern counterpart suggesting they "make contact at an appropriate time" to consider how to honor the agreement.

Oct. 21, 2010: Unification Minister Hyun tells a forum in Seoul that "rather than lashing out at us, North Korea should show a way for the future of the peninsula ... The first step is to show a willingness to account for the attack on the *Cheonan.* Another is to make a political determination toward denuclearization. That will be the starting point for the normalization of inter-Korean relations."

Oct. 22, 2010: ROK Unification Minister Hyun tells a parliamentary audit that the DPRK has an estimated 150,000-200,000 political prisoners.

Oct. 26, 2010: A ship carrying 5,000 tons leaves the ROK port of Gunsan on Oct. 26, bound for Dandong in China and then to the adjacent DPRK city of Sinuiju, hit by severe flooding in August. Another ship sails from Incheon to Dandong with 3 million packets of instant noodles. Southern Red Cross officials fly to Dandong to supervise delivery across the Yalu river to Sinuiju. The rice is in 5kg packs, each marked "Donation from the Republic of Korea."

Oct. 26, 2010: North‟s official *Korean Central News Agency* (*KCNA*) says that Kim Jong Il and Kim Jong Un recently visited KPA Unit 10215, the DPRK‟s top anti-espionage agency.

Oct. 27, 2010: The two Koreas fail to agree on further family reunions beyond the one due on Oct. 30. The North demands resumption of the former supply of half a million tons of rice and 300,000 tons of fertilizer aid yearly.

Oct. 28, 2010: In Seoul en route to Pyongyang, the head of the UN World Food Program (WFP), Josette Sheeran, appeals for support for the agency‟s work in North Korea.

Oct 28, 2010: The Director of the National Intelligence Service (NIS), Won Sei-hoon, says the KPA has almost 1,000 computer hackers, adding: "North Korea‟s cyber ability is remarkable."

Oct. 29, 2010: MND says it sent a message rejecting North Korea‟s proposal to resume military talks – last held on Sept. 30 – unless Pyongyang admits and apologizes for sinking the *Cheonan*. *KCNA* calls this refusal "an act of treachery."

Oct. 29, 2010: The ROK Foreign Ministry (MOFAT) welcomes Canada‟s new sanctions on the DPRK over the *Cheonan*. Trade, financial transactions, fresh investment, and technology transfer are all now to be banned, as are most bilateral exchanges.

Oct. 30-Nov. 5, 2010: Reunions of separated families are held at Mt. Kumgang.

Oct. 31, 2010: After four elderly ex-soldiers, listed in Seoul as killed in action in the 1950-53 Korean War, appeared for family reunions with their Southern relatives, the ROK Defense Ministry (MND) says it will make a new study of such POWs still held by Pyongyang.

Nov. 2, 2010: The National Defense Commission (NDC), the highest DPRK executive body, issues a lengthy, detailed, and vitriolic rebuttal of the charge that it sank the *Cheonan*.

Nov. 2, 2010: Defense Minister Kim Tae-young tells ROK lawmakers: "We believe North Korea owns 40kg of plutonium and continues attempts to miniaturize atomic weapons." He adds: "I think it‟s quite possible for North Korea [also] to build nuclear weapons through its uranium enrichment program."

Nov. 4, 2010: ROK Vice Unification Minister Um Jong-sik renews Seoul‟s call for regular reunions of separated families, saying this would be "conducive to creating public sentiment for aid provision to the North."

Nov. 5, 2010: *Rodong Sinmun* calls for a "revitalization" of North-South dialogue. It repeats this plea on Nov. 8, and again on Dec. 1 despite tensions over the Yeonpyeong shelling.

Nov. 6, 2010: Vice-Marshal Jo Myong Rok, who in 2000 took tea in the White House with President Clinton, dies aged 82 – of "an inveterate heart disease" according to *KCNA*. On Jo‟s funeral committee Kim Jong Un is listed second, after his father Kim Jong-il.

Nov. 8, 2010: *Rodong Sinmun* attacks Seoul‟s joining the Operational Experts Group (OEG) of the Proliferation Security Initiative (PSI) on Nov. 1 as pushing regional tensions into "the extreme phase of confrontation."

Nov. 11, 2010: *Yonhap* notes that the CIA‟s latest World Factbook 2010 puts North Korean average life expectancy at 61.5 for men and 66.9 for women – seven years less than in its 2008 edition. The decline, or revision, goes unexplained. The respective figures for South Korea are 75.6 for men and 82.3 for women.

Nov. 11, 2010: In reponse to Pyongyang‟s proposal to hold talks on Nov. 19 about resuming Southern tourism to Mt. Kumgang, Seoul demands that the North first rescind its freeze and seizure in April of ROK-owned assets at the resort.

Nov. 12, 2010: The North‟s General Guidance Bureau for the Development of Scenic Spots telephones MOU to urge Seoul to agree to talks on resuming tourism to Mt. Kumgang.

Nov. 13, 2010: Citing two recent US visitors, Siegfried Hecker and Jack Pritchard, press reports suggest that North Korea is constructing a new experimental light-water nuclear reactor (LWR) at its main Yongbyon nuclear complex, north of Pyongyang.

Nov. 15, 2010: Seoul announces that the cumulative total of Northern defectors reaching the South passed 20,000 on Nov. 11, when a Mrs Kim (aged 41) arrived with her two sons.

Nov. 18, 2010: South Korea again co-sponsors the annual UN General Assembly resolution criticizing North Korea‟s human rights record. As usual Pyongyang fiercely rejects this.

Nov. 18, 2010: In what seems a hopeful sign, MOU says that the North has "proposed that government officials join the Nov. 25 Red Cross talks to discuss resuming Mt. Kumgang tours and that the matter of real estate and seizure also be discussed and resolved."

Nov. 18, 2010: The North's office of the Pan-national Alliance for Korea's Reunification (Pomminryon), a DPRK front, holds an event to mark to 20th anniversary of its formation.

Nov. 20, 2010: The *New York Times* reports that earlier this month Siegried Hecker, the former head of Los Alamos National Laboratory, was shown a hitherto unsuspected ultra-modern uranium enrichment (UE) facility containing some 2,000 centrifuges at Yongbyon. On Nov. 22 Hecker publishes a full report of his visit. He adds on Nov. 23 that Pyongyang may well also have other such facilities elsewhere.

Nov. 22, 2010: Amb. Stephen Bosworth, US special representative for North Korea policy, hastily dispatched to Asia in the wake of Hecker's UE revelations, says in Seoul that this news is disappointing and provocative, but "not a crisis. We're not surprised by this."

Nov. 22, 2010: The North's Committee for the Peaceful Reunification of Korea (CPRK) accuses the South of "desperately preventing" its NGOs from making cross-border contacts.

Nov. 22, 2010: The ROK begins its annual large-scale *Hoguk* military exercise.

Nov. 22, 2010: Kim Jong Il, Kim Jong Un, and senior KPA figures visit the DPRK's southwest coast, ostensibly to inspect fish farms.

Nov. 23, 2010: The KPA fires some 170 artillery shells at the ROK's Yeonpyeong Island, close to the DPRK west coast. ROK forces fire about 80 rounds back. The KPA claims Seoul started this, by firing shells into its territorial waters despite being warned not to. President Lee calls the North's act "an invasion of South Korean territory."

Nov. 23, 2010: Hours after the Yeonpyeong shelling, KCNA reports Kim Jong Il and Kim Jong Un as touring a soy sauce factory and a medical school in Pyongyang. Similar reports of such guidance visits continue almost daily, despite rising tensions.

Nov. 24, 2010: In retaliation for the shelling, Seoul raises its non-wartime security alert to its highest level, bans its nationals from going North, postpones indefinitely Red Cross talks set for Nov. 25, and suspends flood aid to the North (cement and medicines) as yet undelivered.

Nov. 24, 2010: DPRK Red Cross attacks Seoul for "ruining humanitarian programs, including family reunions" by cancelling the meeting planned for Nov. 25.

Nov. 24, 2010: The DPRK Foreign Ministry (MFA) again blames the South for the shelling: "The enemies, despite our repeated warnings, eventually committed extremely reckless military provocations of firing artillery shells into our maritime territory near Yeonpyeong Island beginning 1 p.m. Tuesday …The army of the DPRK took such a self-defensive measure as

making a prompt powerful strike at the artillery positions from which the enemy fired the shells as it does not make an empty talk."

Nov. 25, 2010 ff: DPRK media keep up a barrage of verbal artillery; saying the KPA "will deal without hesitation the second and third strong physical retaliatory blow" if provoked. On Nov. 26 CPRK, belying its name, threatens "a shower of dreadful fire"; the Korean version of the CPRK statement adds that the North is "ready to annihilate the enemies' stronghold", and boasts that on Nov. 23 its forces "precisely targeted and struck" ROK military units. On Nov. 28 the National Peace Committee says that US-ROK war games are creating an "ultra-emergency." On Nov. 30 *Minju Joson* warns of "all-out war" if Northern land or waters are violated. Despite such rhetoric, this and subsequent ROK maneuvers pass without incident.

Nov. 25, 2010: The US-led UN Command (UNC) in Korea reports that Pyongyang has rejected its proposal, made a day earlier, to hold general-level military talks on the shelling.

Nov. 25, 2010: Lee Myung-bak in effect sacks Defense Minister Kim Tae-young, abruptly accepting the resignation Kim had offered in May over the *Cheonan*. In a media shambles, his successor is at first reported to be presidential security advisor Lee Hee-won, but turns out in fact to be Kim Kwan-Jin, current chairman of the Joint Chiefs of Staff (JCS).

Nov. 26, 2010: MOU says all applications by NGOs to send humanitarian aid to the North – currently suspended since Nov. 23's shelling – will be strictly scrutinized henceforth.

Nov. 27, 2010: *KCNA* declares that "the US was the arch criminal who deliberately planned the [shelling] incident and wire-pulled it behind the scene."

Nov. 28, 2010: An ROK howitzer is fired by mistake, sending a shell 14km north toward – but fortunately not across – the DMZ. The South swiftly tells the North this was an accident.

Nov. 28-Dec. 1, 2010: The US and ROK hold large-scale joint naval drills off the west coast of the peninsula, including the 97,000-ton aircraft carrier *USS George Washington*, in what *Yonhap* calls "an overt show of strength against North Korea."

Nov. 29, 2010: In a televised address, ROK President Lee calls the shelling an "inhumane crime" and pledges strong retaliation to any future provocations. He says Seoul has given up hope that dialogue will make Pyongyang abandon brinkmanship and nuclear weapons. Lee also apologizes for "not having been able to protect the lives and property of the people" on Yeonpyeong.

Nov. 30, 2010: *Rodong Sinmun* reports that "the construction of a light-water reactor is actively underway … To guarantee fuel for it, a uranium enrichment factory is operating, equipped with thousands of centrifuges." The paper says all this is for peaceful purposes, to generate electricity.

Dec. 3, 2010: MND confirms it is considering reinstating a definition of North Korea as the South's "main enemy" in its forthcoming *2010 Defense White Paper*. The same day, new Defense Minister Kim Kwan-jin says at his confirmation hearing: "It is clear that the North Korean military and its leader are our main enemies."

Dec. 3, 2010: Supporting a *WikiLeak* claim that recent defectors include relatively high-ranking figures, a Seoul official confirms that a senior youth official came South last year. *Chosun Ilbo* names him as Sol Jong Sik, aged 40, who was head of the Kim Il Sung Socialist Youth League for Ryanggang Province when he fled in June 2009.

Dec. 5, 2010: Citing an unspecified "commissioned report," KCNA warns against further planned US-ROK drills saying that "The political situation on the Korean Peninsula is reaching an uncontrollable level due to provocative, frantic moves by the puppet group."

Dec. 5, 2010: New ROK Defense Minister Kim Kwan-jin calls the KPA‟s asymmetrical forces – WMD, submarines, Special Forces, etc. – a "serious threat." Nuclear weapons apart, the North has 200,000 Special Forces to the South‟s 20,000.

Dec. 6, 2010: North Korea Intellectuals Solidarity (NKIS), a defector body in the South, claims that the DPRK has jailed over 1,200 people for illicitly watching ROK films and TV.

Dec. 6, 2010: Meeting in Washington, the US, ROK, and Japanese foreign ministers renew a pledge to not engage in dialogue with North Korea unless Pyongyang changes its behavior by ending provocations and showing a sincere commitment to denuclearization.

Dec. 6, 2010: The International Criminal Court (ICC) in the Hague says that after receiving "communications alleging that North Korean forces committed war crimes in the territory of the Republic of Korea," it has begun a preliminary examination as to whether its jurisdiction applies. This may take quite a while. The ROK has laid no official complaint with the ICC about the Cheonan or Yeonpyeong incidents, but South Korean citizens apparently did so.

Dec. 6, 2010: The ROK‟s official National Human Rights Commission (NHRC) votes 6-2 to recommend that the government resume anti-North Korea propaganda. The troubled body, split between right and left, had failed to agree on a similar motion in June.

Dec. 7, 2010: At a seminar in Seoul on unification, Unification Minister Hyun In-taek calls the Yeonpyeong shelling an "indelible atrocity" and the "worst choice" Pyongyang has ever made. He adds: "This year, our society has started looking squarely at the issue of North Korea beyond inter-Korean relations and seriously thinking about the future of the Korean Peninsula. This year will be a grand turning point in the Korean Peninsula issue."

Dec. 9, 2010: *Yonhap* notes that *KCNA* now offers news in Korean, seemingly aimed at South Koreans. Like all DPRK websites this is banned and blocked in the ROK, but can easily be accessed via an overseas proxy server.

Dec. 9, 2010: President Lee Myung-bak tells South Koreans living in Malaysia: "I feel that reunification is drawing near … We should prepare for reunification on the basis of bigger economic power." He adds that Seoul has a responsibility to achieve reunification as early as possible, so that 23 million North Korean people may live with the right to happiness.

Dec. 9, 2010: The North‟s CPRK again blames the US and ROK for provoking it into the Nov. 23 shelling, calling Washington the "wire-puller and chieftain" and Seoul its "puppet."

Dec. 11, 2010: The DPRK‟s National Peace Committee (NPC) calls the recent meeting between the US and ROK joint chiefs of staffs "a declaration of war."

Dec. 13, 2010: MOU launches an official committee to probe the abduction of up to 100,000 South Koreans in 1950 during the Korean War. Unification Minister Hyun says that this "is no past issue. It is part of the reality of the inter-Korean relations."

Dec. 14, 2010: ROK Army Chief of Staff Hwang Eui-don resigns over alleged real estate speculation. He is swiftly replaced by Gen. Kim Sang-ki, head of the Third Army Command.

Dec. 14, 2010: ROK Foreign Minister Kim Sung-hwan calls Siegfried Hecker‟s assumption (Nov. 20) that the North has several UE facilities "a fair point." He adds that Seoul has ideas on conditions for Six-Party Talks to resume, including UE disclosure; he does not elaborate.

Dec. 14, 2010: Beijing says Pyongyang has agreed to an emergency meeting of chief envoys to the Six-Party Talks. Seoul and its allies are less than keen, to put it mildly.

Dec. 16, 2010: The DPRK Ministry of Foreign Affairs (MFA) declares: "We support all proposals for dialogue … but we will never beg for dialogue."

Dec. 16, 2010: *KCNA* reports Kim Jong Il‟s first public visit to a military unit since before the Yeonpyeong shelling. His last was on Nov. 12. Kim Jong Un is also in attendance.

Dec. 17, 2010: *KCNA* warns that the KPA will strike back with "deadlier" firepower than on Nov. 23 if Seoul goes ahead with a planned live firing drill near Yeonpyeong on Dec. 18-21. The same day, *Uriminzokkiri* threatens that "if war breaks out, it will lead to nuclear warfare and will not be limited to the Korean Peninsula."

Dec. 18, 2010: Fighters for Free North Korea (FFNK), a defector group, launches balloons carrying 200,000 leaflets, 500 CDs, and a thousand $1 bills from Yeonpyeong. Messages include: "Let‟s bring down the third-generation hereditary succession" and "Rise up, North Korean compatriots!"

Dec. 18, 2010: DPRK MFA calls US military observers and foreign journalists who will cover an upcoming ROK military drill on Yeonpyeong a "human shield," adding: "There is a need to clarify beforehand who is responsible for the imminent second Yeonpyeong crisis."

Dec. 20, 2010: *Rodong Sinmun* calls on all North Koreans to unite "to oppose war and uphold peace"; saying this is "crucial to keeping alive the fate of the Korean nation and rooting out the deepening danger of war."

Dec. 20, 2010: An emergency session of the UN Security Council (UNSC) fails to agree on a statement on defusing tensions on the Korean Peninsula. China reportedly threatens to veto any phrase condemning the DPRK for its Nov. 23 artillery attack on Yeonpyeong.

Dec. 20, 2010: South Korea conducts a 90-minute live-fire drill on Yeonpyeong, firing about 1,500 rounds. North does not respond. Later that day, the KPA Supreme Command explains they "did not feel any need to retaliate against every despicable military provocation like one taking revenge after facing a blow," nor fall into the trap of "a cunning scenario to deliberately lead the military counteraction of the DPRK to driving the situation on the Korean Peninsula to the brink of a war and thus save the US Asia policy and strategy toward the DPRK from bankruptcy."

Dec. 21, 2010: An unnamed Seoul official calls Pyongyang‟s offer to accept International Atomic Energy Agency (IAEA) inspectors "an old trick." He insists that the DPRK must first return to the Nuclear Non-proliferation Treaty (NPT), which it quit in 2003.

Dec. 23, 2010: The ROK Korea Customs Service (KCS) reports that despite tensions, North-South trade through the KIZ this year (Jan. – Nov.) rose 62 percent to $1.3 billion. Southern firms invested in the zone increased by 30 percent from 93 to 121. By contrast Seoul‟s post-*Cheonan* ban meant that non-KIZ inter-Korean trade fell 30 percent to $464 million.

Dec. 23, 2010: Marking the 19th anniversary of Kim Jong Il becoming supreme commander of the KPA, Minister of People‟s Armed Forces Kim Yong Chun threatens a "sacred war of justice of Korean style based on the nuclear deterrent at any time necessary to cope with the enemies‟ actions deliberately pushing the situation to the brink of a war."

Dec. 24, 2010: The National Defense Commission (NDC) and the WPK Central Military Commission (CMC) hold a banquet for the 19th anniversary of Kim Jong Il‟s inauguration as supreme commander of the KPA. Unlike in past years, Kim and his son Kim Jong Un attend.

Dec. 24, 2010: Pyongyang‟s National Reconciliation Council (NRC) denounces Seoul‟s plan to investigate abductions of its citizens by the North, while it occupied the South during the 1950-53 Korean War, as "another vicious political provocation and unpardonable racket for confrontation." It warns that "such poor farce" may hamper future family reunions, adding: "There is nothing for the puppet gangsters to gain from the cowardly scheme."

Dec. 25, 2010: *Rodong Sinmun* attacks recent comments by Lee Myung-bak as "the worst provocation" against the North. Next day the paper calls the South‟s military exercise near Yeonpyeong Island a "grave infringement" on DPRK sovereignty, aimed at defending the "illegal" northern limit line.

Dec. 27, 2010: Referring to recent US-ROK war games, *Rodong Sinmun* says the fact that "armed clashes have not occurred in the West Sea of Korea despite the dangerous collusion between the US and South Korean war-like forces [is] entirely thanks to the pluck, the self-restraint and steadfast will of the DPRK to preserve peace. But there is a limit to its patience, too." It jeers that "the puppet regime of South Korea is so despicable and coward [sic] that it cannot maintain its power even a moment without the protection of its American master."

Dec. 27, 2010: In his last biweekly radio address of 2010, ROK President Lee Myung-bak calls for unity at home and says that though he is eager to keep the peace, South Koreans should not fear war with North Korea: "If (we) are afraid of war, we can never prevent war."

Dec. 29, 2010: ROK Unification Minister Hyun In-taek says that in 2011 Seoul will "press North Korea to move toward denuclearization and peace … open up rather than be isolated, and prioritize the living of its people over the songun (military-first) line." He adds: "I am not saying North Korea should open up by all means possible. I believe it would be right if the North could develop by opening up through at least a Chinese-style model." Further, the South "will continue to try to heighten the quality of life for North Koreans and allow them to enjoy basic rights."

Dec. 30, 2010: ROK *2010 Defense White Paper* labels the DPRK an "enemy." While harsher than the phrase "direct military threat" in the last *White Paper*, this is not as strong as "main enemy" which was used from 1995-2004, which some now wished to restore. *Uriminzokkiri* calls the new moniker a "declaration of war."

Dec. 31, 2010: In a rare literary reference, *Minju Joson* lays into the South‟s Unification Minister: "Insane Hyun In-taek will definitely receive dreadful punishment one day. Just watch … To be frank, Hyun has committed numerous unforgivable sins against the (Korean) nation for his Don Quixote-like behavior that defies norms."

Dec. 31, 2010: Kim Jong Il watches the elite *Seoul Ryukyongsu 105 Guards* Tank Division in training, so named because it was the first KPA unit to enter Seoul after North Korea invaded the South in June 1950.

Jan. 1, 2011: North Korea‟s customary New Year‟s editorial of three leading daily papers – those of the party (*Rodong Sinmun*), military (*Joson Inmingun*) and youth organization (*Chongnyon Jonwi*) – calls, among much else, for "relieving the state of confrontation" and the threat of war between North and South Korea.

Jan. 3, 2011: In his New Year‟s address, broadcast live, ROK President Lee Myung-bak says: "I remind the North that the path toward peace is yet open. The door for dialogue is still open." He adds that "nuclear weapons and military adventurism must be discarded," and compares the Yeonpyeong shelling to the 9/11 attacks on the US: "From now on, we need … peace and reunification policies based on solid national security … [and to] make endeavors to engage our North Korean brethren in the long journey toward freedom and prosperity."

Jan. 4, 2011: *Choson Ilbo* reports a *WikiLeak* of an Aug. 2009 breakfast meeting between US Ambassador Kathleen Stephens and Hyundai‟s chairwoman Hyun Jeong-eun, soon after the latter had met Kim Jong-il in Pyongyang.

Jan. 5, 2011: A joint meeting of the DPRK government, political parties and organizations in Pyongyang calls for "wide-ranging dialogue and negotiations … [and] an unconditional and early opening of talks between the authorities having real power and responsibility, in particular …We are ready to meet anyone anytime and anywhere … We propose discontinuing to heap slanders and calumnies on each other and refraining from any act of provoking each other." Seoul‟s initial reaction is wary.

Comparative Connections
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China-Korea Relations:

DPRK Provocations Test China‟s Regional Role

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North Korea‟s artillery attack on Yeonpyeong Island on Nov. 23 placed the Korean Peninsula at the center of regional attention and intensified diplomatic pressures on China as an indispensable player. Beijing mobilized a remarkably swift diplomatic effort in response, sending State Councilor Dai Bingguo to Seoul to meet President Lee Myung-bak and Foreign Minister Kim Sung-hwan, and to Pyongyang to meet Kim Jong Il and Vice Premier Kang Sok Ju. Chinese calls for regional dialogue intensified with South Korean efforts to deter North Korea through joint naval exercises with the US in the Yellow Sea and live-fire artillery drills. Despite urgent Chinese entreaties to convene "emergency consultations" among senior envoys, North Korean provocations appeared to undermine already limited prospects for Six-Party Talks. Beijing‟s persistent calls for both Koreas to return to dialogue and Seoul‟s apparent support for inter-Korean dialogue and Six-Party Talks, may open the way for a return to negotiations, but South Korea‟s position remains conditional upon North Korea acknowledging its responsibility for provocations and taking concrete steps to show its commitment to denuclearization.

Following North Korea‟s Workers‟ Party of Korea (WPK) Conference on Sept. 28, China and North Korea took unprecedented steps to consolidate political ties through historic high-level party and military exchanges in October commemorating the 65th anniversary of the founding of the WPK and the 60th anniversary of the entry of the Chinese People‟s Volunteers (CPV) into the Korean War. Zhou Yongkang, member of the Standing Committee of the Political Bureau of the Communist Party of China (CPC) Central Committee and Secretary of the CPC Political and Legislative Affairs Committee, led a party delegation to North Korea and met Kim Jong Il and Kim Yong Nam, president of the Presidium of the DPRK Supreme People‟s Assembly. A week later, Kim Jong Il received CPV veterans and a Chinese military delegation to Pyongyang led by Guo Boxiong, Vice Chairman of the Central Military Commission, who also held talks with Ri Yong Ho, vice chairman of the WPK Central Military Commission. ROK and Chinese leaders, meanwhile, met on the sidelines of major regional and international summits. Presidents Lee Myung-bak and Hu Jintao met at the G20 Summit in Seoul and Foreign Ministers Kim Sung-hwan and Yang Jiechi met ahead of ASEAN-related summits in Hanoi. President Lee and Premier Wen Jiabao met at the Asia-Europe Meeting in Brussels and held trilateral talks with Japanese Prime Minister Kan Naoto in Hanoi.

Yeonpyeong attack catalyzes Chinese regional diplomacy

Before the G20 Summit in Seoul, President Lee Myung-bak signaled a willingness to move past the March 2010 *Cheonan* incident and toward resumption of six-party dialogue. But, North

Korea‟s Nov. 23 attack on Yeonpyeong Island set back hopes for improvement in inter-Korean relations. The attack occurred a week after Pyongyang‟s revelations of a uranium enrichment facility. In contrast to China‟s delayed reaction to the *Cheonan* sinking, the People‟s Republic of China (PRC) Foreign Ministry quickly expressed "concern" over the Korean Peninsula situation a day after the Yeonpyeong attack and "regret" over South Korean casualties.

Beijing stepped up its diplomatic outreach in immediate response to the attack but also reaffirmed its opposition to US-ROK military exercises designed to strengthen deterrence against North Korea. PRC Foreign Minister Yang Jiechi postponed his visit to South Korea scheduled for Nov. 26-27 in apparent protest against the four-day US-ROK naval drills in the Yellow Sea from Nov. 28 involving the *USS George Washington*, while the Foreign Ministry spokesperson warned that "China opposes any military acts in its exclusive economic zone without permission." State Councilor Dai Binguo met President Lee and ROK Foreign Minister Kim Sung-hwan on Nov. 27-28 in Seoul, and Kim Jong Il and Vice Premier Kang Sok Ju 10 days later in Pyongyang in efforts to bring heightened tensions on the peninsula back under control. Chinese cooperation on North Korea has been most notable in recent exchanges with Russia. In telephone remarks with Russian counterpart Sergei Lavrov on Dec. 18, Foreign Minister Yang called on both Koreas to "carry out dialogue and contact," warning that the peninsula situation "may further deteriorate." PRC Assistant Foreign Minister Cheng Guoping and Russian counterpart Alexei Borodavkin pledged to "push forward the direct dialogue between the ROK and the DPRK" in a joint statement following bilateral talks in Moscow on Dec. 28, and urged the two Koreas to "jointly mitigate tensions on the peninsula."

Chinese calls for six-party dialogue challenged

The Yeonpyeong attack prompted a series of Chinese calls for addressing regional tensions through six-party dialogue. Foreign Minister Yang met new DPRK Ambassador to China Ji Jae Ryong in Beijing and held telephone conversations with US, ROK, Russian, and Japanese counterparts on Nov. 26-27 regarding the Korean situation. On Nov. 28, Special Representative for Korean Peninsula Affairs Wu Dawei proposed "emergency consultations" among chief representatives to the Six-Party Talks, a move that served to instead reinforce widespread regional skepticism about both Six-Party Talks as a regional security mechanism and China‟s role as mediator of the talks. The US and South Korea held trilateral foreign ministerial talks with Japan in Washington on Dec. 6 in a clear dismissal of Chinese propositions, pledging that the Six-Party Talks should not be resumed until Pyongyang shows a "responsible attitude."

Chinese mediation efforts have reflected its concern about the response to North Korea since the *Cheonan* incident, including US-ROK exercises in the Yellow Sea on Nov. 28-Dec. 1, US-Japan exercises on Dec. 3-5, and ROK drills in the Yellow Sea on Dec. 18-21. On Dec. 2, the PRC Foreign Ministry spokesperson asserted that "military alliances and displays of force cannot solve the issue," expressing China‟s hopes that the US-ROK-Japan trilateral in Washington would "ease tensions and promote dialogue." Chinese scholars remain divided about the growing regional challenge to Chinese interests emerging from recurring DPRK provocations. According to Yu Shaohua of the China Institute of International Studies, "dialogue and negotiation are the only practical and feasible solutions," while You Ji at Nanyang Technological University has indicated that "both the *Cheonan* and Yeonpyeong events substantially hurt

China‟s strategic interests" in terms of strained China-ROK relations and strengthened US-Japan-ROK alliance cooperation, arguing that "it is high time for Beijing to review its overall strategy towards North Korea."

Reconciling China-ROK efforts on North Korea

In bilateral talks with President Lee in Seoul on Nov. 11, President Hu expressed support for Seoul‟s "active steps" to enhance inter-Korean ties, according to the Cheong Wa Dae spokesperson, while Lee in turn recognized China‟s role in promoting North Korea‟s economic reform and opening. According to ROK media, Lee also expressed support for Chinese efforts on DPRK reform and opening "for the improvement in inter-Korean relations" during his Oct. 5 meeting with Premier Wen Jiabao in Brussels. There, both sides agreed to enhance "communication and cooperation" on common goals of DPRK denuclearization and peninsular and regional stability. Wen reportedly noted South Korean "misunderstanding about China after the *Cheonan* incident" in an attempt to ease South Korean perceptions of China challenging ROK efforts to secure international condemnation of Pyongyang. Lee and Wen met again in late October for trilateral talks with their Japanese counterpart in Hanoi, after which the three parties signed an agreement on Dec. 15 to establish a permanent "Plus three" secretariat in Seoul in 2011, marking positive prospects for China-ROK-Japan cooperation.

On Dec. 30, the PRC Foreign Ministry spokesperson expressed China‟s "sincere hope and support" for inter-Korean dialogue following President Lee‟s remarks signaling Seoul‟s renewed support for dialogue with the North and the resumption of Six-Party Talks. Lee stated that South Korea has "no choice" but to address North Korean denuclearization "diplomatically through six-party talks" as he received a policy report detailing plans for 2011 from the ROK Foreign Ministry on Dec. 29. Unification Minister Hyun In-taek recognized the need to restore inter-Korean dialogue while maintaining measures designed to punish Pyongyang for its provocations as part of Seoul‟s North Korea policy, pledging to press North Korea to move toward denuclearization and opening through the "Chinese-style model."

Post-WPK Conference China-DPRK exchanges and anniversary celebrations

On Oct. 9, President Hu Jintao sent a congratulatory message to Kim Jong Il marking the 65th anniversary of the founding of the WPK, praising North Korea‟s "achievements in the DPRK-style socialist construction" and affirming China‟s "unswerving policy to continuously strengthen and develop bilateral friendly and cooperative ties." At the DPRK Embassy in Beijing on Oct. 8, China‟s heir apparent, Vice President Xi Jinping, affirmed that "under the new leadership of the WPK, the DPRK people will see greater progress in developing its economy, improving living standards, achieving peaceful national unification and expanding foreign relations." During his three-day trip to North Korea on Oct. 9-11, Zhou Yongkang, secretary of the CPC Political and Legislative Affairs Committee, joined DPRK leaders in 65th anniversary celebrations of the WPK, held talks with Kim Jong Il and Kim Yong Nam, visited the Mangyongdae residence of Kim Il Sung, and toured suburbs of Pyongyang. North Korea returned Zhou‟s visit on Oct. 19, sending a party delegation to Beijing led by Mun Kyon Dok, secretary of the WPK Central Committee and chief secretary of the Pyongyang City Committee, to meet Chinese party leaders including Liu Qi, member of the CPC Central Committee Political

Bureau and secretary of the Beijing Municipal Committee, head of the CPC International Department Wang Jiarui, and Zhou Yongkang, who briefed his DPRK counterparts on the 5th Plenary Session of the 17th CPC Central Committee held on Oct. 15-18 and China‟s next five-year development plan.

According to Chinese state media, Zhou met Kim Jong Il four times during his visit to Pyongyang and oversaw the signing of a bilateral economic and technological cooperation agreement after his meeting with Kim Yong Nam on Oct. 9. Attended by Kim Jong Il and other senior officials including third-son Kim Jong Un, vice chairman of the Central Military Commission (CMC), the televised party ceremony in Kim Il Sung Square on Oct. 10 highlighted the development history of the WPK under the Kim leadership and North Korea‟s recent economic achievements, and featured the country‟s biggest military parade in decades. *Xinhua* reported that the "DPRK showcases military might to mark the ruling party‟s birthday," recognizing "a new era for the country" following the "transition of power" at the September WPK Conference. The Zhou-Kim meeting on Oct. 11 was attended by Wang Jiarui, Jilin Provincial Party Committee Secretary Sun Zhengcai, and PRC Ambassador Liu Hongcai, while DPRK representatives included Vice Premier Kang Sok Ju, Vice Chairman of the National Defense Commission (NDC) Jang Song Thaek, and Kim Yong Il, alternate member of the Political Bureau of the WPK Central Committee and secretary of the Secretariat.

Chinese and DPRK military representatives jointly celebrated the 60th anniversary of the entry of the Chinese People‟s Volunteers (CPV) into the Korean War a week after the party exchanges, with China sending to Pyongyang a delegation of CPV veterans on Oct. 19- 26, and a senior military delegation led by Guo Boxiong, vice chairman of the CMC, on Oct. 23-26. Vice Minister of the DPRK People‟s Armed Forces Pyon In Son led a military delegation to Beijing and Yunan province in mid-October, holding talks with Defense Minister Liang Guanglie on Oct. 14. In Pyongyang, Guo held talks with Kim Jong Il on Oct. 25 and with Ri Yong Ho, vice chairman of the WPK CMC and chief of the General Staff of the Korean People‟s Army, on Oct. 26. Pyongyang hosted a reception for the CPV delegation on Oct. 20, attended by O Kuk Ryol, vice chairman of the DPRK NDC, and an assembly marking the anniversary on Oct. 25, attended by Kim Jong Il and other DPRK officials including Kim Yong Chun, vice chairman of the NDC; Kim Yong Nam; Choe Yong Rim, premier of the DPRK Cabinet; Ri Yong Ho; and Kim Jong Un. On Oct. 26, Kim Jong Il attended a CPV memorial service in South Phyongan province along with other party and military leaders including Ri Yong Ho, Kim Jong Un, and Kim Yong Chun. Beijing hosted a reception marking the Korean War on Oct. 23, attended by Defense Minister Liang Guanglie, and a symposium on Oct. 25, where President Hu and Vice President Xi, newly-appointed vice chairman of the CPC CMC, met CPV veterans.

The recent proliferation in China-DPRK party and military exchanges is consistent with a policy of consolidating Sino-DPRK ties through joint symbolic efforts to reinforce the bilateral friendship in commemoration of historic political and military anniversaries. These exchanges mark a strengthening of China-DPRK intergovernmental and military ties under a revamped DPRK party/military leadership following the September WPK Conference. The WPK and CPV anniversaries have been accompanied by bilateral exchanges across broad fields including youth, women, media, culture, health, and legislative agencies, in addition to continued economic cooperation efforts. Choe Tae Bok, chairman of the DPRK Supreme People‟s Assembly, who

briefed President Hu and other Chinese leaders in Beijing days after the September WPK Conference, visited Beijing and Jilin on Nov. 30-Dec. 4, holding talks with Wu Bangguo, chairman of the Standing Committee of China‟s National People‟s Congress (NPC) and Chen Zhili, vice chairperson of the NPC Standing Committee.

China-ROK trade and investment outlook

China-ROK trade during 2010 amounted to $171 billion according to official South Korean figures, a 21 percent increase from $141 billion in 2009. However, Chinese exports to South Korea have grown at an increasingly slower rate throughout 2010, rising by 36 percent in November compared to a 98 percent increase in January. China remains South Korea‟s top destination for investment, which totaled over $30 billion in 2010 and represented 21 percent of South Korea‟s total foreign direct investment (FDI). The Export-Import Bank of Korea in October predicted that China will likely overtake the US as South Korea‟s top FDI destination in 2010, citing a deepening of ROK trade dependence on China and expansion of Chinese investment in ROK assets. ROK investment in China amounted to $1.5 billion in the first half of 2010 while that in the US was $800 million. Although FDI in South Korea reached a 10-year high in 2010, Chinese investment has accounted for a relatively small portion of the overall amount invested. South Korean sources in late December speculated that state-run sovereign wealth fund China Investment Corporation might expand its presence in the ROK market, a move that may make China the third biggest foreign direct investor in South Korea after the US and Japan. A Chinese Academy of Social Sciences report indicated that China would become the world‟s second-largest overseas investor after the US by the end of 2010 as China continues to increase purchases of foreign assets.

A Korea Trade-Investment Promotion Agency (KOTRA) report in November forecast total ROK exports to exceed $500 billion for the first time in 2011, with newly emerging economies like China driving ROK export growth despite the expected slowdown in the rate of growth. According to KOTRA, South Korean exports to China and its territories will rise by 13.5 percent in 2011, compared to 7.9 percent and 3.6 percent for North America and Japan respectively, with the automobile parts industry seeing the biggest growth. In an interview with *People's Daily* in early December, China‟s Vice Commerce Minister Yi Xiaozhun suggested that trilateral negotiations for a China-ROK-Japan free trade agreement may begin in 2012 as the three parties seek to reduce their economic reliance on the US and the European Union. Meanwhile, South Korean experts in late December called for diversifying South Korea‟s source of rare earth minerals as the PRC Ministry of Commerce announced China‟s first round of 2011 export quotas for rare earths that reflected an 11 percent annual decline.

Evaluation of China-DPRK economic exchanges

In a *China Daily* article in December, an analyst at the Jilin Academy of Social Sciences positively reviewed North Korea‟s achievements since the launching of economic development campaigns in 2009, highlighting new technologies in light industries, an increase in cash crops, improvements in electricity supply, a decline in rice prices, an increase in the supply and diversity of consumer goods, and a decline in the *yuan:won* exchange rate from 1:500 in 2009 to 1:200 in 2010, which has more than doubled the purchasing power of North Koreans. Arguing

that "capital now holds the key" to North Korea‟s development efforts, the analyst stresses important "opportunities for China" including the expansion of North Korea‟s market for consumer goods and potential opening of DPRK resource markets to raise funds. A report by the Samsung Economic Research Institute in October indicated that China-DPRK trade represented 52.6 percent of North Korea‟s total cross-border trade in 2009 and Chinese investment in the North reached $41 million in 2008 compared to $1.1 million in 2003, noting Chinese plans to spend $2.37 billion on constructing a transportation network linking the two countries.

Chinese exports of luxury goods to the North were highlighted in a Congressional Research Service report in October revealing weaknesses in the implementation of UN Security Council (UNSC) Resolution 1874 despite an overall strengthening of country actions toward North Korea since the *Cheonan* incident. According to the report, although China has interdicted shipments of weapons-related material to North Korea and cancelled a joint industrial project with a banned DPRK entity, China‟s "minimalist approach" to sanctions implementation has challenged the further strengthening of existing measures. Recent *Wikileaks* revelations of China‟s failure to interdict transfers of sensitive technologies between Iran and North Korea served as further evidence of the limits of Chinese cooperation on implementing UN resolutions. Although China‟s Deputy Permanent Representative to the UN Wang Min reiterated China‟s "deep worries" over tensions on the Korean Peninsula, Beijing blocked a statement at the UNSC explicitly condemning North Korea for the artillery attack on Yeonpyeong Island. The UNSC failed to reach consensus on a statement regarding North Korea‟s actions during an emergency session on Dec. 19, after which the US Ambassador to the UN stated that "the gaps that remain are unlikely to be bridged."

Conclusion: prospects for China-ROK management of DPRK provocations

Despite pledges of strengthened cooperation between Beijing and Pyongyang‟s new leadership, several potential conflict points in the China-DPRK relationship appear to test Chinese patience with North Korea. First, China‟s political and economic support of the North at a time of international condemnation of Pyongyang has undermined perceptions of China‟s regional role as mediator of Six-Party Talks and as a responsible stakeholder in the international community. Second, North Korea‟s renewed nuclear ambitions challenge Chinese efforts to lead DPRK denuclearization. Third, North Korea‟s emphasis on self-reliance as its national development strategy contradicts Chinese efforts to promote Chinese-style reform and opening of the North. Fourth, North Korean provocations have introduced an unprecedented level of frustration into the China-ROK relationship. Fifth, DPRK provocations pushed North Korea higher on the agenda in US-China relations. Sixth, DPRK provocations led to unprecedented trilateral cooperation between the US and its allies South Korea and Japan, a development that works against China‟s interests and regional influence.

In an interview with *Yonhap* ahead of the G20, President Hu affirmed that "As China and South Korea are important nations in Northeast Asia, it conforms to the fundamental interests of the two countries and their peoples to move the bilateral relations forward solidly, which will also be conducive to peace, stability and prosperity in the region." However, China-DPRK commemorations of China‟s participation in the Korean War revealed differences with South Korea in historical interpretations when Vice President Xi referred to the Korean War as "a great

and just war for safeguarding peace and resisting aggression." The ROK Foreign Ministry responded in a press release on Oct. 26 stating: "That the Korean War broke out as a result of the North‟s southward invasion is an indisputable and historical fact that has been internationally recognized. China is a permanent member of the UN Security Council and a responsible member of the international community." While PRC Foreign Ministry spokesman Ma Zhaoxu reaffirmed on Oct. 28 that Xi‟s remark represented an "established theory," neither side raised the issue when Ma met ROK Deputy Foreign Minister Kim Jae-shin and spokesman Kim Young-sun in Seoul on Oct. 29-30 as part of a bilateral exchange between the foreign ministries.

A second recurring area of China-ROK tensions remains over exclusive economic zones, an issue which re-emerged as a result of violent clashes on Dec. 18 in the Yellow Sea between the ROK Coast Guard and a Chinese boat suspected of illegally operating in South Korea‟s exclusive economic zone. The PRC Foreign Ministry on Dec. 21 accused the ROK Coast Guard for the incident, demanding punishment and compensation. In response, ROK Prime Minister Kim Hwang-sik two days later called for "heavy punishment" against illegal fishing to protect ROK sovereignty over its waters. Although China and South Korea moved quickly to resolve the diplomatic standoff, Seoul‟s decision to release the Chinese fishermen on Dec. 25 raised domestic perceptions of giving in to Chinese pressure. On Dec. 27, the ROK Foreign Ministry refuted mounting criticisms from protesting Coast Guard officials, opposition party politicians, and netizens, stating that "While there are various problems related to the two countries‟ fishing industries, we remain firm in our commitment to establishing order and responding strictly to illegal behavior."

Third, the extent of Seoul‟s willingness to accommodate Chinese engagement with North Korea remains unclear. The Cheong Wa Dae refuted the *Financial Times*‟ reported interview remarks by President Lee on Oct. 28 urging North Korea to "emulate China‟s economic model," and denied Seoul‟s reported concerns about a "belligerent" Pyongyang falling under Beijing‟s political influence. Although Seoul‟s major foreign policy goals for 2011 as outlined in the unification and foreign ministries‟ reports to the president are to pursue dialogue with North Korea and draw international support and consensus on South Korean plans for "peaceful reunification," such efforts may uncover growing South Korean concerns over the political implications of Chinese economic engagement with the North.

Differences over how to deal with North Korea placed the greatest strains on the China-ROK relationship in 2010 as DPRK provocations raised tensions on the peninsula. Recent Chinese cooperation on North Korea may be attributed to President Hu Jintao‟s visit to Washington in January 2011 for a summit with President Obama. While Chinese efforts to promote inter-Korean reconciliation may create a favorable foundation for the resumption of Six-Party Talks, effective regional coordination on Korean Peninsula issues in the long term will require deepened China-ROK understanding on security issues and the future of the Korean peninsula as well as broader regional coordination on North Korea and Korean unification policies.

Chronology of China-Korea Relations
October – December 2010

Sept. 30-Oct. 2, 2010: Choe Thae Bok, member of the Political Bureau and secretary of the Worker‟s Party of Korea (WPK) Central Committee, leads a party delegation to China and meets President Hu Jintao and other Communist Party of China (CPC) leaders.

Oct. 6, 2010: President Lee Myung-bak and Premier Wen Jiabao meet on the sidelines of the Asia-Europe Meeting in Brussels.

Oct. 8, 2010: The DPRK Embassy in Beijing hosts a reception marking the 65th anniversary of the founding of the WPK, where Vice President Xi Jinping delivers a speech.

Oct. 9, 2010: President Hu sends a congratulatory message to Kim Jong Il on the 65th anniversary of the founding of the WPK.

Oct. 9-11, 2010: Zhou Yongkang, member of the Standing Committee of the Political Bureau of the CPC Central Committee and secretary of the Political and Legislative Affairs Committee, leads a party delegation to North Korea to attend 65th anniversary celebrations of the WPK. Zhou meets Kim Jong Il and Kim Yong Nam, president of the Presidium of the DPRK Supreme People‟s Assembly.

Oct. 12, 2010: Kim Gye Gwan, first deputy foreign minister of the DPRK, arrives in China for meetings with Foreign Minister Yang Jiechi, Vice Foreign Minister Zhang Zhijun, and Special Representative for Korean Peninsula Affairs Wu Dawei.

Oct. 12, 2010: PRC and ROK defense ministers attend the 1st ASEAN Defense Ministers Meeting Plus 8 (ADMM+) in Hanoi.

Oct. 12-16, 2010: Ri Yong Chol, first secretary of the DPRK Kim Il Sung Socialist Youth League, leads a youth delegation to Beijing and Jilin province. Ri meets Wang Zhaoguo, vice chairman of the Standing Committee of China‟s National People‟s Congress in Beijing.

Oct. 14, 2010: Pyon In Son, vice minister of the DPRK People‟s Armed Forces, leads a military delegation to Beijing and Yunan province and holds talks with Defense Minister Liang Guanglie.

Oct. 18, 2010: *Rodong Sinmun* issues a poem praising DPRK-China friendship.

Oct. 18-22, 2010: A *People's Daily* delegation led by Deputy Editor-In-Chief Ma Li visits North Korea and meets Kim Ki Nam, member of the Political Bureau and Secretary of the WPK Central Committee, in Pyongyang.

Oct. 19-26, 2010: Delegation of Chinese People‟s Volunteers (CPV) veterans visits Pyongyang and attends a reception marking the 60th anniversary of the CPV‟s entry into the Korean War, attended by O Kuk Ryol, vice chairman of the National Defense Commission (NDC).

Oct. 21, 2010: *Korean Central News Agency* praises the DPRK-China friendship in an article marking the 60th anniversary of the CPV"s entry into the Korean War.

Oct. 21, 2010: PRC Foreign Ministry spokesperson Ma Zhaoxu pledges to cooperate with South Korea to address illegal immigration.

Oct. 23, 2010: The DPRK Embassy in Beijing holds a reception marking the 60th anniversary of the CPV"s entry into the Korean War, attended by Defense Minister Liang Guanglie.

Oct. 23-26, 2010: Guo Boxiong, vice chairman of China"s Central Military Commission (CMC), leads a senior military delegation to North Korea to attend activities marking the 60th anniversary of the CPV"s entry into the Korean War.

Oct. 25, 2010: President Hu Jintao and Vice President Xi Jinping meet CPV veterans in Beijing at a symposium commemorating the 60th anniversary of the CPV"s entry into the Korean War.

Oct. 25, 2010: A Dandong museum releases new statistics showing that 183,108 CPV soldiers died in the 1950-1953 Korean War.

Oct. 25, 2010: South Korea opens its first consulate in Central China in Hubei province.

Oct. 26, 2010: Kim Jong Il and DPRK party and military officials attend a memorial ceremony at CPV tombs in North Korea"s South Phyongan province.

Oct. 26, 2010: PRC Foreign Ministry spokesperson Ma Zhaoxu expresses hopes that South Korea and the US remain committed to maintaining peace and stability on the Korean Peninsula.

Oct. 26, 2010: New DPRK Ambassador to China Ji Jae Ryong arrives in Beijing.

Oct. 28, 2010: The *Financial Times* publishes an interview reporting that President Lee Myung-bak calls on North Korea to "emulate China"s economic model."

Oct. 28, 2010: ROK Foreign Minister Kim Sung-hwan and PRC counterpart Yang Jiechi hold talks in Hanoi ahead of ASEAN-related summits.

Oct. 28-30, 2010: Premier Wen and President Lee attend the 17th ASEAN Summit and related summits in Hanoi, including the ASEAN+3 Summit and 5th East Asia Summit. Wen and Lee hold trilateral talks with Japanese Prime Minister Naoto Kan on the sidelines on Oct. 29.

Nov. 7, 2010: Wang Shengjun, president of China"s Supreme People"s Court, arrives in South Korea for talks with ROK judicial officials.

Nov. 9, 2010: China"s CPC Central Committee and Central Military Commission (CMC) send messages to North Korea"s WPK Central Committee and NDC respectively, expressing condolences over the death of Jo Myong Rok, member of the Presidium of the Political Bureau of the WPK Central Committee and first vice chairman of the NDC.

Nov. 11-12, 2010: President Hu visits Seoul for the G20 Summit and holds bilateral talks with President Lee on the sidelines.

Nov. 22, 2010: ROK Six-Party Talks Envoy Wi Sung-lac meets Chinese counterpart Wu Dawei in Beijing.

Nov. 22-23, 2010: A PRC economic and trade delegation led by Deputy Commerce Minister Wang Hemin visits Pyongyang for the sixth Meeting of the DPRK-China Intergovernmental Committee for Cooperation in Economy, Trade, Science and Technology, where both sides sign a bilateral agreement on economic and trade cooperation. The Chinese delegation meets DPRK Deputy Foreign Trade Minister Ku Pon Thae and DPRK Vice Premier Kang Sok Ju.

Nov. 23, 2010: North Korea launches an artillery attack on Yeonpyeong Island, South Korea.

Nov. 23, 2010: Foreign Ministry spokesperson Hong Lei expresses China"s "concern" over the artillery exchange on Yeonpyeong Island and calls for early resumption of the Six-Party Talks.

Nov. 23, 2010: South Korea"s Hankook Tire announces plans to build a manufacturing plant in Chongqing worth a total investment of $954 million.

Nov. 24, 2010: Premier Wen Jiabao during a meeting with Russian President Dmitry Medvedev in Moscow calls for maintaining peace and stability on the Korean Peninsula through dialogue.

Nov. 24, 2010: A PRC health delegation led by Health Minister Chen Zhu visits Pyongyang and meets Kim Yong Nam. The DPRK Ministry of Public Health and its PRC counterpart sign a bilateral cooperation agreement on public health and medical science.

Nov. 25, 2010: Foreign Minister Yang postpones planned Nov. 26-27 visit to South Korea.

Nov. 26, 2010: Foreign Ministry spokesperson Hong Lei states that "China opposes any military acts in its exclusive economic zone without permission."

Nov. 26, 2010: Foreign Minister Yang meets DPRK Ambassador to China Ji Jae Ryong and holds telephone conversations with US Secretary of State Hillary Clinton and ROK Foreign Minister Kim Sung-hwan on the Korean peninsula situation.

Nov. 27, 2010: Foreign Minister Yang holds telephone conversations on the Korean peninsula situation with Russian counterpart Sergei Lavrov and Japanese counterpart Maehara Seiji.

Nov. 27-28, 2010: PRC State Councilor Dai Bingguo visits Seoul and meets President Lee and Foreign Minister Kim Sung-hwan.

Nov. 28, 2010: Wu Dawei, PRC Special Representative for Korean Peninsula Affairs, proposes emergency consultations in early December among delegates to the Six-Party Talks.

Nov. 28-Dec. 1, 2010: The US and South Korea conduct joint naval exercises in the Yellow Sea.

Nov. 30, 2010: PRC Foreign Ministry spokesperson Hong Lei calls for resumption of dialogue on the Korean Peninsula.

Nov. 30-Dec. 4, 2010: Choe Tae Bok, chairman of the DPRK Supreme People‟s Assembly, visits Beijing and Jilin and holds talks with Wu Bangguo, chairman of the Standing Committee of the National People‟s Congress and Chen Zhili, vice chairperson of the NPC Standing Committee, in Beijing.

Dec. 1-3, 2010: China, South Korea, and China hold their 3rd joint feasibility study meeting in Weihai, China, on a trilateral free trade agreement (FTA).

Dec. 2, 2010: Foreign Ministry spokesperson Jiang Yu states that China expects US-ROK-Japan talks on Dec. 6 to ease tensions and promote dialogue on the Korean peninsula.

Dec. 6, 2010: President Hu Jintao in a telephone conversation with President Barack Obama calls for resolving Korean Peninsula issues through dialogue.

Dec. 8-9, 2010: State Councilor Dai Bingguo visits North Korea and meets Kim Jong Il and DPRK Vice Premier Kang Sok Ju.

Dec. 9, 2010: PRC Foreign Ministry spokesperson Jiang Yu warns that military deterrence may escalate tensions on the Korean peninsula.

Dec. 13, 2010: Four Chinese sailors go missing and another four are rescued among international crew members on a ROK fishing vessel that sinks in the Antarctic Ocean.

Dec. 14, 2010: PRC Foreign Ministry spokesperson Jiang Yu calls for stabilizing the Korean Peninsula situation.

Dec. 16, 2010: South Korea, China, and Japan sign an agreement in Seoul on establishing a three-way cooperation secretariat in Seoul in 2011.

Dec. 16, 2010: PRC Foreign Ministry spokesperson Jiang Yu calls for restarting Six-Party Talks.

Dec. 18, 2010: Vice Foreign Minister Zhang Zhijun says China is “deeply worried” about the Korean Peninsula situation.

Dec. 18, 2010: Foreign Minister Yang Jiechi in a telephone conversation with Russian counterpart Sergei Lavrov calls for restraint on the Korean Peninsula.

Dec. 18, 2010: A Chinese boat sinks after colliding with a ROK Coast Guard vessel in the Yellow Sea, leaving the Chinese captain dead and one crew member missing.

Dec. 18-21, 2010: South Korea conducts a live-fire artillery drill in waters southwest of Yeonpyeong Island.

Dec. 19, 2010: China‟s Deputy Permanent Representative to the United Nations Wang Min expresses “deep worries” over the Korean Peninsula situation and calls for restraint and dialogue.

Dec. 20, 2010: Deputy Foreign Minister Cui Tiankai at the 13th China-Australia Human Rights Talks in Beijing says “no one has the right to cause bloodshed of the people on the peninsula.”

Dec. 21, 2010: South Korea and China launch joint land and sea transport services between Shandong cities and Incheon, Pyungtaek, and Kunsan in South Korea.

Dec. 21, 2010: The PRC Foreign Ministry accuses South Korea‟s Coast Guard for the Dec. 18 clash with Chinese fishermen in the Yellow Sea.

Dec. 23, 2010: ROK Prime Minister Kim Hwang-sik calls for “heavy punishment” against illegal fishing in South Korea‟s exclusive economic zone.

Dec. 25, 2010: South Korea releases three Chinese fishermen detained for suspected illegal fishing in South Korea‟s exclusive economic zone on Dec. 18.

Dec. 27, 2010: ROK Foreign Ministry spokesperson refutes criticisms that it gave in to Chinese pressure to release three Chinese fishermen on Dec. 25.

Dec. 28, 2010: PRC Assistant Foreign Minister Cheng Guoping and Russian counterpart Alexei Borodavkin call for direct talks between the two Koreas in a joint statement after Moscow talks.

Dec. 28, 2010: China and North Korea begin renovations on their joint Shuifeng hydropower station on the Yalu border river.

Dec. 28, 2010: South Korean media confirm China‟s release of a ROK Army major detained in July 2009 for alleged espionage related to North Korea.

Dec. 29, 2010: PRC Ambassador to North Korea Liu Hongcai hosts a reception in Pyongyang attended by DPRK Vice Premier Kang Nung Su, *Rodong Sinmun* Editor-in-Chief Kim Ki Ryong, and other officials.

Dec. 29, 2010: Hyundai Motor Co. announces that overall sales in China have reached a record high of over 700,000 vehicles.

Dec. 30, 2010: Foreign Ministry spokesperson Jiang Yu expresses China‟s “sincere hope and support” for inter-Korean dialogue.

Comparative Connections
A Quarterly E-Journal on East Asian Bilateral Relations

Japan-China Relations:
Troubled Waters: Part II

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Reactions to the Sept. 7 Senkaku fishing boat incident continued to buffet the relationship. Both the East China Sea and the Senkaku Islands remain flashpoints in both countries. Anti-Japanese protests spread through China in mid-October and were followed by smaller-scale anti-Chinese protests in Japan. Efforts by diplomats to restart the mutually beneficial strategic relationship ran into strong political headwinds, which hit gale force with the public uploading of the Japan Coast Guard‟s video of the September collisions on *YouTube*. Prime Minister Kan did meet China‟s political leadership, but the Kan-Wen and the Kan-Hu meetings were hotel lobby or corridor meet-and-greets, with the Chinese taking care to emphasize their informal nature. In Japan, public opinion on relations with China went from bad in October to worse in December.

Public opinion

On Sept. 20, in the wake of the Senkaku fishing boat incident, the *Sankei Shimbun* and the *Fuji News Network* conducted a spot public opinion survey. Of the respondents, 79.7 percent answered that their image of China had worsened, while 71.5 percent found China to be a threat to Japan‟s national security. Only 7 percent found China to be trustworthy; in stark contrast, 85.1 percent said that China was not trustworthy. Meanwhile, 86.8 percent recognized that China was important for Japan‟s economic well-being. Support for the Kan government fell from 64.2 percent in a previous mid-September survey to 48.5 percent, with 78.8 percent of respondents citing concerns with the government‟s handling of the fishing boat incident.

A *Yomiuri Shimbun* telephone survey conducted Oct. 1-3 tracked closely with the *Sankei-Fuji* poll. In the *Yomiuri* survey, 84 percent of respondents said that they did not trust China, surpassing the previous high of 77 percent in a 2008 survey. At the same time, 72 percent said that the government‟s release of the fishing boat captain was not appropriate, citing the appearance that Japan would cave into pressure as the reason, and 94 percent found China‟s demand for an apology and compensation “unconvincing.” Looking ahead, 90 percent of the respondents called on the government to assert more forcefully its position on the Senkakus and 71 percent called on the government to strengthen the alliance with the United States.

* The views expressed in this article are the views of the author alone and do not represent the views or policy of the National Defense University, the Department of Defense, or the U.S. government.

The downward trend continued in October. A *Fuji-Sankei* poll, released on Nov. 2, found 86.6 percent of respondents saying they could not trust China, up 3.5 percent from September; only 6.4 percent could trust China. And, in a joint *Yomiuri-China News Agency* telephone poll, released on Nov. 8, 90 percent of Japanese respondents said that bilateral relations are in bad shape and 87 percent said they could not trust China. In China, 81 percent of respondents said relations were in bad shape, and79 percent said they could not trust Japan.

Japanese Coast Guard video

Politics continued to affect the relationship. At a Sept. 30 meeting of the Lower House Budget Committee, attended by Prime Minister Kan Naoto and the Cabinet, the Liberal Democratic Party‟s (LDP‟s) Onodera Itsunori, a former senior vice minister of foreign affairs, indicated the government‟s handling of the September incident was "the greatest diplomatic debacle since the end of World War II." Kan apologized for unsettling the Japanese public and went on to criticize Beijing for its handling of the issue. The prime minister said he would not "budge an inch" over his responsibility to protect Japanese sovereignty over the Senkakus, observing that "both circumstantial evidence and Chinese maps clearly indicate that the Senkaku Islands are part of Japan‟s territory." At the conclusion of the meeting, both ruling and opposition parties asked the government to submit the Japanese Coast Guard (JCG) video of the Sept. 7 incident to the Diet.

Responding to Kan‟s remarks, China‟s Foreign Ministry spokesperson Ma Zhaoxu told reporters that "The Diaoyu Island and its adjacent islands have been China‟s inherent territory since ancient times." Ma went on to indict Japan for its "illegal detention of the Chinese fishing boat and crew and for "obstinately applying so-called domestic judicial procedures," which he labeled "absurd, illegal and invalid."

After the Oct. 1 Diet session, Chief Cabinet Secretary Sengoku Yoshito met at the prime minister‟s residence with Foreign Minister Maehara Seiji, Justice Minister Yanagida Minoru, and Minister of Land, Infrastructure, Transport and Tourism Mabuchi Sumio to discuss the Diet‟s request for the video. The ministers agreed that Sengoku would take the lead in dealing with the Diet, and he later met with senior Democratic Party of Japan (DPJ) leaders. Concerned with the impact the release of the video might have on relations with China as well as with the wellbeing of the remaining Fujita employee still held by China, the political leaders decided to delay the release and to further study options, including a possible release of the video to a small number of Diet members. On Oct. 7, the government and ruling parties decided to postpone release of the video. China released the last of the four Fujita employees on Oct. 9.

On Oct. 13, the Lower House Budget Committee voted unanimously to request the Naha Special Prosecutors Office to turn over the video to the Diet. Five days later, the DPJ and government decided to submit the video. Within the Diet, pressure began to build to release the video for public viewing. Foreign Minister Maehara told the media that the video "clearly shows that it was the Chinese fishing boat that slammed itself into the JCG patrol boats." Ishihara Nobuteru, of the opposition LDP, called for full disclosure to the public following submission to the Diet, arguing that "it is important for the people to know the facts." DPJ Diet Affairs Committee Chairman Hachiro Yoshio opposed public release, taking into account the "diplomatic situation." He argued that access should be limited to the directors of the Lower House Budget Committee.

The government released an edited six-minute version of the JCG video to the Lower House Budget Committee on Oct. 27. In a letter of transmittal, Chief Cabinet Secretary Sengoku asked legislators to be aware that "it needs to be carefully handled in light of the effect it has on the international political environment." DPJ Diet Affairs Chairman Hachiro told reporters that the Budget Affairs Committee would decide how the video would be handled and to whom it would be shown. Meanwhile, the LDP expressed dissatisfaction with the submission of the six-minute DVD, requested the entire footage, and pressed for its release to the public. Later, Sengoku said that submission of the video to the Diet would "have little effect" on relations with China, but that if the video were to be made public, the government was concerned that it would likely invite a reaction in both countries and affect the prime minister"s "conduct of diplomacy."

Chinese Foreign Ministry spokesperson Ma Zhaoxu told reporters that release of the video represented an effort by Japan "to lay the blame on China," which he said is "impossible" as the video was "unable to alter reality or obfuscate Japan"s illegal actions."

On Nov. 1, 30 members of the Lower House Budget Committee viewed the six-minute version of the video. Afterward, Budget Committee Chairman Nakai Hiroshi told reporters "I could clearly see the fishing boat crashing into the JCG ships." Meanwhile, the LDP, led by Policy Research Committee Chairman Ishiba Shigeu, pressed for a public release of the video.

In Beijing Foreign Ministry spokesperson Ma told reporters that the JCG ships "disturbed, drove away, intercepted, surrounded, and held the Chinese fishing boat, which is illegal in itself and severely infringes on China"s territorial sovereignty and the just rights and interests of the Chinese fishermen."

Video hits *YouTube*

On Nov. 4, the JCG video showing the collisions between the Chinese trawler and the JCG ships appeared on *YouTube*. Beijing"s response came the following day when Foreign Ministry spokesperson Hong Lei said the video "cannot change the truth. It cannot cover up the illegality of Japan"s actions." Earlier Vice Foreign Minister Cui Tiankai observed that "If the Japanese side is really serious and sincere about overcoming the current difficulties … and building a strategic relationship of mutual benefit, then it should do everything in its power to move in that direction…" Cui added that he hoped that Japan would "make the right choice."

In Tokyo, Foreign Minister Maehara told a press conference that China had expressed its "concern" over the leak but had not protested through diplomatic channels. Prime Minister Kan expressed the government"s concern over the handling of the video and ordered a thorough investigation of the leak. Kan later confirmed that the *YouTube* video was identical to the one taken by the JCG.

On Nov. 11, sources close to the investigation revealed that a 43-year-old JCG officer, the chief navigator of the JCG ship *Uranami*, had admitted uploading the video on *YouTube* from a USB device. The officer reportedly told police that "people have the right to see the video." Prosecutors and legal authorities decided not to arrest the officer, pending further investigation and because the classification level of the video was not considered to be "confidential." In mid-

December, police referred the case to the Tokyo District Prosecutor‟s Office for a decision on indictment, which the *Kyodo News Service* reported as being "highly unlikely." Meanwhile, the JCG continued to consider disciplinary action.

Senkaku Islands

As the fishing boat incident played out in early October, Beijing sent two fisheries patrol boats to the waters near the Senkakus. Following the Oct. 4 Kan-Wen meeting at the Asia Europe Meeting (ASEM) in Brussels, the two Chinese patrol ships were withdrawn on Oct. 6. Meanwhile, on Oct. 4, mayors from Okinawa prefecture met Deputy Chief Cabinet Secretary Furukawa Motohisa at the prime minister residence in Tokyo and requested the government "to take proper measures to protect the nation‟s territorial land and waters" and increase the JCG surveillance activity in the area.

On Oct. 14, Chinese media reported that three fisheries patrol boats had been dispatched to the region. A senior Chinese Ministry of Agriculture official was quoted as saying that the deployment was for "safeguarding national sovereignty and protecting fishermen‟s legal interests." Both Prime Minister Kan and Chief Cabinet Secretary Sengoku told reporters that JCG ships operating in the area had not reported sighting of the Chinese patrol ships.

In mid-October, the *Sankei Shimbun* reported that Chinese sources had sounded out Tokyo about shelving the Senkaku sovereignty issues, leaving the issue for future generations to decide. In doing so, Beijing appeared to be reverting to a proposal made by Deng Xiaoping at the time of the signing of 1978 the Japan-China Peace and Friendship Treaty. On Oct. 21, during a meeting of the Lower House Security Committee, Foreign Minister Maehara made clear that "no such agreement exists." Deng‟s proposal was "unilateral" and never accepted by Japan. To have agreed to shelve the issue would be to admit the existence of a territorial issue, where none exists. Japan would turn down any similar Chinese proposal. In Beijing, Foreign Ministry spokesperson Ma told reporters that Japan‟s denial of its acceptance of Deng‟s proposal represented a "denial of historical reality."

On Oct. 24, JCG ships confirmed the presence of two Chinese fisheries patrol boats operating in the East China Sea in an area between Japan‟s territorial waters and the its economic exclusive zone (EEZ). The Chinese ships left the area after being warned and, on Oct. 25, Sengoku told reporters that Japan had protested the incident through diplomatic channels.

In early November, former Foreign Minister Tang Jiaxuan traveled to Tokyo to attend meeting of the Japan-China Friendship Committee for the 21st Century. While in Tokyo, Tang met Prime Minister Kan, DPJ Secretary General Okada Katsuya, LDP Secretary General Tanigaki Sadakazu, and Keidanren Chairman Yonekura Hiromasa. Tang again advanced the idea that "in normalizing Japan-China relations, the issue in dispute (sovereignty over the Senkakus) was shelved" and "over the last four decades, there was a tacit understanding between the two countries."

The following day, the supra-party union of Diet members "To Protect National Sovereignty and the National Interest" announced it would seek to change the existing arrangement whereby

Tokyo administers the Senkaku Islands through a lease from private landowners by introducing legislation to transfer ownership to the national government, which would also allow the stationing of Self-Defense Forces (SDF) on the islands.

On Nov. 9, the JCG found two Chinese research ships operating within Japan‟s EEZ and ordered them to leave the area. The JCG confirmed that the Chinese ships had complied. In late November two advanced Chinese fisheries surveillance ships, the *Yuzheng 301* and the *Yuzheng 201,* were twice spotted near the Senkakus, but outside Japan‟s territorial waters. The first sighting was on Nov. 20-21, the second was on Nov. 28. In a mid-December, a senior official of China‟s Fisheries Administration told the *Asahi Shimbun* that China will increase deployments of large-scale fisheries patrol ships near the Senkakus and is planning to build five patrol ships of over 3,000 tons over the next five years.

On the morning of Dec. 2, in contravention of a government prohibition on landing on the Senkaku Islands, two members of the Ishigaki Municipal Assembly, Okinawa prefecture, landed on Minami Kojima. Earlier on Oct. 20, the Ishigaki Assembly had adopted a resolution calling on the mayor and assemblymen to visit the islands and asking for Tokyo‟s permission. The two assemblymen explained that, having waited over a month for a reply from the government, they thought Tokyo was taking too much time or was simply indifferent. China‟s Foreign Ministry spokesperson Jiang Yu labeled the landing as "an act of intrusion into China‟s national territory and violation of its sovereignty." On Dec. 17, the Ishigaki Assembly unanimously adopted a resolution designating Jan. 14 as Senkaku Day in commemoration of the anniversary of Japan‟s assertion of sovereignty over the Senkakus in 1895.

In early December, a Guangzhou weekly magazine named the captain of the fishing boat at the time of the September incident as one the top 100 most influential men in China. Later, Hong Kong media reported that newspapers that ran articles based on the weekly‟s original "Top 100" story were withdrawn from circulation on Dec. 13 and their staffs disciplined.

East China Sea

On Oct. 1, following media reports of Chinese activity at the Shirakaba (Chunxiao) gas field, Japanese Ambassador Niwa Uichiro met China‟s Assistant Minister for Foreign Affairs Hu Zhengyue and asked China to refrain from taking unilateral actions at the site. Niwa explained that if Chinese activities were found to violate the Japan-China agreement on joint development, Japan would take "appropriate measures." He also urged Beijing to withdraw Chinese fishing patrol ships operating near the Senkakus.

The Oct. 21 *Sankei Shimbun* reported that China, in accordance with the 2001 agreement on advance notification of research activities, had notified Tokyo of its plan to conduct maritime research activities near the gas field in the East China Sea. The *Sankei* report noted that the area designated for research activity crossed the mid-line maritime boundary recognized by Japan.

Foreign Ministers Maehara and Yang met on Nov. 14 during the APEC Forum in Yokohama. Maehara urged China to commit to an early resumption of negotiations on joint development of the East China Sea gas fields. Yang, however, emphasized the need to prepare "the appropriate

conditions and atmosphere." When Maehara also pressed for an explanation for the arrest of the four Fujita employees, Yang replied that the employees had "clearly intruded into a restricted military zone." The two ministers did agree to increase private exchanges in order to improve national sentiments. There was no discussion of the fishing boat incident, however; Yang did say he wanted to handle "sensitive issues appropriately."

Diplomacy: looking for traction

As the quarter began, the Kan government worked to deal with the fallout of the fishing boat incident. On Oct. 1 Foreign Minister Maehara, in a speech delivered in Tokyo, said that it is necessary for Japan and China to take strong steps to avoid such incidents in the future. On Japan"s part, Maehara made it clear that the door "is always open" and that "the window for dialogue with China is not closed." Taking a broad perspective, he emphasized that Japan is looking to build a relationship that becomes a mutual plus.

On Oct. 4, Prime Minister Kan and Premier Wen held a 25-minute corridor conference on the sidelines of the ASEM in Brussels. After restating their respective positions on the Senkakus, the two leaders agreed to continue efforts to promote a mutually beneficial strategic relationship. Kan told reporters that the two also agreed that it was "not desirable" for relations to deteriorate and that governmental and private exchanges between the two countries should be resumed. The following day, Foreign Minister Maehara told the Foreign Correspondents Club of Japan that "while there is no territorial dispute in the East China Sea, I think it is necessary for Japan and China to agree to pool their wisdom to prevent a recurrence [of an incident] and to work for the reestablishment of a mutually beneficial strategic relationship…"

During the ASEAN Defense Ministers Meeting Plus 8 (ADMM+) in Hanoi, Defense Minister Kitazawa Yoshimi on Oct. 11 "informally" met his Chinese counterpart Liang Guanglie in a hotel lobby, at the request of the Chinese. The two ministers reaffirmed their commitment to building mutually beneficial strategic relations and agreed to take steps toward establishing a bilateral communications mechanism to deal with potential conflicts at sea. Liang also informed Kitazawa of Beijing"s decision to postpone the Qindao port call of a Japan Maritime Self-Defense Force (MSDF) training ship scheduled for Oct. 15, citing concern for the sensitivities of the Chinese people.

Efforts to restart the mutually beneficial strategic relationship were interrupted by anti-Japanese protests in China. On Oct. 19, Maehara, in remarks to the Upper House characterized China"s response to the Senkaku incident as "extremely hysterical." DPJ Secretary General Okada told the *Japan Times* that "it is important for both sides to be careful not to turn to extreme nationalism." The next day, Foreign Ministry spokesperson Ma Zhaoxu replied that China was shocked by Foreign Minister Meahara"s use of the word "hysterical" and went on to say that "it is understandable that some Chinese people want to express their indignation toward some erroneous remarks and deeds by Japan recently." Ma also called for self-restraint in the exercise of Chinese patriotism and for protests to be carried out in a "legal and rational manner." On Oct. 21, China"s Assistant Minister of Foreign Affairs Hu Zhengyue told a press conference that Maehara"s remarks appeared to undercut the Kan-Wen agreement reached in Brussels to advance the mutually beneficial strategic relationship and urged the foreign minister to deeply reflect on

his choice of words. Hu found Maehara‟s "strong language" and "almost daily attacks" on China as "inappropriate for a foreign minister." Looking ahead, he observed that it is essential to create a proper atmosphere for a possible summit in Hanoi. He also questioned why Maehara had taken the position that the "ball is now in China‟s court." He went on to say efforts by both countries are essential and that statements such as Maehara‟s only serve to "wound, weaken, and disrupt" the relationship and "cannot be tolerated."

Meanwhile, Eda Satuski, DPJ member and former Upper House president, met with Foreign Minster Yang Jiechi. Eda used the meeting to promote a Japan-China meeting at the upcoming East Asia Summit (EAS) in Hanoi. Afterward, Eda told reporters that Yang had said that "the event is very important because it will serve as the start of Japan-China relations" and that "we want to make it a success." Also, according to Eda, Yang criticized the anti-Japanese demonstrations, observing that "using violent methods to achieve a solution is absolutely not acceptable." Yang added that the "Chinese people‟s spirit of love for their country is understandable."

On Oct. 22, Foreign Minister Maehara said that it was time for China and Japan to look to the future and take steps to put the fishing boat incident behind them and that he wanted "to work to improve relations between the two countries." Commenting on Maehara‟s remarks, Foreign Ministry spokesperson Ma said "We have taken note of the statement. We expect Japan to work together with us to maintain and advance the strategic bilateral relationship of mutual trust."

Against a background of and rising nationalist sentiments in both countries, diplomats in Beijing and Tokyo worked to advance high-level meetings even as they endeavored not to be seen as too forward-leaning in their re-engagement. On Oct. 29, Maehara and Yang met on the sidelines of EAS in Hanoi for the first time since the Senkaku incident. Originally scheduled for thirty minutes, the meeting continued for close to 80 minutes. Both ministers reiterated their respective talking points on the Senkakus and on joint development in the East China Sea. Maehara pressed for an early resumption of negotiations and Yang stressed the need to prepare a proper environment. In the end, both reaffirmed commitments to advance the mutually beneficial strategic relationship.

Arranging a meeting between Kan and Wen proved to be more difficult. Initially Beijing rejected Japanese overtures with Assistant Foreign Minister Hu telling *Xinhua* that "Japan had ruined the atmosphere" by making the contested islands a "hot topic" in the media and in conversations with other delegations at the Hanoi meeting and by making "untrue statements" about the contents of the Maehara-Yang meeting.

Denied a formal meeting, Kan and Wen met "spontaneously" on Oct. 30 before the start of the EAS for a 10-minute "informal" conversation. According to Deputy Chief Cabinet Secretary Fukuyama, the two leaders expressed regret over the failure to meet earlier, agreed to promote the mutually beneficial strategic relationship, and to expand private exchanges. Later Kan told reporters that he hoped to meet President Hu during the November APEC meeting in Yokohama.

Despite Japanese efforts, the Kan-Hu meeting on Nov. 13 was a last-minute development, formally agreed to 30 minutes before it began. The two leaders committed to develop the

mutually beneficial strategic relationship, to promote both governmental and private exchanges, and to promote economic cooperation on global issues. On the Senkakus, both sides reiterated their official talking points, with Kan expressing Japan‟s "firm position" on the issue and Hu doing the same for China. Underscoring the political sensitivities surrounding the meeting, Tokyo described the event as a formal meeting, while Beijing cast it as "conversation" at the request of the Japanese prime minister.

In mid-December, Yamaguchi Natsuo of the New Komeito Party traveled to Beijing and met Wang Jiarui of the CCP‟s International Department. His visit was the first by a Japanese political leader since the September fishing boat incident. Addressing the incident, Wang told Yamaguchi that China had "worked on Japan through various channels but Japan didn‟t listen" and, as a result, the national sentiments of the two countries had been damaged." Wang took the position that it was incumbent on political leadership to view relations from a long-term perspective. Yamaguchi agreed that outstanding issues "must be settled over the long term."

On Dec. 15, Yamaguchi met Vice President Xi Jinping in the Great Hall of the People. In his remarks, Xi said that "the common interests of the two countries are far greater than the differences of views of the two sides." He said that China regarded Japan as "a partner, not a rival" and emphasized that China "is not seeking hegemony." Both Xi and Yamaguchi acknowledged that the Senkaku incident had damaged "the national sentiments of both countries." Nevertheless, Xi observed that relations were "improving." However, Xi did not respond to Yamaguchi‟s call for cooperation in dealing with North Korea

In a final effort to gain diplomatic traction before the end of the year, Japanese government sources revealed that preparations were being made for a Japan-China security dialogue in Beijing on Dec. 24. On Dec. 21, the meeting was postponed until next year, with scheduling difficulties cited as the reason. At the same time, a delegation of mid-level and junior members of the supra-partisan Japan-China Friendship Parliamentarians League, led by former Foreign Minister Komura Masahiko, visited China, Dec. 22-27.

Security

On Oct. 1, in response to questions during a meeting of the Lower House Budget Committee, Defense Minister Kitazawa said the government would consider deployments of Ground Self-Defense Force (GSDF) to Yonagumi Island and Japan‟s southwest islands in the review of the National Defense Program Guidelines (NDPG). Later in the month, the *Asahi Shimbun* reported that the Ministry of Defense (MOD) was considering a redeployment of *E-2C* patrol aircraft from Misawa Airbase in Japan‟s north to Naha in Okinawa prefecture. To avoid increasing tensions with China, the redeployments would be periodic, not permanent. In early November, the *Yomiuri* reported that the MOD had decided to deploy a 200-man GSDF coastal monitoring unit to the southwest islands.

On Oct. 7, Diet members, led by former DPJ Parliamentary Minister of Defense Nagashima Akihisa, and including former LDP Defense Agency Director General Nakatani Gen and Sato Shigeki from the Komeito Party, established the supra-party "Group of Young Diet Members to Establish National Security for the New Century."

In mid-October, Marine Self-Defense Force (MSDF) officials said that the MOD would increase Japan‟s submarine fleet from the present 16 to 20/22 in the 2011-15 defense program. Speaking off the record, MOD officials said the increase was aimed at reinforcing Japan‟s posture in the East China Sea. The increase in the submarine fleet is the first since the 1976 NDPG established a 16-submarine force structure.

On Nov. 18, the DPJ‟s Foreign Policy and Security Affairs Council, chaired by Nakagawa Masaharu, adopted a draft report of policy proposals to revise the NDPG. The report called for a strengthening of the SDF‟s surveillance and warning capabilities as well as the development of "dynamic deterrence" capabilities that would increase mobility to deal with emergencies. In particular, the report called for an increase in GSDF deployments in Kyushu and Okinawa to enhance the defense posture in the southwestern Nansei Islands, and for a review of Japan‟s ban on arms exports. The DPJ document tracked closely with the July report of Council on Security and Defense Capabilities for the New Era.

The government adopted the new NDPG on Dec 17. In contrast to the previous guidelines, which cautioned Japan to "remain attentive" to China‟s actions, the 2010 document cast China‟s military buildup and increasing maritime activities as "matters of regional and international concern." Earlier in a Dec. 8 interview with *Asahi Shimbun*, Ambassador Cheng cautioned that acting "on the assumption that China is the hypothetical adversary runs counter to the spirit of mutual trust and is a dangerous notion." China, the ambassador explained, "does not seek hegemony" as its military activities "are absolutely not hostile acts against Japan and are for training purposes" and "should not be criticized."

Beijing greeted the adoption of the new NDPG by reasserting that China holds strictly to the path of peaceful development and that its defense policies are strictly defensive in nature and do not pose a threat to any country. The Foreign Ministry statement went on to add that "some countries take it upon themselves to represent international society and without cause irresponsibly complain about China‟s development."

Rare earth metals

The cutoff of China‟s rare earth metal exports to Japan in late September, though officially denied by Beijing, was widely reported in Japanese business circles. On Oct. 18 during an Upper House Budget Committee meeting, Foreign Minister Maehara told Diet members that "The Chinese Ministry of Commerce says that it is not taking such a measure. However, it can hardly be said that the situation has returned to normal." The *Asahi Shimbun* reported that, as of mid-October, of the 30 Japanese companies dealing in rare earth metals from China, only two had been able to import the metals since Sept. 21, when a suspension of customs clearance procedures had been confirmed.

On Oct. 19, *China Daily* reported that that rare metal exports in 2011 would be reduced up to 30 percent, marking the second consecutive year rare metal exports have been cut back. According to Ministry of Commerce figures, China exported 24,280 tons in 2010, down from 31,310 tons in 2009. Five days later, Ministry of Economy, Trade and Industry Minister Ohata Akihiro met China‟s Vice Minister of Commerce Jiang Yaoping in Tokyo and asked China to ease

restrictions on rare metal exports. Jiang denied the existence of restrictions but explained that China is "strengthening inspections … with the aim of preventing smuggling." As for reduced export quotas for 2011, Jiang said that they were put in place to conserve resources out of concern that they could "run out in 10 or 15 years if they are used at the current pace." The Oct. 28 *New York Times* reported that China had resumed rare earth exports to the US, Europe, and Japan.

On the sidelines of the APEC meeting in Yokohama, Minister Ohata met with Zhang Ping chairman of the National Development and Reform Commission. Zhang sought to reassure Ohata on rare earth exports, explaining that, before leaving China, he had ordered that customs clearance procedures be expedited. Zhang reiterated Vice Minister Jiang‟s points that strengthened inspections and customs clearance procedures were meant to conserve China‟s natural resources. Shortly thereafter, Japanese trading companies reported that customs clearance procedures were being expedited and that rare earth exports would resume in the near future. On Nov. 18, Ohata told reporters that "we have received notifications from Chinese firms … that there has been some improvement in customs clearance procedures and that shipments will resume shortly."

At the end of the quarter…

On Dec. 18, the Cabinet Office released results of its public opinion poll on Japan‟s‟ foreign relations. Questionnaires were sent to 3,000 adults; the survey had a 65 percent response rate. Of the respondents, 88.6 percent did not perceive relations with China to be good, an increase of 33.4 percent over 2009 and the highest percentage since 1986; 77.8 percent did not feel affinity toward China, an increase of 19.3 percent and the highest since 1978 when the survey was first conducted. Only 18.5 percent held affinity toward China, a decrease of 20 percent; and only 8.3 percent thought relations with China to be good, a drop of 30.2 percent. A *Yomiuri-Gallup* poll released Dec. 22 confirmed the Cabinet Office findings. Only 8 percent of respondents trusted China, while those who did not trust China "very much" stood at 47 percent and "not at all" represented 40 percent.

Chronology of Japan-China Relations
October – December 2010

Sept. 30, 2010: Prime Minister Kan Naoto apologies for the poor handling of the Senkaku incident and reaffirms Japanese sovereignty over the islands.

Oct. 1, 2010: Foreign Minister Maehara Sieji calls for dialogue with China in order to avoid future incidents similar to the one in the Senkakus.

Oct. 1, 2010: Chief Cabinet Secretary Sengoku Yoshito assumes the lead in dealing with the Diet‟s request for the Japanese Coast Guard (JCG) video of the Senkaku incident.

Oct. 1, 2010: Minister of Defense Kitazawa Toshimi tells the Lower House Budget Committee that the government would consider deployments of the Ground Self-Defense Force (GSDF) to Yonagumi Island in Japan‟s southwest island chain.

Oct. 1, 2010: Japan‟s Ambassador to China Niwa Uichiro meets Assistant Foreign Minister Hu Zhengyue and asks China to stop unilateral actions related to the Shirakaba/Chunxiao natural gas field in East China Sea.

Oct. 4, 2010: Prime Minister Kan and Premier Wen meet at the Asia-Europe Meeting (ASEM) meeting in Brussels.

Oct. 4, 2010: Mayors from Okinawa Prefecture meet Deputy Chief Cabinet Secretary Furukawa Motohisa and request that the government increase surveillance activities in the area and protect Japanese sovereignty over territorial land and water.

Oct. 6, 2010: Two Chinese fisheries patrol ships depart waters near the Senkakus.

Oct. 7, 2010: Supra-party "Group of Young Diet members to Establish National Security in the 21st Century" is formed in Japan.

Oct. 9, 2010: China releases last of four Fujita employees who had been detained on suspicion of entering a restricted military zone.

Oct. 11, 2010: Defense Ministers Kitazawa and Liang Guanglie meet in Hanoi at the ASEAN Defense Ministers Meeting Plus 8 (ADMM+) and reaffirm the commitment to building mutually beneficial strategic relationship and to take steps to establish bilateral communications mechanism to avoid conflicts at sea. Liang also informs Kitazawa of China‟s decision to cancel the scheduled Oct. 15 *Japan* Maritime Self-Defense Force (JMSDF) port call in Qingdao.

Oct. 13, 2010: Lower House Budget Committee unanimously requests Naha Special Prosecutors Office to submit the JCG video of the Senkaku incident to the Diet.

Oct. 16-18, 2010: Anti-Japanese, Senkakus-related protests take place in Beijing, Shanghai, Chengdu, Xian and Zhengzhou.

Oct. 18, 2010: Japanese government and the Democratic Party of Japan (DPJ) comply with Budget Committee‟s request to turn over the JCG video of the Senkaku incident.

Oct. 18, 2010: Prime Minister Kan tells the Upper House that Japan has urged China to protect Japanese citizens and businesses in the face of anti-Japanese protests; Ambassador Niwa calls on Foreign Minister Yang Jiechi with the same request.

Oct. 19, 2010: *China Daily* says China‟s rare earth metal exports will be cut 30 percent in 2011.

Oct. 19, 2010: Foreign Minister Maehara decries China‟s "hysterical" response to the Senkaku incident; China expresses shock at Maehara‟s language.

Oct. 20, 2010: Ishigaki Municipal Assembly asks national government permission to land on Senkaku Islands.

Oct. 21, 2010: Foreign Minister Maehara rejects Chinese claims that Japan and China had agreed to shelve sovereignty issues over the Senkakus during negotiations over the 1978 Japan-China Peace and Friendship Treaty; China charges Japan with denying historical reality.

Oct. 21, 2010: Assistant Minister for Foreign Affairs Hu Zhengyue blasts Maehara‟s language and repeated attacks on China as inappropriate for a foreign minister.

Oct. 23-25, 2010: Anti-Japanese, Senkaku-related protests resume in China.

Oct. 24, 2010: JCG confirms Chinese fisheries patrol ships are operating between Japan‟s territorial waters and Economic Exclusive Zone; Japan protests through diplomatic channels.

Oct. 25, 2010: Ministry of Economy, Trade, and Industry (METI) Minister Ohata Akihiro meets Vice Minister of Commerce Jiang Yaping in Tokyo and asks China to ease restrictions on rare metal exports.

Oct. 27, 2010: Japanese government releases six-minute, edited copy of JCG video of the Senkaku incident to the Budget Committee.

Oct. 29, 2010: Foreign Ministers Maehara and Yang meet on sidelines of East Asian Summit (EAS) in Hanoi; they reiterate talking points on Senkakus and reaffirm commitment to mutually beneficial strategic relationship.

Oct. 30, 2010: Prime Minister Kan and Preimier Wen meet at the EAS in Hanoi.

Nov. 2-4, 2010: Former Foreign Minister Tang Jiaxuan attends a Tokyo meeting of the Japan-China Friendship Committee for the 21st Century; meets Prime Minister Kan, DPJ and Liberal Democratic Party (LDP) Secretaries General Okada Katusya and Tanigaki Sadakazu and Keidanren Chairman Yonekura Hiromasa.

Nov. 4, 2010: The JCG video of the Senkaku incident is uploaded to *YouTube*; Prime Minister Kan orders an investigation of the leak.

Nov. 5, 2010: Supra-party Union of Diet Members to Protect National Sovereignty and the National Interests announces its intention to amend existing legislation to transfer ownership status of Senkakus to the national government.

Nov. 5, 2010: China insists JCG video does not change the truth of Japan‟s illegal actions.

Nov. 8, 2010: Chinese deploy police to prevent anti-Japanese protests during the Asian Games in Guangzhou.

Nov. 9, 2010: JCG orders Chinese research ships to leave Japan‟s EEZ; Chinese ships comply.

Nov. 11, 2010: Chief navigator of JCG ship *Uranma*i admits to uploading of video to *YouTube.*

Nov. 13, 2010: Prime Minister Kan and President Hu meet during APEC Forum in Yokohama.

Nov. 14, 2010: Foreign Ministers Maehara and Yang meet during APEC Forum in Yokohama.

Nov. 18, 2010: DPJ Foreign Policy and Security Affairs Council adopts draft proposals for National Defense Program Guidelines.

Nov. 18, 2010: METI Minister Ohata meets Chairman of China‟s National Development and Reform Commission Zhang Ping in Yokohama; Zhang tells Ohata that he has ordered expedited customs procedures for rare earth metal exports.

Nov. 20-21, 2010: JCG finds two Chinese fisheries surveillance ships operating near the Senkakus but outside Japan‟s territorial waters.

Dec. 17, 2010: Ishigaki Assembly unanimously adopts a resolution designating Jan. 14 as Senkakus Day.

Dec. 17, 2010: Kan Cabinet adopts new National Defense Program Guidelines.

Dec. 21, 2010: Japan‟s Foreign Ministry announces that Japan-China Security Dialogue scheduled for Dec. 24 in Beijing is postponed; scheduling difficulties are given as the reason.

Dec. 22-27, 2010: Supra-party Diet delegation of Japan-China Friendship Parliamentarians League visits China.

Comparative Connections
A Quarterly E-Journal on East Asian Bilateral Relations

Japan-Korea Relations:
The New Cold War in Asia?

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The year ended with heightened tensions resulting from Pyongyang‟s shelling of South Korea‟s Yeonpyeong Island on Nov, 23 and the subsequent show of force by South Korea, the US, and Japan. Yet, despite dueling artillery barrages and the sinking of a warship, pledges of "enormous retaliation," in-your-face joint military exercises and urgent calls for talks, the risk of all-out war on the Korean Peninsula is less than it has been at any time in the past four decades. North Korea didn‟t blink because it had no intention of actually starting a major war. Rather than signifying a new round of escalating tension between North and South Korea, the events of the past year point to something else – a potential new cold war. The most notable response to the attack on Yeonpyeong was that a Seoul-Washington-Tokyo coalition came to the fore, standing united to condemn North Korea‟s military provocations, while Beijing called for restraint and shrugged away calls to put pressure on North Korea. Within this loose but clear division, Japan-North Korea relations moved backward with Prime Minister Kan Naoto blaming the North for an "impermissible, atrocious act." On the other hand, Japan-South Korea relations have grown closer through security cooperation in their reaction to North Korea. Tokyo‟s new defense strategy places a great emphasis on defense cooperation and perhaps even a military alliance with South Korea and Australia in addition to the US to deal with China‟s rising military power and the threat from Pyongyang.

Yeonpyeong and Japan‟s North Korea policy

According to the *Yomiuri Shimbun*‟s yearend survey, North Korea managed to be the primary source of Japan‟s 10 most important overseas news items of the past year, generating 3 out of 10 attention-getting international events: 1) the shelling of South Korea‟s Yeonpyeong Island, 2) Kim Jong Un‟s appointment to a top leadership position in the North Korean military, and 3) the sinking of South Korean Navy vessel *Cheonan.* Japan‟s North Korea policy in 2010 under the Democratic Party of Japan (DPJ)-led administrations of Hatoyama and Kan in fact changed little from previous Liberal Democratic Party (LDP)-led administrations known for their hawkish, hardline stance against Pyongyang. Both Hatoyama and Kan continued to pursue resolution of the abduction issue as well as solutions to the North‟s nuclear and missile developments, and kept various sanction measures in place against Pyongyang.

In the wake of the Yeonpyeong crisis, Tokyo maintained its long-held position that Pyongyang should first make substantial efforts toward denuclearization and said „no‟ along with South Korea and the US to Beijing‟s request to resume the Six-Party Talks because dialogue "should not be held just for the sake of talking." Inside Japan, North Korea‟s internal political situation and the issue of leadership succession was widely seen as causing the attack on Yeonpyeong

Island. The Dec. 18 *Asahi Shimbun* reported that North Korea‟s "new military," led by hardline Army Gen. Ri Yong Ho, "appears to be the true architect of the Nov. 23 artillery attack." Ri was appointed vice marshal, the second highest rank in North Korean military, on Sept. 27, at the same time that Kim Jong Un was promoted in the North Korean hierarchy. Just a few days before New Year‟s Day, Foreign Minister Maehara Seiji spoke of the need to enhance Japan‟s bilateral dialogue with North Korea in 2011, but Tokyo‟s efforts are likely to focus on keeping pace with Washington and Seoul rather than taking any independent initiative towards making a diplomatic breakthrough in Tokyo-Pyongyang relations.

Yeonpyeong and Japan-South Korea relations

Although Japan‟s response to the Yeonpyeong crisis vis-à-vis North Korea may have been nothing new, the crisis may turn out to be a watershed moment for Japan‟s defense and security policy and of Japan-South Korea relations. More so than during the Cold War, Japan is increasingly looking to South Korea in its search for a security partnership to assert or at least maintain its position in a region where China is rapidly expanding its military and political clout along with its economic influence. In this context, there are three important developments that the timing of the Yeonpyeong crisis helped to facilitate: 1) the transformation of Japan‟s Self-Defense Forces, 2) the salience of a Seoul-Washington-Tokyo trilateral security framework vis-à-vis Beijing-Pyongyang ties, and 3) an upgrade in bilateral ties between Tokyo and Seoul.

Japan‟s new defense posture

A major aspect of Japan‟s reaction to the Yeonpyeong crisis was an attempt to counter the rise of Chinese power by joining with Seoul and Washington‟s in their tough stances toward North Korea. To Japan, the Yeonpyeong crisis was as much about Tokyo‟s uneasiness over China‟s military rise as it was about the threats that North Korea poses to Japan‟s national security. Given that Tokyo, Seoul, and Washington all felt frustrated by Beijing‟s refusal to put pressure on Pyongyang and by the deepening of Beijing-Pyongyang ties, it came as no surprise that Japan‟s efforts to deal with North Korea cannot be separated from its relationship with China. For Japan in particular, the Yeongpyeong crisis came immediately after a diplomatic rift with Beijing over the Senkaku/Diaoyu islands, which ended up further highlighting the perception that Japanese national power lagged behind that of China.

According to a poll released by Dentsu Inc. and reported in the Nov. 30 *Japan Times*, an average of 42.2 percent of people surveyed in nine Asian countries think Japan‟s influence has waned in their respective countries. Within Japan as well, there is a sense that Japan is declining, and that its diplomacy is losing ground while China is gaining strength. High-level public discontent toward the Kan administration‟s governance capacity was palpable throughout the quarter. According to a poll by *Nikkei* and *TV Tokyo* Corp. taken between Oct. 29 and 31, support for the Kan Cabinet was at 40 percent, 31 points lower than it had been in September. By early December, the approval rating had dropped to 25 percent, while the disapproval rating soared to 65 percent, according to the Dec 7. *Yomiuri Shimbun*. Ongoing challenges facing the Kan administration are manifold, including internal rift within the DPJ, a strong *yen*, Ozawa Ichiro‟s Diet hearing over a funding scandal, and a divided Parliament.

It is against this backdrop that Tokyo‟s new defense posture in the fiscal year 2011 to 2015 seeks to transform the Self-Defense Forces into more mobile and flexible forces as Japan identifies China‟s growing naval strength and North Korea‟s ballistic missiles as its main national security concerns. Termed a "dynamic defense capability," Japan‟s new strategy focuses on bolstering naval power while concentrating on defending its southwestern island chains from Kyushu Island to Taiwan and its Pacific flank. Under this new strategy, the SDF can be dispatched beyond Japanese waters to where ever there is a threat against Japan.

A Seoul-Washington-Tokyo coalition?

The second impact of the Yeonpyeong crisis has been to reinforce the old Cold War structure of alliances in Northeast Asia: a Japan-US-ROK triangle on the one hand and a China-DPRK alliance on the other. This return to the Cold War alignment is even more stark when compared to dynamics among Six-Party Talks participants a few years ago when the negotiations produced some agreements on denuclearizing North Korea.

In a show of a trilateral unity against Pyongyang‟s shelling of Yeonpyeong, US Secretary of State Hillary Clinton, South Korean Foreign Minister Kim Sung-hwan, and Japanese Foreign Minister Maehara met for two and a half hours on Dec. 6 in Washington. They denounced Pyongyang‟s shelling of the island and urged China to play a more active role in shaping Pyongyang‟s behavior. In addition to the agreement on enhanced trilateral coordination, the meeting also rejected to Beijing‟s proposal to resume the Six- Party Talks, unless the North takes "concrete steps to demonstrate a genuine commitment to complete, verifiable, and irreversible denuclearization." Chinese Foreign Ministry spokeswoman Jiang Yu responded by saying, "All Northeast Asian nations have responsibility for maintaining peace in this region."

The aftermath of the Yeonpyeong crisis, as such, resulted in the politicization of the Six-Party Talks, since Tokyo, Seoul, and Washington viewed China‟s proposal for resuming multilateral negotiations as support for the Kim regime. These countries have observed deepening Beijing-Pyongyang relations and North Korea‟s high level of political and economic dependence on China as the Kim regime goes through its leadership succession.

Meanwhile, Washington and Tokyo strongly supported President Lee Myung-bak‟s pledge to respond firmly to any further provocations by the North and saw South Korea‟s post-Yeonpyeong military drills as necessary. Further, while Tokyo and Seoul separately took steps to enhance defense cooperation with Washington, the two countries – with the encouragement of the US – began to explore new possibilities for defense cooperation. On Dec. 9, Chairman of the Joint Chiefs of Staff (JCS) Adm. Mike Mullen talked about the importance of the three countries taking part in joint military drills during his Tokyo meeting with Defense Minister Kitazawa Toshimi. Seoul sent observers to the Japan-US *Keen Sword* exercises for the first time this year. In July, Japan‟s Self-Defense Forces officers observed joint US-South Korean military drills for the first time.

Keeping pace with the US *Quadrennial Diplomacy and Development Review* that outlines a plan to "create a more systematic trilateral process with Asian allies, including the US-Japan-Australia and the US-Japan-South Korea trilateral," one of the key elements of Japan‟s new

defense posture is to strengthen military cooperation not only with the US but also with South Korea and Australia. Japan‟s Vice Defense Minister Azumi Jun said, “Given out history, there might have been reluctance on the South Korean side [for security cooperation with Japan]. But due to the North Korean situation, the environment for such talks is developing.”

Tokyo-Seoul: closer friends during hard times?

Overall, Japan-South Korea relations in the year 2010 were positive. Marking the 100th anniversary of Japan‟s annexation of Korea, Prime Minister Kan conveyed an apology to South Korea and followed through on his promise to return Korean royal scripts that had been removed during Japanese colonial rule of the Korean Peninsula (1910-1945). The signing of the treaty that confirmed the return of 1,205 royal books was the highlight of the Nov. 14 summit between President Lee and Kan held on the sidelines of APEC meeting in Japan. Kan called this year a turning point in Japan‟s relations with South Korea, while Lee said that the return of the books confirmed the Japanese government‟s willingness to improve South Korea-Japan relations. Some Korean scholars pointed out that several books of historical value that they had expected to be returned were absent from the list. Nonetheless, from a bilateral relations perspective, it was a step forward as a sign of Tokyo‟s interest in historical reconciliation.

On Dec. 20, Seoul and Tokyo signed a civilian nuclear pact as “good partners in promoting peaceful use of nuclear power through efforts to ensure nuclear nonproliferation and security.” The agreement sets legal terms for transfer of nuclear technologies between the two countries. The quarter also witnessed Japan and South Korea agreeing to jointly develop mines for rare earth elements in third countries, key ingredients of the two countries‟ high-tech exports. South Korea‟s suggestion for joint development of rare earth elements came after China cut its quota following a territorial dispute with Japan.

Yet all was not as rosy as it might appear. This is perhaps best exemplified by Prime Minister Kan‟s remarks on Dec. 10. During a meeting between Kan and the families of Japanese abducted by North Korea, he said that the Japanese government must consider the dispatch of the Self-Defense Forces (SDF) to rescue Japanese nationals in the event of a contingency on the Korean Peninsula. Japan‟s Chief Cabinet Secretary Sengoku Yoshito quickly back-pedaled from Kan‟s remarks, clarifying that the Japanese government is *not* considering the possibility of dispatching the SDF to the Korean Peninsula. The Dec. 13 *Kyodo News* reported that Sengoku said Kan‟s remarks probably meant that Japan would have to conduct “mental exercises” about how to cope with such emergency situations.

South Korean reactions to Japan‟s new defense posture and Kan‟s remarks on the potential dispatch of SDF to Korea are indicative of where the two countries stand. Despite Seoul‟s frustration over China‟s reluctance to condemn North Korea, there still is a sense of uneasiness over the idea that Japan‟s SDF might be sent anywhere there is a threat to Japan. Thus, the Dec. 15 *Joongang Ilbo* editorialized that Kan‟s comments were “disrespectful of Korea, which is still bitter over Japan‟s invasion.” The article also added that the “emergence of a new ideological axis” of Seoul-Washington-Tokyo on one side and Beijing-Pyongyang on the other side is “worrisome” and disadvantageous to South Korea‟s national interest.

Economic relations and culture

North Korea‟s belligerent acts toward a South Korea this quarter had ramifications for children at North Korean schools in Japan as the Japanese government eliminated a high school tuition waiver program for pro-Pyongyang schools. Japan‟s Education, Culture, Sports, Science and Technology Ministry decided to stop accepting applications from pro-Pyongyang schools in light of North Korea‟s attack on Yeongpyeong. On Nov. 5, the Ministry had decided to include those schools in the tuition waiver program as long as they maintained accounting transparency. Under this program, students at public high schools are waived tuition while students at private schools receive between 118,800 – 237,600 *yen* annually, based on household income. Since its inception, the program‟s inclusion of pro-Pyongyang schools has been politically controversial, as some politicians opposed the tuition waiver to students in those schools out of concerns about their pro-North Korea orientation.

On the monetary front, Japan and South Korea engaged in a skirmish over currency this quarter when the Japanese government complained that the South Korea government "regularly" intervened in the currency market to keep the *won* low. In October, Japanese Finance Minister Noda Yoshihiko said in a parliamentary budget committee meeting that the Korean government‟s intervention could lead Japan to question South Korea‟s role as chair of the G20. On the same day, Prime Minister Kan also named China and South Korea as countries going against "the spirit of cooperation" among the G20. According to an Oct. 16 *Joongang Ilbo* editorial, the South Korean government lodged a strong protest about the statements and Japan responded by saying that it would not happen again.

According to the Dec. 31 *Asahi Shimbun*, Japanese carmakers are increasingly interested in buying components from South Korean companies to reduce costs for their low-price vehicle production. The improved quality of South Korean companies‟ components and relatively cheap shipping costs due to their proximity played a big role in this trend. While this is good for South Korean companies, Japanese parts makers are expected to attempt to shift production overseas themselves in response.

Noteworthy as well this quarter was the conclusion of a team of 13 South Korean and 13 Japanese scholars who had conducted a study known as the "Joint study project for the new Korea-Japan era," commissioned by the two governments. They concluded that the annexation of Korea by Japan was forced. The statement reads that "Japan embarked on annexing Korea with power in the face of opposition from Koreans in the early 20th century." The conclusion is also in line with Prime Minister Kan‟s Aug. 10 statement that acknowledged the forceful nature of the annexation. The team also made policy proposals for improving bilateral relations, which include a "Campus Asia" that encourages student exchange programs to foster leaders in the era of an incorporated East Asia. Another suggestion was to create an "East Asian Knowledge Bank," a database of historical records, political, and diplomatic documents as well as translated classic books from East Asian countries.

On Dec. 22, South Korea and Japan reached an agreement for "open skies" that would deregulate civil aviation between Narita and Incheon airports. The agreement, set to take effect in the

summer of 2013, will allow airlines of the two countries to freely open flight routes and to decide the number of passenger and cargo flights.

2010 was also marked by the huge success of K-pop girl idols in Japan. South Korean girl groups "Girls' Generation" and "Kara" became hugely popular in Japan, competing for the top position in Japan's music charts. According to Masayuki Furuya, a radio DJ and an expert on Korean pop culture, K-pop girls groups' success in Japan has to do with the existing fan base for popular South Korean boy bands and the availability of information through the Internet, especially through *YouTube. Mainichi Shimbun* reported on Dec. 25 that the Korea Creative Content Agency Japan Office reported that global exports of South Korean broadcasting content in 2009 were $183.59 million, up 1.9 percent from 2008, with Japan accounting for more than 60 percent of the total.

The coming quarter

Next year will see more coordination between Seoul and Tokyo over North Korea policy, with the US as a prime player, of course. Most interesting will be whether any negotiations occur and if they do they are called "Six-Party Talks." It will also be interesting to see whether South Korea and Japan move forward with any alacrity to begin building an actual military alliance, and if so, how that may affect their own relations and their relations with Pyongyang. As for economic matters, although the world is officially out of the great recession, both Japan and South Korea have been sparring over their currency evaluations, and even as economic relations continue to grow closer, coordination between the two central banks is not especially strong. How this plays out in 2011 could influence relations going forward. All in all, 2010 – the 100th anniversary of Japan's annexation of Korea – passed with relative calm and with a minimum of fuss on both sides. This in itself is an achievement, and perhaps marks a genuine step toward closer relations between the two countries.

Chronology of Japan-Korea Relations
October - December 2010

Oct. 4, 2010: Japanese Prime Minister Kan Naoto and South Korean President Lee Myung-bak meet on the sidelines of the Asia-Europe Meeting (ASEAM) and discuss bilateral relations.

Oct. 22, 2010: A group of Japanese and South Korean scholars release a study commissioned by the two governments in which they conclude that Japan's annexation of Korea was coerced in the face of opposition from Koreans.

Oct. 29, 2010: Prime Minister Kan, President Lee, and Chinese Premier Wen Jiabao meet on the sidelines of the Association of Southeast Asian Nations in Vietnam.

Nov. 11-12, 2010: South Korea hosts G20 Summit.

Nov. 13-14, 2010: Japan hosts APEC Leaders Meeting.

Nov. 14, 2010: President Lee and Prime Minister Kan meet on the sidelines of APEC. South Korea and Japan sign a treaty that confirms the return of 1,205 Korean cultural treasures including royal scripts taken during Japan‟s colonial rule of the Korean Peninsula.

Nov. 23, 2010: North Korea fires some 170 artillery shells on a South Korea‟s Yeonpyeong Island killing two South Korean marines and two civilians.

Nov. 24, 2010: President Lee and Prime Minster Kan agree to work closely to confront provocations by North Korea.

Nov. 24, 2010: Pro-Seoul Korean Residents Union in Japan (*Mindan*) expresses anger over the North‟s shelling of Yeonpyeong Island.

Nov. 28-Dec. 1, 2010: South Korea and the US hold joint military exercises that include a US nuclear-powered aircraft in the Yellow Sea.

Nov. 29, 2010: A poll released by Dentsu Inc. shows that an average of 42.2 percent of people polled in nine countries in Asia think that Japan‟s influence in their countries has decreased.

Nov. 30, 2010: Japan tells China that now is not an appropriate time to resume the Six-Party Talks on the North‟s denuclearization program.

Dec. 3-9, 2010: Japan and US conduct joint military exercise *Keen Sword* in waters near Japan. The South Korean military sends observers for the first time.

Dec. 6, 2010: Foreign Ministers of South Korea, the US, and Japan hold a trilateral meeting in Washington and denounce North Korea‟s shelling of Yeongpyeong and urge China to put pressure on the North.

Dec. 7, 2010: The approval rating of the Cabinet of Prime Minister Kan drops to 25 percent while disapproval rating rose to 65 percent.

Dec. 8, 2010: South Korean and Japanese lawmakers meet in Seoul and exchanges views on reparations for South Korean forced laborers.

Dec. 8, 2010: Japan expresses reservation over a top US military officer‟s suggestion of joining joint military drills of the US and South Korean militaries.

Dec. 9, 2010: US Chairman of the Joint Chief of Staff Adm. Mike Mullen and Japanese Defense Minister Toshimi Kitazawa meet in Tokyo and agree to enhance trilateral cooperation between Washington, Tokyo, and Seoul.

Dec. 10, 2010: Prime Minster Kan during his meeting with the families of Japanese abductees by North Korea says that the government must consider a plan to dispatch the Self-Defense Forces to rescue the abductees in the event of a contingency on the Korean peninsula.

Dec. 11, 2010: Japan‟s Six-Party Talks Envoy Saiki Akitaka and Chinese counterpart Wu Dawei meet in Beijing and agree to make joint efforts to ease tensions on the Korean Peninsula.

Dec. 13, 2010: Japan‟s Chief Cabinet Secretary Sengoku Yoshito clarifies Prime Minister Kan‟s remarks saying that the Japanese government is not considering the possibility of dispatching the Self-Defense Forces to the Korean Peninsula.

Dec. 20, 2010: South Korea and Japan sign a civilian nuclear pact that allows them to use and transfer nuclear-power technologies between the two countries.

Dec. 22, 2010: Japan and South Korea reach an open skies agreement for civil aviation between Narita and Incheon airports to be effective summer 2013.

Dec. 23, 2010: South Korean military conducts its largest air and ground firing drills of the year.

Dec. 27, 2010: The Sunrise Party of Japan decides not to join the ruling coalition.

Dec. 28, 2010: Japanese Foreign Minister Maehara Seiji says that Japan should enhance bilateral discussions with North Korea on issues of Pyongyang‟s nuclear and missile programs and the abduction issue.

Comparative Connections
A Quarterly E-Journal on East Asian Bilateral Relations

China-Russia Relations:
Coping with Korea

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Tensions on the Korean Peninsula preoccupied both Russia and China as the two Koreas edged toward war at the end of 2010. Unlike 60 years ago when both Beijing and Moscow backed Pyongyang in the bloody three-year war, their efforts focused on keeping the delicate peace. The worsening security situation in Northeast Asia, however, was not China‟s only concern as Russia was dancing closer with NATO while its "reset" with the US appeared to have yielded some substance. Against this backdrop, Chinese Premier Wen Jiaobao traveled to Moscow in late November for the 15th Prime Ministers Meeting with his counterpart Vladimir Putin. This was followed by the ninth SCO Prime Ministers Meeting in Dushanbe Tajikistan. By yearend, Russia‟s oil finally started flowing to China through the 900-km Daqing-Skovorodino branch pipeline, 15 years after President Yeltsin first raised the idea.

Korea: fog of war 60 years later

The situation on the Korean Peninsula, which has been tense ever since the March 26 sinking of the South Korean naval vessel *Cheonan*, took a drastic turn for the worse on Nov. 23 when North and South Korea exchanged artillery fire. The skirmish started when Seoul ignored North Korea‟s warning to halt South‟s military drills near the disputed Northern Limit Line (NLL) and proceeded with artillery firing exercise at 10:00 local time. At 14:38, the North, for the first time since the 1953 ceasefire, attacked the South‟s territory by firing nearly 100 artillery rounds at Yeonpyeong Island, killing 4 and injuring 19 South Koreans. The shelling was followed by a series of high-profile joint naval exercises around the Korean coast by the US and its Asian allies (US-ROK on Nov. 28-Dec. 1 and US-Japan on Dec. 3-10). Separately, South Korea carried out several of its own live-fire drills on Dec. 6-20 both on land and along the coast. The North surprisingly chose not to respond.

Immediately after the Yeonpyeong incident, both Chinese and Russian governments tried to defuse the crisis. Their specific rhetoric and actions, nonetheless, indicated quite obvious differences. Beijing expressed concern over the exchange of fire and urged both sides to preserve stability and peace. It also proposed that the six nations involved in the long-stalled Six-Party Talks hold an emergency meeting on the crisis. The Russian Foreign Ministry stated shortly after the shelling that "the use of force is an unacceptable path" and "disputes in relations between the North and the South must be settled politically and diplomatically." While China‟s response did not explicitly condemn North Korea‟s actions, Russia‟s foreign minister warned of a "colossal danger" and said those behind the attack carried a huge responsibility.

The shelling of Yeonpyeong occurred while Chinese Premier Wen Jiabao was in St. Petersburg for the 15th regular Sino-Russian Prime Ministers Meeting with Russian Prime Minister Vladimir Putin (Nov. 22-24). Economic relations dominated the agenda. The two sides were putting final touches on 19 trade agreements worth $8.6 billion and other documents when the Korean crisis apparently caught the Russian and Chinese leaders off guard as the long joint communiqué (more than 6,000 Chinese characters) did not even mention the shelling and ensuing escalation.

When he met Russian President Dmitry Medvedev on Dec. 24, Wen Jiabao reportedly brought up the Korean crisis. According to China‟s *Xinhua News Agency*, Wen reiterated China‟s long-held policy of safeguarding the Korean Peninsula‟s peace and stability and opposing any military provocations. The premier called on the relevant parties to exercise maximum restraint and for the international community to do something favorable to ease the tense situation. Wen stated that "resuming the Six-Party Talks was a fundamental way to safeguard the stability and to achieve denuclearization of the peninsula. The Chinese and Russian sides *should* [emphasis added] continue to make incessant efforts toward this end."

Medvedev‟s response seemed reserved: Chinese media quoted him as saying that he agreed to "resume the Six-Party Talks as soon as possible" and was willing to "maintain communication with the Chinese side under bilateral and multilateral frameworks, coordinate their stands, and safeguard the Korean Peninsula‟s peace and stability." An official English-language press release on Medvedev‟s presidential website on the same day (Nov. 24), however, did not mention the Korea crisis as a topic of the Medvedev-Wen meeting. The title of the release was "Dmitri Medvedev and Wen Jiabao discussed Russian-Chinese economic cooperation and its prospects."

Russia‟s relative lack of response to the Chinese effort regarding Korea continued the following day when the Shanghai Cooperation Organization (SCO) prime ministers held their ninth annual meeting in Dushanbe, Tajikistan. *Itar-Tass* quoted Russian Deputy Foreign Minister Alexei Borodavkin as providing two reasons why the Korea issue was not on the agenda: (1) it was a "purely political issue" while the Council of Prime Ministers focuses on economic cooperation and (2) it would be "wrong" to discuss problems of the Korean Peninsula without the parties to the conflict." Borodavkin was correct in describing that the SCO‟s prime ministerial meetings focus on economic issues. It was not clear how the Korean issue was brought up in the first place. Wen Jiabao did not touch the issue in his official speech and the joint communiqué does not mention Korea.

Two days after the SCO meeting in Dushanbe and four days after the shelling, Chinese Foreign Minister Yang Jiechi initiated separate telephone conversations with Russian counterpart Sergey Lavrov and Japanese Foreign Minister Maehara Seiji. *Xinhua News Agency* described the responses: Lavrov said Russia agreed with China on the latest situation and was ready to keep close contact with China to help defuse the tensions and create conditions for a restart of the Six-Party Talks. Maehara said that Japan was willing to work with China to jointly safeguard peace and stability on the Korean Peninsula and push forward the denuclearization process on the Korean Peninsula. Both responses seemed diplomatic in echoing China‟s concerns. Russia, however, is China‟s "strategic partner."

For the remainder of the year, Beijing and Moscow seemed to pursue two parallel but separate strategies in the midst of rising tension and the non-stop show of force by Seoul, Tokyo, and Washington. After China‟s call for an emergency meeting of the Six-Party Talks was rejected first by Seoul on Nov. 27 during Dai Bingguo‟s visit to Seoul and then deflected collectively at the US-Japan-ROK trilateral meeting in Washington on Dec. 6 China tried to maintain its diplomatic momentum while gradually increasing the level and intensity of its actions. On Dec. 3, when the US-Japan *Keen Sword* military exercise kicked off, Chinese Foreign Ministry spokeswoman Jiang Yu warned the US, Japan, and South Korea not to "intensify confrontation" in the upcoming trilateral meeting in Washington. When the trilateral talk began, Chinese President Hu Jintao called US President Barack Obama, urging a calm and rational response from all sides to prevent deterioration of the fragile security situation on the Korean Peninsula.

Two days after this, Chinese State Councilor Dai Bingguo visited North Korea and "reached consensus" with North Korean leader Kim Jong Il regarding bilateral relations and the situation on the Korean Peninsula. On Dec. 14, Chinese Foreign Ministry officials stated that North Korea agreed with China‟s proposal to resume Six-Party Talks and was "hoping that such a meeting will help mitigate the situation. North Korea went a step further for diplomacy by telling New Mexico Gov. Bill Richardson, who made a "private" visit to Pyongyang from Dec. 16-19, it would allow IAEA inspectors to return. Partly because of the North‟s demonstrated flexibility, China did not agree to denounce North Korea in the 8-hour UN Security Council meeting on the Korean crisis on Dec. 19. Shortly after South Korea‟s scheduled live-fire exercise not far from Yeonpyeong Island on the afternoon of Dec. 20, Chinese Vice Foreign Minister Cui Tiankai warned that "no one has any right to preach or promote conflict or war, and no one has any right to cause bloodshed between the peoples in the north and south of the peninsula." Cui neither directly criticized the South nor warned Pyongyang against retaliation. North Korea responded, in the evening of Dec. 20, that South‟s "provocation" was not worth North‟s "retaliation."

Russia‟s initial reaction to the unfolding Korean crisis was relatively low-key, aside from its call for diplomatic solutions. It was not until Dec. 2 that Prime Minister Putin appeared on *CNN* and said that he hoped "reason will prevail, that emotions will take the back seat and that a dialogue will begin." Putin also noted that China "has levers of influence, above all, of economic nature." He also pointed out that "the Russian president is in charge of the foreign policy." Starting Dec. 9, Moscow unfolded a series of diplomatic activities. On Dec. 9, Saiki Akitaka, chief Japanese delegate to the Six-Party Talks and director general of the Asian and Oceanian Affairs Bureau of Japan‟s Ministry of Foreign Affairs, visited Moscow; North Korean Foreign Minister Pak Ui Chun‟s visited Moscow Dec. 12-15; and on Dec. 15, Wi Sung-lac, chief South Korean delegate to the Six-Party Talks and deputy head of the Foreign Ministry, visited Moscow. Meanwhile, Russia‟s ambassador-at-large Grigoriy Logvinov, who oversees the Six-Party Talks, headed for Washington for consultations with US officials. Russia‟s invitation to the North Korean top diplomat for an official visit was issued several months earlier. Russia‟s "re-invitation," Pyongyang‟s acceptance, and the timing of the visit – between the visits to Moscow by Japanese and South Korean diplomats – were critical when China‟s call for the resumption of the Six-Party Talks were turned down by the US, Japan, and South Korea; when the UNSC emergency session failed to resolved the crisis; and given the "tough talk" by all parties. Beyond diplomacy, on Dec. 14 Russia announced its troops in the Far East were put on alert because of the Korean

crisis. On Dec. 17, the Russian Foreign Ministry urged South Korea to skip military drills in the Yellow Sea scheduled for Dec. 18-21 (later postponed to Dec. 20 due to "bad weather").

For this burst of activities, a Russian media outlet (the pro-Kremlin and Gazprom-linked *Kommersant Online*) used the headline: "Korean Peninsula Being Compelled to Make Peace. Russia and United States Will Undertake Concerted Diplomatic Efforts." The article noted that "Moscow will have a solo role" in dealing with the crisis. "[N]ext, Washington will join in tackling the Korean problem." "[B]y all accounts, Moscow and Washington decided to use their joint efforts to keep the Korean Peninsula from sliding toward armed conflict … as … China today is not exerting a strong influence on DPRK affairs, as it seems to many people." The piece did cite Aleksandr Vorontsov, head of the Korea and Mongolia Department of the Institute of Oriental Studies, who disagreed with the assessment of China"s diminished role and that "Russia and China are the only countries that have good relations with both Koreas."

It was only after this week of diplomatic efforts that Russian Deputy Foreign Minister Alexei Borodavkin met Chinese Ambassador Li Hui on Dec. 16, at the latter"s request. On Dec. 18**,** Chinese Foreign Minister Yang Jiechi, while visiting Islamabad, initiated a phone conversation with Russian Foreign Minister Lavrov regarding Korea. On Dec. 28, Chinese Assistant Foreign Minister Cheng Guoping visited Moscow for talks with Russian Deputy Minister Borodavkin. All these official meetings and actions were apparently initiated by the Chinese side.

Moscow and Beijing were quite independent in their assessment and handling of the crisis. Their interests in this crisis and the region overlapped to a certain degree but were not completely congruent. For Beijing, stability and peace on the peninsula are paramount, if not life-and-death. Any conflict there will have a far more direct impact on China than on Russia, whose political, economic, and cultural centers are thousands of kilometers away. This may partly explain how and why Russia"s reaction was relatively low-key at the beginning of the crisis in November. The ongoing Korean situation presented Russia with an opportunity to assert itself as a significant player. As the tension escalated in December and China"s effort to mediate seemed to stall, Russia stepped in.

To certain degree, Russia"s relatively weaker ability to influence North Korea (in comparison to that of China) became its strength in that it has been able to avoid direct criticism from South Korea and its allies whenever North Korea has "misbehaved." Largely because of this, Russia enjoyed considerably more "strategic space" and flexibility than China in the later stage of the crisis. When China failed to convene an emergency session of the Six-Party Talks, diplomats from Japan and the two Koreas lined up to get to Moscow. For the same reason, Moscow even assumed a posture of showing its "authority" to relevant parties in the crisis. On Dec. 17, Russia asked South Korea to skip its planned military drills in the Yellow Sea. In the UNSC emergency meeting called by Russia on Dec. 19, Moscow initially circulated a draft statement that did not include a denunciation of North Korea for the shelling of Yeonpyeong Island. According to South Korean media, Russia later agreed to denounce North Korea.

Russia in the final quarter seemed to enjoy poking Japan when President Medvedev disregarded Japan"s warnings and visited one of the southern Kurile Islands, ("Northern Territories" for Japan) on Nov. 1; when Russian patrol planes unexpectedly interrupted the largest-ever US-

Japan exercise in the Sea of Japan on Dec. 7; and when Russian First Deputy Prime Minister Igor Shuvalov visited all four southern Kurile Islands on Dec. 13.

Some Chinese commentators were rather amused by Russia"s "flanking" actions at a time when relations between Beijing and Tokyo dropped to the lowest point since the normalization of their diplomatic relations in the early 1970s as a result of the dispute over the Diaoyu/Senkaku Islands. Others questioned if Medvedev, who is in charge of foreign policy, tried to maneuver himself for the 2012 presidential election. Few, if any, thought that these Russian moves were peripheral in Russia"s geopolitical radar. Northeast Asia was perhaps not even an important agenda for Russian foreign policy makers. According to the ranking of "Major Policy Events of 2010" by Russian Foreign Ministry, Korea was numbered 20 out of 24 items. When Prime Minister Putin met Premier Wen in St. Petersburg on Nov. 22, President Medvedev had just returned from the NATO Summit in Lisbon (Nov. 20-21): Russia"s "Westpolitik" was entering a critical stage and with potentially more opportunities for Moscow.

Moscow"s "fresh start" with NATO and reset with US

Russia"s strategic maneuvering space in Northeast Asia was a function of its geostrategic gravity as a Eurasian power between the West and East. It may well be that 2010 is the beginning of Russia"s reconnecting itself with the West (Europe and the US) after nearly a century of hot and cold war of the Soviet era and 20 years of "cold peace" after the Soviet collapse. On Nov. 3, NATO Secretary General Anders Fogh Rasmussen paid a one-day visit to Moscow where he promised President Medvedev that the upcoming NATO conference in Lisbon on Nov. 19-20 would become "a real opportunity to turn a new page, to bury the ghosts of the past, and boldly look into the future."

On Dec. 22, the US Senate approved the New Strategic Arms Reduction Treaty (START) by a 71-26 vote, which represented significant progress in the US-Russian "reset." Already, Moscow had taken steps to open a fresh logistics route for US troops to Afghanistan through Russia and shown more willingness to support the US on sanctions against Iran. These Russian moves reciprocated Obama"s "three strikes in 2009 – resuming talks on nuclear disarmament, suspending NATO"s enlargement to Eastern Europe, and most importantly, adjusting its missile defense plans in Eastern Europe.

The US ratification of the New START treaty, though expected, was by no means guaranteed, given the loss of the House majority by the Democratic Party in early November. But even before approval of the treaty, Medvedev pushed for "broader cooperation" with US. "The mechanisms of Russian-American partnership must be used to run full-scale economic cooperation, to improve the investment climate, and to interact in the high-technology sector," Medvedev said in his State of the Nation address to the Russian Federal Assembly on Nov. 30. A week before, the Russian president even had an unscheduled "casual" meeting with President Obama while attending the NATO-Russian Council session in Lisbon.

Medvedev"s attendance at the Lisbon meeting represented the highest level of Russian participation since the August 2008 Georgian-Russian war. While the 28-member military alliance struggled to reach consensus regarding when and how to end the Afghan war, a separate

meeting with President Medvedev seemed to yield substance with a new cooperation deal on Afghanistan and a new missile defense shield – both were essential for a more globalized "NATO version 3.0" (a new strategic concept for the next decade) after the Cold War and the post-Cold War Versions 1.0 and 2.0.

Specifically, Moscow agreed to explore cooperation with NATO on the network of radar bases and interceptor missiles. On Afghanistan, Russia agreed to broaden NATO‟s transit via its territory and to step up training of Afghan anti-drug officials. For Russia, the Lisbon meeting with NATO members made it "possible to outline the guidelines to build a partnership based on the principles of indivisible security, mutual trust, transparency and predictability." Still, Medvedev warned there was no firm agreement on how Russia would take part beyond studying the European offer, and that Moscow would only take part if it is treated as an equal partner. Both sides were aware of the much harder bargaining that lay ahead, and it remains to be seen if NATO is willing to trade its independent decision-making power for Russian tactical cooperation on Afghanistan. What was clear, according to Medvedev, was that a "period of very difficult tense relations has been overcome … We have ambitious plans, we will work across all directions including European missile defense. Everyone believes the atmosphere is different. Everything we wanted to tell each other but were afraid to, today we said it and this makes me an optimist. After this summit I am a bigger optimist than I was before."

Of the two Russian "resets" – with the US and NATO – the latter is more worrisome for Beijing for several reasons. First, the US-Russian tango has been a recurring phenomenon with a mixed record. Second, it won‟t necessarily alter the international system. Third, improvement in US-Russian relations, particularly the reduction of nuclear weapons, is also in the interest of Beijing. Fourth, START is one of many areas of Russian-US interaction, which includes both elements of cooperation and conflict. Fifth, at the level of the international system, China has adequate experience in the game of major powers and is therefore not intimidated by a general improvement in Washington-Moscow relations.

The prospect of Russian-NATO relations, however, is less clear and has more space to evolve with the potential of Russia being "lost" to an overarching security umbrella. China has no experience with a bloc of powerful European powers including the US and Russia. For months, Beijing has kept its eyes on Russia‟s dance with NATO. Even if Russia‟s NATO membership is still up to hard bargaining, the subject has unleashed a debate among Russian politicians and pundits. Not just those "Westernizers" among the Kremlin-linked intelligentsia are driving the debate. Even an ultra-nationalist politician like Vladimir Zhirinovsky spoke favorably about the prospect of Russia‟s NATO membership.

Michael Bohm, opinion page editor of the liberal *The Moscow Times,* warned that such a prospect meant that NATO would have a 4,000-km border with China and this would upset the tripolar global security balance between NATO, Russia, and China. It would cause China to believe that Russia and NATO are joining forces to "contain," or even weaken, China. It was clearly not in the interests of Russia or the US to heighten tensions or provoke China. In the case of another US/NATO "reckless military venture," Russia, as a NATO member, would automatically become a target for a Chinese counterattack. To avoid this scenario, Russia should insist on strict military neutrality from NATO.

Bohm‟s concern about China‟s reaction was well-reasoned. It was a rather minority opinion in Russia‟s mainstream media and was against the momentum within the Russian foreign policy establishment. In his response to Bohm, Alexander Kramarenko, director of the Policy Planning Department at the Foreign Ministry, argued that Russia‟s membership in NATO would not be a threat to China. In a tripolar security cooperation structure among US, the European Union, and Russia, NATO‟s nature would radically change. It would be difficult to imagine a NATO, which operates on the basis of consensus, that is inherently anti-Chinese if Russia joins NATO. An analogy is drawn with the SCO, which is not necessarily anti-Western.

Beijing is watching this historical moment when "NATO and Russia will be cooperating to defend themselves" for the first time in history. A few assessments in the Chinese media noted previous interactions between NATO and Russia, which yielded mixed results and even setbacks (such as the 2008 Georgian-Russian war). According to a *Xinhua* analysis, "There is notable potential for more intensive cooperation between NATO and Russia, but the partners, with their long history of distrust, cannot transfer themselves into a loving couple swiftly." A *Xinhua* yearend analysis pointed to the division within NATO on European defense issues. In early 2010, Germany publicly demanded the US withdraw its tactical nuclear weapons deployed in Europe, triggering a heated argument within the alliance. Meanwhile, Paris and Berlin were pushing for the Common Security and Defense Policy (CSDP), in a bid to reduce reliance on the US to defend Europe. France and Germany also sought to involve Russia in European defense, while keeping sound economic and trade ties with Moscow. This was clearly shown at a trilateral summit on Oct. 19 in Deauville, France, where French President Sarkozy, German Chancellor Merkel and President Medvedev called on the EU to launch a "modernization partnership" with Russia and to embark on "institutional and operational cooperation between Russia and the EU" on European security. The three leaders also pledged to "jointly work on security issues in the Euro-Atlantic and Eurasian zones."

Prime Minister Putin joined the effort to promote a pan-European community. In a long article in the German magazine *Sueddeutsche Zeitung (Electronic Edition)* titled, "An Economic Community from Lisbon to Vladivostok: The Lessons of the Financial Crisis: How Russia and the European Union can Create a Common Continental Market," Putin never mentioned the US. Instead, he called for a "wide-ranging strategic partnership" with EU for five reasons: a large and integrated market, a marriage of high tech and resources, an integrated energy mechanism, exchange in education and research, and free flow of people.

Chinese analysts and media tend to dismiss Western reports that the rivalry between Putin and Medvedev was tearing Russian foreign policy apart. It remains to be seen how the liberal/Westernizing Lavrov-Medvedev group (Foreign Minister Sergey Lavrov and President Dmitry Medvedev) and the statist/Eurasianist Putin-Patrushev approach (Prime Minister Vladimir Putin and Secretary of the Security Council Nikolay Patrushev) will drive Russian domestic and foreign policy toward the critical year of 2012. The Lavrov-Medvedev and Putin-Patrushev "rivalry" may well be a necessary and convenient division of labor between the Russian president and prime minister, which is in the geostrategic interests of Russia as a Eurasian power.

Wen"s business trip: through Russia to Central Asia

While Russian leaders focused on resetting "high politics" (strategic issues), Chinese Prime Minister Wen Jiabao hurtled through Russian and Central Asia pursuing "low politics" (economics). In three short days, Wen attended almost 20 meetings, delivered many speeches, and signed almost 50 bilateral and multilateral cooperation deals in St. Petersburg, Moscow, and Dushanbe.

The purpose of Wen"s Russia visit was business and it was rather a fruitful trip. It started with the 15th regular meeting between the Chinese and Russian prime ministers on Nov. 23 in St. Petersburg, where Wen also attended the International Forum on Tiger Conservation – a pet project for Putin. He then traveled to Moscow and met President Medvedev on Nov. 24. In Moscow, Wen joined the opening of the fifth China-Russia Economic and Trade Forum, co-chaired by Vice Premier Wang Qishan and Deputy Prime Minister Alexander Zhukov. In his speech, Wen proposed to further broaden China-Russia economic and trade cooperation and take it to an even higher level, which elicited a positive response from Russia"s business and industrial communities. Wen also joined the closing ceremony of the 2010 Chinese Language Year in Russia while in Moscow.

During the visit, the two sides signed a total of 19 commercial agreements worth $8.5 billion. Six of these commercial deals related to the energy sector, including joint exploration and development of three land and one sea oil/gas blocks; a North Pole oil tanker route; tanker construction for Russia; coal production, transportation infrastructure, and liquidization, which were said to be the largest Chinese investment in Russia; power supply to China; and the third and fourth nuclear power units in Tianwan to begin construction in early 2011. The two sides also reached agreements to start laying part of a new gas line even without agreeing on the gas price, a significantly more flexible posture by Russia than in the past. All of this was against the backdrop of Russia"s oil finally flowing to China through one of the longest pipelines (the 2,757km Taishet-Skovorodino line for the ESPO and then the 1,056km Skovorodino-Daqing line), after a long negotiation/construction period (15 years), and over three generations of Russian leaders (Yeltsin, Putin, and Medvedev).

Wen"s talks with Putin at the 15th Prime Ministers Meeting were described by Chinese Foreign Minister Yang Jiechi as covering a wide range of topics "in a frank, in-depth, and pragmatic manner about the Sino-Russian relationship, about strategic issues and other issues that affect the whole situation, and reached important consensuses." Much of this consensus was reflected in a joint communiqué, which covered nine broad areas of bilateral relations. Part 1 expressed satisfaction with the strategic partnership and noted that the two heads of governments had in-depth exchanges on issues of politics, economic and trade, energy, science and technology, humanity, and major world and regional issues. The steady and rapidly developing and deepening bilateral relations not only brought concrete benefit to the Chinese and Russian peoples, but also contributed to world peace and stability. It was therefore important to continue deepening the Sino-Russian strategic partnership relationship, particularly in supporting each other"s core interests including safeguarding national sovereignty, independence, security, and territorial integrity.

Economic relations were addressed in Part 2. The document noted the improved trade structure, meaning some increase in manufactured and high-tech components in bilateral trade. To further improve ties, the two sides agreed to make joint efforts to diversify trade, expand cooperation in high-tech areas, and improve the investment climate. Particular attention needed to be paid in timber processing, agricultural product trade, labor management, trade regulation, business centers set up by Chinese enterprises in Russia, anti-protectionism, border trade and port facilities, custom cooperation, intellectual property rights protection, *ruble* and *yuan* direct exchange, anti-trust regulation, etc.

Part 3 dealt with energy cooperation in the areas of pipeline operation and security, further work on gas deals, a joint-venture refinery in China, power and coal export to China, liquidization of coal in Russia, renewable energy, and nuclear energy.

Part 4 focused on high-tech cooperation in the field of large-scale and long-term cooperation, venture capital, science park development and management, space technology, and civil aviation.

Parts 5-7 covered environmental protection, border management, and cultural-educational exchanges.

Part 8 discussed global issues including the lingering effect of the financial crisis, traditional and non-conventional threats, the UN, G20, SCO, BRIC, climate change, energy, food security, sustainable development, nonproliferation, Korea and Iran nuclear issue, Afghanistan, etc.

From Moscow, Wen Jiabao paid an official visit to Tajikistan where he met President Rahmon, held talks with Prime Minister Oqilov, and signed agreements in the areas of agriculture, finance, electricity, transportation, etc.

At the ninth SCO Prime Ministers Meeting in Dushanbe, Wen urged SCO members to continue to strengthen its political, security, economic, and diplomatic functions. He also proposed the creation of a SCO food security cooperation mechanism and a SCO development bank.

Prime Minister Putin called on SCO member states to draft a roadmap for the next 10 years for "collective development." He suggested SCO tap the potential in transportation infrastructure in the format of the "North-South and Asia-Europe continental corridors" and the creation of a special SCO account, which would provide financial support to SCO projects and accumulate state and private funds. In the security area, Putin suggested that SCO jointly set up "anti-terrorist, anti-drug and financial security belts" with the Collective Security Treaty Organization (CSTO).

As usual, the SCO heads of government signed a joint communiqué, which included some of Wen and Putin"s proposals such as the SCO special account (article 6), banking cooperation (article 7), transportation development (article 8), agricultural and food cooperation (article 9). The next SCO Prime Ministers Meeting will be held in Russia.

Into 2011: A "reset" for the two Koreas?

As 2010 came to an end, the month-long fog of war on the Korean Peninsula was switching back to its "normal" fragile "peace." The current talk of peace may turn out to be an intermission before another storm however.

All relevant parties are talking about talks, which are what Beijing and Moscow proposed at the outset. Despite the nuance in their approaches to resolving the crisis, both China and Russia understand that there were no real winners in the Korean War 60 years ago. All future participants in a second Korean war would be losers. This understanding was in sharp contrast to the most recent claim of victory by US President Barack Obama, a Nobel Peace Prize winner, when he told the US troops and veterans at the Yongsan Garrison in South Korea on Nov. 10 that "This was no tie. This was a victory … It was a victory then, and it is a victory today." For many in China and Russia, the war simply halted where it began (the 38th parallel) and after millions of military and civilian casualties; talking about victory is like looking for victors, instead of survivors, in the 2010 Haiti earthquake. Conversely, the post war "peace," or non-war, since 1953 has yet to produce real losers.

Chronology of China-Russia Relations
October - December 2010

Oct. 1, 2010: President Dmitry Medvedev and Prime Minister Vladimir Putin send congratulatory messages to President Hu Jintao and Premier Wen Jiabao in recognition of the 61st anniversary of the People"s Republic of China.

Oct. 5-6, 2010: Chinese State Councilor and Public Security Minister Meng Jianzhu attend the International Conference for Senior Representatives of National Security Affairs in Sochi, Russia at the invitation of Russian Security Council Secretary Nikolai Patrushev. More than 40 countries join the forum.

Oct. 12, 2010: Senior officials of the Shanghai Cooperation Organization (SCO), the Commonwealth of Independent States (CIS), the Eurasian Economic Community and the Collective Security Treaty Organization (CSTO) gather for their first working meeting in Moscow on the initiative of CSTO. Participants include CSTO Secretary-General Nikolai Bordyuzha, CIS Executive Committee Chairman and Executive Secretary Sergei Lebedev, EurAsEC Secretary General Tair Mansurov and SCO Secretary-General Muratbek Imanaliyev.

Oct. 17-19, 2010: Russian Federation Council (Upper House of Parliament) Speaker Sergei Mironov visits China. In Beijing, he co-chairs the fourth meeting of the Sino-Russian Inter-parliamentary Commission with China"s top legislator Wu Bangguo. He also meets President Hu Jintao and Premier Wen Jiabao.

Oct. 22, 2010: The eighth SCO Attorney Generals Meeting is held in Xiamen with the goal of increasing exchanges and improving the ability to handle transnational crimes. The delegates

sign a protocol pledging further joint response to terrorism, separatism, extremism, transnational economic crime, drug trafficking, human trafficking and illegal migration.

Oct. 22, 2010: SCO‟s economy and trade ministers hold their annual meeting in Moscow and pledge to expand regional economic cooperation and development.

Oct. 26, 2010: The SCO agriculture ministers hold their regular meeting in Beijing. Chinese Vice Premier Hui Liangyu makes an opening address.

Nov. 1, 2010: Russia-China oil pipeline is switched into test-run mode as Russia‟s crude oil starts flowing into China through the East Siberia-Pacific Ocean Pipeline (ESPO) from Taishet in Eastern Siberia to the Pacific port of Kozminoyears.

Nov. 9, 2010: Russian Defense Minister Anatoly Serdyukov visits Beijing to take part in the 15th meeting of the Russian-Chinese Intergovernmental Commission for Military-Technical Cooperation. He meets Chinese counterpart Liang Guanglie to discuss prospects for military interaction between the two states. Serdyukov also meets Guo Boxiong, vice chairman of the Central Military Commission.

Nov. 11, 2010: Presidents Hu and Medvedev meet in Seoul on the sidelines of the G20 Summit to discuss bilateral issues and exchange views on global and regional issues of common concern.

Nov. 13-18, 2010: A Chinese defense delegation led by PLA Navy Commander Adm. Wu Shengli visits Russia and meets Navy Chief Commander Adm. Vladimir Vystotsky. They discuss prospects for collaboration in ensuring security in the world‟s oceans. The delegation also visits the N.G.Kuznetsov Naval Academy and the facilities of Russia‟s North Fleet in St Petersburg, including the *Adm. Kuznetsov* cruiser and a nuclear-powered submarine.

Nov. 14-15, 2010: The 10th Meeting of Foreign Ministers of China, Russia, and India is held in Wuhan, China. Foreign Ministers Yang Jiechi, Sergei Lavrov, External Affairs Minister S.M. Krishna, and Foreign Secretary Nirupama Rao exchange views on issues, including collaboration in emergency response, agriculture, and public health; the creation of a new security and cooperation architecture in the Asia-Pacific Region; and cooperation of the three countries within regional multilateral organizations.

Nov. 22-24, 2010: Premier Wen Jiabao visits Russia for the 15th regular Sino-Russian Prime Ministers meetings in Moscow.

Nov. 25, 2010: SCO holds its ninth Prime Ministers Meeting in Dushanbe. Economic cooperation is the key theme for the annual meeting.

Nov. 27, 2010: Foreign Ministers Lavrov and Yang Jiechi talk over the phone and discuss the situation on the Korean Peninsula.

Dec. 15, 2010: Moscow Interbank Currency Exchange (MICEX) launches *ruble-yuan* trading.

Dec. 16, 2010: Deputy Foreign Minister Alexei Borodavkin meets Chinese Ambassador Li Hui, at Li‟s request. They discuss ways to reduce military and political tension in Northeast Asia.

Dec. 17-18, 2010: Russian Minister of Internal Affairs Rashid Nurgaliyev visits China and meets his counterpart Meng Jianzhu, China‟s state councilor and public security minister. The two ministries sign a cooperative agreement for 2011 to 2012

Dec. 18, 2010: Foreign Minister Yang Jiechi, while visiting Islamabad, speaks by phone with Foreign Minister Lavrov to exchange views and coordinate positions on de-escalating military and political tensions on the Korean Peninsula.

Dec. 18, 2010: Chinese Assistant Foreign Minister Cheng Guoping visits Moscow and meets Deputy Foreign Minister Borodavkin. They pledge further cooperation and coordination while pushing for direct dialogue between the ROK and the DPRK.

Comparative Connections
A Quarterly E-Journal on East Asian Bilateral Relations

India-US and India-East Asia Relations:
Better Atmospherics, Similar Substance

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High-profile visits and meetings characterized Indian relations with both the United States and East Asia in 2010. While there were no major "breakthroughs" or departures as a result, the ongoing evolution of both US-India and India-East Asia relations suggests that they are now a fixed part of the US-Asia dynamic. It is worth noting that while Secretary of State Hillary Clinton neither visited India during her first trip to Asia in February 2009 (she did visit India in July 2009) nor made mention of India in her pre-departure address on US Asia policy, in November 2010 President Obama opened his speech to the joint session of India"s Parliament by declaring that "[i]t"s no coincidence that India is my first stop on a visit to Asia…" And the joint statement between the two countries issued during that visit specifically noted a "shared vision for peace, stability and prosperity in Asia, the Indian Ocean region and the Pacific region…[and] agreed "to deepen existing regular strategic consultations on developments in East Asia…" Indeed, including India at all in an Asia itinerary is a recent innovation in US foreign policy and one that speaks to a larger US policy debate about the evolving Asia-Pacific. Whether such an innovation sticks remains to be seen, although many indications suggest that it will; especially as the need to coordinate increases on matters such as the East Asian Summit, maritime cooperation across the "Indo-Pacific," and wider global issues.

United States-India relations in 2010

US-India relations during 2010 exhibited considerably warmer atmospherics than during 2009. There were of course several ministerial/secretary-level visits (most prominent were those of Secretary of Defense Robert Gates in January and Secretary of the Treasury Timothy Geithner in April to launch the US-India Economic and Financial Partnership). But the real story of the year was the fact that President Barack Obama and Prime Minister Manmohan Singh met four times in 2010 – in April at the Nuclear Security Summit in Washington, in June at the G20 Summit in Toronto, very briefly in September at UN General Assembly in New York, and most prominently during the state visit to India toward the end of the year). Obama"s November 2010 trip to Mumbai and New Delhi occurred without mishap (unlike Singh"s to Washington the previous year when uninvited guests crashed the White House dinner) and was warmly received in India because the president began the trip by paying respect to victims of the Mumbai terrorist attacks, visiting the home of Mahatma Gandhi, and celebrating Diwali at St. Xavier"s School in Mumbai where the president and first lady danced with school children. Obama also held a town hall meeting in Mumbai and delivered an address to a joint session of India"s Parliament in New Delhi. Indeed, in the context of the president"s November 2010 Asia tour, the India segment was prominent for being the starting point, the longest bilateral visit (the president"s trip to Indonesia lasted less than 24 hours), and focused because it was not linked to multilateral business – as

were the trips to Seoul for the G20, and to Yokohama for the Asia-Pacific Economic Cooperation (APEC) meeting. President Obama played to the Indian Parliament by pointing out that his trip was the longest of any of his foreign trips during his presidency and occurred early in it (perhaps this was to remind Indian parliamentarians longing for the alleged good „ole days of the George W. Bush presidency since he visited in 2006 – toward the end of his presidency).

In terms of substance, there were important developments, though as usual the fine print and the unmentioned suggested that much work remains to be done even in areas where there is commitment to move ahead. For example, an area that received considerable positive commentary during the year related to high-technology export controls – specifically their reduction in the case of India. Indeed, Prime Minister Singh, in his joint press appearance with President Obama, led off with this issue, saying "[w]e welcome the decision by the United States to lift controls on export of high technology items and technologies to India, and support India"s membership in multilateral export control regimes such as the Nuclear Suppliers Group." The joint statement at the end of the visit expressed more nuanced elements of this issue. For example, it referred specifically to "removing Indian entities from the US Department of Commerce"s „Entity List" and realignment of India in US export control regulations" rather than the more general "lift controls." As for India"s membership in multilateral export control regimes, the joint statement says that the US "intends to support" such membership "in a phased manner, and to consult with regime members to encourage the evolution of regime membership criteria, consistent with maintaining the core principles of these regimes, as the Government of India takes steps towards the full adoption of the regimes" export control requirements to reflect its prospective membership, with both processes moving forward together." Even where India appears eligible for membership in multilateral regimes now (e.g., the Australia Group and the Wassenaar Agreement), India "should qualify" only "once it imposes export controls over all items on these regimes" control lists. In other words, there are a number of steps to take before there will be a full and flowing high-technology trade relationship between the US and India, though clearly steps are being taken to move the prospect forward.

Similarly, on another hot-button issue – that of a permanent United Nations Security Council seat for India – which was hailed as a success in the bilateral relationship, only the easiest step has been taken. President Obama, in his speech to Parliament, not only welcomed "India as it prepares to take its seat on the United Nations Security Council" as a non-permanent member for a two-year term beginning in 2011, but went on to say that "in the years ahead, I look forward to a reformed United Nations Security Council that includes India as a permanent member." Given that this has been at the top or very near the top of New Delhi"s "wish list" from Washington, much fanfare (and no doubt some relief) ensued in India. But a "reformed United Nations" is a long way off, as the phrase "in the years ahead" suggests. Still, such a statement by a US president to a joint meeting of the Indian Parliament is an important development. Precisely what role India will play in a reformed UN, whether it will be consistent with US foreign policy interests, and what the US received in return for supporting India"s membership are unclear.

Against these two major issues, other announcements during the year received less attention but are no less notable and perhaps even more significant in terms of the potential for concrete, nearer-term outcomes. One such announcement was the conclusion of an Agreement to Study Seasonal Prediction of Indian Summer Monsoon Rainfall. This agreement apparently will permit

sharing of data from US sources that are critical to Indian weather forecasting and hence economic planning; not least because the monsoon can still have a significant effect on India‟s annual GDP. Another important new initiative is the launching of a new Homeland Security Dialogue. This is to be carried out between India‟s Ministry of Home Affairs and the Department of Homeland Security and focused on "operational cooperation, counter-terrorism technology transfers and capacity building." There has been a certain degree of commercial excitement in the US about the prospects of sales of homeland security-related technology to India, and it will be worth watching to see if these sales develop significantly and how and whether they are affected by the parallel effort to increase high-technology trade between the two countries.

Differences between India and the US over Afghanistan persisted in 2010 and are intricately linked to perspectives on Pakistan and terrorism. But in 2010 these differences did not get the kind of "play" in the relationship as they did in 2009. In 2009, the Obama administration was in the midst of articulating and implementing a new strategy, components of which worried India. While there has been no major closing of the gap between Indian anxieties about the situation in Afghanistan and US policy, the concerns over differences are now being replaced with a search for what to do next. During President Obama‟s visit, it was announced that India and the US would "pursue joint development projects with the Afghan Government in capacity building, agriculture and women‟s empowerment." The real question now is what kind of coordination and/or cooperation there can be between the US and India as developments move toward an "endgame" of sorts in Afghanistan. On Pakistan and terrorism there has been little change with India and the US at considerable odds over approaches and outcomes. The joint statement squarely addressed three issues that have concerned India: terrorism cannot be compartmentalized, Lashkar-e-Taiba is a major threat to both the US and India, and "Pakistan [must] bring to justice the perpetrators of the November 2008 Mumbai attacks." More existentially, Indians fume at Washington‟s military assistance to Pakistan and believe that the US is being duped by Pakistan‟s "double game" in Afghanistan. But these differences have not been allowed to be spoilers in US-India relations as the Obama administration has pushed very quietly for resumption of India-Pakistan talks and India and Pakistan held some desultory meetings over the year.

As discussed in last year‟s summary, India has been supportive of the US and UN resolutions regarding Iran and continued to be in 2010. In the joint statement the two "leaders reaffirmed their commitment to diplomacy" but also "discussed the need for Iran to take constructive and immediate steps to meet its obligations." In late December 2010, press reports emerged that India had further tightened strictures on trade with Iran by disallowing Indian companies from using a key trade-finance clearinghouse for facilitating trade. While such a move is noteworthy, Indian and US positions vis-à-vis Iran while they are both in the UN Security Council during 2011-2012 will be worth monitoring.

India-East Asia relations in 2010

India-East Asia relations in 2010 exhibited a wide range of developments; Sino-Indian tensions persisted, but having been especially acute in 2009, did not have the same centrality to India‟s East Asia activities. China‟s Premier Wen Jiabao was the last major visitor to New Delhi of the year (the four other permanent members of the UN Security Council having visited in the

preceding months). Before turning to this last, important India-China engagement, as well as other major India-East Asia bilateral interactions during 2010 it would be useful to cover some broader features of India-East Asia relations.

Among the issues in India‟s wider East Asia relationships, further economic integration is a central feature. Despite growing trade, India‟s investment and commercial ties with East Asia are not well integrated into regional production and other networks. The Comprehensive Economic Partnership in East Asia (CEPEA) is intended to be a free trade agreement (FTA) comprising the members of the East Asia Summit (EAS), which includes the 10 ASEAN countries plus China, Japan, Korea, India, Australia and New Zealand. If and when such an agreement materializes, India would be included. Indian officials declare that they are "confident that this arrangement will move forward and that CEPEA will become one of the widest trade arrangements in Asia." Meanwhile, India is building comprehensive economic partnership agreements (CEPA) with key countries in East Asia. Thus far CEPAs have been completed and signed with Singapore and the Republic of Korea and negotiations have been completed with Japan, though a CEPA has not been signed. India has also concluded a Comprehensive Economic Cooperation Agreement with Malaysia and seeks to conclude an ASEAN-India FTA in Services and Investments as a complement to the already completed ASEAN-India FTA in goods. India has officially expressed that this part of the FTA should be concluded by March 2011. How such pursuits square with Prime Minister Singh‟s vision of an Asian Economic Community are not yet clear, but a major element of India‟s "Look East" policy has always been inclusion in the region‟s economic dynamism and integration. This broader economic element of India-East Asia relations should be kept in mind as we turn to an examination of specific bilateral relationships and their activities during 2010.

Meanwhile, India‟s outreach to the Asia-Pacific region also includes low-level military-security engagement both at the bilateral and multilateral levels. One example is the Milan biennial meeting of navies from the Indian Ocean region and the Asia-Pacific. *Milan 2010* was held over four days in early February and included 12 navies from Australia, Bangladesh, Brunei, Indonesia, Malaysia, Myanmar, New Zealand, Philippines, Singapore, Sri Lanka, Thailand, Vietnam in addition to India. In addition to a seminar on "Navies in Humanitarian Assistance and Disaster Relief (HADR) Operations and some table-top exercises, a brief Passage Exercise (PASSEX) was held at the conclusion.

India-Japan relations

As discussed in last year‟s summary, Japanese Prime Minister Hatoyama Yukio visited India at the end of 2009 (Dec. 27-29). That the visit took place at all was notable because he had just been elected four months prior and nevertheless kept to the previous Liberal Democratic Party (LDP) government‟s plan to visit India. It could be said that both the LDP and Democratic Party of Japan (DPJ) now seek to maintain and build ties with India – regardless of party or leadership changes. In 2010, Prime Minister Singh visited Japan in October where he met a new DPJ prime minister, Kan Naoto. The two sides announced the conclusion of negotiations on the new CEPA. However, it was not actually signed as Indian officials said that the "actual signing will have to await the completion of some formalities on the Japanese side" which they characterized as a "fairly complicated and lengthy process." Indian officials characterized the CEPA with Japan as

the “most comprehensive of all the agreements that we have been able to conclude so far” because it “covers more than 90 percent of the trade and a vast gamut of services, investment, IPR, customs and other trade-related issues.” India-Japan economic ties have been quite limited given the scale of the two economies. Singh, in an address to the Keidanren, while noting that trade had seen a steady expansion, indicated that it would only reach about $20 billion by 2012, which he said to his audience “you will agree with me that India-Japan trade is still at a low threshold, apart from being unbalanced.” In the area of foreign direct investment, Japan‟s role has expanded but largely on the basis of mergers and acquisitions rather than major new direct investments. Whether the CEPA will lead to major improvements in trade and investment relationships remains to be seen as it has not yet been signed. Meanwhile, Japan‟s overseas development assistance (ODA) for India has remained at a consistently high level. India has been the largest recipient since 2003 for major metro projects in Delhi, Kolkata, Bangalore, and Chennai and the Dedicated Freight Corridor between Delhi and Mumbai.

Little progress appears to have been made on an Agreement on the Peaceful Uses of Nuclear Energy between India and Japan. Though the precise differences between negotiation positions is not known publicly, it is likely that at a minimum Tokyo seeks an Indian commitment not to test as a condition of cooperation and would like to retain the right to automatically terminate the agreement if India does indeed test a nuclear device. New Delhi thus far seems only willing to reiterate its unilateral and voluntary moratorium on nuclear explosive testing. In any event, at the India-Japan summit in October, the joint statement called for “negotiators to arrive at a mutually satisfactory agreement for civil nuclear cooperation at an early date.” This contrasted with the cautious stance prior to arrival in Tokyo when Prime Minister Singh stated in an interview that “[w]e have not laid down any deadline for concluding these negotiations.” At the conclusion of the October visit, a third round of discussions was scheduled for November and as of this writing it is unclear what if any progress toward a final agreement has been made. Another issue that came up in the visit was high-technology exports. In something of a frank statement in his joint press appearance with Prime Minister Kan, Singh called for Japan to “make its export control regulations for such trade easier and predictable.” On defense cooperation, the two countries, which had signed an Action Plan on Security Cooperation in December 2009, agreed that their respective defense ministers would meet annually; this expands on the Action Plan call for “regular meetings between the ministers of defense.” All in all, India and Japan continue to reach out to each other and there has been movement in relations, but the economic dimension in particular remains very weak.

India-Republic of Korea relations

The highlight of the year in India-Korean relations was the January 2010 state visit of President Lee Myung-bak as India‟s chief guest for Republic Day. The two sides, which had signed a "Long-term Cooperative Partnership for Peace and Prosperity" in October 2004, issued a joint statement entitled “Towards a Strategic Partnership.” They also announced the entry into force of the Comprehensive Economic Partnership Agreement (CEPA) on Jan. 1, 2010, the upgrading of the annual Foreign Policy and Security Dialogue to the level of vice minister in the ROK and secretary (East) in India, and a target of $30 billion for bilateral trade. The two leaders also agreed to designate the year 2011 as „Year of Korea‟ in India and „Year of India‟ in the ROK. In June, the sixth meeting of the India-ROK Joint Commission was held in Seoul. At the end of

2010, Prime Minister Singh travelled to Seoul to attend the fifth G20 summit where he again met with President Lee. India-ROK ties, while not extensive, have made fairly fast progress over the past several years from what was essentially a "cold start."

India-Southeast Asia/ASEAN relations

India-Southeast Asia relations continued to develop during the year. Apart from bilateral visits, which are discussed below, Prime Minister Singh led India"s delegation to the fifth East Asia Summit and the eighth India-ASEAN Summit in October 2010 held in Hanoi. According to Indian officials, an India-ASEAN Trade-in-Goods Agreement became operational on Jan. 1, 2010. While trade has increased between India and some of its ASEAN partners in this first, "operational" year of the agreement, it is not clear how much of these increases can be attributed to the agreement. An assessment of its impact on overall India-ASEAN trade will become clearer in the years ahead. The next steps in the India-ASEAN economic partnerships are plans to complete negotiations on a trade in services and investment agreement. However, it will be recalled that the negotiation of the India-ASEAN FTA in goods was a drawn-out and difficult process. India also announced plans to hold an India-ASEAN Trade Fair and Business Summit in New Delhi in March 2011. An India-ASEAN Plan of Action for 2010-15 was also adopted during the Summit. In his speech to the eighth India-ASEAN Summit, PM Singh spoke of the Plan of Action to implement the ASEAN-India Partnership for Peace, Progress and Shared Prosperity for the years 2010-2015 calling it "an ambitious road map and the 82 Action Points reflect the vast potential and desire to develop a multi-faceted India-ASEAN relationship." Plans were announced for the first India-ASEAN Commemorative Summit in India in 2012. India continues to build, slowly, trade and other commercial ties across Southeast Asia.

India-Malaysia. Prime Minister Singh travelled to Malaysia in October 2010, returning a visit by Malaysia"s Prime Minister Najib Razak at the start of the year – the first by a Malaysian leader in six years. India appeared to attach considerable significance to the two major interactions with Malaysia. In his pre-departure remarks, Singh characterized Najib"s January visit to New Delhi as a "landmark" and emphasized his government desire for a fresh start, expressing India"s "desire for a qualitatively new partnership between the two countries" and "new areas of understanding with Prime Minister Najib…" Such comments are significant because India-Malaysia ties have long been a bit testy. The joint statement at the conclusion of the visit referred to their desire to "imbue greater dynamism" to the relationship. One important announcement was the conclusion of negotiations on a Comprehensive Economic Cooperation Agreement (CECA) to expand bilateral trade and investment and plans to sign the agreement by Jan. 31, 2011 and implement it by July 1, 2011. Malaysia"s bilateral importance to India also bridges its importance to India"s overall relationship with ASEAN because Malaysia will be the ASEAN coordinator for an ASEAN-India FTA on services and investments. The two countries also agreed to establish a Joint Working Group on Counter-Terrorism, but no specifics were provided on the kinds of activities such a mechanism would include (intelligence, fund-raising, etc).

India-Myanmar. India-Myanmar relations continued to develop during the year with a state visit by Senior Gen. Than Shwe in July. India"s Ministry of External Affairs noted that this visit followed a pattern of high-level exchanges over the past few years, including those of Vice Senior Gen. Maung Aye, vice chairman of the State Peace and Development Council of the

Union of Myanmar, in April 2008 and India‟s Vice President M. Hamid Ansari in February 2009. It is also noteworthy that this state visit followed January 2010 talks in Nay Pyi Taw between the two countries‟ home ministers in which, according to an official Indian statement, "important decisions [were] taken…" It is difficult to imagine the state visit in July materializing without some sort of mutual agreement at the home ministers‟ meeting several months prior. It must be speculated that much of the discussion in January was about cooperation on the insurgencies in the northeast of India. The joint statement at the conclusion of the meeting did not characterize the overall relationship though it was markedly detailed in the range of ongoing and aspirational activities. The bulk of attention appears to have been on cooperation battling insurgents operating in India‟s northeast and economic relations, including infrastructure connectivity. Discussions between Myanmar and India on the northeastern insurgency have been ongoing for years and there are signs that some cooperative actions have been taken. Whether a new phase of expanded cooperation against insurgents operating against Indian from Myanmar territory will materialize remains to be seen.

India-Cambodia and India-Laos. Indian President Pratibha Patil visited Cambodia and Laos in mid-September 2010. Cambodia has significance for India‟s relations with ASEAN as it was the ASEAN chair when the first India-ASEAN Summit took place in 2002. Cambodia also served as ASEAN‟s coordinator for India-ASEAN relations in 2010 and is expected to be the ASEAN chair again in 2012 when a Commemorative India-ASEAN Summit is planned to be held in India. President Patil‟s visits were not only symbolic and cultural, but led to the extension of Indian lines of credit to both countries. In India-Laos relations, a 15-member delegation led by Laotian Deputy Prime Minister of Foreign Affairs Thongloun Sisoulith participated in the sixth India-Lao Joint Commission Meeting held in Delhi from Jan. 31 to Feb. 4, 2010.

India-Australia relations

In 2010, there were no major advances in India-Australia relations akin to Prime Minister Kevin Rudd‟s November 2009 visit to New Delhi and the signing of a Joint Declaration on Security Cooperation. Several ministerial-level visits were made by both countries during the year. Among the highlights was Foreign Minister Steven Smith‟s March visit to New Delhi and Trade Minister Simon Crean‟s visit in May. From the Indian side, given the high public visibility of attacks against Indian students in Melbourne, the visits of Vayalar Ravi, minister for overseas Indian affairs and Preneet Kaur, minister of state for external affairs, were important as both focused on Indian communities across Australia and particularly students in Melbourne and Sydney. Also important was the visit of India‟s Minister of Power, Sushil Kumar Shinde, in June to participate in the first Australia-India Energy and Minerals Forum.

India-New Zealand relations

Meanwhile, India and New Zealand held two rounds of negotiations on a free trade agreement. The first round was held in Wellington April 7-8, 2010, and the second round was held in New Delhi Aug. 10-13, 2010. India-New Zealand Foreign Office Consultations were held in New Delhi April 29, 2010. The keynote visitor for the year was Rahul Gandhi, a possible future Indian prime minister, who visited New Zealand Feb. 13-19, 2010 as the inaugural Sir Edmund Hillary fellow.

India-China relations: "Sensitivity to each other's core issues"

Indian and Chinese ministers and leaders had several meetings during 2010, which marks the 60th anniversary year of the bilateral relationship. The most important visits were those of President Patil to China in late May and Premier Wen Jiabao's to India in mid-December. As discussed in last year's summary, Sino-Indian political and diplomatic relations have become increasingly testy while trade ties have continued to expand, but with a large Indian imbalance that has in turn complicated political relations. (Following the Oct. 29 meeting between Prime Minister Singh and Wen Jiabao on the sidelines of the East Asia Summit, National Security Advisor Shiv Shankar Menon stated that Wen indicated that the Chinese side was "very conscious of the trade imbalance and the need to do something. He [also] outlined some of the steps that the Chinese Government has taken to address this issue.") During Wen's December visit, several agreements/initiatives were announced, including:

- Establishment of a Strategic Economic Dialogue to "enhance macro-economic policy coordination, to promote exchanges and interactions and join hands to address issues and challenges appearing in the economic development and enhance economic cooperation."

- A new bilateral trade target of $100 billion in 2015.

- "Measures to promote Indian exports to China with a view to reduce India's trade deficit."

Also, six specific agreements/Memorandums of Understanding were signed on a program of cultural exchange, cooperation in green technologies, media exchanges, provision by China to India of hydrological data on the Sutlej River during flood season, cooperation between the Reserve Bank of India and the China Banking Regulatory Commission, and ties between the Export-Import Bank of India and China Development Bank Corporation. Looking at such agreements, one would think it was a good year for Sino-Indian relations! It was not. Public discussions of Sino-Indian rivalry abounded. In reply to a reporter's question whether India saw "rivalry or confrontation with the growing Chinese power in this region," Foreign Secretary Nirupam Rao replied that "there is space enough for India and China to grow and to coexist and to work with each other. That is the outlook, as we see it, for the future."

But such words belied a range of underlying tensions that have not changed very much except in their details over the years. Indians are sore at China's unwillingness to support its candidacy for a permanent UNSC seat, its support for Pakistan, and the bilateral border and territorial dispute – exacerbated this year by the practice of Chinese officials stapling paper visas into the passports of Indian-controlled Kashmir residents who travelled to China on the grounds that Kashmir is disputed territory. According to press reports, China also objected to the inclusion in a military exchange of an Indian general with responsibility for administering Kashmir. Indian then suspended all military exchanges. Neither the visa nor military exchange issue was entirely resolved during Premier Wen's visit.

Conclusion

If the US-India relationship is now encompassing wider Asia, simultaneously wider Asia is including India. This trend has been underway for nearly two decades and continues. India now is an accepted part of the East Asia firmament through bilateral ties and membership in regional organizations. If the connection between the US-India relationship and the India-East Asia relationship is to be developed further and sustained, it will require much deeper US-India relations on the one hand, and India-East Asia relations on the other. At present there is a fairly thin level of actual cooperation between the US and India in East Asia. Meanwhile, US-India relations continue to make progress even if that progress at times is slow and halting on a range of issues. And it should be noted that on some issues such as Afghanistan and Pakistan, there will continue to be gaps. Similarly, India-East Asia relations are making steady progress but the depth of these connections remains shallow and with China, troubled.

In 2011, barring any surprises, US-India relations are likely to be focused on the evolving endgame for Afghanistan and implications for US-Pakistan relations. It is difficult to foresee any major new initiatives for the bilateral relationship on either Washington‟s or Delhi‟s part. Areas to watch relate to maritime cooperation and possible coordination regarding the East Asia Summit. It is possible, too, that in 2011 India might announce major purchases of US defense equipment. In the meantime, the US will be moving forward with its export control reform effort, which will have implications for India. In India-East Asia ties, it will be worth watching to see if the announced March 2011 deadline to complete negotiations on an India-ASEAN FTA on Services and Investments is met.

Chronology of India Relations with US and East Asia
January – December 2010

Jan. 19-20, 2010: US Secretary of Defense Gates visits India. He praises India for its "statesman like" behavior following the Mumbai terrorist attacks, refers to a "syndicate" of terrorism, and assures India that the US would not depart from Afghanistan precipitously.

Jan. 19-20, 2010: Indian Home Secretary G.K. Pillai holds talks with Myanmar about cooperation on the insurgency situation in northeast India.

Jan. 19-23, 2010: Malaysian Prime Minister Najib Razak makes a state visit to India, the first in six years by a Malaysian leader.

Jan. 24-26, 2010: President Lee Myung-bak of the Republic of Korea (ROK) makes a state visit to India as the chief guest at India‟s annual Republic Day celebration.

March 3-4, 2010: Australian Foreign Minister Stephen Smith visits India for bilateral discussions and addresses the safety of Indian students studying in Australia.

April 5-8, 2010: India‟s Foreign Minister S.M. Krishna visits China to inaugurate the Festival of India in China and for discussions with his counterpart Foreign Minister Yang Jiechi as well as meetings with Premier Wen Jiabao and State Councilor Dai Bingguo.

April 6-7, 2010: US Treasury Secretary Timothy Geithner visits India to launch the US-India Economic and Financial Partnership with Indian Finance Minister Pranab Mukherjee.

April 11-13, 2010: Prime Minister (PM) Manmohan Singh visits Washington to attend the Nuclear Security Summit and for a bilateral meeting with President Obama.

April 15, 2010: PM Singh meets Chinese President Hu Jintao on the sidelines of the India-Brazil-South Africa (IBSA) and Brazil, Russia, India and China (BRIC) summits.

April 30, 2010: Japan‟s Minister of Economy, Trade and Industry Naoshima Masayuki and India‟s Deputy Chairman of the Planning Commission Montek Singh Ahluwalia issue a joint statement following the fourth round of the Japan-India Energy Dialogue.

May 24, 2010: US Undersecretary for Political Affairs William Burns visits New Delhi for talks with Foreign Secretary Nirupam Rao in preparation for the first India-US Strategic Dialogue.

May 26-31, 2010: Indian President Pratibha Patil makes a state visit to China, the first by an Indian president since 2000. In an official statement, President Patil said she "focused attention on India's aspirations for a permanent seat in a reformed United Nations Security Council."

June 2-3, 2010: Foreign Minister Krishna and US Secretary of State Hilary Clinton hold the inaugural US-India Strategic Dialogue in Washington. The focus areas of strategic cooperation are energy and climate change, education and development, economic trade and agriculture.

June 27, 2010: PM Singh and President Barack Obama hold a bilateral meeting on the sidelines of the G20 Summit in Toronto.

June 28-29, 2010: India and Japan hold the first round of negotiations on an Agreement for Cooperation in the Peaceful Uses of Nuclear Energy in Tokyo.

July 3-6, 2010: India‟s National Security Advisor Shiv Shankar Menon visits China as special envoy of PM Singh.

July 6-7, 2010: Foreign Secretary Nirupam Rao and Defense Secretary Pradeep Kumar hold talks with their Japanese counterparts in the first-ever 2+2 Foreign Policy and Security Dialogue.

July 23, 2010: US and India sign a Counter-Terrorism Initiative in New Delhi.

July 25-29, 2010: Senior Gen. Than Shwe, chairman of the State Peace and Development Council of the Union of Myanmar, visits India at the invitation of President Patil.

Aug. 21-22, 2010: Japanese Foreign Minister Okada Katsuya visits New Delhi for the fourth India-Japan Strategic Dialogue.

Sept. 13-18, 2010: President Patil visits Cambodia and Laos. This was the first visit by an Indian president to these two countries since 1959.

Oct. 24-26, 2010: PM Singh visits Tokyo and meets Prime Minister Kan Naoto for the annual India-Japan Summit.

Oct. 26-28, 2010: PM Singh visits Kuala Lumpur, Malaysia for an official visit. The two countries issue a joint statement on a Framework for the India-Malaysia Strategic Partnership.

Oct. 29, 2010: PM Singh meets ROK President Lee Myung-bak on the sidelines of the EAS.

Oct. 29, 2010: PM Singh meets Premier Wen Jiabao on the sidelines of the EAS.

Oct. 29-30, 2010: PM Singh travels to Hanoi for the eighth India-ASEAN Summit and the fifth East Asia Summit (EAS). He also has bilateral meetings with a number of ASEAN and other leaders on the sidelines of the summits.

Nov. 6-9, 2010: President Barack Obama visits India, the first stop in a four-country Asian tour. This is the first visit of a US president to India since President George Bush visited in 2006.

Nov. 11-12, 2010: PM Singh travels to Seoul for the fifth G20 Summit.

Dec. 15-17, 2010: China‟s Premier Wen Jiabao makes a state visit to India.

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