

Regional Overview: Autopilot Is Not Good Enough!

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There is a natural inclination in Washington during a presidential election year to want to put Asia policy on autopilot. Some disturbing trends emerging in the first quarter of the year argue against a policy of benign neglect, however. Concerns about U.S. unilateralism continue to be raised in Asia, not just by America's critics but by its closest allies as well, even as others still question Washington's interest in the region. Apprehensions about significant shifts in American foreign policy, always evident during an election year, also appear to be rising due to uncertainty about the views of both presumed presidential candidates on key issues that impact upon Asian security. Added to this, of course, is the impending transfer of power in Taiwan to the Democratic Progressive Party (DPP) and its implications for cross-Strait, Sino-U.S., and U.S.-Taiwan relations and for broader regional security. Meanwhile, ASEAN's growing disunity is ringing alarm bells, while raising concerns about its broader regional leadership role. Also of concern are the unintended consequences of President Clinton's visit to India and Pakistan. There are, of course, countervailing positive trends and the negative ones are for the most part manageable. But they will require careful attention; autopilot is just not good enough.

U.S. Unilateralism

The prime critic of U.S. unilateralism in Asia continues to be the PRC. Beijing commentators continually proclaim that America's intervention in Kosovo points to an increased U.S. willingness to apply force unilaterally and arbitrarily and outside the confines of the United Nations structure (where China enjoys a Security Council veto). The U.S. move to pursue both theater and national missile defense (TMD/NMD) is also seen by many in Beijing as further evidence of a U.S. move to neutralize or contain China. This is especially true when combined with suspicions (as outlined below) about America's support for Taiwan and the ulterior motives behind President Clinton's overtures toward India. This bodes ill for long-term Sino-U.S. relations.

Sino-Russian pronouncements also continue to warn against the dangers of a unipolar world, although these seem to have been toned down somewhat in the wake of President Yeltsin's early retirement -- it remains unclear how loudly, or even if, President Putin will continue to play this tune. Nonetheless, concerns about U.S. unilateralism continue to provide some of the glue that binds the Russia-China "strategic partnership" together in ways that do not complement American security interests.

More disturbingly, even America's allies seem increasingly worried about Washington taking unilateral actions inimical to their interests without full consultations. At a recent Pacific Forum conference on U.S.-Japan relations, Japanese interlocutors were quite vocal in their concerns about the lack of strategic dialogue on issues of importance to Japan (see PacNet No. 12). Differing views over global economic issues, disagreements over how best to deal with China

(especially but not exclusively regarding Taiwan), and concerns about continued American leadership of the arms control and non-proliferation movements highlight the need for closer consultations in order to keep the alliance firmly on track over time.

Japanese and South Korean officials, while generally pleased with the continuing close and constructive dialogue with Washington on policy initiatives regarding North Korea, remain concerned about future U.S. willingness to engage with Pyongyang, given the increasingly hardline comments emanating from the Republican Congress. They are likewise apprehensive about too hard a policy toward China post-November, regardless of which U.S. presidential candidate wins. Some in the Bush camp are thought to be too sympathetic toward Taiwan and too confrontational toward Beijing. Meanwhile, Vice President Gore's waffling on Chinese accession into the World Trade Organization (WTO) has raised concerns that he might not closely pursue Clinton administration policies, especially on issues related to China and globalization.

I believe that many of these worries have been blown out of proportion. American national interests will dictate a continued attempt to engage China and North Korea although, in the latter case, much will depend on Seoul's continued commitment to its Sunshine Policy and on Pyongyang's behavior. As regards China, it is hard to believe that the phrase "building toward a constructive strategic partnership" will survive the Clinton administration -- nor, in my view, should it. But, if a policy of confrontation develops with China, it will be dictated more by actions taken in Beijing than in Washington. It is Beijing, more so than either the Clinton administration or the presidential candidates, that appears the most confrontational. Nonetheless, the current administration needs to do a better job of talking with, and listening to the concerns of, America's Asian neighbors. Senior campaign staff from both parties need to at least be mindful that our Asian neighbors are listening with great care and some concern.

Taiwan Elections

The biggest challenge to regional stability in the past quarter has been the Taiwan elections or, more accurately, the behavior of many of the involved parties both prior to and after the outcome was known. In the near term, cross-Strait relations seem to have suffered most, especially in light of Beijing's heavy-handed, unsuccessful attempt to influence the outcome. This had made overtures to the new DPP government politically difficult.

The good news is that, since the election, Beijing has refrained from making matters worse. "We have no choice, we must learn to deal with Chen Shui-bian" was a common refrain during my own post-election discussions with Chinese officials and security analysts, who also acknowledge that "even Chen Shui-bian is an improvement over Lee Teng-hui." (see PacNet No. 13.) President-elect Chen is waving olive branches in Beijing's direction. However, both sides have limited flexibility and neither side seems quite sure how best to proceed.

One thing is clear; future progress in cross-Strait relations will require a new formula. Leaders in Beijing are now being forced to confront the reality that almost everyone in Taiwan has long recognized; namely, that "one country, two systems" -- the formula used to incorporate Hong Kong and Macau back into the mainland -- will never work for Taiwan. What is needed now is

a new construct that permits Beijing's "one-China" policy and Taipei's quest for negotiation equality or even "special state-to-state" relations to coexist.

Once again the U.S. is caught in the middle. Some Chinese believe that Washington (and Lee Teng-hui) wanted a DPP victory, even though this complicates U.S. relations with Taipei almost as much as it does with Beijing. China is publicly warning Washington not to meddle in China's internal affairs (i.e., don't sell arms to Taiwan or approve the Taiwan Security Enhancement Act) while at the same time pleading with Washington to "keep the DPP in line," which sounds like the ultimate form of meddling. Washington wisely is calling on both sides to exercise restraint, advising against any unilateral change in the status quo (i.e., no declaration of independence from Taiwan and no use of force by the Mainland). A less ambiguous American statement of support to Taiwan might embolden the more radical DPP elements that Chen has thus far held in check and further undermine Sino-U.S. relations and should thus be avoided.

ASEAN Unity

Voices continue to be raised about ASEAN's ability to play a leadership role in East Asia or even to get its own house in order (see PacNet No. 9). This has manifested itself most directly in ASEAN's dealing with continuing tensions in the South China Sea. ASEAN has struggled to find agreement within itself, much less with other claimants, on devising a Code of Conduct for the South China Sea. What's worse, some members are openly complaining that others among them have failed to live up to the long-standing ASEAN Declaration on the South China Sea -- Malaysia is most frequently singled out. As one ASEAN participant at a recent Pacific Forum conference on the South China Sea noted, "how can we expect China or others to honor their pledge to respect the ASEAN Declaration when ASEAN members are increasingly ignoring it." Senior ASEAN statesmen, such as former Philippine National Security Advisor Jose Almonte, have made impassioned pleas for ASEAN to speak with one voice on this issue (see PacNet No. 11).

Many had predicted that ASEAN's expansion in recent years from six to ten members would inevitably affect its unity and effectiveness. Few, if any, foresaw that growing schisms within the original members would be the greater problem. Tears in ASEAN's fabric have been caused by other factors as well: disagreement over who should fill the leadership vacuum caused by Indonesia's internal turmoil over the past several years (Dr. Mahathir saw himself as the logical candidate but few others did); the Asian financial crisis, especially the impact disruptions in one state have on the economic well-being of others; the growing debate over what constitutes "interference in internal affairs," with criticisms of Dr. Mahathir's handling of the Anwar trial being one of many cases in point; and disagreements on how best to deal with growing Chinese assertiveness; to cite but a few.

Added to these and to traditional concerns about "haves versus have-nots" and "continental versus littoral" outlooks within ASEAN is a potentially new divisive break between democratic societies and those considerably less so, or even outright undemocratic. Since no one is more religious than the newly converted, we can expect to see Indonesia speak out more forcefully on the need for democratic reform throughout the region. This was already evident at a recent workshop on Indonesia's Future Challenges sponsored by the non-governmental Council for

Security Cooperation in the Asia Pacific (CSCAP) in Jakarta. That regional scholars and officials could be invited to an ASEAN state to discuss its own internal affairs was already a dramatic departure from previous norms. The candor that permeated the discussions shows the vigor with which democracy has taken hold. However, the meeting also underscored just how fragile Indonesia's new political system is and the depth and extent of current and future challenges to this pivotal ASEAN state.

Getting ASEAN's house in order is a task that its members alone can achieve. The United States and others must provide full backing for such efforts, however, and must be especially supportive and patient toward Indonesia's efforts to bring about simultaneous political and economic reform while still holding the Indonesian state together. Indonesia's political good health seems an essential prerequisite to a revitalized ASEAN.

President Clinton's Trip to South Asia

Also of concern are the unintended consequences of President Clinton's visit in late March to India and Pakistan. I will leave it to others to explain why, from a South Asia perspective, the trip was or was not beneficial to U.S. national security interests. But the visit raises some concerns for East Asia, if not globally.

Shortly after India's May 1998 nuclear tests, Indian officials predicted that the West's protests would be short-lived and that Washington would soon come around to accepting India's *de facto* entry into the world's nuclear club. Mr. Clinton's visit has proven them right. This could send a dangerous signal to other nuclear wannabes that going nuclear may be a low cost method of gaining greater international attention if not respect. Pyongyang no doubt watched the visit with a certain amount of interest.

The visit to Pakistan also sent the message that America was willing to turn a blind eye toward the use of military coups as a means of removing inefficient or corrupt (even if democratically elected) governments. What kind of signal does that send to the armed forces in countries like the Philippines and Indonesia, where democratically elected governments are struggling?

True, President Clinton was openly critical of Pakistan's coup and both India and Pakistan's nuclear aspirations, but the symbolism of the visit was more powerful than his recriminating words, especially since the visit did not result in significant concession on nuclear issues or a promised date certain for a resumption of civilian rule in Islamabad.

Clinton's four-day visit to India (as opposed to his five-hour stopover in Pakistan) is also being heralded as the beginning of a strategic shift toward India and away from Washington's long-standing Cold War ally, Pakistan. Any shift in basic relations makes other long-term allies nervous, especially if Washington does not better define the nature of its South Asia relationships. The view from China, especially among leaders who tend to view the world in zero-sum terms -- and that's just about all of them -- is that U.S. overtures ("strategic shift") toward India are aimed at further containing China.

None of this argues against the overall wisdom of better U.S. relations with either India or Pakistan. But the downside of this South Asia initiative needs to be recognized and dealt with effectively in order to prevent or at least limit the negative consequences elsewhere in the world.

Now for some Good News!

This is not to say that all is gloom and doom in Asia. As this quarter's dozen thoughtful reviews of the region's key bilateral relationships document, there is plenty of good news and there are positive trends and developments as well. The U.S. and China are at least on speaking terms again; even military-to-military contacts have resumed. While Sino-Russian relations continue to display anti-Western overtures, it appears that President Putin is less eager than his predecessor to magnify this tendency.

America's alliance relations also remain strong; even the rocky U.S.-Philippine alliance has progressed with the resumption of the "Balikatan" joint exercise for the first time since 1995. The sudden change in Japanese leadership a few days after this quarter's close, brought about by Prime Minister Obuchi's incapacitating stroke, has done little to change the positive direction in Japan's relationships with all its neighbors while quietly extolling one of the many virtues of democracies; namely, the peaceful, relatively uneventful transition of power.

Meanwhile, ASEAN officials recognize the problems and challenges ahead in rebuilding ASEAN unity and reestablishing ASEAN leadership and appear committed to taking on this challenge. Developing (and observing) a unified ASEAN Code of Conduct for the South China Sea is another way to build and demonstrate ASEAN unity.

The challenge for the U.S. -- for the Clinton administration, for the Congress, and for both presidential candidates and their teams of advisors -- is to listen more intensely to our Asian allies and avoid partisan bickering over major foreign policy and national security interests. More strategic dialogue is needed; simply putting U.S. Asia policy on autopilot will not work this year.

Regional Chronology January - March 2000

Jan. 1, 2000: Vladimir Putin becomes acting Russian President following Boris Yeltsin's surprise New Year's Eve resignation.

Jan. 10-15, 2000: Japanese Prime Minister Obuchi embarks on a Southeast Asia tour, visiting Laos, Thailand, and Cambodia.

Jan. 17-18, 2000: Acting President Putin and Defense Minister Sergeev meet with PRC Defense Minister Chi Haotian in Moscow.

Jan. 19, 2000: The U.S.-Japan Treaty of Mutual Cooperation and Security turns 40 amid Japanese calls for "more ownership" of the alliance for Japan.

Jan. 19-23, 2000: Chi Haotian visits the ROK, the first such visit by a PRC defense chief since the Korean War.

Jan. 22-28, 2000: U.S.-DPRK talks in Berlin led by Ambassador Charles Kartman and Vice Foreign Minister Kim Gye-gwan, reach an agreement regarding a high-level DPRK delegation visit to the U.S.

Jan. 24, 2000: PRC Lt. Gen. Xiong Guangkai visits Washington, the first high-level U.S.-PRC military contacts since the accidental U.S. bombing of the Chinese embassy in Belgrade.

Jan. 28, 2000: PRC Vice Minister Qian Qichen states, “. . . Taiwan independence can only mean war between the two sides of the (Taiwan) Strait . . .”

Jan. 28, 2000: U.S.-Philippine five-week joint exercise “Balikatan” begins in the Philippines, involving 5,000 forces.

Feb. 1, 2000: The U.S. House of Representatives votes 341-70 in approval of the Taiwan Security Enhancement Act.

Feb. 1, 2000: U.S.-ROK-Japan Trilateral Coordination and Oversight Group (TCOG) meets in Seoul.

Feb. 8, 2000: U.S. and ROK officials gather in Hawaii to discuss missile development issues.

Feb. 9, 2000: Russian Foreign Minister Ivanov visits the DPRK and signs a new friendship treaty with the Kim Jong-il government.

Feb. 10, 2000: Indonesian President Wahid meets with ROK President Kim Dae-jung.

Feb. 11, 2000: The first of two new Chinese Russian-built Sovremenny class destroyers sails through the Taiwan Strait while en route to its home port in the East China Sea.

Feb. 11, 2000: Japanese Prime Minister Obuchi and Foreign Minister Kono meet with Russian Foreign Minister Ivanov in Tokyo.

Feb. 13-17, 2000: Admiral Kosei Fujita, Commander, Japanese Navy, makes an official visit to Russia.

Feb. 15-18, 2000: A high level delegation led by U.S. Deputy Secretary Strobe Talbott embarks on two days of talks in Tokyo to be followed by a visit to Beijing to urge restraint in dealing with the presidential elections in Taiwan.

Feb. 16, 2000: Japan decides to work with the PRC, the ROK, Indonesia, Malaysia, and Singapore on maritime cooperation to prevent piracy.

Feb. 19-20, 2000: Foreign Minister Kono travels to Washington seeking compromises on host nation support, deregulation, and other issues.

Feb. 21, 2000: Beijing issues a White Paper that broadens the circumstances under which the PRC would use force against Taiwan.

Feb. 21, 2000: Indonesia and the DPRK sign a trade and investment treaty.

Feb. 22-26, 2000: Australian diplomats visit the DPRK for the first high level talks since 1975.

Feb. 26-27, 2000: Japan, the ROK, and the PRC sign a joint communiqué on environmental protection.

Feb. 27, 2000: Japan and China sign a fisheries agreement.

Feb. 29, 2000: PRC Foreign Minister Tang Jiaxuan visits Moscow for talks with his Russian counterpart, Igor Ivanov.

Feb. 26-30, 2000: Admiral Dennis Blair, commander-in-chief of the U.S. Pacific Command, visits Beijing and meets with top level civilian and military leaders.

Mar. 7-15, 2000: North Korea and the U.S. hold preliminary talks in New York regarding the removal of the DPRK from the list of state sponsors of terrorism.

Mar. 8, 2000: President Clinton submits China Permanent Normal Trade Relations (PNTR) legislation to Congress.

Mar. 8, 2000: Japan and the U.S. agree to establish a joint arms control and disarmament commission.

Mar. 10, 2000: U.S. Secretary of Defense Cohen begins a four-country Asian tour, which includes stops in Hong Kong, Vietnam, Japan, and South Korea.

Mar. 13, 2000: ROK Foreign Minister Lee Joung-binn and Secretary Albright meet in Washington.

Mar. 16, 2000: UN Ambassador Richard Holbrook travels to Japan to discuss bilateral approaches to UN reform.

Mar. 18-22, 2000: DPRK Foreign Minister Paek Nam-sun visits the PRC, meeting with Prime Minister Zhu and others.

Mar. 18, 2000: Taiwan elects Chen Shui-bian of the Democratic Progressive Party (DPP) as its next president.

Mar. 20-21, 2000: Ambassador Holbrook visits Beijing and urges restraint in the wake of the DPP victory in Taiwan.

Mar. 20-24, 2000: President Clinton begins a four-day visit to India.

Mar. 22, 2000: Former U.S. Congressman Lee Hamilton visits Taiwan as a presidential envoy to meet with President-elect Chen.

Mar. 23, 2000: Secretary of State Madeleine Albright condemns China's "widespread denial" of basic freedom in a speech to the UN Human Rights Commission in Geneva.

Mar. 25, 2000: President Clinton conducts a five-hour visit to Pakistan.

Mar. 26, 2000: The Russian Federation elects Vladimir Putin President.

Mar. 29, 2000: National Security Advisor Samuel Berger meets with leaders in Beijing.

Mar. 30, 2000: TCOG meets in Tokyo; "Shanghai Five" (Russia, China, Kazakhstan, Kyrgyzstan, Tajikistan) defense ministers meet in Kazakhstan.

**U.S.-Japan:
The Security Treaty at 40—
Strong but with Complaints about Back Pain**

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The U.S.-Japan Security Treaty turned 40 in January amid calls for more ownership of the alliance for Japan. U.S. frustration with Japan also grew as collisions over host nation support and a number of minor irritants, such as trash burning near a U.S. base, implementation of the Defense Guidelines, and air traffic control over Okinawa, impeded forward progress. In addition, Liberal Democratic Party support of economic reform is quickly dwindling and causing some consternation in Washington. Prime Minister Keizo Obuchi's incapacitation in the beginning of April and the subsequent election of Yoshiro Mori by the Diet will not change the basic direction of the alliance, but could complicate the political environment.

The Treaty of Mutual Security Turns 40

The 1960 U.S.-Japan Treaty of Mutual Cooperation and Security turned 40 years old in January, generally in strong shape, but with growing questions in Japan about just how "mutual" the treaty really is. The 40th anniversary was marked with relatively little fanfare, but one article in *Asahi Shimbun* by Masaru Honda suggested that many in the Japanese government feel a strong desire to establish more ownership of the alliance for Japan. This sentiment emerged in a pronounced way throughout the quarter.

U.S. frustration with Japan also grew. The second Obuchi Cabinet opened the new Diet session in January with a significantly more inward-looking political strategy. After an aggressive push on defense legislation and fiscal stimulus in 1998-99, the Liberal Democratic Party (LDP) and its new coalition partners, the Liberal Party and the Komeito, have so far backtracked on everything from deregulation to defense. Tokyo's hesitation has more to do with internal political pressures than a desire to resist U.S. demands, of course. The LDP has been desperately juggling its three-way coalition as public support and GDP growth shrink around them. In January, the coalition rammed new legislation through the Diet to reduce the number of Lower House seats in an effort to appease Ichiro Ozawa's Liberal party. Then the coalition was forced by the budget situation to introduce controversial pension reform. The opposition boycotted both bills and compared the coalition to the oppressive wartime political parties. Public criticism of the coalition mounted, but polls showed equal dissatisfaction with the opposition parties' grandstanding. Exhausted and worried about their coalition partners in Komeito, who depend on the pacifist-leaning Sokkagakai religious organization for support, the LDP leadership turned off the forward momentum on defense-related legislation. Meanwhile, within the party, voices against economic reform grew. News that the economy shrank by 1.4 percent in the last quarter of 1999 did not help the public mood -- or Washington's either.

The loss of political momentum in Tokyo and mounting frustration over the state of the Japanese economy among both U.S. and Japanese officials did not create the best atmosphere for resolving

technical issues in the alliance or moving the security agenda forward this quarter. The move toward greater responsibility sharing is irreversible and public support for the alliance in both countries remains strong, but for now unpleasant housekeeping chores took precedence over strategic dialogue.

Host Nation Support

When the first U.S.-Japan Defense Guidelines were signed in 1978, the objective of strengthening mutual defense planning was quickly crowded out by the more immediate need to negotiate the first agreement on Japanese host nation support (HNS) funding for U.S. bases in Japan. Two decades later, cooperation on the newly revised U.S.-Japan Defense Guidelines is once again being overtaken by the politically volatile issue of determining Japanese spending in support of the U.S. military presence.

The Special Measures Agreement on Japanese financial support expires at the end of FY 2000 and the new figures must be included in Japanese budget outlines by this summer. The U.S. government -- and particularly the U.S. Embassy in Tokyo -- waited and watched nervously this last winter as more and more Japanese politicians and journalists attacked the so-called "sympathy budget" for its "wasteful spending" on bowling alleys and golf courses for the U.S. military. In fact, the majority of spending under HNS goes not to the United States but to Japanese workers on U.S. bases and the budget is very rarely used for recreational facilities. Moreover, the HNS budget averages less than 0.25 percent of the Japanese budget, compared with the 3 percent of GDP that the United States spends on defense. But nobody in the Japanese government or LDP was making these arguments. Indeed, the quiet consensus view in the Ministry of Foreign Affairs (MOFA) and the Japan Defense Agency (JDA) was that a symbolic cut was necessary, given Japan's soaring budget deficits. The Ministry of Finance (MOF) Budget Bureau, which must ultimately approve the budget, was even more aggressive. The Budget Examiner for defense, Shunsuke Kagawa, is a veteran of the contentious U.S.-Japan negotiations over insurance, and has charged into his new job determined to find the weak spots in the traditional arguments for HNS.

Things came to a head in mid-February. Ambassador Thomas Foley in Tokyo decided that the record had to be corrected and the debate joined. If the LDP would not move, he would. The Ambassador sent a letter to *Asahi Shimbun* outlining the strategic necessity of HNS for both Japan and the United States. The argumentation was solid, but MOFA and the LDP privately bristled at the implicit criticism for their non-action. LDP Policy Affairs Research Council Chair Shizuka Kamei argued with visiting Deputy Secretary Strobe Talbott in mid-February that Japan would have to cut the budget based on domestic political considerations. When the Embassy tried to arrange briefings with the LDP on HNS in early March, party officials delayed and later became angry when the Embassy proceeded to brief the opposition parties in the interim.

The tone improved somewhat when Secretary of Defense William Cohen visited Tokyo the week of March 13, but the U.S. maintained its request that funding levels not be decreased, while MOFA and JDA looked over their shoulders at a political situation in the Diet in which cuts seemed unavoidable. The U.S. Congress has weighed in too. Speaking at a CSIS symposium on March 2, Senators Joseph Lieberman and William Roth -- two friends of Japan -- reiterated the

importance that the Congress places on Japanese financial support for the U.S. military presence in Japan. In substantive terms, a one or two percent cut would mean little – either to the Japanese budget or the operations of U.S. forces -- but in terms of political symbolism the question of HNS loomed large this last quarter.

Shinkampo

The other issue that appeared to consume the alliance managers this last quarter was the problem of the Shinkampo trash incinerator located next to the U.S. Navy base at Atsugi, in Kanagawa Prefecture. A corporation called Enviro-Tech has been pumping dangerous levels of dioxin-laden smoke into the U.S. facility from its incinerator stack, which abuts the housing area on the base. The problem has so troubled the U.S. Navy that President Clinton asked Prime Minister Obuchi at their summit last year to resolve the issue himself. The Japanese government has few legal levers to pull, however, since the high level of dioxins is not in itself illegal (as it would be in the United States). Moreover, Kanagawa Prefecture has proven less than cooperative, while the owner of Enviro-Tech has somehow managed to find the funds he needs to resist bids to buy him out and to fight the case in court (the owner reportedly has ties to right-wing groups and the mob).

U.S. frustration mounted this past quarter and Secretary Cohen's visit to Japan catalyzed Japanese government action. The JDA and MOFA enlisted the Ministries of Health and the Environmental Agency to establish a plan of action on the eve of Cohen's trip and promised to add filters to the facility, which would significantly reduce the odor and health dangers. Meanwhile, after some resistance, the Japanese government agreed to support the U.S. side in a legal suit aimed at winning an injunction against Enviro-Tech. Still, the incinerator continues to burn toxic garbage and many on the U.S. side wondered why action initiated in March was not taken sooner.

Backing-off on Other Defense Policies

Because of the political situation in Tokyo, some areas of defense policy that were expected for this quarter failed to materialize. First, the coalition dropped its plans to unfreeze certain missions in peacekeeping during the current Diet sessions. Ambassador Foley encouraged Japan to send peacekeepers to East Timor under existing rules in a speech on January 18, but the Japanese government politely declined that as well, instead relying on its small presence in West Timor to show the flag. The loss of momentum on the political side also affected the implementation of the Defense Guidelines. While military-to-military dialogue continued to broaden, the establishment of coordination mechanisms among the civilian ministries stalled -- not because of legislative problems, but because the cautious attitude in the coalition influenced the thinking of civilian officials in the non-security-oriented ministries. Finally, work on emergency legislation, which the LDP had endorsed last year, also stopped. Public support for all of these areas is probably broad enough to allow further movement, but for the time being, the coalition leaders made a political judgment to hold where they were.

Okinawa

Alas, little progress was made on the Okinawa front, either. Governor Keichi Inamine's demand that Tokyo and Washington agree to return the new facility in Nago, Okinawa after 15 years would not go away. If anything, the Governor dug his heels in even further, insisting to the press during a meeting with this author, for example, that his basic view should not be seen as so different from his predecessor, the vocal anti-base critic Masahide Ota. Given that Inamine comes from the conservative ranks of the business community in Okinawa and that he deposed Ota in the last election, his comments drew considerable attention in the local and national press. While in Japan, Secretary Cohen reiterated the U.S. position that time limits cannot be placed on security, but the U.S. side has tried to soften its stance by offering to consider Okinawa's concerns in the regular consultations on U.S. force structure promised in the April 1996 U.S.-Japan Security Declaration.

Prime Minister Obuchi traveled to Okinawa after the Cohen visit, promising to "send a message of peace" from Okinawa during this summer's G-8 Summit in Nago, and hoping that Inamine would help him take the focus off of the base problem. However, the governor told the press that he hoped the world attention on Okinawa would raise consciousness about the large number of U.S. facilities on the island. Tokyo's hopes that Inamine's pragmatism would allow a quiet bypassing of the 15-year issue by the G-8 summit are ebbing quickly. For his part, Cohen tried to ease the situation by promising to return air traffic control over Okinawa to the Japanese government. His promise came after Japanese workers accidentally cut a cable near Kadena and interrupted air travel to the island last November. Ironically, Japanese airlines prefer U.S. Air Force radar control in many respects because it allows more flights per hour than the stricter Ministry of Transport regulations. But once again, the political symbolism of regaining "control" outweighed the practical advantages to Japan.

The Return of the History Problem

The U.S.-Japan debate on alliance issues was also influenced at the margins by new political debates about the Pacific War and its aftermath. The sudden surge of law suits this year by former U.S. prisoners of war against Japanese companies received relatively little press attention in the United States, but it frustrated MOFA officials and LDP politicians who assumed that the San Francisco peace treaty settled all such issues five decades ago. As the Chinese found in 1998, bringing up the problems of history can generate more resentment than reflection in Tokyo these days. Meanwhile, the newly established Constitutional Research Commission in the Diet began its work this quarter by reviewing the history and philosophy behind the current Japanese Constitution. As historians testified about the American origins of the Constitution and the heavy-handed attitude of the American occupation force command (GHQ) at the time, dozens of Japanese politicians born since the war came away from the hearings reminded of new reasons to assert Japan's identity in the alliance.

Economic Backtracking

Developments in the Japanese economy were also troublesome for the relationship this quarter. After three months of hints that the government's massive stimulus packages were not working anymore, the official news broke on March 13 that the Japanese GDP shrank 1.4 percent in the last quarter of 1999. The malaise in the Japanese economy led U.S. officials like Treasury Secretary Summers to press Tokyo for more growth at the G-7 Finance Ministers' and Central Bankers' meeting in Japan at the end of January.

Meanwhile, on the trade front, U.S. Trade Representative (USTR) officials called for a "Big Bang" of deregulation in Japanese telecommunications while pressing Japan to reduce NTT connection fees to improve U.S. and foreign access to Japan's internet service market. Japan and the United States also continued to square off on the issue of U.S. anti-dumping practices, which Tokyo wants eliminated in the next round of World Trade Organization (WTO) negotiations.

None of these specific issues were resolved this quarter, even after a February 19-20 "power" trip to seek compromise in meetings with President Clinton and senior members of the cabinet by Foreign Minister Yohei Kono. On the other hand, none of these specific trade issues is as potentially explosive as some of the trade disputes over automobiles, semiconductors, and agriculture in the past. Nevertheless, even if specific trade problems have lower priority than in the past, Washington's dismay with the Japanese government definitely increased as Tokyo backtracked on economic reform.

The signals that the LDP was losing enthusiasm for reform were unmistakable. In early January, MOF announced that it would delay by one year (from April 2001 until April 2002) enforcement of a 10 million yen per depositor payoff limit on deposits on failed banks. The government's objective was to reassure depositors, but the effect was also to take the pressure off the restructuring of the financial sector. Meanwhile, the anti-deregulation group formed by former Ministry of International Trade and Industry (MITI) Minister Kabun Muto and current Policy Affairs Research Council Chair Shizuka Kamei continued to attract new members. Obuchi himself began speaking of a "third way" in economic reform that would fall well short of the Anglo-American model of deregulation. In February, Michio Ochi, the Minister for Financial Reconstruction, was caught on tape telling bankers that they should contact him if auditors prove to be troublesome. Ochi was forced to resign, but his misstep was revealing.

It is perhaps inevitable that Japan's painful process of economic restructuring and reform will proceed with two steps forward and one step back. This quarter, however, it appeared that one step forward had been replaced by *two* steps back. The effect on broader U.S.-Japan strategic cooperation was clearly not positive.

New Cooperation in Non-proliferation and UN Reform

Even with the specific management problems in the alliance this quarter, there were also signs that bilateral security cooperation continues to broaden and "normalize." On March 3, Undersecretary of State John Hollum traveled to Tokyo where he agreed with MOFA officials to establish a bilateral commission on arms control and non-proliferation. The two agreed to

regular consultations and briefings on Strategic Arms Reduction Talks (START) and anti-ballistic missile (ABM) talks that would elevate U.S.-Japan coordination in these areas to the same level as NATO-U.S. coordination. Then, on March 16, U.S. Ambassador to the United Nations Richard Holbrooke traveled to Japan to exchange views on UN reform, another important step since U.S. and Japanese tactical approaches to UN reform have diverged since Washington first expressed full support for a Japanese permanent seat on the UN Security Council eight years ago.

Post-Obuchi

The collapse of Prime Minister Obuchi on April 2 and his replacement by Yoshiro Mori changes nothing in the basic direction of bilateral relations but could further complicate the Japanese political environment. Obuchi's basic decency and warm feelings for the United States counted for much in these times of change in the bilateral relationship. Mori is also a supporter of the U.S.-Japan alliance and an old hand at LDP politics. With talk of an election before the G-8 summit, his mettle will be tested early.

Chronology of U.S.-Japan Relations January-March 2000

Jan. 18, 2000: U.S. Ambassador in Tokyo Tom Foley encourages Japan to send peacekeepers to East Timor. Japan demurs.

Jan. 19, 2000: The 40th Anniversary of the 1960 the U.S.-Japan Treaty of Mutual Cooperation and Security arrives and an *Asahi Shimbun* feature article notes growing assertiveness among security bureaucrats in Tokyo.

Jan. 20, 2000: 147th Diet Session opens.

Jan. 24, 2000: G-7 Finance Ministers and Central Bankers meet in Japan.

Feb. 1, 2000: U.S.-ROK-Japan Trilateral Coordination and Oversight Group (TCOG) meets in Seoul.

Feb. 10, 2000: Ambassador Foley sends a letter to the *Asahi Shimbun* outlining the strategic necessity of host nation support (HNS) for both Japan and the U.S.

Feb.15-17, 2000: Deputy Secretary Talbott visits Japan for strategic discussions.

Feb. 19-20, 2000: Minister of Foreign Affairs Yohei Kono travels to Washington seeking compromises on host nation support, World Trade Organization, deregulation, and other issues.

Mar. 2, 2000: Senators Lieberman and Roth remind Japan of the importance of host nation support in speeches at CSIS in Washington.

Mar. 3-11, 2000: Undersecretary of State John Hollum agrees with MOFA to establish a new U.S.-Japan commission to coordinate arms control and non-proliferation policies while in Tokyo.

Mar. 13, 2000: Japanese GDP figures for October-December 1999 show a 1.4 percent contraction.

Mar. 16, 2000: UN Ambassador Richard Holbrooke travels to Tokyo to discuss bilateral approaches to UN reform.

Mar. 16-17, 2000: Secretary of Defense Cohen visits Japan, focusing on host nation support, Shinkampo, and Okinawa.

Mar. 30, 2000: TCOG meets in Tokyo.

U.S.-China Relations: Taiwan Tops the Bilateral Agenda

**by Bonnie Glaser
Consultant on Asian Affairs**

The year 2000 opened with a flurry of contacts between American and Chinese officials. The bilateral military relationship, suspended since the U.S. accidental bombing of the Chinese embassy in Belgrade, resumed and an agenda for dialogue and exchanges between the two militaries was agreed upon and set in motion. A senior delegation composed of military and civilian American officials visited Beijing as efforts continued to get Sino-U.S. relations back on a normal track and re-engaged in discussions of security issues of common concern. The election of the Democratic Progressive Party (DPP) candidate Chen Shui-bian as president of Taiwan caught both the U.S. and China by surprise and prompted Washington to send envoys to both sides of the Strait to urge caution and restraint. In the U.S., the Clinton administration embarked on a major campaign to win approval from Congress for Permanent Normal Trade Relations (PNTR) status for China.

Military Contacts Revived

The agreement last December settling the issue of compensation for damage to Chinese and American diplomatic property during the NATO military operation in Kosovo paved the way for the restoration of U.S.-Chinese military ties, beginning with the resumption of the Defense Consultative Talks (DCT) at the end of January. Lieutenant General Xiong Guangkai, director of intelligence and deputy chief of the general staff of the People's Liberation Army, battled a heavy snow storm in Washington to conduct over 12 hours of discussions with Under Secretary of Defense Walter Slocombe in addition to meeting with other senior officials throughout the U.S. government.

In contrast with previous trips to the U.S., however, Gen. Xiong did not venture outside the capital to meet with scholars at American universities or to visit U.S. military installations. Chinese defense officials privately noted that the decision to restrict the general's activities to Washington D.C. was in keeping with the absence of normalcy in the military relationship pending a successful outcome of the DCT. The activities restriction also served as a reminder of Beijing's dissatisfaction with the Clinton administration's failure to meet Chinese demands to provide a compelling explanation of its bombing of China's Belgrade embassy and to punish those responsible for the attack.

According to U.S. officials, Gen. Xiong's discussions with his American counterparts were frank, but also cordial and constructive, allowing both sides an opportunity to convey their perspectives and concerns on a broad range of bilateral, regional, and global issues. American officials sought to express a firm will to defend U.S. interests while also mollifying Chinese worries about U.S. unilateralism and "hegemonism" arising from the Kosovo war. In a Pentagon briefing following the Chinese delegation's departure, Mr. Slocombe noted that he made clear to

Gen. Xiong that “we do not seek confrontation and we do not follow a policy of containment or domination . . . we will protect our interests, but we do not regard China as an enemy.”

In heated discussions about Taiwan, Gen. Xiong warned the U.S. against sales of Aegis destroyers and anti-missile systems to the island, claiming that such sales would embolden advocates of Taiwan independence and violate the 1979 U.S. pact with China in which the U.S. agreed to sever its defense relationship with Taiwan as a precondition to the establishment of diplomatic ties with Beijing. The centerpiece of the DCT, the third round since the talks began in 1997, was an agreement on a program of military-to-military contacts for the coming year (including high-level military and professional visits), confidence-building measures, and Chinese participation in multinational events.

Another sign of improving relations between the U.S. and Chinese militaries was Beijing’s approval for a U.S. aircraft carrier group to anchor in Hong Kong two weeks after General Xiong’s visit to Washington. The fleet’s arrival one month prior to the presidential elections in Taiwan was termed coincidental by Rear Admiral Gerald Hoewing, the commander of the nuclear powered carrier, USS John C. Stennis. Nevertheless, Admiral Hoewing told the press that his fleet would be ready if there was any trouble in the Taiwan Strait and the U.S. decided to intervene.

Military relations took another step forward with the February visit of Admiral Dennis Blair, the commander of U.S. Pacific forces. To the chagrin of Admiral Blair, however, his two days of meetings with Chinese military leaders were dominated by discussion of cross-Strait tensions and U.S. policy toward Taiwan. The timing of Beijing’s release of a White Paper on Taiwan, which threatens to attack the island if it indefinitely rebuffs China’s demands for talks on reunification, ensured that Taiwan would be at the top of the agenda. Admiral Blair appealed to Chinese leaders to show patience and moderation, while repeating the U.S. position that any resolution of differences between Taipei and Beijing must be peaceful. He, in turn, received an earful of Chinese criticism about U.S. arms sales to Taiwan and U.S. programs to develop and deploy theater and national missile defense systems.

The U.S. Responds to China’s White Paper on Taiwan

China’s abrupt shift to a more aggressive posture toward Taiwan on the eve of the island’s presidential elections left the Clinton administration scrambling for a response. The issuance of the White Paper was a slap in the face to the administration, which had just sent a high-powered delegation headed by Deputy Secretary Strobe Talbott to resume strategic dialogue with Beijing on security matters of common concern and, in particular, to brief China on the U.S. national missile defense program. Talbott apparently was not informed by his Chinese interlocutors about the bombshell that was dropped upon his departure, but instead learned of the policy change through the news media. Walter Slocombe, who accompanied Talbott to Beijing along with Vice Chairman of the Joint Chiefs of Staff Gen. Joseph W. Ralston and Deputy National Security Adviser James Steinberg, delivered the firmest of warnings to Beijing, saying that China would face “incalculable consequences” if it attempted to follow through on its threats.

Apart from concern about increased tensions across the Strait as Taiwan prepared to go to the polls, the Clinton's administration worried that China's bellicose posture would bolster support for legislation in the Senate known as the Taiwan Security Enhancement Act (TSEA) that would expand military ties between Washington and Taipei. The TSEA had been approved by the House of Representatives on February 1 in a 341-70 vote and the administration was working hard to prevent the legislation from being brought to the Senate floor for debate. In addition, China's new threats were likely to increase pressure from Congress to sell more weapons to Taiwan just at the time the administration was embarking on the final phase of its annual review of arms sales requests from Taiwan, which reportedly includes four Arleigh Burke-class guided missile destroyers equipped with Aegis air defense radars. American officials also feared that China's aggressive stance would unravel the administration's effort in Congress to secure PNTR status for China.

The PNTR Campaign

On March 8, the administration presented legislation to Congress to grant PNTR to China and launched a campaign to win support for this effort on Capitol Hill. With only 10 months left in office, President Clinton made a passionate plea for ending the annual review of China's trade status in a speech delivered at the Johns Hopkins University Paul H. Nitze School for Advanced International Studies. He emphasized that failure to provide China with PNTR would prevent the United States from obtaining the benefits of China's admission to the World Trade Organization (WTO), including the many concessions won by the U.S. in the agreement hammered out between Chinese and American negotiators the previous year. "A vote against PNTR will cost American jobs as our competitors in Europe, Asia, and elsewhere capture Chinese markets that we otherwise would have served," Clinton told his audience.

Clinton also explained that getting China into the WTO and granting it PNTR would "advance the goals that America has worked for in China for the past three decades." He predicted it would lead to greater openness and freedom for the people of China and, ultimately, to a loosening of Communist control. In his discussion of cross-Strait matters, the president reiterated a formulation he had spoken for the first time only two weeks earlier in a speech to the Business Council, a gathering of executives of major American companies. Clinton insisted the differences between Beijing and Taipei must not only be resolved peacefully, but also "with the assent of the people of Taiwan," indicating that popular will in democratic Taiwan cannot be ignored.

Chen Shui-bian's Victory

The election of DPP candidate Chen Shui-bian as Taiwan's president on March 18 took both Washington and Beijing by surprise. Up until the week prior to the vote both governments had judged it more likely that Lien Chan, the ruling KMT party candidate, or James Soong, a former KMT official running as an independent, would win. The Clinton administration worried that Beijing might hastily resort to military force against the island to warn the new president against taking any moves toward legal separation of Taiwan from the Mainland. These worries were not entirely unfounded given a statement by Chinese Premier Zhu Rongji only days before the election that China was ready to "shed blood" to preclude Taiwan independence and the release

of a Chinese government poll showing that 95 percent of the Chinese people approved the use of military force against Taiwan.

While Clinton administration officials privately counseled Chinese leaders to refrain from placing military pressure on the new Taiwan government and instead adopt a “wait and see” posture, they also sought to assure Beijing that the U.S. “one-China” policy and its unwillingness to support independence for Taiwan had not changed. In a congratulatory statement to Chen Shui-bian, President Clinton noted that the United States would continue to conduct only “unofficial ties” with the people on Taiwan in accordance with the Taiwan Relations Act and the “‘one-China’ policy as embodied in our three communiqués with the People’s Republic of China.” Clinton also urged Taipei and Beijing to seize upon the election as a “fresh opportunity for both sides to reach out and resolve their differences peacefully through dialogue.”

To reinforce the administration’s dual message of the need to exercise restraint and renew the cross-Strait dialogue, U.S. Ambassador to the United Nations Richard Holbrooke was dispatched to Beijing along with Stanley Roth, the State Department’s top official for East Asian affairs. In a meeting with President Jiang Zemin, the Chinese leader characterized Holbrooke’s trip as a “formidable task,” but added that the two sides were “very fortunate to be able to talk with each other in such a friendly atmosphere.” Holbrooke discussed Taiwan as well as human rights and UN issues in a two-hour talk with China’s Foreign Minister Tang Jiaxuan. According to the state-run Xinhua News Agency, Tang called upon Washington to recognize the “sensitivity and complexity” of the Taiwan problem and refrain from interfering in China’s internal affairs.

Using harsher language, Tang warned Holbrooke that China would “fight to the finish” against the U.S. proposal to censure China at the UN Human Rights Commission in Geneva. The announcement of the decision to again sponsor a UN resolution criticizing the Beijing government for its crackdown on political dissent and religious freedom was timed to win Congressional endorsement for PNTR by showing that the administration is prepared to get tough on China’s human rights record. Secretary of State Madeleine Albright flew to Geneva on March 23 to deliver a 15-minute speech to the UN Human Rights Commission urging the United Nations to confront China over “widespread denials” of basic freedom.

At the same time Holbrooke was in Beijing, former U.S. Congressman Lee Hamilton was asked to travel to Taipei, accompanied by Richard Bush, the director of the Washington office of the American Institute in Taiwan. Hamilton’s task was likely to convey the need for caution to President-elect Chen Shui-bian and to urge him to return to the formulation of “one-China” that had been agreed upon in Singapore in 1992 by Chinese and Taiwanese negotiators Wang Daohan and Koo Chen-fu as the basis for the commencement of discussions between their quasi-official organizations responsible for conducting relations across the Strait. After three days of talks in Taipei, Hamilton told reporters that he was “impressed by President-elect Chen’s prudent, positive statements on cross-Strait relations since the election.”

NSC Adviser Berger’s Visit

In the final days of March, contacts between American and Chinese officials were elevated to yet a higher level with the visit of NSC Adviser Sandy Berger to Beijing. Although the trip had

been scheduled prior to the Taiwan elections, the outcome of those elections enhanced the importance of Berger's visit and afforded another opportunity for the two sides to discuss the cross-Strait situation as well as bilateral, regional, and global issues. The two sides once again set out their respective bottom lines on Taiwan. Berger reaffirmed the core elements of U.S. policy and cautioned Chinese leaders against taking actions that would increase tensions between Beijing and Taipei. China insisted that the U.S. abide by the three Sino-U.S. communiqués and warned that bilateral ties would be seriously damaged if Washington accedes to Taiwan's requests for more advanced defensive weapons in the U.S.-Taiwan arms sales talks that are scheduled for late April.

A senior American official described the two days of talks as "serious and thoughtful." Berger told Chinese leaders that Washington remains committed to the goal of building a constructive strategic partnership with China that had been agreed upon by Presidents Clinton and Jiang in 1998. He noted that the year 2000 is very important for the development of Sino-U.S. relations, adding that it brings both opportunities and challenges to bilateral ties between the two countries. Amid their many differences, Berger and his Chinese counterparts agreed that both cross-Strait and U.S.-China relations are at a critical juncture. President Jiang Zemin voiced the hope that "the U.S. government and American statesmen with wide vision" would adopt "a very circumspect attitude and make a wise decision."

The Road Ahead

The stepped-up contacts between American and Chinese officials in the first quarter of this year doubtlessly provided the two sides ample opportunity to make their views clear to each other on issues of concern. Nevertheless, their differences have not narrowed. For example, the U.S. remains committed to the development and deployment of ballistic missile defense systems in the belief that a mix of offensive and defensive capabilities will provide a more robust deterrent against an attack by nations such as Iran, Iraq, and North Korea. The Chinese, on the other hand, are staunchly opposed to the deployment of national and theater missile defense systems, which they argue will be destabilizing and promote proliferation of missiles and weapons of mass destruction. Beijing is especially opposed to the transfer of theater missile defense capabilities to Taiwan. China continues to link future cooperation with the U.S. on arms control and proliferation matters to a U.S. commitment of greater restraint on the transfer of weapons to Taipei. For this reason, although military contacts have resumed, Beijing refuses to resume the bilateral dialogue on arms control and non-proliferation that it suspended after the accidental bombing of the Chinese embassy.

Washington and Beijing know clearly where one another stands regarding Taiwan, yet they both remain uneasy about the other's intentions and apprehensive about the dangers that may lie ahead. In the short run, Chinese leaders worry that President-elect Chen Shui-bian will not accept any definition of one-China, which would make the resumption of cross-Strait dialogue difficult, if not impossible, and precipitate a hardening of Chinese policy toward the island that would likely lead to deterioration of Sino-U.S. relations and jeopardize China's chances of obtaining PNTR this year. In the long run, Beijing fears that the new Taiwan president surreptitiously continues to embrace independence as a long-term goal and, after building a stronger base of support on the island, will advance toward this objective.

Washington worries that the judicious stance adopted by China following the Taiwan elections -- emphasizing it will judge the new Taiwan leader by his deeds -- merely marks the lull before the storm. American officials are right to conclude that Beijing's muted response so far indicates that Chinese leaders are weighing their options and not necessarily heeding American advice. Indeed, China's reaction to the election of Chen Shui-bian is yet to come.

Chronology of U.S.-China Relations January – March 2000

Jan. 11, 2000: State Department spokesman James Rubin announces the United States will introduce a resolution on China's human rights practices at the United Nations Commission on Human Rights when it meets in Geneva in March.

Jan. 13, 2000: Stanley Roth, U.S. Assistant Secretary of State for East Asian and Pacific Affairs, visits China as a guest of the U.S. Embassy in Beijing and meets with Vice Foreign Minister Yang Jiechi to discuss Sino-U.S. relations and other issues of common concern.

Jan. 24-26, 2000: Lt. Gen. Xiong Guangkai, director of intelligence and deputy chief of the general staff of the People's Liberation Army, visits Washington, D.C. for the Defense Consultative Talks, the third round since the sessions began in 1997.

Feb. 1, 2000: The U.S. House of Representatives approves the Taiwan Security Enhancement Act in a 341-70 vote. The following day Chinese officials summon U.S. Ambassador Joseph Prueher to the Foreign Ministry to protest the passage of the legislation.

Feb. 2, 2000: National Security Advisor Samuel R. Berger delivers a speech on the administration's China policy to the Woodrow Wilson Center for International Scholars in Washington, D.C.

Feb. 8, 2000: A U.S. naval battle group led by the USS John C. Stennis, a nuclear-powered aircraft carrier, anchors in Hong Kong, the largest such visit since last year's accidental bombing of the Chinese Embassy in Belgrade.

Feb. 17-18, 2000: A senior U.S. delegation visits China, including Deputy Secretary Strobe Talbott, Vice Chairman of the Joint Chiefs of Staff Gen. Joseph W. Ralston, Undersecretary of Defense Walter B. Slocombe, Deputy National Security Adviser James Steinberg, and Deputy Assistant Secretary of Defense Kurt M. Campbell.

Feb. 22, 2000: U.S. diplomats convey the Clinton administration's concerns to Chinese authorities in Beijing and Washington one day after China issued an 11,000 word White Paper on Taiwan that contained a warning that it might use force if Taipei indefinitely delays reunification talks with Beijing.

Feb. 24, 2000: President Clinton urges the American business community to support China's accession to the World Trade Organization in a speech to the Business Council.

Feb. 28-29, 2000: The commander of U.S. Pacific forces Admiral Blair meets Chinese PLA leaders in Beijing and visits military facilities in Nanjing.

Mar. 8, 2000: President Clinton delivers a speech in Washington D.C. seeking support for granting China Permanent Normal Trade Relations (PNTR) status. He presents the legislation to Congress to give PNTR to China.

Mar. 14, 2000: The Clinton administration releases the previously secret full text of the WTO agreement it signed with China last year, hoping that making it public would help win support on Capitol Hill for granting China Permanent Normal Trade Relations status.

Mar. 18, 2000: Following the announcement of Chen Shui-bian's victory in the Taiwan presidential elections, President Clinton issues a statement reaffirming that the U.S. would maintain "unofficial ties" with Taiwan while praising the "strength and vitality" of Taiwan's democracy.

Mar. 20-21, 2000: U.S. Ambassador to the United Nations Richard Holbrooke and Assistant Secretary of State Stanley Roth visit Shanghai and Beijing for consultations with senior Chinese officials on UN affairs, human rights, Taiwan, and other issues.

Mar. 22, 2000: Former U.S. Congressman Lee Hamilton goes to Taipei as a presidential envoy to talk with President-elect Chen Shui-bian and other Taiwan officials. He is accompanied by Richard Bush, the director of the Washington office of the American Institute in Taiwan.

Mar. 23, 2000: In a speech to the United Nations Human Rights Commission in Geneva, Secretary of State Madeleine K. Albright urges the United Nations to support a resolution condemning China over "widespread denials" of basic freedoms.

Mar. 29, 2000: National Security Adviser Samuel R. Berger arrives in Beijing for talks with Chinese leaders on a range of issues, including the March 18 election of DPP candidate Chen Shui-bian as president of Taiwan.

U.S.- Korea Relations: Staying on Course through Election Campaigns

**by David Brown,
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Washington and Seoul have been preoccupied with election campaigns during the past three months. Their policies toward North Korea, although controversial, have not been significant issues in either the National Assembly election in Korea or the presidential primaries in the U.S., thanks primarily to the absence of provocative actions by Pyongyang. Close consultations at the official level have maintained the compatibility of the policies each administration continues to pursue with Pyongyang, which has focused much of its attention this quarter on diplomatic initiatives toward Japan, China, Italy, and others.

Campaign Preoccupations

With Korea preparing for National Assembly elections on April 13 and the United States caught up in the presidential primaries, politics has dominated public attention in both capitals these past three months. In both countries, the campaigning has focused almost exclusively on domestic issues. On the few occasions that Asia has come up in the American primary debates, the issue has been China rather than Korea. The few references to Korea have occurred in the context of North Korea providing the justification for U.S. missile defense programs.

In Korea, where National Assembly elections revolve around personalities and regional politics, issues such as relations with the U.S. are unlikely to play a role and they have not done so this year. Bilateral issues do exist -- suspicions about U.S. dealings with Pyongyang, resentment of U.S. constraints on ROK missile programs, anger over incidents involving U.S. troops, U.S. pressure on trade issues such as film distribution -- but they have not surfaced significantly in the electoral campaigns.

North Korea is frequently a factor in Korean elections. Often this is because conservative politicians use North Korean provocations to rally opinion in their favor. Yet, North Korea has not been a significant factor, at least thus far. Pyongyang's pronouncement on March 23 regarding new navigation corridors in the sea west of the DMZ is ominous and may indicate that North Korea could take military actions that would impact the election.

Policy toward North Korea has been an occasional topic in the National Assembly election campaign. A momentary stir developed in the South Korean media when President Kim Dae-jung responded to a press question about Kim Jong-il by stating that the North Korean leader seemed to be an intelligent person. Conservative politicians have snipped at President Kim for a lack of reciprocity in dealings with the North, but there has not been any serious opposition to engagement as a policy. For example, in March, President Kim's Berlin Declaration -- which promised cooperation if North Korea would enter dialogue with Seoul -- was attacked by opposition leader Lee Hoi-chang as a campaign ploy to gain support for his engagement policy.

What was new here was President Kim's implicit belief that olive branches to Pyongyang will help his party's campaign. In the past, it has only been hard line rhetoric that has garnered votes.

The Clinton and Kim administrations' skill in managing alliance relations has been one factor keeping bilateral U.S.-ROK issues out of domestic politics. Both capitals can also thank North Korea, which has eschewed provocative acts (though not rhetoric) in recent months. Conversely, Pyongyang has been engaged in a diplomatic offensive to improve and expand its relations internationally. Its most important initiatives have been with China, whose embassy in Pyongyang received an unprecedented visit by Kim Jong-il in March, and Japan, with whom steps toward the resumption of normalization talks have been taking place.

Staying on Course with North Korea

Through these campaigns, the Kim and Clinton administrations have been working to keep their respective policies toward North Korea moving forward. Unfortunately, North Korea has not been responsive. Starting with his New Year address, President Kim Dae-jung has floated a series of proposals for governmental dialogue with North Korea. In January, he proposed establishing a joint economic commission to promote North-South trade and investment. At the founding of the Millennium Democratic Party later that month, President Kim said that if his party won the coming elections he would work for a North-South summit. Kim's Berlin Declaration in March included another proposal that the North and South exchange special envoys in Panmunjom. None of these initiatives has elicited a positive response from Pyongyang, which continues to blame Seoul for the absence of dialogue. In addition, the stalled Four-Party Talks, in which Seoul does participate, have not convened since the unproductive meeting in August last year. (*Subsequently, in early April, rumors appeared in the Seoul press of secret North-South talks in Beijing. These were confirmed with the announcement on April 10, three days before the election, of plans for a North-South summit in June.*)

For its part, Washington has been working patiently to advance the Perry process. Special Ambassador Kartman met with North Korean Vice Foreign Minister Kim Gye-gwan first in Berlin in January and again in New York in March. Kartman's goal has been to arrange the first trip to Washington by a senior North Korean official, reciprocating former Secretary Perry's May 1999 visit to Pyongyang. During the coming visit, Washington wants North Korea to agree to a bilateral undertaking to continue its moratorium on missile testing. Such a bilateral agreement would strengthen and replace Pyongyang's current unilaterally announced moratorium.

Although the administration had originally hoped this senior visit would take place last October, Pyongyang has been reluctant to move forward. This is disappointing, yet not surprising, as the steps toward abandoning its missile programs that Washington seeks would represent a fundamental change in Pyongyang's defense and domestic policies. For its part, Pyongyang has been pressing the U.S. to remove North Korea from its list of governments that support terrorism to create the proper environment for such a visit. At the talks in New York, the U.S. again explained the steps North Korea would need to take to justify removing it from the Terrorism List. Whether Pyongyang will take these steps in the near future is an outstanding question. In

late March, the DPRK ambassador in Beijing, who is often a mouthpiece for hard line positions, rejected the idea of a senior visit taking place while Pyongyang is still on the list.

The meetings in New York ended without agreement on arrangements for the senior level visit. The U.S. did announce that Pyongyang had agreed to talks on missile and nuclear issues, to arrange a second U.S. visit to the previously suspect underground site at Kumchang-ri, and to continue planning for a senior visit. While holding such talks would be useful, it does appear that Pyongyang is not prepared to proceed with the senior visit in the near future. In the wake of the most recent New York meeting, the Clinton administration is assessing what more might be done to sustain the Perry process -- a subject which was on the agenda of the March 30 Trilateral Coordination and Oversight Group (TCOG) meeting in Tokyo.

The possibility, however slim, of progress in U.S.-DPRK relations at a time when North Korea is not responding to Seoul's proposals for dialogue has again raised concerns in Seoul that the U.S. is getting out ahead of South Korea. President Kim does not share these concerns and has encouraged Washington, as well as Tokyo and others, to pursue progress in their relations with Pyongyang, believing this would improve the prospects for North-South dialogue. His own views notwithstanding, Kim has to pay heed to critical public opinion, and this has been one of the factors motivating his various proposals to Pyongyang.

Seoul and Washington have been consulting regularly through visits, bilateral meetings, and the TCOG. Foreign Minister Lee Jung-binn's visit to Washington in March was in part devoted to exploring ways to keep both North-South dialogue and U.S.-DPRK relations moving ahead in sync. As Foreign Minister Lee put it, these are the two rails on which the policy of engagement with Pyongyang must ride.

Managing Other Bilateral Issues

A further round of U.S.-ROK missile talks was held in Hawaii in February. The talks were intentionally shielded from the press because both Seoul and Washington recognize that this is a potentially explosive public issue, particularly in the midst of an election campaign. While no public statements were made, officials on both sides indicate privately that differences have been significantly narrowed. Both capitals express optimism that a mutually acceptable resolution can be crafted in the near future.

The parallel Korean and American investigations of the Nogun-ri incident are proceeding. Delegations from each side have made additional visits in furtherance of their investigations. There is an underlying tension between the Korean desire for an early response to the grievances of victims and the U.S. military's determination to have a thorough investigation that respects the rights of the military personnel who were involved. During U.S. Defense Secretary Cohen's March visit to Seoul, the ROK asked that the investigations be completed by June, and Cohen undertook only to complete them as soon as possible. While this tension has been managed thus far, a prolonged investigation risks exacerbating the problem. The problems inherent in delay were reflected in the willingness of some of the aggrieved families to work with a high profile American lawyer to pursue compensation claims.

A couple of recent incidents involving U.S. troops in Korea have led to minor protests and some pressure on the Korean government to revise the custody provisions in the Status of Forces Agreement (SOFA). In March, Secretary Cohen agreed to resume in April the SOFA negotiations that had been broken off in 1996 after several unsuccessful attempts to reach agreement on revised procedures.

In the economic sphere, this quarter has not seen high profile trade disputes or significant progress in ongoing U.S.-ROK negotiations. One welcome development was the agreement between Daewoo and its foreign creditor banks on the liquidation of outstanding loans, which was reached in January and finalized in late March. This issue was holding up Daewoo's reorganization and had the potential to become an intergovernmental issue as indicated by Treasury Secretary Summers' earlier involvement. Another potential problem area is U.S. access to the Korean auto market. Last year Korea sold almost 450,000 vehicles to the U.S., while the U.S. exported less than 1,000 to Korea. The U.S. would be pursuing this issue more vigorously if Ford and GM were not bidding to purchase Daewoo Motors. Finally, there are concerns in Washington that the Korean elections have slowed economic reform and that if Kim emerges from the elections without a workable majority in the National Assembly, the completion of the needed reform agenda will be in jeopardy.

This year marks the 50th anniversary of the start of the Korean war and the beginning of a series of events in Korea commemorating the war. Washington and Seoul are discussing ways to commemorate the event. Seoul had hoped that President Clinton would visit Korea on June 25, the anniversary of the outbreak of the war. This will not occur, but the two governments are still discussing the possibility of Clinton visiting Korea in July in connection with his attendance at the G-8 summit in Okinawa.

Policy Implications

With North Korea avoiding provocative actions for these three months, Seoul and Washington have been able to pursue their respective policies toward the North in a mutually supportive manner. Future progress in either US-DPRK or inter-Korean relations, for example from the just announced North-South summit planned in June, would be welcome in both capitals. On the other hand, new confrontations with the North, such as a break in the North's missile testing moratorium or renewed naval encounters during the up-coming crabbing season in the sea west of the DMZ, could create strains in US-ROK relations. Should President Kim emerge from the coming National Assembly elections without the prospect of creating a working majority in the Assembly, which seems unlikely, this could undercut support for his engagement policy. However, the prospect of a North-South summit should sustain support for this policy for the time being, unless the planning collapses in a way that opens Kim Dae-jung to criticism.

Chronology of U.S.-Korea Relations January – March 2000

- Jan. 10, 2000:** U.S. Army Secretary Caldera leads U.S. team to Nogun-ri.
- Jan. 23, 2000:** Daewoo committee reaches tentative agreement on bad foreign debts.
- Jan. 28, 2000:** U.S.-DPRK talks in Berlin end only with agreement to continue.
- Feb. 1, 2000:** U.S.-ROK-Japan Trilateral Coordination and Oversight Group (TCOG) holds consultations in Seoul.
- Feb. 9, 2000:** U.S.-ROK Missile Talks conclude with no announcements.
- Feb. 11, 2000:** The U.S. imposes punitive tariffs on steel wire and pipe from ROK and other countries.
- Feb. 15, 2000:** GM, Ford, and others asked to submit bids for Daewoo Motors.
- Feb. 22, 2000:** U.S.-ROK consultations on North Korean issues occur.
- Feb. 23, 2000:** ROK team arrives in U.S. for Nogun-ri discussions.
- Mar. 6, 2000:** Korean Nogun-ri survivors hire a U.S. lawyer to pursue compensation claims.
- Mar. 7, 2000:** U.S.-DPRK talks begin in New York.
- Mar. 13, 2000:** ROK Foreign Minister Lee consults in Washington.
- Mar. 15, 2000:** U.S.-DPRK talks conclude without a breakthrough.
- Mar. 16, 2000:** The Federal Aviation Authority agrees to compensation for the 1997 Korean Airlines crash in Guam.
- Mar. 17, 2000:** Undisclosed North-South contacts are initiated in Shanghai; then continued in Beijing
- Mar. 18, 2000:** Secretary of Defense Cohen visits Seoul and agrees to reopen SOFA negotiations.
- Mar. 23, 2000:** Pyongyang proclaims navigation corridors in sea east of DMZ.
- Mar. 30, 2000:** U.S.-ROK-Japan TCOG consultations are held in Tokyo.
- Mar. 30, 2000:** Daewoo Committee finalizes deal to settle debt with foreign creditors.

**U.S.-Russia:
Putin's Russia**

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For the first time in Russian history, supreme executive power has been peacefully transferred via national democratic elections. Vladimir Putin emerged as a president haunted by Russia's authoritarian past and galvanized by a rebounding economy and a re-invigorated government. Putin's attempts to reach out to the West demonstrate that he is seeking friendlier ties. However, Russia's actions in Chechnya continue to be a stumbling block in that endeavor. Putin's ability to make some painful political and economic adjustments will dictate whether Russia takes a step forward or back. Meanwhile, despite the best of intentions, it will not be easy to develop a new understanding between the U.S. and Russia on where we go from here.

The New Russian President

Russia has a new President. For the first time in Russian history, supreme executive power has been peacefully transferred via national democratic elections. This is a tremendous achievement for the nation that created the Communist state and totalitarianism, and whose history is fraught with disappointment, murderous oppression, and a series of violent revolutions. The democratic revolution, ignited by former President Boris Yeltsin in 1991, is evolving in uniquely Russian ways, and the December 1999 parliamentary elections, followed by the election of Vladimir Putin as President on March 26, signal a new phase in Russia's democratic evolution.

With this first test of a peaceful transition of power, it is tempting to conclude that Russia has finally turned the corner irrevocably away from its authoritarian past and solidified its prospects for a democratic future. However, as attractive a conclusion as this might be, it is premature. Amid the positive signs in Russia today -- democratic elections, an economy on the rebound, a renewed sense of vigor in government -- lurk dangerous and all too familiar tendencies echoing Russia's tumultuous past: a desire for order and stability at the expense of freedom and a longing for a strong Russian state able to dominate its neighbors.

Putin's tough talk against the corrupt ways of the past nine years and the usurpation of governance by special interests and the wealthy oligarchs made him, in the eyes of the majority of the Russian people, an "anti-Yeltsin." But he is also very much a product of the Yeltsin era. Indeed, he was Yeltsin's personal choice as successor and his ties to the "Family" -- that small group of close associates who decided how Russia was ruled and how the spoils of the post-Communist pie would be divided -- remain shrouded. Like Russia itself, in President Putin the old coexists with the new. Reflecting that duality, Putin appeared to speak for many Russians when he remarked: "Whoever does not miss the Soviet Union has no heart, whoever wants it back has no brain."

Russians think about building for themselves a "normal" life patterned on the modern, technologically advanced European states and have been, for the most part, willing to accept

some sacrifice and reform in order to achieve this goal. In their hearts, however, feelings of loss, of national and personal drift, create a longing to restore the glory of "Mother Russia." The hopes and aspirations of many Russians collide with the reality of Russia today -- a country weighed down by an enormous legacy of state control and burdened by a corrupt political system and an antiquated industrial heartland that waste resources and sap the economy. Like so many national leaders before him, President Putin will have a difficult task in reconciling the new and the old -- the heart and the head of Russia -- and pulling Russia out of its economic and political backwardness.

For the past nine years, democratic and free market reform in Russia have been frustrated both by those who fear far-reaching changes and by those who now benefit from halfway measures. Unwieldy, dysfunctional political structures have evolved, in which decisionmaking has been a behind-the-scenes affair controlled by the rich and politically connected, occasionally disrupted by the Duma and an unpredictable President. Indeed, Russia's government in the past few years has seemed more like a tsarist court than a democracy.

Putin is a product of this unpredictable and volatile political mix and of the diverse currents of Russian political life -- the progressive, outward-looking world of St. Petersburg, the secret, suspicious world of the KGB, and the byzantine practices of the Kremlin. Even after his election, he represents different things -- some new, some old -- to different people. Putin seems to believe that Russia must change, but has left open how and by what means. It is not clear if he understands that change will not happen if he is unwilling to make some painful political and economic adjustments.

War and Order

Putin won the presidency by allowing the Russian military to pursue a bloody victory in Chechnya and by talking tough to those who threatened Russia's territorial integrity and sense of national pride. He did not outline a vision for the country's future prior to the election and thus has no clear mandate for economic or political reform. When he was asked what his plans for Russia were in a pre-election interview, he answered, "I won't tell you." He did not choose to debate any of his electoral competitors, nor did he undertake any real campaigning. Up to March 26, his victory seemed so assured that many described the election as a coronation. Putin did little to dispel that characterization.

When poll results showed that Mr. Putin might not win in the first round, he called on the country to grant him the 50 percent plus one majority needed in order to "spare the country the expense of a second round." This message was broadcast throughout the country on state television and private channels. It most likely appealed to many in the electorate yearning for an end to the hardships and political uncertainties of the Yeltsin era. The Communist allegation that the elections were falsified can never be proven and will certainly not be pursued. What is clear is that in Russia, elections can become a plaything for the incumbent powers in the Kremlin, rather than a reflection of public preferences that develop from the interplay of political and civic groups engaged in a real democratic discourse. The Russian President, as embodied in the Constitution, holds such sweeping powers that President Yeltsin, a skillful politician without any popular support, was able to manipulate the rules of the game in his favor and choose when, where, and how to participate in elections, in addition to anointing his successor.

Putin has sent out several trial balloons on proposals that would increase his authority further -- for example, an extension to a seven-year presidential term and the appointment, rather than the election, of governors. Furthermore, the treatment of Andrei Babitsky, the Russian journalist who was detained in Chechnya for over a month and perhaps beaten by Russians at the Chernekozovo "filtering camp," and the pressure on independent reporting by channels such as NTV add to grave concerns inside and outside of Russia that President Putin is not likely to place a high priority on a free press.

At the same time, however, Putin has said all the right things to Western leaders about tackling the decline in the Russian economy, strengthening civil society, and encouraging foreign investment. Indeed, British Prime Minister Tony Blair and President Bill Clinton have praised Putin as a "reformer" and declared that "he is a man we can work with." Putin has sought to cultivate these relationships in order to bolster Russia's image as a predictable and reliable partner.

The sorry state of the Russian economy makes it imperative to create conditions for foreign investment. President Putin has spoken of the need to turn around Russia's international image as a sinkhole for investment, and indeed, there do appear to be some positive signs. On the judicial side, the Western investors who were the victims of the highly publicized hostile takeover of the Lomonosov Porcelain factory have had their shares returned and regained their seats on the board. The rift between BP Amoco and Tyumen Oil Company over Sidanco's holdings seems to have been mended. On the legislative front, President Putin has addressed some of the main obstacles to investment by calling for tax reform, private property rights, and minority shareholder protection. More generally, he has talked about "leveling the playing field" for foreign and domestic investors.

Russia under Putin

Analysts in Washington and Moscow continue to pour over Putin's past and his rhetoric in an effort to read the tea leaves on what Russia under Putin might look like. Clearly, Putin's rhetoric and his past allow for many different interpretations: some emphasize his KGB past in drawing the conclusion that Russia is headed towards authoritarianism; others look to his efforts under Anatoly Sobchak in St. Petersburg as an indication that Putin is a reformer; some even see his love of Judo as a sign he will combat the oligarchs.

In a country once consumed by ideology, Putin seems to be devoid of any ideological leanings. Instead, what seems to motivate President Putin is the re-establishment of a strong Russia that is respected at home and abroad. He appears determined to create a form of governance that would achieve this goal quickly and efficiently.

In today's world, the measure of a nation's strength is the vibrancy of its economy and the standard of living it provides its people. The strongest countries in the world are free market democracies. President Putin seems to understand this and has vowed that Russia will continue on its path toward a free market and democracy. Achieving this, in his mind, will require a strong

central state -- unlike the past nine years during which state power dissipated and reform became synonymous with disintegration and corruption.

During the next few weeks, President Putin will outline his economic policy, the so-called "Ten-Year Plan," reportedly authored by several liberal economists, including German Gref, the director of the Center for Strategic Research, a think-tank set up by Putin late last year to develop his economic strategy. The plan is expected to call for an immediate implementation of tax reform, the institutionalization of private property rights, and an increase in foreign investment. The plan should also provide for an increase in the state's role and a tighter rein over the regions.

But this is not the only group competing for Putin's attention. Indeed, whether he likes it or not, various oligarchs still hold considerable sway over the country's economic direction. For example, this past February Boris Berezovsky and his associates were able to gain control of nearly 60 percent of the huge Russian aluminum industry and broker a deal with Anatoly Chubais, Chairman of Unified Electricity Systems, and Oleg Deripaska of Sibirsky Aluminum -- until now Berezovsky's main foe in what the Russian media has dubbed "the second aluminum war." With Putin's support, Ilya Yuzhanov, the Anti-Monopoly Minister, launched an investigation. After first publicly declaring that the deals were a likely violation of Russia's anti-trust laws (which require that any entity which controls twenty percent of a given industry be investigated), the inquiry was dropped due to lack of evidence that any laws were "formally" broken. According to Presidential adviser Gleb Pavlovsky, Acting President Putin backed off from interfering in the sales because the purchase structure was "too murky." It seems that the oligarchs were able to thwart the investigation -- an indication that they will not give up their influence and power quietly.

There are also other vested interests in the Russian economy, including the powerful oil and gas industries and the military-industrial complex, that will be clamoring for state resources. It will be very difficult for President Putin to balance these competing interests with the needs of the population and the claims of regional governors. Investors and leaders worldwide will be watching Putin to see whom he appoints to head the government and what he identifies as his priorities.

Rebuilding the U.S. – Russia Relationship

United States – Russia relations remain fragile. The lack of success in reforming Russia's economy and current U.S. desires to modify the Anti-Ballistic Missile (ABM) treaty feed Russian suspicions that the U.S. is intent on pushing Russia to the margins. Meanwhile, Russian excesses in Chechnya and growing pressures on the media, including the mistreatment of journalists, continue to evoke U.S. protestations. U.S. Congressional action -- the passage of the Iran Non-Proliferation Act, which imposes sanctions on Russian entities that deal with Iran; continued criticism of the Clinton administration for mishandling Russia policy; and the convening of the new Congressional Cox Commission to examine U.S. – Russia relations -- places the relationship under a political microscope. This environment makes it very difficult for policymakers to reengage, especially after the "Who lost Russia?" debates of last year and the rift over Kosovo.

Russia Looks to Reengage

Although Russia will likely increase its foreign policy activities in areas central to its national interests (the Persian Gulf, the Commonwealth of Independent States [CIS], and China), there is little to indicate that Russia will pursue an overtly more hostile policy toward the United States. President Putin has asked the Duma to ratify START II. He has made a point of reaching out to the West: inviting British Prime Minister Tony Blair for a visit, meeting with Secretary of State Madeleine Albright in Moscow, and sending emissaries to Washington and other capitals to lay the groundwork for increased economic cooperation and investment (Foreign Minister Igor Ivanov is due in Washington in late April). Putin off-handedly remarked during a recent interview that it was possible to imagine Russia as part of NATO, and a flurry of speculation ensued that further integration with the West is a likely part of Putin's vision to strengthen Russia. Putin has already begun to make the case that Russia will be safe for western investors and is actively seeking to increase foreign investment. But that does not mean he will avoid conflicts if Russia's interests are ignored. He will, almost certainly, be much more sensitive to a Western presence in areas once considered Russia's sphere of influence.

But, both an inherent distrust of the West and a suspicious public attitude could make it more difficult for Putin to make any concessions to the West. A March poll commissioned by the U.S. Information Agency (USIA) shows a growing anti-American sentiment in the Russian population. Eighty-five percent of Russians agreed that the U.S. is trying to dominate the world, up from 61 percent in 1995, while 81 percent believe the U.S. is utilizing Russia's current weakness to reduce it to a second-rate power. Although most Russians (69 percent) still believe it is in Russia's interest to work with the West, the Russian people expect Putin to deal more from a position of equality than did his predecessor. Having gained the presidency by acting tough in Chechnya (despite strong Western condemnation), and talking tough with the West over other issues, such as cooperation with Iran and access to Caspian oil, President Putin may prove to be a tough negotiating partner on a wide range of issues.

A Wary United States Looks Ahead

On the U.S. side, the debate over policy toward Russia continues. During the past three months, Russia's actions in Chechnya, especially the flood of information regarding human rights abuses by Russian troops and the handling of elections, have forced the Clinton administration to toughen its line and publicly pressure the Kremlin. Speaking recently to a Congressional panel, Strobe Talbott remarked that "the [Chechen] war has already greatly damaged Russia's international standing. Whether Russia begins to repair that damage, at home and abroad, or whether it risks further isolating itself is the most immediate and momentous challenge Mr. Putin faces." Adding to continual condemnation of the war in Chechnya by the U.S. Department of State, on February 24, the U.S. Senate passed a Sense of the Senate resolution condemning the "indiscriminate use of force by the Government of the Russian Federation against the people of Chechnya."

The Clinton administration has not been able to come up with a new framework for dealing with Russia, in part because so much uncertainty remains over what Putin will do. The U.S. has tried several tactics, including withholding Ex-Im Bank loans to Russian oil companies, signing punitive legislation such as the Iran Non-Proliferation Act, calling for negotiations over

outstanding arms control issues, and pressing the Russians to begin a political dialogue with the Chechens. On the one hand, the administration is encouraged by a new sense of activity in Russia and the hopes for a fresh start; on the other, there is, as yet, precious little to indicate the new Russian regime will press for democratic reform. Furthermore, continued reports about corruption, capital flight, and the ongoing influence of the oligarchs temper hopes that the current economic revitalization will be sustained. Meanwhile, as the clock ticks down on the Clinton administration, the desire for one last major arms control achievement -- ratification of START II, setting the stage for a renegotiation of the ABM treaty, and development of a START III framework -- is palpable.

A Window of Opportunity?

At present, President Putin enjoys tremendous power and solid popularity. This gives him a small window to profoundly influence Russia's future development. For many in Russia and the West, the greatest hope is that President Putin uses his mandate to revive the economy along free market lines, to rid Russia of the nonproductive or corrupt structures which continue to bleed its great possibilities, and to do so peacefully and democratically. This is a tall order for a neophyte President.

In addition, both the U.S. and Russia are constrained by domestic political concerns and an inglorious legacy of western support for reform. These overlapping problems, as well as the inherent difficulties of managing foreign policy during the last months of an outgoing President and the first months of an incoming President, will make it much more difficult to find substantive solutions to the major problems that continue to hinder the U.S.-Russia relationship: agreement on pursuing ballistic missile development and amending the ABM treaty; concerns over proliferation; the next steps in Russian reform, including new legislation on money laundering and international corruption; and contentious geopolitical issues such as maintaining the embargo against Iraq and divisions over policy towards Kosovo. Despite the best of intentions, it will not be easy to develop a new understanding between the U.S. and Russia on where we go from here.

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Chronology of U.S.-Russia Relations January-March 2000

Jan. 1, 2000: The Russian stock market's benchmark index, RTS, rises 18 percent above the previous day's level before trading is suspended. The increase is seen as a direct result of Boris Yeltsin's resignation.

Jan. 4, 2000: U.S. Vice President Albert Gore states that he believes acting President Vladimir Putin will "continue leading Russia along the path of reforms." On the same day, Republican presidential hopeful George W. Bush, says he is "troubled by the fact that Mr. Putin has gained popularity as a result of Chechnya," adding that he is "hopeful that [Putin] will lead his country to substantive and real reforms."

Jan. 6, 2000: Putin issues a decree amending the country's national security concept. Foreign Minister Ivanov states the new concept includes "radical" changes to enable Moscow to neutralize threats to the existence of a multi-polar world and the threat of terrorism and organized crime.

Jan. 7, 2000: The Russian military takes control of the Grozny railway station in Chechnya after fierce fighting in which over 100 Chechens died.

Jan. 10, 2000: Putin promotes Finance Minister Mikhail Kasyanov to first deputy prime minister, the highest position in Putin's newly restructured cabinet and dismisses Kremlin facilities manager Pavel Borodin, reappointing him secretary of state of the Union of Russia and Belarus.

Jan. 13, 2000: Putin publicly agrees to run for the presidency.

Jan. 15, 2000: Radio Free Europe/Radio Liberty journalist, Andrei Babitskii, is declared missing, igniting a massive international protest and sparking fears of increased press censorship in Russia.

Jan. 17, 2000: Russian Defense Minister Igor Sergeev meets with his Chinese counterpart Chi Haotian in Moscow. After their meeting, the two officials repeated their opposition to U.S. plans to launch a national anti-ballistic missile system.

Jan. 18, 2000: Over 100 deputies walk out of the first session of the new Duma to protest what they see as an unfair procedure for electing the Duma's speaker and selecting committee chairs.

Jan. 23, 2000: U.S. Deputy Secretary Strobe Talbott states that "the horror unfolding [in Chechnya] is a threat to the evolution of both Russia's domestic order and its international role."

Jan. 26, 2000: Swiss authorities issue an international arrest warrant for Pavel Borodin in relation to the Mabetex scandal.

Jan. 28, 2000: Russian security officials state in Moscow that RFE/RL journalist Andrei Babitskii, who had disappeared in Chechnya two weeks earlier, was detained on the outskirts of Grozny on January 23.

Jan. 31, 2000: U.S. Secretary of State Madeleine Albright meets with Russian Foreign Minister Igor Ivanov in Moscow. Secretary Albright warned that Russia was risking increased international isolation over Chechnya, drawing protests from the Russian media. The two signed agreements dealing with space launches and the joint nuclear risk reduction center.

Feb. 2, 2000: The U.S. detains a Russian oil tanker in the Persian Gulf on suspicions it was smuggling Iraqi oil. Russian Foreign Ministry officials were quoted as saying the incident could have a negative impact on U.S.-Russian relations and would not help "normalize" the situation vis-a-vis Iraq.

Feb. 3, 2000: Andrei Babitskii is exchanged for three Russian POWs by the Russian military to a brigade of Chechen rebels.

Feb. 5, 2000: Acting President Putin announces that Russian troops have taken control of the final district of Grozny, adding that the Russian flag has been hoisted over one of the city's administrative buildings. He states the operation to "liberate" the city is officially over.

Feb. 9, 2000: Chechen President Aslan Maskhadov announces the beginning of "a large-scale civil war in the mountains, the lowlands, in every village." Maskhadov also expresses regrets that six months after the war began, not a single representative of the UN, the OSCE, or the European Parliament has offered to meet with him.

Feb. 11, 2000: Russia and London Club creditors reach an agreement to write off 36.5 percent of Russia's \$32 billion Soviet-era debt and reschedule payments over 30 years following a seven-year grace period.

Feb. 15, 2000: NATO Secretary-General Lord Robertson arrives in Moscow, saying he hopes his visit will open a "new chapter in the dialogue and cooperation between Russia and NATO on questions of mutual interest."

Feb. 17, 2000: Human Rights Watch (HRW) and the World Organization Against Torture (WOAT) denounce Russian actions in the filtration camps for Chechens.

Feb. 24, 2000: The U.S. Senate passes a Sense of the Senate Resolution condemning the indiscriminate use of force by the Government of the Russian Federation against the people of Chechnya.

Feb. 25, 2000: The Russian television network NTV broadcasts footage acquired from a German television station showing soldiers loading male corpses from a Russian military vehicle into a mass grave.

Feb. 25, 2000: RFE/RL journalist Andrei Babitskii surfaces in Makhachkala, Dagestan. He had been freed by his Chechen captors and driven to the Dagestani capital in the trunk of a car.

Feb. 29, 2000: Defense Minister Sergeev announces that Russia is ready to resume relations with NATO at the expert level immediately. Sergeev proposed that the first discussion topics should be Russia's new military doctrine and NATO's "strategic concept."

Feb. 29, 2000: Russian Foreign Minister Ivanov and Chinese Foreign Minister Tang Jiaxuan meet in Moscow and announce that Russia and China remain committed to building a strategic partnership. Tang noted that China supports Moscow's campaign in Chechnya, which he described as Russia's internal affair, while Ivanov confirmed Moscow's support for China's claim of sovereignty over Taiwan

Mar. 5, 2000: Acting President Putin states that he does not rule out Moscow's joining NATO but stressed it will do so only "when Russia's views are taken into account as those of an equal partner." Saying he cannot imagine Russia being isolated from Europe, Putin remarked that "it is hard for me to visualize NATO as an enemy."

Mar. 7, 2000: Defense Minister Sergeev states that Russia does not consider NATO an enemy and is prepared to increase its ties with the alliance if favorable conditions are created.

Mar. 14, 2000: U.S. President Bill Clinton signs the Iran Non Proliferation bill, which provides for sanctions against Russian companies that trade or cooperate with Iran on technologies that could be used in Weapons of Mass Destruction.

Mar. 15, 2000: Representative Christopher Cox, (R-CA) convened the Speaker's Advisory Group on Russia. Informally known as the Cox Commission, this Congressional panel is intended as a congressional review of U.S.-Russia policy.

Mar. 20, 2000: Putin flies to Grozny in an Su- 27 training jet piloted by air force General Aleksandr Kharchevskii.

Mar. 26, 2000: Vladimir Putin captures 52.52 percent of the national vote to secure the Russian Presidency in the first round.

Mar. 29, 2000: Foreign Minister Ivanov remarks that Western media have unleashed an "information war" against Russia and are "drawing an extremely negative, one-sided picture" which will make it more difficult to "carry out our political tasks and develop scientific and cultural contacts."

Mar. 30, 2000: NATO Secretary-General Lord Robertson commented that President-elect Putin's "personal decision" to resume relations with NATO is a "clear indication that we will not see a more antagonistic approach between NATO and Russia."

U.S.-ASEAN Relations:

**Revitalizing Military Ties, the Cambodian Tribunal,
and Problems with UNCTAD**

**by Sheldon Simon
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The United States revitalized military ties with the Philippines in the "Balikatan" joint exercise from late January to early March, the first major military exercise between these armed forces since 1995. Defense Secretary Cohen visited Vietnam to establish limited military ties. Washington also joined UN efforts to add international jurists to the Cambodian tribunal being created to try surviving Khmer Rouge leaders. Meanwhile, in Bangkok, the February meeting of the United Nations Conference on Trade and Development (UNCTAD) revealed differences between developing and developed states over free trade, labor protection, and patent rights similar to those in the failed December World Trade Organization Seattle meeting.

U.S. Military Ties with Southeast Asia.

Perennially the military basket case in Southeast Asia, unable to monitor or defend territorial waters against smugglers, illegal fishing, or Beijing's occupation of Spratly features adjacent to the Philippine island of Palawan, President Joseph Estrada's government decided to revitalize military ties with the United States. Lacking the resources to implement a \$12 billion 15-year military modernization plan and facing once again a robust domestic insurgency in Mindanao, the government is unable to purchase the hardware needed to protect territorial seas and air space. Its limited defense resources are being allocated to cope with local insurgency.

Philippine Defense Secretary Orlando Mercado has admitted that China's presence in the Spratly islands is unmovable. A revitalized military relationship with the United States would hopefully serve two ends: to strengthen deterrence against further Chinese encroachments in the southeastern Spratlys and to elicit military assistance, including additional used F-5s from Saudi Arabia and upgrades of C-130s for maritime surveillance.

The "Balikatan" joint exercise from late January to early March, featuring almost 5,000 forces evenly divided between both countries, was the first large-scale joint maneuvers since 1995. The exercise followed the Philippine Senate's approval last year of a new Visiting Forces Agreement (VFA) between the countries. "Balikatan 2000" included land, sea, and air exercises as well as special forces training to promote interoperability -- all potentially relevant for any U.S. assistance to Philippine troops in a conflict environment. (In addition to the joint exercises, U.S. ships engaged in seven port visits to the Philippines since the May 1999 ratification of the VFA.)

U.S. arms transfers to the Philippines in early 2000 consisted of several infantry vehicles for Philippine forces in East Timor and a patrol boat to be deployed for coastal surveillance. The United States also earmarked \$5 million for military assistance in the U.S. foreign aid budget for 2001 -- the first U.S. allocation for military assistance to the Philippines in years.

The United States is also expanding its annual COBRA GOLD exercise in Thailand to include Singapore, making COBRA GOLD trilateral for the first time. Thai Prime Minister Chuan Leekpai welcomed Singapore's participation in the exercise, which involves some 200,000 personnel, as an "important contribution" to the region's "security architecture." The United States has sought to turn COBRA GOLD into a multilateral exercise since the early 1990s as part of an effort to develop regional defense coalitions. Singapore's addition is not unprecedented for the island city-state has also been a part of the Thai-U.S. COPE TIGER air exercise since 1995.

The Thai Air Force is also negotiating with the United States to acquire 18 used F-16A/B jets with some 4000 flying hours remaining. The money for this purchase comes primarily from the deposit refunded by the United States when Bangkok cancelled earlier plans to acquire F-18s.

In Vietnam, U.S. Defense Secretary William Cohen, the first high-ranking American defense official to visit the country since the Vietnam War's end in 1975, expressed hope for the development of military ties that would mark a final stage of normalization. Cohen's March 13-15 visit coincided with the start of a seven-week Vietnamese commemoration of their country's victory in the war. Prospects for military ties may be further delayed. For now, however, according to U.S. Ambassador Pete Peterson, the Vietnamese military remains suspicious of American motives. Secretary Cohen had been asking for a meeting with the Vietnamese since 1997; two previous dates were cancelled by Hanoi. Vietnamese leaders are highly sensitive to any Chinese perception that new military relations with the United States would be directed against China.

While there are no plans for American military aid to Vietnam, U.S. port calls may occur sometime this year. Other forms of cooperation were arranged as well, including medical research on tropical diseases and Agent Orange, a defoliant blamed for harming thousands in the war. The U.S. military will also help in removing land mines left behind from the conflict.

U.S. and UN Pressure for International Jurists in Khmer Rouge Trial.

Hun Sen's Cambodian government has been grappling with United Nations' conditions for approving Cambodian jurisdiction over a genocide trial for surviving Khmer Rouge leaders. Although they have surrendered to the Phnom Penh government, for the most part they are living as free men. Both the United Nations and U.S. officials distrust the Cambodian judiciary as ill trained, corrupt, and beholden to the Hun Sen regime. While Hun Sen has agreed to have foreign jurists serve alongside Cambodians, the UN has branded his insistence that Cambodian judges concur before any indictments or rulings are reached as a formula for "paralysis."

The United Nations prefers that international judges and prosecutors control any proceedings. However, Hun Sen objects that control by international jurists would violate Cambodian sovereignty. The United States has offered a compromise whereby the agreement of at least one foreign judge would be needed to pass rulings, but that does not resolve the prospect for stalemate if Cambodian judges disagree with their foreign colleagues. Some Cambodians fear the prospect of a trial on the grounds that sleeping dogs should not be disturbed. Conviction of Khmer Rouge leaders who still have supporters, they believe, could rekindle the civil war.

UNCTAD in Bangkok

The United Nations Conference on Trade and Development (UNCTAD) met in Bangkok in mid-February. The debates were a replay of the differences between developing and developed states over trade and development. While pay and labor conditions in developing states were the focus of WTO contention in Seattle last January, the UNCTAD meeting dealt with developed country trade restrictions and developing states access to pharmaceuticals from industrial states at reasonable prices.

Thai AIDS sufferers presented a vocal case at the UNCTAD meeting. With new HIV infections up 1.3 million in 1999 for South and Southeast Asia, advocates insisted that the United States allow Thailand to locally produce didanosine (ddl), a drug under patent protection by Bristol-Meyers Squibb. Thailand has asked to be exempted from these laws so that it can produce generic ddl, a far more affordable option than purchasing the branded version.

A 1992 U.S. law on intellectual property rights (IPR) protection granted exclusive rights to market products to the creators until substantial research and development costs had been recovered -- for pharmaceuticals up to 20 years. While there is an escape clause from the U.S. law for public health emergencies, Thailand has been loath to invoke it for fear of trade sanctions if Washington does not agree with Thailand's interpretation. (Thailand sends a quarter of its exports to the United States.)

Policy Implications

Renewed American exercises with the Philippines and the addition of Singapore to the annual U.S.-Thai COBRA GOLD exercise are all strong indicators that the United States remains committed to being a major part of the international security equation for Southeast Asia. Washington should further provide used aircraft and ships to the Philippines under favorable terms to enhance Manila's ability to monitor and control its air and sea spaces. With respect to the Cambodian tribunal, the United States should continue to back UN insistence that international jurists dominate any Khmer Rouge trial to insure that global standards of justice are applied. As for Thai concerns about manufacturing generic ddl, the United States should honor the emergency clause in its 1992 IPR law and guarantee there will be no trade retribution against Thailand if it manufactures the generic drug to assist AIDS patients.

Chronology of U.S.-ASEAN Relations January-March 2000

Jan. 6, 2000: Philippine Armed Forces Chief of Staff General Angelo Reyes announces that the "Balikatan" U.S.-Philippine joint military exercise will consist of almost 5,000 combined forces.

Jan. 7, 2000: The United States expresses support for the UN formula to convene a combined international and Cambodian judicial tribunal for surviving Khmer Rouge leaders.

Jan. 10, 2000: The U.S. State Department includes \$5 million in its 2000 aid budget for military financing for the Philippines.

Jan. 13, 2000: Tipped off by U.S. counter-drug agents, Thai police make one of their largest heroin seizures in several years, intercepting 277 pounds at Bangkok's international airport.

Jan. 14, 2000: United States Ambassador to the UN Richard Holbrooke warns the Indonesian army not to attempt a coup against President Abdurrahman Wahid's government.

Jan. 18, 2000: U.S. Congressional staff members visit Indonesia and are briefed on President Whaid's efforts to root out corruption.

Jan. 20, 2000: Two years after closing its consulate in the North Sumatra city of Medan, the U.S. State Department announces it will reopen the office. Its main task will be to keep tabs on the independence movement in Aceh province.

Jan. 20, 2000: Singapore announces it will participate in the annual U.S.-Thai COBRA GOLD exercise.

Jan. 20, 2000: The United States promises \$80 million in foreign aid for Indonesia in 2000.

Jan. 21, 2000: The Thai Air Force announces its hope that the United States will lower the asking price for 16 used F-16A jets about \$17 million from the \$157 million requested. The U.S. states that the jets still have 4000 hours flying time left which would enable the Thai to use them for about 20 years.

Jan. 25, 2000: Sergio de Mello, head of the UN Transitional Administration in East Timor, chooses the U.S. dollar as the new state's legal currency until the end of the transitional period before full independence.

Jan. 28, 2000: Filipinos protest outside the U.S. Embassy in Manila against the "Balikatan" exercise, claiming the return of U.S. soldiers would bring AIDS, abortions, and renewed prostitution.

Jan. 28, 2000: The United States announces it will resettle some 1500 Burmese students stranded in Thailand this year.

Jan. 28, 2000: "Balikatan," the first major joint U.S.-Philippine military exercise since the passage of the Visiting Forces Agreement (VFA), begins. It covers air, naval, and ground maneuvers and will conclude on Mar. 3.

Jan. 31, 2000: Philippine Secretary of Foreign Affairs Domingo Siazon states that the Spratly islands dispute is a strong reason for a greater U.S. presence in Southeast Asia.

Feb. 2000: Several infantry vehicles and a naval patrol vessel are scheduled to arrive in the Philippines this month as the first phase of a U.S. military assistance package, according to Defense Secretary Orlando Mercado.

Feb. 2000: The Singapore Air Force takes delivery of the first of 12 new F-16C fighters. This brings the air force total to 36.

Feb. 3, 2000: Ambassador Holbrooke tells the *Far Eastern Economic Review* that his warning to the Indonesian military not to engage in a coup was first cleared with Indonesian officials.

Feb. 3, 2000: The United States raises its aid commitment to Indonesia to \$125 million to support its transition to democracy.

Feb. 4, 2000: The Philippines creates a commission from the President's office to monitor the behavior of U.S. forces during the "Balikatan" exercise so that "no Philippine laws, morals, or traditions are violated...."

Feb. 8, 2000: Ambassador Holbrooke again warns the Indonesian military not to impede that country's human rights investigation.

Feb. 10, 2000: Assistant Secretary Roth explains that Indonesian President Wahid's meeting with Israeli Prime Minister Ehud Barak in Davos, Switzerland was in part based on the hope of eliciting aid from Israel and the Jewish community globally.

Feb. 16, 2000: The Asia-Pacific subcommittee of the U.S. House of Representatives Foreign Affairs Committee holds hearings on Indonesia.

Feb. 23, 2000: Indonesian armed forces chief Admiral Widodo expresses hope that the United States will lift its arms embargo given the political changes underway in Indonesia.

Feb. 28, 2000: The United States indicates it is exploring the possibility of helping the Philippines Air Force modernize through the purchase of used Saudi F-5 aircraft.

Mar. 2, 2000: Washington quietly resumes training Indonesian military officers in the United States, lifting the program's suspension imposed after Indonesian troops were implicated in the massacre of East Timor civilians.

Mar. 2, 2000: The visit of a nuclear-powered U.S. aircraft carrier, USS John C. Stennis, to Malaysia raises concerns that Southeast Asia's nuclear weapons free zone treaty had been violated; however, since no nuclear power has yet ratified the treaty and since nuclear-armed ships are allowed port calls, no violation was claimed by the Malaysian government.

Mar. 2, 2000: United States Assistant Secretary of State Stanley Roth states it is unlikely that American relations with Malaysia will warm until the latter improves its human rights practices.

Mar. 3, 2000: Thai officials state they believe Thailand will be removed from the U.S. list of drug transit countries within a few years after being placed on the list this year.

Mar. 6, 2000: Pentagon officials recommend that Singapore be allowed to purchase the AIM-120 Advanced Medium Range Air-to-Air Missile for its F-16s. Since this would introduce a new weapon system to the region, Washington may insist that the missiles remain in the United States for Singapore training use.

Mar. 13-15, 2000: Secretary of Defense William Cohen becomes the first U.S. defense secretary to visit Vietnam since the end of the Vietnam War in 1975.

Mar. 20, 2000: United States Customs officials and Thai authorities raided online pharmacies in Thailand that were selling drugs illegally over the Internet. Arrests were made in Bangkok, Chengmai, and Albany, New York in an operation that American officials described as a model for law enforcement cooperation.

**China-ASEAN:
Tensions Promote Discussions on a
Code of Conduct**

**by Carlyle A. Thayer, *
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During the first quarter of the year China-ASEAN relations were almost wholly focused on territorial disputes. China's relations with the Philippines and Vietnam presented contrasting patterns. Encroachments by Chinese fishing vessels in the waters around Scarborough Shoal became a constant irritant and led to the exchange of diplomatic protests and strongly worded statements between Manila and Beijing. At the same time, China reacted negatively to the revival of U.S.-Philippines joint military exercises. In contrast, China and Vietnam moved to capitalize on the signing of a Treaty on the Land Border by keeping the momentum of negotiations going. China and Vietnam used the occasion of the 50th anniversary of the establishment of diplomatic relations to wax effusively about their "traditional friendly relations."

Elsewhere in the region, China and the pro-independence leaders of East Timor discussed the shape of future relations. China teamed up with Thailand to provide loans to Laos. China also conducted negotiations on accession to the World Trade Organization with Thailand and the Philippines.

Scarborough Shoal

Scarborough Shoal lies 200 nautical miles west of the Zambales province in the Philippines. It is an outlying feature that is not generally considered part of the Spratly Islands. On January 6, a Philippines' naval vessel sighted six Chinese fishing vessels, reportedly carrying coral, off Scarborough Shoal (Huangyan in Chinese). Four of the vessels later anchored inside the shoal. Three of the Chinese vessels fled while three refused to leave. According to a Philippine military report, the naval vessel "then left the area in compliance with the rules of engagement." When told of the incident, the Chinese Ambassador to the Philippines, Fu Ying, claimed that what was thought to be coral was merely "piles of fishing baskets used in fishing."

Three days after the incident, Defense Secretary Orlando Mercado stated, "We should protest this incident because of its impact on food security. Not only is Scarborough Shoal within our 200-mile exclusive economic zone and part of our territory but also a spawning ground for our corals. Not only are they intruding into our space, they're destroying our corals as well. It seems they have no concern for our food security." This provoked a response from Zhu Bangzao, a spokesperson from the Chinese Foreign Ministry on January 11. According to Zhu, "Huangyan Island [Scarborough Shoal] is an integral part of Chinese territory... The action taken by the Philippine side has seriously hampered the peaceful production of Chinese fishermen. We express our strong concern." On January 14, the Philippines protested Chinese intrusions in a note *verbale* delivered to the Chinese Embassy in Manila. The note expressed the government's "serious concern" over the territorial intrusion and the illegal collection of coral. The note also pointed out that coral reefs are protected by three international conventions to which China is a signatory.

Matters became more heated on January 23, when a Philippine aircraft on maritime patrol reported citing four motorized wooden Hainan-type Chinese fishing vessels and ten sampans near Scarborough Shoal. Over the next two days, a Philippine navy patrol craft chased four of the Chinese boats, two of which sought refuge in the shallow waters of Scarborough Shoal. On January 26, Defense Secretary Mercado announced he had ordered the navy to “make extra effort in patrolling the area to prevent possible construction activities that may take place.” At the same time, Philippines’ naval personnel boarded two of the Chinese fishing vessels and confiscated nine dynamite sticks, seven blasting caps and soft coral before ordering them to leave. Bad weather prevented their departure.

The Philippines issued its second diplomatic protest to China on January 27. The note *verbale* once again demanded that the People’s Republic of China “observe Philippine rules and regulations against illegal entry” and refrain from “acts inimical to the protection and preservation of the marine environment and resources.” The protest note also said that the recent “series of incursions” violated an understanding reached between China and the Philippines in March 1999 to “refrain from acts which will increase tension and complicate the situation in the South China Sea.”

On February 1, China stepped up its rhetoric. Foreign Ministry spokesperson Zhu Bangzao declared, “Recently, the Philippine side has, with regard for China’s sovereignty over Huang Yan Island, wantonly harassed Chinese fishermen engaging in normal fishing operations in the waters and even gone so far as to force their way on board to conduct inspections and rob the fishermen of property ... claiming that the Chinese fishing boats had violated the sovereignty of the Philippines. This act of confusing right and wrong is not acceptable to the Chinese side.” Philippine officials dismissed the Chinese statement out of hand.

Events in the area matched the step up in rhetoric. On February 2, the *Rajah Humabon*, a destroyer escort, fired warning shots at two Chinese fishing boats. According to Navy chief Vice Admiral Luisito Fernandez, the *Rajah Humabon* was forced to fire warning shots to avert a collision with two Chinese fishing boats and only after the Chinese boats refused to respond to radio contact, loudspeaker, sirens, and flashing lights. The following day the Philippines’ media reported that two Chinese “platform vessels” reportedly carrying construction materials had been sighted southeast of Scarborough Shoal.

These events prompted re-analysis of Philippine strategy. On February 7, Defense Secretary Mercado ruled out future arrests of Chinese fishermen who entered Philippines’ territorial waters. “In the end [we] release them also. It’s a tedious function. So, I think our task now, instead of arresting them, is to be preventive in our actions” and to deter fishing boats from entering disputed territory, he said. His remarks were underscored by Lauro Baja, Foreign Affairs Undersecretary, who stated that the Philippines was in a “lose-lose” situation in dealing with Chinese fishermen because of the cost and drain on resources. Domingo Siazon, Foreign Secretary, stressed the same theme. He said foreign fishermen found poaching in Philippine waters should no longer be arrested to avoid tension. The navy’s duty should be limited to guarding against the destruction of the marine environment. Finally, in an effort to diffuse tensions and lower the volume of rhetoric, on February 19, Defense Secretary Mercado

suggested that to ease tensions in the South China Sea claimants should negotiate a treaty declaring the disputed islands “common fishing ground” on the model of the Antarctic Treaty, which declared the region a “common environmental resource.”

Nevertheless, Chinese fishing vessels continued to intrude into waters claimed by the Philippines. Throughout the last two weeks of February, Philippine air and naval patrol craft recorded multiple sightings of Chinese vessels off Panata Reef, Nanshan Reef, and Parola Island (North East Cay). In early March, at least five Chinese fishing craft were sighted off Rizal Reef (Commodore Reef) and two off Pagasa Island. These latest intrusions were more daring than previously, as they took place in an area where the Philippines maintained its largest military presence. In March 8-12, Philippine authorities spotted a total of sixteen Chinese vessels gathering coral and giant clams around Scarborough Shoal. The Chinese boats refused to leave when signaled to do so. On March 26, the Philippines’ Navy deployed two gun ships to Scarborough Shoal in an effort to intimidate the Chinese fishing vessels into leaving the area.

In mid-March, while the above events unfolded, the Philippines Ambassador to China Romualdo Ong was ordered to relay Manila’s concerns to Chinese authorities. He informed them that the Philippines would delay filing a diplomatic protest in order to observe the actions of nine Chinese boats. Meanwhile, Chinese Ambassador to the Philippines, Fu Ying, agreed to raise the matter with her Foreign Affairs and Agriculture ministries. Filipino sources quoted Ambassador Fu as stating that Chinese officials were unable to monitor the situation effectively because there were too many Chinese fishing vessels in the Scarborough Shoal area. The Philippines Navy was ordered to employ maximum tolerance toward poachers.

Throughout the first quarter Philippines’ government officials had to contend with domestic pressures. For example, in January, Representative Roilo Golez, chair of the House Committee on Public Order and Safety, charged that Chinese vessels near Scarborough Shoal were preparing to occupy and erect permanent structures in the area. On March 20, Golez speculated that China had deployed spy ships to Scarborough Shoal disguised as commercial fishing vessels to monitor the movements and communications of Philippine military forces. Philippine government officials could not confirm these allegations.

U.S.-Philippine Military Exercises

Philippine officials attempted to allay Chinese concerns about the conduct of joint military exercises with the United States during late January-early March. Codenamed “Balikatan 2000” (Shoulder-to-Shoulder), the exercise involved up to 5,000 troops in a variety of activities. On January 29, Defense Secretary Mercado said he had been assured by Ambassador Fu Ying that China was not opposed to the conduct of war games as they were a bilateral matter between the Philippines and the United States. Mercado told Ambassador Fu that naval exercises in Palawan would be in Philippine waters. Armed Forces Chief General Angelo Reyes said the exercises were not intended to send any message to China or any other country. On February 7, Mercado stated that joint U.S.-Filipino military exercises were not linked in any way to growing tension between the Philippines and China over competing claims in South China Sea. Despite these assurances, on March 14, on the eve of China-ASEAN discussions on a code of conduct for the South China Sea, it was reported that Yang Yanyi, Senior Counselor of China’s Foreign

Ministry, expressed concern about large-scale military exercises involving countries outside the region. “If some countries continue to beef up their military alliances or joint exercises, all sides will continue to be suspicious of one another,” she said.

Sino-Vietnamese Relations

In contrast to Sino-Philippines relations, Sino-Vietnamese relations were tension free during this quarter. On December 30, 1999, China and Vietnam reached an historic Treaty on the Land Border. Vietnamese reactions and expectations following the signing of this treaty have been very optimistic. Vietnamese Deputy Foreign Minister Vu Khoan, for example, wrote that the treaty would permit better border management, assist economic construction and development, accelerate comprehensive bilateral cooperation, and create momentum for the delineation of the Gulf of Tonkin in 2000.

On January 24, Vu Khoan, enroute to North Korea, stopped in Beijing to meet with Foreign Minister Tang Jiaxuan to discuss follow-up measures to the border treaty including negotiations on the delineation of the Gulf of Tonkin. There are a number of steps which China and Vietnam must now take, including formal ratification of the treaty by their respective legislatures. According to Tran Cong Truc, chairman of Vietnam’s Government Border Commission, the borderline must be defined on land and border markers put in place. After fieldwork is completed, both sides must sign a protocol to certify the maps and the minutes accord with international law and customary practice, then sign a convention on border management. This process could take several years. In the meantime, any problem that arises would be resolved under the terms of the provisional treaty on border management signed in 1991. After Khoan’s visit, Vietnam and China held the seventh round of border talks in Beijing (February 21-22), where officials discussed how to push forward negotiations on demarcating the Gulf of Tonkin. The officials also held annual consultations on diplomatic issues and “international and regional issues of common concern.

During February 24-27, Nguyen Dy Nien made a three-day visit to China, his first since appointment as Minister of Foreign Affairs. Nien held talks with his Chinese counterpart, Tang Jiaxuan, on differences over their land and maritime boundaries and ways to raise total trade to \$2 billion in 2000. Both parties reiterated their desire to forge “comprehensive cooperation” and accelerate the demarcation of the Gulf of Tonkin. Nien also met with Premier Zhu Rongji and Li Peng. Premier Zhu noted that Nien’s visit, so soon after his appointment “clearly shows the Vietnamese party and government attach great importance to the development of Sino-Vietnamese relations.” Nien’s visit was followed by the twelfth round of negotiations on maritime borders from March 20-22. The next round is scheduled for in Hanoi in April.

The upbeat nature of Sino-Vietnamese relations was further signaled in January when both countries celebrated the 50th anniversary of the establishment of diplomatic relations. The leaders of both countries exchanged effusive greetings, highlighting their profound, fraternal friendship.

Code of Conduct

On March 15, senior officials from China and ASEAN met in Thailand to discuss for the first time their respective draft Codes of Conduct for the South China Sea. According to press accounts, the proposed draft code covered four areas: dispute resolution in the South China Sea, building trust and confidence, cooperation on marine issues and environmental protection, and modes of consultation. ASEAN tabled a seven point code, while China put forth a document containing twelve points. Both documents advocated cooperation to protect the environment, marine scientific research, safety of navigation, and search and rescue. Both also urged self-restraint and no resort to the use or threat of force pending resolution of disputes.

There are significant differences, however. China's draft consists of general principles, while the ASEAN draft is more specific. One of the major differences is the scope of geographic coverage. China wants the Code confined to the Spratly Islands, while ASEAN insists on the inclusion of the Paracels. The status of Scarborough Shoal remains unclear. It is evident that there are differences within ASEAN on the Paracels. According to Foreign Secretary Domingo Siazon at a February 2 press briefing, "if the area of coverage were limited to (the) Spratlys, I think that I would say that within three days, our diplomats would be able to find a set of words that would be acceptable to the contesting parties in the Spratlys."

ASEAN insists on a halt to future settlement and construction. Point 2 of the ASEAN draft code states, "The parties undertake to refrain from action of inhabiting or erecting structures in presently uninhabited islands, reefs, shoals, cays and other features in the disputed areas." China has concerns about "any military exercises directed against other countries" in or near the Spratlys, and "dangerous and close-in military reconnaissance." China pushed to attain assurance that its fishermen would be able to fish in disputed areas of the South China Sea. Beijing also proposed that the claimants "refrain from use or threat of force, or taking coercive measures... against fishing boats or other civilian vessels engaged in normal operation in the disputed areas, nor against nationals of other countries thereon." China defined coercive measures as including "seizure, detention and arrest."

In its present form, the ASEAN code is an open-ended document that provides for regular consultation and checking for compliance in order to build trust. It would not be legally binding. Disputes between countries would be settled on a bilateral basis. At the end of the March meeting it was agreed to hold the next round of talks in Malaysia in April.

East Timor

On January 24, East Timorese independence leader Xanana Gusmao commenced a four-day visit to Beijing as part of a trip to South Korea, Singapore, the Philippines, Malaysia and Thailand. Gusmao sought Chinese aid, diplomatic recognition, and political support for East Timor's membership in ASEAN and APEC. While in Beijing, Gusmao held talks with Minister of Foreign Trade and Economic Cooperation Shi Guangsheng, Foreign Minister Tang Jiaxuan, Vice Premier Qian Qichen and Vice President Hu Jintao. After pledging support for the "one-China" policy, Gusmao was successful on all counts.

China promised to establish diplomatic ties as soon as East Timor became independent. In the meantime, China requested permission to open a liaison office in Dili. Gusmao received an offer

of \$6 million in aid and Chinese political support for membership in regional groups. China also stated it would continue to support United Nations peacekeeping efforts in East Timor. Both sides also worked out a *modus vivendi* for East Timor-Taiwan relations.

China and World Trade Organization Accession

In January, Thai Deputy Prime Minister Suphachai Panitchpakdi visited China and concluded negotiations with Shi Guangsheng, Minister for International Trade and Economic Cooperation, on China's entry into the World Trade Organization (WTO). Both sides signed a trade agreement that provided for quotas for Thai agricultural produce (rice and rubber) and tariff reductions on 94 products. Another 12 products, including tapioca powder and processed fruits, are subject to further negotiations. An agreement on China's admission into the WTO was signed in March.

In February, the Philippines and China successfully concluded their negotiations on China's accession to the WTO. Under the terms of the agreement, the Philippines obtained favorable tariff concessions for agricultural and industrial products and a tariff-only regime. China previously reached agreements with Indonesia and Singapore. It has yet to reach agreement with Malaysia.

Loans for Lao Infrastructure

Under the terms of an agreement reached between Deputy Prime Minister Suphachai Panitchpakdi and Vice Minister of Finance Jin Linqun, Thailand and China have agreed to equally loan money to the Lao government to enable it to buy back concessions previously granted to Thai companies. The purpose of this arrangement is to finance the upgrading of a 150 km road linking Chiang Rai (Thailand) with Luang Namtha (Laos) and Bo Ten, Jinghong and Kunming in China. The agreement was reached at the ninth ministerial conference of Greater Mekong Subregion held in Manila under the auspices of the Asian Development Bank. The opening of this area would facilitate trade and investment.

Policy Implications

Secretary of Defense William Cohen's remarks to the Vietnamese National Defense Academy urging ASEAN members to use their collective leverage in dealing with China on disputed territory in the South China Sea is to be welcomed for the message it sent to Beijing and other capitals in the region (see chronology: 15 March). At the same time, the revived U.S. military-to-military relationship with the Philippines has served the useful purpose of reminding regional states that the U.S. is not just a Northeast Asia-centered power. These initiatives, which have been undertaken in an election year, must be followed up by whoever wins the White House in November. The United States must reassure its traditional allies and seek further engagement with former foes if it is to shape the potentially volatile regional security environment.

*The views expressed in this article are those of the author and do not reflect the official policy or position of the Asia-Pacific Center for Security Studies, Department of Defense, or the U.S. Government.

Chronology of China-ASEAN Relations January-March 2000

Jan. 6, 2000: Six Chinese fishing vessels reportedly carrying coral, a protected species, are sighted off Scarborough Shoal (Huangyan Island) by a Philippine naval vessel.

Jan. 8-10, 2000: A symposium marking the 50th anniversary of the establishment of diplomatic relations between China and Vietnam is held in Nanning, China.

Jan. 9-15, 2000: A delegation of the People's Liberation Army, led by Lt. Gen. Zhang Wentai, political commissar of the Jinan Military Region, pays a friendship visit to Vietnam.

Jan. 12, 2000: The Vietnamese Institute of International Relations and the Ministry of Foreign Affairs hold a seminar in Hanoi on fifty years of Vietnamese-Chinese relations.

Jan. 14, 2000: The Philippines files a diplomatic protest to China over alleged illegal fishing and collecting of coral by Chinese fishing boats.

Jan. 14-21, 2000: A Vietnam Communist Party delegation led by Le Van Dy, member of the Central Committee and Secretary of the Ba Ria-Vung Tau provincial party committee, visits China.

Jan. 17, 2000: A delegation of Vietnam's Supreme People's Procuracy, led by its head Ha Manh Tri, visits China.

Jan. 17, 2000: Vietnamese Ambassador to China, Bui Hong Phuc, hosts a reception to mark the 50th anniversary of the establishment of diplomatic relations between China and Vietnam. Vice Premier Qian Qichen and Vice Foreign Minister Yang Wenchang attend.

Jan. 18, 2000: Vietnamese and Chinese leaders exchange messages on the 50th anniversary of the establishment of diplomatic relations; several receptions are held in both capitals to commemorate the occasion.

Jan. 18, 2000: A special cargo and passenger transport service inaugurated between Guangxi Zhuang Autonomous Region and Lang Son, Quang Ninh and Cao Bang provinces in Vietnam.

Jan. 23, 2000: A Philippines aircraft on maritime patrol reports citing four Chinese fishing vessels and ten sampans near Scarborough Shoal.

Jan. 24, 2000: Do Muoi, adviser to the VCP Central Committee, receives in Hanoi Chinese Ambassador to Vietnam Li Jiazhong, who paid a new year's courtesy call.

Jan. 24, 2000: Deputy Foreign Minister Vu Khoan holds discussions in Beijing with Chinese Foreign Minister Tang Jiaxuan on economic and commercial cooperation and measures to accelerate negotiations on the delineation of the Gulf of Tonkin.

Jan. 24, 2000: East Timorese independence leader Xanana Gusmao begins a four-day visit to Beijing.

Jan. 24-25, 2000: Four Chinese fishing vessels in vicinity of Scarborough Shoal are chased by a Filipino navy patrol craft. Two seek refuge in shallow waters near the shoal.

Jan. 27, 2000: Philippines naval personnel board two Chinese fishing vessels and confiscate dynamite sticks, blasting caps, and soft coral.

Jan. 27, 2000: The Philippines issues its second protest over the intrusion of Chinese fishing vessels into the Scarborough Shoal area.

Jan. 27, 2000: A Chinese Foreign Ministry spokesperson, in response to the boarding of two Chinese fishing vessels, warns the Philippines not to create any new trouble in the South China Sea.

Jan. 28, 2000: Philippine Defense Secretary Orlando Mercado directs the Navy to persuade intruders to leave its territorial waters and to avoid direct confrontation.

Late January/early March. U.S.-Filipino joint military exercise, codenamed *Balikatan*, is conducted in the Philippines.

Feb. 1, 2000: Foreign Ministry spokesperson, Zhu Bangzao, reveals that China has sent two notes to the Philippine Embassy in Beijing expressing deep concern over recent developments and lodging protests over illegal acts by the Philippines against Chinese fishing vessels in the area around Huangyan Island (Scarborough Shoal).

Feb. 2, 2000: After a short chase involving two Chinese fishing boats in the vicinity of Scarborough Shoal, the Philippine navy destroyer escort *Rajah Humabon* fires warning shots.

Feb. 3, 2000: Philippines' Ambassador to China, Romualdo Ong, is summoned to the Chinese Foreign Ministry to explain why the Philippine Navy has boarded two Chinese fishing vessels.

Feb. 3, 2000: Filipino fishermen report seeing two unidentified platform vessels southeast of Scarborough Shoal. A Philippine patrol boat and islander plane are tasked to conduct naval and aerial patrols.

Feb. 5, 2000: Philippine Navy chief Vice Admiral Luisito Fernandez states that destroyer escort *Rajah Humabon* was forced to fire warning shots to avert a collision with two Chinese fishing boats near Scarborough Shoal. The Chinese boats reportedly refused to respond to radio contact, loudspeaker, sirens, and flashing lights.

Feb. 7, 2000: Defense Secretary Orlando Mercado rules out future arrests of Chinese fishermen who enter the Philippine territorial waters. He orders preventive action instead.

Feb. 7, 2000: Defense Secretary Mercado states that joint U.S.-Filipino military exercises are not linked in any way to the growing tension between the Philippines and China over competing claims in the South China Sea.

Feb. 16, 2000: The Philippines and China successfully conclude negotiations on China's accession to the World Trade Organization.

Feb. 19, 2000: Defense Secretary Mercado proposes a treaty, modeled on the Antarctic Treaty, to declare the disputed South China Sea "common fishing ground" for claimant nations.

Feb. 22, 2000: Newly appointed Foreign Minister Nguyen Dy Nien states that Vietnam attaches great importance to the development of friendly relations with China as its long-term consistent policy.

Feb. 24, 2000: In response to China's White Paper on Taiwan (issued February 21), a Vietnamese Foreign Ministry spokesperson reiterates Vietnam's support for the "one-China" principle.

February 27- March 2, 2000: Thai Deputy Prime Minister Bhichai Rattakul makes an official visit to China at invitation of Vice Premier Li Lanqing.

Feb. 28, 2000: Liu Qi, Mayor of Beijing, and Bhichit Rattakul, Mayor of Bangkok, sign Year 2000 Memorandum of Friendly Exchanges.

Mar. 2, 2000: Senior officials from Indonesia and China complete consultations on a draft document on the framework of cooperation as the main foundation for enhancing bilateral relations in the 21st Century

Mar. 7-20, 2000: Thai Princess Maha Chakri Sirindhorn visits China.

Mar. 8-12, 2000: The Philippines Navy sights a total of 16 Chinese vessels engaged in illegal fishing in the vicinity of the disputed Scarborough Shoal.

Mar. 10, 2000:Suphachai Panitchpakdi, Thai Deputy Prime Minister and Commerce Minister, and Shi Guangsheng, Chinese Minister of Foreign Trade and Economic Cooperation, sign a bilateral agreement on China's accession to the WTO.

Mar. 12, 2000:The China Institute of Contemporary International Relations issues a paper calling for regional alliances between China and most of Asia to oppose the United States and Japan.

Mar. 13, 2000:Philippine Congressmen Senator Rodolfo Biazon and Representative Juan Miguel Zubri call on President Estrada to use American aid to modernize the Armed Forces of the Philippines to enable it to respond to threats from other countries, such as China, rather than spend the aid on counter-insurgency.

Mar. 13, 2000: Philippine navy vessels allow nine Chinese fishing craft to shelter at Scarborough Shoal due to bad weather.

Mar. 14, 2000: Yang Yanyi, Senior Counsellor of Chinese Foreign Ministry, expresses concern over large-scale military exercises involving countries outside the region.

Mar. 14, 2000: Reports claim that Vietnam's custom service recently seized two Chinese ships trying to land smuggled goods into north central Vietnam.

Mar. 14, 2000: Qian Shugen, deputy chief of the General Staff of the Chinese People's Liberation Army, embarks on a visit to Indonesia, Malaysia, and the Philippines.

Mar. 15, 2000: Secretary of Defense William Cohen addresses Vietnam's National Defense Academy. He states, "One of the very important and beneficial aspects of ASEAN is that you have collective interests, and those collective interests can in fact, if you act in concert, give considerable leverage in dealing with China in the future on a peaceful and cooperative basis."

Mar. 15-16, 2000: Chinese and ASEAN senior officials meet in Thailand to discuss their respective draft Codes of Conduct for the South China Sea. They agree to frame a common code of conduct for territorial disputes in South China Sea. The next round of discussions is scheduled for Kuala Lumpur in April.

Mar. 20, 2000: Philippine Representative Roilo Golez says China has deployed spy ships in Scarborough Shoal area to monitor movements by the Philippine Navy.

Mar. 20-22, 2000: Vietnam and China complete the 12th round of bilateral negotiations on maritime borders in Gulf of Tonkin.

Mar. 22-27, 2000: Vice President Gloria Macapagal-Arroyo visits China at the invitation of Vice President Hu Jintao.

Mar. 23-30, 2000: A delegation of the CCP Central Committee Organization Department, led by its deputy director, Yu Yunyao, pays a friendly visit to Vietnam and Laos.

Mar. 26, 2000: The Philippine navy deploys two gunships to convince eight Chinese fishing vessels still moored near Scarborough Shoal to leave.

China-Taiwan Relations: Cross-Strait Cross-Fire

**by Gerrit W. Gong, Director, Asian Studies Program,
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Chen Shui-bian's victory on March 18, 2000 to become Taiwan's president-elect with 39.3 percent of the vote dramatically changes Taiwan's domestic political topology and thereby the assumptions and framework for China-Taiwan cross-Strait relations. Chen's victory also ended a fifty year Kuomintang reign over Taiwan, placing the Democratic Progressive Party behind the wheel for the first time. The election also served to heighten cross-Strait tension. Prior to the election, on February 21, China issued a White Paper on cross-Strait relations, taking a more aggressive rhetorical stance toward Taiwan. Since the election, Beijing seems to be taking a wait-and-see approach, but it is unclear just how long China will be content with simply watching events unfold.

Taiwan Elects Chen Shui-bian as President

A strong 82.7 percent of Taiwan's eligible voters cast ballots to elect Chen Shui-bian. Key factors in the Democratic Progressive Party (DPP) election included: a split within the Kuomintang (KMT), Taiwan's ruling party; a strong showing by independent candidate James Soong (who carried 15 of Taiwan's counties with 36.8 percent of the vote); and the unique Taiwan electoral phenomenon of "strategic voting" and "ethnic counter-mobilization," which seemed to peel off support for KMT candidate Lien Chan from both sides. One result was increased votes in the north for Soong and in the south for Chen, particularly after Nobel Laureate Dr. Lee Yuan-tze's endorsement of Chen and PRC Premier Zhu Rongji's strong warnings.

Chen signaled early that he is aware of the need for caution. He also expressed his willingness to engage in cross-Strait discussions on terms appropriate to an elected representative not only of his party, but of all the people of Taiwan. Chen's approach, as his senior campaign strategists made clear at the March 29-30 CSIS Taiwan conference convened in Washington, D.C., was to counter assumptions on what he might do or believe by giving concrete, constructive suggestions. Three suggestions in particular were noted. First, Chen envisions an open-ended future for Taiwan. This moves to the future the question of Taiwan's political status -- whether some form of status quo, unification, or independence. Second, Chen says he will not call for a popular referendum on Taiwan's status unless militarily threatened by the PRC. Third, Chen stresses discussion and exchange across the Taiwan Strait are needed to clarify what the PRC means by "one-China." In this view, the "one-China" principle is an acceptable topic for discussion, including what it means, rather than a precondition for China-Taiwan discussion.

In the months preceding the Taiwan elections, both Beijing and Taipei sought to establish advantageous positions, both vis-à-vis the other and vis-à-vis the other in Washington. Washington and Beijing restored military-to-military relations after the accidental bombing of the PRC embassy in Belgrade through the January 24-26 Washington visit of General Xiong

Guangkai. The U.S. urged the People's Liberation Army (PLA) to be circumspect regarding the threat or use of military force, particularly around the time of Taiwan's elections. Washington was concerned lest Beijing scuttle its chances of winning U.S. Congressional support for Permanent Normal Trade Relations (PNTR) or force the Senate to pass the Taiwan Security Enhancement Act approved 341-70 by the House.

On March 6, in announcing the 2000 budget to the National People's Congress, PRC Finance Minister Xiang Huaicheng indicated a \$14.5 billion defense budget, a 12.7 percent increase from 1999, which does not include military procurement or research and development. On March 11-12, Beijing sailed its newly-delivered Sovremenny destroyer through the Taiwan Strait.

The White Paper

Preceding these events was China's February 21 State Council White Paper on "The One-China Principle and the Taiwan Issue." It was as if Beijing was responding to Lee Teng-hui's July 9, 1999 "special state-to-state relations" statement in the form of a paper missile. Like President Lee's "special state-to-state" comments, the PRC White Paper, though prepared in advance, came as a surprise. Those surprised included senior Clinton administration officials who had just complete a rocky visit to China and were not told during their trip about the White Paper. This left some U.S. analysts convinced that Beijing was sufficiently confident regarding Congressional PNTR approval and thereby decided to react strongly to the continued urging by the U.S. not to threaten force against Taiwan.

Like Lee's comments, the subsequent divergent Chinese interpretations of what the White Paper meant highlighted possible internal Chinese differences, or at least differing approaches to dealing with the strong reactions from the U.S. and others. And, like Lee's statement, the White Paper is a nuanced statement of principle ("one-China") and a tactical negotiating approach (it offers flexible PRC approaches to Taiwan's concerns for equality and functional topics preceding political ones).

Regarding "bottom-line" principle, it is worth reading the actual wording of the White Paper's three "ifs": "If a grave turn of events occurs leading to the separation of Taiwan from China in any name, or if Taiwan is invaded and occupied by foreign countries, or [and this was the new condition] if the Taiwan authorities refuse, *sine die*, the peaceful settlement of cross-Straits reunification through negotiations, then the Chinese Government will only be forced to adopt all drastic measures possible, including the use of force, to safeguard China's sovereignty and territorial integrity and fulfill the great cause of reunification."

Chinese officials hastened to interpret "*sine die*" to mean "indefinitely" instead of the more literal Latin "without a date." In his February 29 statement, Vice Premier Qian Qichen portrayed the White Paper as representing no dramatic change but rather continuity in PRC Taiwan policy. In so doing, Qian and others gave some relief to those worried that ascendant hardliners in Beijing were pushing forward with a timetable for cross-Strait unification talks, if not for unification itself.

For its part, in a statement issued February 22, Taiwan's Mainland Affairs Council specifically rejected the PRC's contention that the Republic of China had ceased to exist in 1949 as "running totally contrary to reality." It also called for the PRC "to pragmatically return to the mutually agreed position of 'one-China, different interpretations'" as reached by the two sides in 1992. Such an approach purports to avoid a potential stalemate over who or what represents "one-China" as a means "to seek the best interests of the people on both sides of the Taiwan Strait and to resolve the present problems between them."

Sino-U.S.-Taiwan Relations

Questions arose on Taipei's ability to defend itself and on what the U.S. approach to balancing Sino-U.S.-Taiwan relations in a U.S. election year should entail. Spurred by media stories of the classified Pentagon study on Taiwan's ability to defend itself, these questions fed heated policy discussion about whether or not the U.S. should clarify any "strategic ambiguity" regarding its commitments to Taiwan. They also fed policy discussion about the related but different approaches of defense and deterrence in the current debate regarding U.S. arms sales to Taiwan, including whether or not the U.S. should make available to Taiwan Aegis-equipped Arleigh Burke-class destroyers, or other military hardware.

All this fits into a context of U.S. Congressional concerns on balancing U.S. election year politics with a possible Senate vote on the Taiwan Security Enhancement Act (TSEA). It also pertains to pending Congressional approval of Permanent Normal Trade Relations status for China when the timing of China's possible World Trade Organization (WTO) entry is left uncertain because China and the European Union have yet to close the WTO bilateral accessing agreement.

On March 8, President Clinton sent legislation forward to Congress formally calling for the U.S. to grant China PNTR. In his March 8 speech, President Clinton reiterated the longstanding U.S. position saying, "we will continue to reject the use of force as a means to resolve the Taiwan question, making absolutely clear that the issues between Beijing and Taiwan must be resolved peacefully and with the assent of the people of Taiwan." The President then discussed cross-Strait relations stating, "there must be a shift from threats to dialogue across the Taiwan Strait. And we will continue to encourage both sides to seize this opportunity after the Taiwan election." Regarding a Congressional trade vote, on March 10, House Speaker Dennis Hastert admitted, "We have some of our guys who because of [Chinese] saber rattling [on Taiwan] and other things are not as solid as they were before on free trade with China, including granting Permanent Normal Trade Relations status."

Implications

All eyes are turned on Chen Shui-bian as he prepares his May 20 presidential inaugural address and on leaders in Beijing as they seek to determine their approach to President-elect Chen, to the Democratic Progressive Party, and to the significant political realignment taking place in Taiwan. If ever there was a time for cautious patience, it is now. Deadline diplomacy-- the tendency to make each new deadline a crisis in cross-Strait relations -- can only create timetables for tension. Given the strong likelihood that timetables for tension will be counter-productive in

the search for long-term peace, prosperity, and stability across the Taiwan Strait, it is strongly preferable, as the Chinese expression says, for all involved to *tui yibu, hai kuo tian kung* (“take a step back and see how broad the oceans and how wide the heavens are”).

Chronology of China-Taiwan Relations January-March 2000

Jan. 6, 2000: Independent presidential candidate James Soong suggests Taiwan and China should sign a 30-year mutual non-aggression peace treaty.

Jan. 10, 2000: President Clinton announces an "all-out effort" to persuade Congress to grant China Permanent Normal of Trade Relations (PNTR).

Jan. 14, 2000: Democratic Progressive Party (DPP) Chairman Lin I-hsiung says that DPP presidential candidate Chen Shui-bian will not declare independence for Taiwan if he is elected.

Jan. 18, 2000: DPP presidential candidate Chen Shui-bian says he would consider signing peace treaties with the mainland under the framework of the UN Charter.

Jan. 24, 2000: Lt. Gen. Xiong Guangkai, deputy chief of the general staff of the PLA, holds three days of talks in Washington with U.S. Congress members, Defense Department officials, and administration officials to reestablish military-to-military ties. These were the first such talks since the Chinese embassy was mistakenly bombed in Belgrade on May 7, 1999.

Jan. 31, 2000: Lien Chan, Kuomintang (KMT) presidential candidate, makes a proposal to resolve Taipei's political dispute with rival Beijing, calling for a "peace zone" to be established in the Taiwan Strait.

Feb. 1, 2000: Taiwan Security Enhancement Act is passed in the U.S. House of Representatives by a vote of 341-70.

Feb. 6, 2000: China's Vice Minister of Foreign Affairs Wang Guangya launches a verbal attack on the U.S. government for its plans to develop a national system of anti-missile defense, saying this could provoke a new arms race.

Feb. 8, 2000: A U.S. Navy battle group docks in Hong Kong, granting 7,000 sailors shore leave in the biggest such port call since the Belgrade embassy accidental bombing.

Feb. 10, 2000: Japanese Prime Minister Keizo Obuchi states that the Japanese government hopes China and Taiwan will resolve their differences through peaceful means.

Feb. 11, 2000: U.S. State Department says it does not believe the purchase by China of a modern Russian 8,000-ton destroyer, equipped with SSN22 anti-ship missiles, poses a significant threat to the U.S. military. Lin Cheng-yi, a researcher at the Taiwan state-run Academia Sinica research center in Taipei, says the ship definitely poses a threat to U.S. and Taiwanese interests.

Feb. 16, 2000: The United States and Japan agree to continue research on a regional missile defense system, despite some progress in missile talks with North Korea.

Feb. 17, 2000: Vice President Lien Chan offers to visit China and engage in a “broad dialogue with the mainland leaders” if he is elected.

Feb. 18, 2000: U.S. Deputy Secretary Strobe Talbott, visiting Beijing for high-level talks including with Vice Premier Qian Qichen, spends much of his two days discussing Taiwan, U.S. arms sales to the island, and Washington's plans to build anti-missile shields.

Feb. 21, 2000: China publishes a White Paper that adds that if Taiwan refuses indefinitely to pursue “the peaceful settlement of cross-Straits reunification through negotiations,” the Chinese government will be “forced to adopt all drastic measures possible” against Taiwan.

Feb. 23, 2000: Walter Slocombe, a U.S. undersecretary of defense, says the Chinese policy statement is a “new and troubling formula.” In China, the *PLA Daily* quotes military specialists as urging China's 2.5 million soldiers to contribute to protecting the unity of the motherland.

Feb. 24, 2000: President Bill Clinton stresses that the United States will continue to reject the use of force as a means of resolving the Taiwan issue.

Feb. 27, 2000: *The New York Times* reports that China's shift to a more aggressive stance on Taiwan may increase pressure on the Clinton administration to consider new sales of sophisticated arms to Taiwan.

Feb. 29, 2000: China's defense minister, General Chi Hoatian, told the visiting commander of U.S. Pacific forces, Admiral Dennis Blair, that China will never commit not to use force.

Mar. 1, 2000: Vice Premier Qian Qichen says China's policy toward Taiwan has not changed and the so-called “additional condition” for Chinese use of force against Taiwan is not new.

Mar. 4, 2000: President Jiang Zemin says that China would take “drastic measures” against Taiwan if it delayed reunification talks indefinitely, while Prime Minister Zhu Rongji mentions peaceful resolution of the Taiwan issue in the National People's Congress.

Mar. 6, 2000: In announcing his 2000 budget to the national legislature, Finance Minister Xiang Huaicheng says \$14.5 billion would be spent on defense, approximately a 12.7 percent increase above the previous year.

Mar. 8, 2000: U.S. President Bill Clinton says that China must “shift from threat to dialogue” in handling relations with Taiwan after the March 18 Taiwan election.

Mar. 15, 2000: China's Prime Minister Zhu Rongji, in a news conference, warns Taiwan voters to follow Beijing's preferences in Taiwan's coming presidential election: “Otherwise, I'm afraid you won't get another opportunity to regret.”

Mar. 18, 2000: Taiwanese voters end half a century of Nationalist Party rule and elect opposition leader Chen Shui-bian to the presidency.

Mar. 29, 2000: Taiwan's new President-elect Chen Shui-bian announces that his premier will be Lee Teng-hui's current Defense Minister Tang Fei.

China-Korea Relations:

Upgrading Communication Channels, Messages Are Getting Clearer

by Scott Snyder,*

Asia Foundation Representative, Korea

An unprecedented January visit to Seoul by PRC Defense Minister Chi Haotian marked the completion of the first exchange of visits between top-level Chinese and South Korean defense officials, following ROK Defense Minister Cho Song-tae's August 1999 visit to Beijing. China also sent clear negative signals prior to Chi's visit regarding the limits of its willingness to consider international opinion regarding the plight of North Korean refugees, repatriating seven refugees despite strong ROK protests.

On the ROK side, the primary reason for upgrading the Sino-ROK relationship lies in the "China" fever gripping the South Korean Internet and telecommunications sectors. However, the transmission of Chinese industrial pollution blowing with spring winds to Korea (and Japan) emerged as a key international issue, drawing the attention of a trilateral (China-Japan-South Korea) meeting of Environment Ministers to explore cooperative counter-measures in late February.

To the North, DPRK President Kim Jong-il seemed eager to send an indirect signal to Beijing by making an unprecedented symbolic visit to the PRC Embassy in Pyongyang in February, although it remains to be seen whether more direct channels between Beijing and Pyongyang may also develop.

Consummation of Ministerial-Level Sino-ROK Defense Ties

Chinese Defense Minister Chi Haotian was the first major guest of the new millennium in Seoul, marking the symbolic consummation of a deeper Sino-South Korean defense relationship. Minister Chi's five-day visit opened the door for regularized bilateral military exchanges between high-level officials, opened ties between counterpart military educational institutions, and paved the way for working-level discussions regarding exchanges of ship visits and joint military exercises. The visit was also significant primarily because Beijing has hesitated for so long to develop the military side of the relationship in deference to sensitivities in Pyongyang, which greeted the visit with a boosted propaganda offensive against South Korea. Top South Korean defense officials described Chi's visit as contributing to the dismantling of the Cold War structure on the Korean Peninsula and supporting the establishment of a multilateral security system in Northeast Asia.

In a world in which North Korean rocket launches provide the rationale for pushing forward U.S.- Japan cooperation on theater missile defense (TMD), concerns in Beijing about North Korea's reaction to the development Sino-ROK ties no longer apply. The desire to foster relations with Seoul might be considered even more appealing to Beijing when one considers South Korea's relatively innocuous politics. These non-threatening actions include: South Korea's notable non-participation in TMD, the relatively lukewarm reception given by Kim Dae-

jung to the victory in Taiwan by President-elect Chen Shui-bian, the refusal to positively consider a request to visit Seoul by the Dalai Lama, the ROK government's caution in considering the political asylum plea of Chinese democracy activist Xu Bo who escaped to South Korea last year with a Chinese tour group, and the potentially positive implications for Chinese security interests of a full "dismantling of the Cold War structure" on the Korean Peninsula.

China's Unmistakable Message in the Refugee Repatriation Case

Even in the midst of preparations for PRC Defense Minister Chi's historic visit, Beijing made it unmistakably clear that there are limits to cooperation with the ROK government on DPRK-related issues. Beijing sent seven North Korean refugees back to the DPRK in a high-profile case involving Russia and a representative from the UN High Commission for Refugees (UNHCR). These seven refugees had crossed from North Korea through China and into Russia, where they were met and interviewed by a member of the UNHCR to determine their status. After the UNHCR staff determined that these individuals were refugees, on December 30 the government of Russia decided to return the refugees to China, their original point of entry into the Russian Federation. Two weeks later on January 12, the PRC handed the refugees over to the North Korean government despite a vigorous South Korean diplomatic effort to have them delivered to Seoul. The incident had repercussions for South Korea's domestic politics; it was the ostensible reason for the replacement of the South Korean foreign minister. While the incident even drew editorial attention from the *Washington Post*, it has turned out to be a mere bump in the road as part of the growing Sino-South Korean relationship.

The immediate firestorm in Seoul over the "loss" of the North Korean refugees resulted in the replacement of ROK Foreign Minister Hong Soon-young with former Korea Foundation President Lee Joung-binn. There were other factors as well, including displeasure within the Blue House over the handling of sub-cabinet personnel appointments. Less than one month prior to his replacement, Foreign Minister Hong had invested in an obviously unsuccessful and intentionally unofficial effort to convince the PRC government to take a more flexible attitude on the refugee issue during Chinese Foreign Minister Tang Jiaxian's Seoul visit. The refugee repatriation incident subsequently became a vehicle for criticizing the effectiveness of Kim Dae-jung's international relations efforts, including the Sunshine Policy, in the run-up to the April 13 National Assembly elections.

The plight of North Korean refugees has become more sensitive in recent months as a result of stepped up activity by South Korean non-governmental organizations (NGO) in lobbying efforts designed to bring domestic and international attention to the plight of North Korean refugees. The Chinese repatriation decision provided concrete momentum for such criticisms, including from the *Washington Post*, which castigated the reticence of the international community regarding human rights abuses in North Korea. The refugee repatriation case has also motivated more active South Korean NGO participation in the annual UN Conference on Human Rights held in Geneva. The ROK government is unlikely to provide support for any resolutions against the PRC. However, in response to the most recent incident, the ROK and PRC governments have established a working-level channel following an early February visit to Beijing by Deputy Foreign Minister Jang Jai-ryong to coordinate their differing concepts of refugees on a case by

case basis. One objective of this channel is to ensure “quiet handling” of the issue to avoid the unwelcome politicization of such cases that makes Chinese cooperation less forthcoming.

Despite the publicity surrounding this case, the Chinese government has not made comprehensive efforts to expel North Korean refugees, which PRC government officials estimate at less than 10,000 people. Private estimates by local people in the Yanbian Autonomous Region put the number of refugees at 100,000, and some South Korean NGOs suggest there are as many as 300,000 refugees in the border area with Northeastern China. However, in cases that have received significant media attention such as this one, the PRC government has consistently shown an unyielding official stance that North Korean visitors are illegal immigrants, not refugees, denying the need for involvement from international NGOs or the UNHCR. This case was anomalous because it was politicized and there was criticism that the South Korean media may have contributed to the negative outcome through premature reporting about this group. At the same time, there have been suggestions that these seven are no ordinary refugees and that the South Korean government’s alleged involvement in bringing this case to the attention of the UNHCR may have been precisely why the PRC, and to a certain extent, Russia, handled this case differently than other cases where the refugees have successfully made their way to South Korea.

South Korean Telecom Industry’s Rush to the China Market

Economic opportunity continues to be a primary factor driving the improvement of the Sino-South Korean relationship. Nowhere is opportunity more apparent than in the telecommunications sector, where South Korean mobile phone manufacturers, driven by triple-digit expansion of the industry in South Korea, are actively seeking global export and investment opportunities. The code-division multiple access (CDMA) mobile telephone sector accounted for \$2.28 billion in exports in 1999, an increase of 250 percent over the previous year. South Korean exports accounted for about 62 percent of the CDMA handset market, according to the *Korea Economic Daily*, and mobile phones last year became Korea’s number three export item in value behind semiconductor chips and automobiles.

Poised to capitalize on the expansion of the mobile phone industry in China, South Korean telecom companies are remarkably well-positioned to be primary market participants once the PRC government approves the CDMA (code-division multiple access) system -- the standard in Korea -- in addition to the current Global System for Mobile (GSM) standard. China’s market for CDMA phone is projected to reach 40 million users by the year 2003. China’s adoption of the CDMA standard was on the agenda of a joint Korea-China economic committee meeting in March, as were the questions of cross-border cooperation to facilitate automobile parts supply and manufacturing and the issue of China’s chronic \$5-10 billion trade deficit with South Korea. The South Korean interest in participating in China’s mobile phone market was reinforced in mid-March with the dispatch of a delegation to Beijing led by former Information and Communications Minister Suck Namgoong.

SK Telecom reached a cooperation accord with China Unicom (a partner of Qualcomm, the leading licensor of CDMA technology) in February. Korea Telecom and China Telecom followed suit in March to pursue a comprehensive business focused on the Internet and

international data service sectors. There is also active cooperation among China, Japan, and Korea to expand domain registration options to include non-English scripts. China has also been a preferred expansion destination for Korean Internet service providers. At an international conference held in Shanghai in March, South Korea's largest semiconductor manufacturer, Samsung Techwin, received \$17 million worth of orders for chip mounters, which automatically mount semiconductor chips on printed circuit boards, and now holds over 20 percent of the Chinese market in this sector. In addition, China is the leading destination for South Korean technology exports requiring royalty payments, constituting half of the \$193 million in royalty payments earned in 1999.

In other sectors, container cargo transportation routes between Korea and China increased volume by 27 percent in 1999 to 926,000 tons. LG Electronics is investing in a new \$130 million color display tube factory in Hunan province. Daewoo Motors is pressing ahead to set up a new assembly plant in Yantai, Shandong Province, despite its "shaky financial status." The Korea Electric Power Company (KEPCO) has also begin to show interest in bidding for Chinese nuclear power plant construction contracts, with the intention of exporting the same plant-type KEPCO is currently building under the auspices of the Korean Peninsula Energy Development Organization (KEDO) in Sinpo, North Korea. Finally, South Korean-made condoms have rapidly penetrated the expanding Chinese market, marking \$32 million in sales compared to only \$128,000 a year earlier.

Managing Negative Fallout from Booming Sino-South Korean Exchanges

Tourism between China and South Korea continues to expand rapidly, with mixed results. Over 824,000 South Koreans visited China in 1999, compared to only 487,000 in 1998. The most serious consequence has been a recent up-tick in kidnapping and abductions of South Koreans for ransom purposes, including the brief abduction in February of a former North Korean defector, Cho Myung-chol, now a researcher at the Korea Institute for International Economic Policy. There were 182 crimes committed against South Koreans in China in 1999, constituting half of all crimes committed against foreigners. The ROK Supreme Public Prosecutor's Office (SPPO) estimates that 70 percent of all illegal drugs smuggled into South Korea are from China. These problems have led to the signing of an agreement on judicial cooperation between China and South Korea, and further consultation among National Police Agency authorities to respond to crimes against South Koreans visiting China.

Problems of Chinese visitors to South Korea have been focused in the areas of illegal immigration and mistreatment of Chinese visitors in illegal employment schemes. One ethnic Korean worker from China, Choi Kwang-bom, recently attempted suicide in protest against a deportation decision that would have prevented him from pursuing collection of over \$30,000 of unpaid wages owed over eight years of work in Korea. Over half of the 381,000 illegal foreign workers in Korea in 1999 (up 35.9 percent from the previous year) are ethnic Koreans from China, many of whom have been taken advantage of by Korean employers in various sectors. Many of these crimes are resulting from the "ugly Korean" syndrome, in which frictions between South Koreans and ethnic Koreans in the PRC are caused by wealth, social disparities, and exploitation.

Another unwelcome immigration to South Korea occurs annually with strong spring winds carrying air pollutants from inland China and the Gobi Desert. This year, the atmosphere in Korea has already been affected several times, with reduced visibility and increasing levels of heavy metals in the “yellow dust,” causing irritation to the eyes and respiratory discomfort. The situation made its way onto the agenda of the second Tripartite Environment Ministers’ Meeting (TEMM) in late February in Beijing involving ministers from China, South Korea, and Japan. It was agreed that nine environment-related joint projects would be implemented, including a joint study on acid rain caused by migratory air pollutants such as sulfurous acid gas and nitric oxide and the establishment of an environment data center.

Expansion of air and car ferry routes between Korea and China has continued to expand in the first quarter of this year. New routes from Seoul to Hainan, Xian and Guilin have opened recently, and Asiana Airlines is hoping to expand coverage to 14 Chinese cities from the current service to six destinations by early next year. In addition, Air China has inaugurated new weekly service between Pusan and Beijing and has doubled flight service between Seoul and Beijing in March. There are eight car ferry routes currently under operation, with a new route between Inchon and Yantai planned to open in June.

North Korea-China Relations: Fuzzy Signal for Improvement

The momentum in the Sino-South Korean economic relationship has clearly left North Korea in the dust, but that doesn’t mean that North Korea may not have its own economic motives for wanting to maintain a good relationship with Beijing. Among the most notable developments this quarter has been Kim Jong-il’s surprise appearance at the Embassy of the PRC in Beijing. The visit signaled a possible warming of the relationship between Pyongyang and Beijing and raised speculation about a possible future visit by the Dear Leader to Beijing. Much of that speculation, however, is premature. Diplomatic protocol will require a high-level visit by a senior PRC leader, most probably Li Peng, before it would be likely that Kim Jong-il would make such a visit to Beijing.

North Korean Foreign Minister Paek Nam-sun stopped in Beijing on the way to a conference of nonaligned nations in early April. It appears Paek delivered North Korea’s usual mendicant request for assistance, which this year focuses more on acute energy shortages than on the chronic food shortage. The PRC is rumored to have responded with an official contribution in its usual annual range of approximately 120,000 tons of grain and 400,000 tons of coal. Aid to North Korea is reported to comprise between one-quarter and one-third of the PRC’s total budget for external assistance, and bilateral trade between North Korea and China dropped 10.3 percent to only \$370.3 million in 1999.

Whether or not the North’s economic dependency may combine with political opportunism as motives for an effort to capitalize on perceived difficulties in the U.S.-PRC relationship, the North can not afford to ignore its relationship with China, despite its manifest frustrations with China’s rapid expansion of relations with South Korea. The opening of a North Korean consulate in Hong Kong on February 16, is a trade-off for the South Korean presence in Shenyang inaugurated in the summer of 1999.

Policy Implications

That the Sino-ROK relationship could recover so quickly from the highly-politicized refugee return incident, despite the domestic firestorm in South Korea over its handling, is clear evidence of the ROK government's perception that strategic cooperation with China -- in combination with rapidly growing economic opportunities -- strongly outweighs the gains from pursuing a principled or hard-line position on the plight of North Korean refugees. Increasingly, South Korean officials are considering China as a key interlocutor and vehicle for facilitating inter-Korean contacts and exchanges. ROK Foreign Minister Lee Joung-binn has actively encouraged greater Russian and Chinese roles in pressuring North Korea to respond to the Sunshine Policy. Lee stated at a policy forum in late March that "through efforts to improve relations between North Korea and Russia and China, the two countries can convey to North Korea the true intentions behind our engagement policy."

In the stark and calculating words of one South Korean official involved in policy-making toward North Korea, "the premise of our diplomatic strategy toward China must be that China is far more important than the United States in the reunification of North and South Korea." The danger of such a view is that it perpetuates the consistently mistaken premise among South Korean officials that China sees the importance of its relationship with South Korea as equally significant. The result of this asymmetry of interests is that South Koreans have consistently been overly focused on gaining political cooperation from China and have consistently been disappointed by the result. The economic relationship, however, is clearly a win-win playing field for the foreseeable future, with distinct long-term implications for South Korea's views on regional security issues. Perhaps the clearest message of such trends is that, in the event of renewed Sino-U.S. confrontation, the ROK government will make strenuous efforts to avoid taking sides. The choices it does make, not surprisingly, will be driven strictly by a focus on future national interests.

*The views expressed here are the author's personal views, and may not represent those of The Asia Foundation.

Chronology of China-Korea Relations January-March 2000

Jan. 12, 2000: China repatriates seven North Korean refugees over the strenuous diplomatic objections of the ROK.

Jan. 19-23, 2000: Chinese Defense Minister Chi Haotian visits South Korea in the first official visit to Seoul by a Chinese defense chief since the Korean War.

Feb. 1, 2000: Former North Korean professor Cho Myong-chol, now at the Korea Institute for International Economic Policy (KIEP) in Seoul, was held for 18-hours by Chinese kidnappers in Beijing, highlighting a rise in extortionary crimes committed against Koreans in China.

Feb. 2-4, 2000: ROK Deputy Foreign Minister Jang Jai-ryong visits Beijing to discuss the establishment of a dialogue channel on North Korean refugee and defector issues.

Feb. 16, 2000: North Korea opens seven-person consulate in Hong Kong on Kim Jong-il's 58th birthday.

Feb. 17, 2000: SK Telecom signs an agreement on comprehensive business cooperation with China Unicom, China's second largest telecom operator and Qualcomm's partner in licensing adoption of mobile phone technology for use in China.

Feb. 18, 2000: LG Electronics breaks ground on a new \$130 million computer display plant in Hunan Province, southern China.

Feb. 26-27, 2000: The second annual Tripartite Environment Ministers' Meeting is held in Beijing. Environment ministers from China, Japan, and South Korea supported nine projects designed to address regional environmental concerns, including studies of acid rain and the exact movement and effect of migratory pollutants from China to South Korea and Japan.

Mar. 5, 2000: Reclusive North Korean leader Kim Jong-il has makes a rare visit to the Chinese embassy in Pyongyang "on the occasion of the new year, and at the request of the Chinese ambassador to North Korea, Wan Yongxiang."

Mar. 16-18, 2000: A South Korean delegation headed by former Information and Communication Minister Suek Namgoong visits China to discuss with high-ranking Chinese officials the participation of Korean companies in the Chinese mobile phone market.

Mar. 20, 2000: Korea Telecom and China Telecom agree to form a comprehensive business alliance focused on Internet applications, international data service, and content development.

Mar. 23, 2000: Sino-Korean treaty on judicial cooperation in criminal investigations takes effect, providing the foundation for information and evidence exchange between law enforcement authorities of the two countries.

Mar. 27, 2000: The *Korea Herald* reports that Taiwan's President-elect Chen Shui-bian requested South Korean advice on transferring power. Due to upcoming National Assembly elections and concern about ROK relations with the PRC, it is suggested South Korea may privately offer its experience with the transfer of power.

Mar. 30, 2000: Samsung Techwin receives 17 million won worth of orders for chip mounters at "Nepcon Shanghai 2000," an international electronics manufacturing conference held in China.

Japan-China Relations: No Escaping History -or the Future

**by James J. Przystup,
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Japan's relations with China began the year on a positive note, with the announcement of a FY 2000 budget request to provide for the clean-up of chemical weapons abandoned in China by the Imperial army. However, history soon proved to be very much alive as underscored by the Osaka conference on the Nanjing Massacre. Likewise contemporary China's own problems -- the Dalai Lama, Falun Gong, and Lee Teng-hui -- continued to affect Sino-Japanese relations. Other developments during the quarter, including cyber attacks on Japanese government home pages, (in part originating in China), the 15 percent increase in China's military spending announced at the National People's Congress, and the Presidential election on Taiwan also posed new challenges. On the economic side, Toyota announced final approval of a joint venture, and Tokyo unveiled new Overseas Development Assistance (ODA) commitments. Even as the new ODA package was announced in Beijing, the Japanese ambassador publicly admonished China for failing adequately to appreciate the efforts Japan was making. At the same time, China's Supreme Court acted to make claims by Japanese banks against China's bankrupt international trade and investment corporations (ITICs) virtually unrecoverable.

A Good Beginning in the New Millennium...

The new millennium began with a positive step back into history. At the end of December, the Japanese government proposed 2,862 million yen in the draft fiscal year 2000 budget for the destruction of approximately 700,000 chemical weapons abandoned by the Imperial Army in China at the end of the Second World War. The sum, if appropriated, would allow the Prime Minister's Office for Abandoned Chemical Weapons to proceed with its ongoing study of destruction technologies and develop a destruction plan.

But Old Issues and History Remain

Despite this positive start, the issues of the past continued to buffet the relationship. A late January storm revolved around a one-day conference on the 1937 Nanjing massacre at Osaka's International Peace Center. Organizers of the conference portrayed it as an attempt to review the incident's historical record. Mainstream Japanese historians, however, regarded participation as tantamount to legitimizing the organizers' position that Nanjing was the "biggest myth of the twentieth century" and simply anti-Japanese wartime propaganda.

Prior to the conference, the Chinese Foreign Ministry expressed its intense concern and asked the Japanese government to take steps to prevent the spread of such ideas. Following the conference, China's Foreign Minister Tang Jiaxuan called in the Japanese ambassador and expressed the strong indignation of the Chinese government and people. While acknowledging that the number of Japanese who hold such extreme views is exceedingly small, the Chinese

Foreign Minister felt the conference reflected the deep and continuing influence of militarism in Japanese society. The Japanese ambassador explained that the conference proceedings did not represent the position of the Japanese government and that allowing the conference to be held reflected the freedoms of speech and assembly existing in contemporary Japan. The issue resurfaced at the National People's Congress in March when Prime Minister Zhu Rongji warned against the continuing existence of extreme right wing elements in Japan as evidenced by the Osaka conference.

Other Old and New Problems

At the same time, a series of sensitive political and diplomatic issues, involving possible visits to Japan by the Dalai Lama and Lee Teng-hui, a petition for non-profit organization status in Japan for Falun Gong, and the coming Okinawa Summit, continued to complicate Japan's relations with China.

Following an invitation from Kyoto's Seika University, the Dalai Lama made clear he was to travel to Japan and applied for a visa. Tokyo's governor, Shintaro Ishihara, well known for his strong views of China, stated he would meet with the Dalai Lama should he come to Japan. Meanwhile, Taiwan's President Lee Teng-hui was showing strong interest in traveling as a private citizen to Japan after he leaves office on May 20. Beijing asked that neither be allowed to enter Japan.

In November 1999, the Falun Gong organization applied, through a Japanese advocate, to the Tokyo municipal government for non-profit organization (NPO) status. The Chinese embassy informed Tokyo that granting such status held the possibility of negatively influencing Sino-Japanese relations. When the Tokyo government rejected the petition on March 8, Beijing characterized the refusal as an "enlightened" decision. Not to leave Beijing with the last word, Tokyo Governor Ishihara made it clear the decision had nothing to do with diplomacy -- the organization simply failed to meet the legal standards for NPO status. Moreover, the decision was not made with the intention of soliciting praise from Beijing.

Future Shock: Cyber Attack

In late January, the websites of the Prime Minister's Management and Coordination Agency, the Science and Technology Agency, and the Ministry of Transportation were attacked. The illegal acts began soon after the conclusion of the Osaka Conference on the Nanjing Massacre and eventually affected other government websites, including the Bank of Japan and the Finance Ministry. By the end of the first week in February, a total of twenty-one sites had been tampered with. With unexpected ease, cyber-terrorists had hit Japan.

Japanese police authorities traced the attacks to servers in China, the U.S., and Tokyo University's Hongo campus. Police linked the January 24 attack on the Science and Technology Agency to a server on the Tokyo University campus, while tracing the January 25 attack on the Prime Minister's Management and Coordination Agency and the January 26 attack on the Science and Technology Agency to servers located in China. One group of hackers, who wrote their message in Chinese characters, claimed to represent the Chinese Extreme Right Wing Anti-

Japanese Federation. In Beijing, the Chinese government issued a statement condemning the attacks.

Okinawa Summit and China

To invite or not to invite China to the Okinawa Summit was a matter of much pondering in Tokyo. The question of including China in the G-8 framework has been lingering on the diplomatic agenda for some time, only to be given new life late last year by Germany's Prime Minister Gerhard Schroeder. Schroeder's ruminations raised a number of difficult questions for Prime Minister Obuchi and the Japanese government, hosts of this year's G-8 Summit in Okinawa.

Prime Minister Obuchi initially sought to have the Summit reflect the voice of China as a major Asian power and looked for ways to involve China. The question was whether to enlarge the G-8 to include China or to grant observer status to Beijing. Either case would require extensive consultations with other G-8 members. Playing a bridging role between China and the West has long been regarded in Tokyo as Japan's unique contribution to the integration of China into the international community. Inside the Foreign Ministry, however, the difficulty of coordinating with other G-8 members and the downside of potential embarrassment should Beijing refuse a formal invitation were emphasized.

From Tokyo's perspective, China's leadership was not demonstrating much interest publicly. Prime Minister Zhu announced he did not consider the G-8 to be a broadly representative body. There were other concerns: China's presence could invite criticism of its own human rights record; participation in the G-8 might somehow weaken the UN system; as a member, Russia is not treated as a true equal; and Okinawa was also the site of major U.S. bases that could involve the U.S.-Japan alliance in a Taiwan contingency. Previously, China had criticized the Obuchi government's three-party coalition as right-leaning; accepting an invitation from the Prime Minister -- who (according to much "inside" speculation) was planning to use the Summit as a major re-election prop -- could have negative political consequences back in Beijing.

By early March, Beijing began to clarify its position -- it would not participate as a guest observer. On March 10, Foreign Minister Yohei Kono told the Diet's Upper House Diplomatic and Security Committee that China had decided not to attend the Summit regardless of how the invitation might be extended and it had no interest in joining the G-8 as a member. As next best, Tokyo asked Prime Minister Zhu to visit Japan before the Summit. Beijing, however, was unable to accommodate this request.

The National People's Congress: Military Spending Increase

Prime Minister Zhu's March 6 wide-ranging Work Report to the National People's Congress touched on a number of issues of immediate concern to Japanese security interests, including a 15 percent increase in China's defense spending and a reiteration of China's February 21 White Paper threat to Taiwan. Japanese press reporting on the increase in defense spending noted that it would outpace the projected annual economic growth rate of approximately seven percent and that it was being put forward at a time of increasing tension with Taiwan. This prompted a

Sankai Shimbu, editorial of 7 March calling for a review of Japan's ODA program for China, noting that by assisting in the construction of expressways, railroads, and airports, Tokyo was contributing to an increase in China's comprehensive military strength.

The following day, March 8, the Japanese Defense Agency's National Institute of Defense Studies released its *East Asia Strategic Review 2000*. The chapter covering China, thirty-three pages in length, takes up a broad range of issues, including China's diplomatic strategy, sea lane security, incursions into Japan's economic zone, the Senkakus, and PLA modernization. Among its observations, the study notes a slow but continuing increase in China's ballistic missile strength. At the same time, it asserts that Beijing's continued opposition to Japan-U.S. joint research on theater missile defense (TMD) is simply an apprehension that China's overwhelming military superiority with respect to Japan, as expressed by the deployment of its missile systems, was being put at risk. TMD is a defensive system and it is difficult to countenance the view that it threatens to destabilize strategic relationships with Japan's neighbors. That Japan, lacking any strategic systems, should be criticized for advancing TMD research is a view that could not be entertained. Overall, the report's heavy focus evidenced a strong concern with Chinese military trends.

In Tokyo, the Japanese Foreign Ministry's new press secretary called for increased transparency in China's military budget, observing that "we are not 100 percent sure what sort of items are covered by the Chinese defense budget *per se*...."

Presidential Election in Taiwan

From mid-February through March 18, the Japanese media featured extensive coverage on Taiwan's presidential election. Candidates, parties, election strategies, and cross-Strait developments were closely watched.

Despite China's considerable threats -- the February 21 White Paper, the March 6 *PLA Liberation Daily* article "Taiwan Independence Means Immediate War," and Zhu's own warnings at the close of the National People's Congress that "the Chinese people are ready to shed blood and sacrifice their lives to defend the sovereignty and territorial integrity of the motherland" -- Taiwan's March 18 election resulted in the election of Chen Shui-bian of the traditionally pro-independence Democratic Progressive Party (DPP). Post-election analysis in Tokyo focused on the implications of the election for Japan's relations with China, Taiwan, and the United States.

Foreign Minister Yohei Kono made clear Japan's hopes that both Beijing and the newly elected government in Taipei would work to resolve outstanding issues peacefully through direct discussion and that dialogue would be promptly resumed. There would be no change in Japan's basic policies of developing official relations with Beijing based on the 1972 Normalization Communiqué, while maintaining unofficial relations with Taiwan.

The situation required careful handling. While the Diet debate during the passage of legislation implementing the new Japan-U.S. Defense Guidelines had left the issue of Taiwan's inclusion shrouded in ambiguity, the new situation resurfaced concerns of possible Japanese involvement

and commitment. Early in the new year, Kunihiko Saito, former ambassador to the United States, observed that a Japanese failure to respond to a U.S. request for support in a Taiwan contingency would be a source of profound despair in Washington. A U.S.-China conflict would be Japanese diplomacy's worst nightmare.

At the same time, the striking progress of Taiwan's democracy raised Taipei's standing in Japan. This served to energize policy debates within Japan's political parties as to how to respond to the election, the May 20 inauguration, and the new DPP government. It re-engaged the debate among Japan's pro-Taiwan and pro-China political and economic elites. The election also raised sensitive political and diplomatic questions involving possible visits of former Japanese government officials to Taipei to attend Chen's inauguration. Even more sensitive were possible visits to Japan by outgoing President Lee Teng-hui and President-elect Chen Shui-bian.

Economic Relations

Despite a rocky start, Sino-Japanese economic relations continued to expand.

Beginning in 1997, the collapse of several of China's International Trade and Investment Corporations revealed the serious exposure of Japanese banks. Initially, the Bank of China announced that foreign investor claims would receive preference in any settlements. However, last year a Chinese court ruled giving preference to foreign creditors would disadvantage China's own investors. This ruling tied up asset recovery in bankruptcy proceedings. On January 8, China's Supreme Court issued a classified internal circular, freezing action on previously recognized claims and temporarily declining to accept new ones. The court's action made credit extended to China's ITICs by Japanese banks virtually unrecoverable. The foreign debt of such corporations is estimated at approximately 8 billion yen with Japanese debt accounting for nearly half. In Beijing, the Japanese embassy publicly criticized the court's failure to uphold China's own laws. The Japanese press headlined the story as China not playing by its own rules and contributing to a decline in foreign investor confidence.

In the private sector, joint ventures moved ahead. On January 31, Toyota received final approval for a production joint venture with Tienstin Automobile Manufacturing. Production is scheduled to begin next year. The agreement makes Toyota the third Japanese automobile corporation operating a joint venture in China; the other two companies are Suzuki and Honda. In February, Japan's Ando Marble Group and a Hong Kong-based Chinese stone company began operating a joint venture in Amoy. The joint venture brings unfinished building stones from various countries, Italy, Brazil, etc., to China for low cost processing. The joint venture is capitalized at five million Japanese yen.

The two governments also made progress on economic and development issues. In early February, Tokyo and Beijing announced agreement on a 16 billion Japanese yen loan package designating Dalian, Chungqing, and Shenyang as model cities for comprehensive environment protection projects. At the end of the month, after two years of on and off negotiations, the two governments reached agreement on a new fishing accord covering the northern areas of the East China Sea. While details regarding implementation remain to be worked out, the accord is scheduled to go into effect on June 1.

Indicative of Japan's central ODA role, representatives of Japan and China signed an agreement on Japan's new ODA commitment on March 27. At the signing ceremony, Japan's ambassador Sakutaro Tanino pointed out that in light of Japan's own economic difficulties, there are intense opinions being expressed in the Diet and the press about Japan's ODA spending in China. The ambassador went on to say that while the assistance extended to China represents the principal part of Japan's development assistance, this fact is not sufficiently understood by China. He expressed disappointment with China's reluctance to acknowledge the role that Japan's assistance has played in China's economic development over the past twenty years. This attitude, Sakutaro cautioned, made sustaining Japan's assistance program difficult.

Implications for U.S. Policy

China's ongoing military modernization, in particular the growth of its missile forces and its opposition to missile defenses, continues to move Tokyo toward closer security cooperation with the United States and serves to enhance cooperative research in the development of TMD. At the same time, the cross-Strait tensions during the 2000 Taiwan election again raised nightmarish scenarios of possible U.S. involvement in a China-Taiwan crisis. This, in turn, would likely bring calls from Washington for Japanese support. Failure of Japan to respond in accordance with the new U.S.-Japan Defense Guidelines would put at risk the U.S.-Japan alliance as well as the existing alliance-based regional security structure.

Looking ahead to the next administration in Washington, striking and maintaining the proper balance between U.S. values and U.S. interests with respect to Taiwan and China remains a central challenge for U.S. diplomacy. For both Washington and Tokyo, conflict in the Strait represents a lose-lose outcome.

Chronology of Japan-China Relations January-March 2000

Dec. 24, 1999: Japanese government announces FY 2000 draft budget, proposing funds for destruction of chemical weapons abandoned by the Imperial army in China.

Jan. 8, 2000: China's Supreme Court rules against recovery of claims against bankrupt Chinese corporations by Japanese banks.

Jan. 23, 2000: The Osaka conference on the Nanjing Massacre convenes.

Jan. 24, 2000: Cyber attacks begin on Japanese government home pages; some are traced back to China.

Jan. 31, 2000: Toyota received final approval for joint venture with Tienstin Automobile Manufacturing. This is the third Japanese joint venture in automobile production in China.

Feb. 21, 2000: China releases White Paper on Taiwan that broadens the circumstances under which the PRC would invade Taiwan.

Feb. 26-27, 2000: Japan, the ROK, and the PRC sign a joint communiqué on environmental protection.

Feb. 27, 2000: Japan and China sign a fisheries agreement.

Mar. 5, 2000: Prime Minister Zhu Rongji's Work Report to the National People's Congress announces a military spending increase, criticizes Japanese right wing extremism, and reaffirms China's commitment to the February 21 White Paper.

Mar. 8, 2000: Tokyo municipal government rejects Falun Gong petition for Non-Profit Organization status.

Mar. 8, 2000: Japan's Defense Agency releases *East Asia Strategic Review 2000*; China-related issues are major focus.

Mar. 10, 2000: Foreign Minister Kono announces that China will not attend G-8 Summit in Okinawa.

Mar. 15, 2000: Prime Minister Zhu threatens that China will shed blood to prevent Taiwan independence.

Mar. 18, 2000: Presidential election takes place in Taiwan and Chen Shui-bian of the Democratic Progressive Party is elected.

Mar. 27, 2000: An agreement is reached in Beijing on new Japanese Overseas Development Assistance (ODA) commitments.

Japan-Korea Relations: The Pre-Game Continues....

**by Victor D. Cha,
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The quarter was a relatively quiet one for Japan-ROK and Japan-DPRK relations. There is no denying important and requisite interim steps taken by Tokyo and Pyongyang in preliminary normalization talks. There is no denying modest but not immoderate steps by Seoul and Tokyo in cementing relations. Trilateral policy coordination with the United States also continued. But these developments are best seen as the “pre-game” for the next quarter when formal Japan-DPRK normalization talks commence, a high-level DPRK visit to Washington is imminent, a Japan-ROK summit is in the making, and a high-level inter-Korean meeting remains a possibility.

Japan-DPRK Relations: Pre-Game Analysis

Tokyo and Pyongyang undertook several requisite steps (noted in last quarter’s analysis “DPRK Dialogue: A Little Luck the Fourth Time Around?”) that enabled both sides to get closer to the start of official normalization dialogue. Japan’s decision to lift a three-year suspension on food aid to the DPRK and to provide 100,000 tons of rice through the World Food Program, while couched in the language of humanitarian food aid, met an important precondition for the North to start normalization talks. Pyongyang’s reciprocal commitment to look into the issue of abducted and/or missing Japanese, although far from a promise on which to bet the house, made it at least marginally easier domestically for the Obuchi government to start the talks. Both sides are engaging in a bit of pre-positioning in the run-up to the first formal round of talks starting in Pyongyang, April 4-8. Kojiro Takano, Japan's ambassador to KEDO and chief negotiator to the talks, and Foreign Minister Yohei Kono have stated in no uncertain terms the criticality of resolving the abduction issue, while DPRK counterparts have pressed the reparations issue as well as expressed outrage at any inclusion in the talks of curbs on its missile program.

The only certainty in this upcoming negotiation path is that it will be painfully protracted with deadlocks, walkouts, and suspensions (just ask the Americans). If the past is any indicator, North Korean intransigence correlates positively with the perceived importance of the negotiation, and clearly the DPRK has a great deal at stake in a potential normalization settlement with Japan. One positive factor for the Japanese is that the North approaches the negotiation marginally more practiced in diplomacy. In the past quarter alone, the North has hosted Australian foreign ministry delegations and agreed in principle to reestablish diplomatic relations (February 27-28). Pursuant to normalizing relations with Italy (January), DPRK premier Paek Nam-sun hosted the Italian foreign minister (March 28) and agreed to reciprocate the visit in the near future. The Pyongyang government sent a working-level delegation secretly to Canada (March 7) to explore areas of cooperative exchange, hosted a French delegation for similar purposes (February 1), and in April agreed to host for the first time in three years a British delegation on International Maritime Organization (IMO) issues and English language-teaching. Pyongyang has made overtures for diplomatic relations with South Africa and the Philippines (Senate president Blas Ople will visit in May), and will likely seek membership in

the ASEAN Regional Forum (ARF). It will attend the G-77 South Summit in Cuba in April, most likely bookended by trips to some South American capitals.

The sheer volume of diplomatic activity is unprecedented in recent years, perhaps not seen since the days of Kim Il-sung's relatively successful diplomatic initiatives with the non-aligned movement in the early 1970s. For more on North Korea's diplomatic offensive, see last quarter's commentary "North Korea: Making Up Lost Ground, Pyongyang Reaches Out." An ROK intelligence report (January) noted the larger trend, citing definitive increases of 134 and 222 overseas visits in 1998 and 1999 respectively by DPRK officials after a severe and sustained drop-off since Kim Il-sung's death (1994). Moreover, the level at which the DPRK is interacting externally has been steadily rising with individuals like Paek Nam-sun and Kim Yong-nam participating (the latter was the highest level DPRK official the Perry mission met with in June 1999; Kim is scheduled to attend the G-77 summit).

That Pyongyang's survival end game has taken a turn toward pragmatic diplomacy rather than isolation as the primary means is clear; what is debatable is the extent to which these new initiatives augur positively or negatively for Japan-DPRK talks. Those who support the latter view argue that the DPRK's new relationships give them leverage vis-a-vis Tokyo and make them even more difficult to negotiate with. Taking a page from the Kim Young-sam government's harder-line days, the prevailing *modus operandi* for these critics is that the best DPRK was an isolated one -- i.e., a successful negotiating strategy in relation to the North was to make all DPRK external contacts contingent on improvements in relations with the principal (in Kim Young-sam's days, Seoul, and in this case, Tokyo).

On the other hand, the recent diplomatic activity may indicate that the DPRK is now genuinely interested in seeking new external relations including Japan (which was not a foregone conclusion in earlier DPRK forays in the mid-1990s). In part, this is because the higher levels at which Pyongyang is interacting may indicate a good part of the internal struggles over grand strategy as well as the extensive ideological reorienting necessary to justify the new path may be near resolution. Determining which of these views is right is clearly a tough call, but if such an interpretation were correct, Tokyo would at least be starting formal talks in April with a DPRK somewhat different in its intentions than in the past.

A less difficult judgment call pertains to the effect of South Korean domestic politics on Japan-DPRK dialogue. Some judge that a poor outcome for the ruling government in the upcoming South Korean legislative elections (April) could galvanize hard core conservative elements and be interpreted as a mandate for scaling back the Sunshine Policy. This would throw out of kilter the delicate trilateral coordination dynamic of the Perry review and potentially worsen Seoul-Tokyo relations over once familiar arguments of DPRK "wedge strategies" (i.e., ROK bitterness at Pyongyang's ignoring the South while improving relations with the U.S. and Japan).

This is hardly likely for two reasons. The Sunshine Policy is likely to survive virtually any outcome to the national assembly elections, in large part because the policy benefits from its own success -- in other words, it is now politically legitimate in ROK domestic politics to advocate a non-confrontational, non-zero-sum policy with North Korea (this will be remembered as the most important accomplishment of the Kim government's Sunshine Policy historically). Second,

Tokyo has made it very clear that future tangible acts of cooperation with the North (read: direct bilateral food aid) will be contingent on improvements in inter-Korean relations. Thus, Seoul and Tokyo's ability to manage successfully their respective DPRK policies to the benefit of bilateral relations is actually overdetermined rather than contingent on the whims of domestic politics.

The Kim Dae-jung-Obuchi Era: Making History without Histrionics

On the Seoul-Tokyo front, bilateral relations sustained cooperative trends from the past quarter. Trilateral policy coordination on North Korea continued with meetings of the Trilateral Coordination and Oversight Group (TCOG) in February and March. On the security front, meetings between Chairman of Japan's Joint Staff Council Yuji Fujinawa and the ROK chairman of the Joint Chiefs of Staff Cho Yung-kil committed to expanding bilateral military exchanges and other forms of security cooperation. These meetings only seem underwhelming to those without an understanding of the past. What were once unofficial, sporadic, and taboo meetings between high-level military officers in the 1960s and 1970s have now become official, regular, and institutionalized channels of bilateral security dialogue and cooperation. Moreover, as observers have noted, a key difference today is that when the two militaries talk about the need for closer ties as essential to regional stability (what has now become standard communiqué language in meetings of this nature), they really mean it!

Perhaps most significant in the longer-term were the quiet accomplishments in the past quarter on "low-politics" issues. The March 18-20 meeting of education ministers in Seoul, while short on accomplishments, was long on symbolism. Hirofumi Nakasone and his South Korean counterpart Moon Young-lin reached modest agreements on expanding student and cultural exchanges, but the significance was that the visit took place at all. Because of the history textbook controversy (which reached its apex as a diplomatic dispute ironically during Nakasone's father's premiership in the mid 1980s), no Japanese education minister has been able to pay an official visit to Seoul since 1965. Nakasone's visit is not a panacea for the history problem (for example, the textbook issue was deliberately side-stepped by both sides during the visit and ROK-requested revisions to textbook sections dealing with "comfort women" remain pending). Nevertheless, the visit represents another manifestation of the Kim Dae-jung-Obuchi commitment to take the relationship in new, positive directions.

The aggregate effect of small events like these and Seoul's decision to remove the import ban on Japanese products (last quarter) represent an incremental liquidation of the negative ideational base that has traditionally informed the relationship. At least on the Japanese side, this was manifest in national surveys released by the prime minister's office in January showing for the first time in eleven years a majority of respondents feeling closer to Korea than not. Slowly but surely, the Kim Dae-jung-Obuchi era is making (and re-making) history.

Outlook for the Next Quarter: Game Time

Projecting linearly from the course of events this past quarter, the next quarter promises to be a noisier one, for better or for worse. Most prominent among the events will be the formal start of Japan-DPRK normalization talks and a possible high-level DPRK visit to Washington. Should Pyongyang perceive the South's national assembly election results as not rendering the Kim government lame-duck status, an inter-Korean meeting of some form is not off the radar screen. Expect, at any rate, an ROK presidential visit to Japan as well as more high-level Japan-ROK military exchanges.

Chronology of Japan-Korea Relations January-March 2000

Jan. 5, 2000: ROK and Japanese government spokesmen applaud Italy's decision to normalize relations with North Korea.

Jan. 5, 2000: DPRK *Rodong Shinmun* calls for Japan to apologize for colonization and demands reparations.

Jan. 6, 2000: Japanese Foreign Ministry spokesman Sadaaki Numata denies that the government has ties with Takashi Sugishima, a former journalist being detained in the DPRK on spy charges.

Jan. 13, 2000: *Yomiuri Shimbun* reports that an unnamed Japanese foreign ministry official says the government seeks to avoid politicizing the Sugishima case with the DPRK.

Jan. 22, 2000: Japanese Prime Minister's office releases a national survey showing for the first time in 11 years a larger percentage (48 percent) of respondents feeling closer to the ROK than not (46.9 percent).

Jan. 28, 2000: Japanese Prime Minister Keizo Obuchi's new year foreign policy speech states the establishment of diplomatic ties with the DPRK as an objective.

Jan. 31, 2000: DPRK's *Rodong Shinmun* warns the DPRK will suspend planned talks with Japan on normalization if Japan continues to make allegations of DPRK kidnapping of Japanese citizens.

Feb. 1, 2000: U.S.-ROK-Japan Trilateral Coordination and Oversight Group (TCOG) meets in Seoul.

Feb. 23, 2000: The Japanese-DPRK Friendship Association of Politicians is formed. Former Prime Minister Tomiichi Murayama is the association's first president; 169 Diet members, including those from the Japanese Communist Party, join the association.

Feb. 26-27, 2000: Japan-ROK-China environmental ministers meet in Beijing on the development of the PRC western region and environmental protection programs.

Mar. 1, 2000: Prime Minister Keizo Obuchi offers Japanese medical expertise to help treat DPRK atomic bomb victims.

Mar. 1, 2000: ROK protests in front of the Japanese embassy in Seoul in celebration of the 81st anniversary of the Mar. 1st movement.

Mar. 6, 2000: Families of Japanese allegedly kidnapped by DPRK agents stage a protest in front of the foreign ministry against government plans to resume food aid to the DPRK.

Mar. 7, 2000: Japanese government announces its plan to send 100,000 tons of rice as aid to the DPRK.

Mar. 13, 2000: Japan-DPRK Red Cross talks take place in Beijing.

Mar. 15, 2000: Japan-ROK high-level military talks occur in Seoul between the chairman of Japan's Joint Staff Council Yuji Fujinawa and Cho Yung-kil, chairman of the ROK Joint Chiefs of Staff.

Mar. 18- 20, 2000: Japanese Education Minister Hirofumi Nakasone meets with his ROK counterpart, Moon Yong-lin in Seoul.

Mar. 20, 2000: Korean newspapers cite a Korea Trade-Investment Promotion Agency (KOTRA) report that DPRK-Japan trade totaled \$350.4 million in 1999, down 11.65 percent from 1998.

Mar. 22, 2000: Japanese Foreign Minister Yohei Kono announces that the Japanese and DPRK governments will hold normalization talks in Pyongyang April 4-8, 2000. DPRK former Vice Foreign Minister Jong Tae-hwa will represent the DPRK. Takano Kojiro, ambassador to the Korean Peninsula Energy Development Organization will represent Japan.

Mar. 25, 2000: Japanese Education Minister Hirofumi Nakasone meets with ROK Culture and Sightseeing Minister Park Ji-won in Sendai, Japan and discusses cultural exchanges.

Mar. 26, 2000: Japan-ROK foreign minister talks take place in Seoul. Foreign Minister Kono also consults with ROK President Kim Dae-jung regarding Japan's decision to send 100,000 tons of rice to the DPRK.

Mar. 29, 2000: Kojiro Takano, Japan's chief negotiator in the DPRK normalization talks, states that Tokyo and Pyongyang remain far apart on key issues, including the alleged abduction of Japanese citizens by the DPRK and the DPRK's demands for reparations.

Mar. 30, 2000: TCOG meeting occurs in Tokyo, with Yukio Takeuchi, Japan's deputy vice foreign minister for foreign policy, US State Department counselor Wendy Sherman, and ROK deputy minister of foreign affairs and trade Jang Jai-ryong participating.

Japan-Russia Relations: Japan Struggles to Gain Attention

**by Joseph Ferguson,
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Tokyo has spent the first three months of the new millennium just trying to figure out Vladimir Putin. The Japanese government has been sending strong signals to Russia and its new president, but the calls have remained unanswered. Moscow's inattention to Tokyo further complicates relational inequities, as Japan continues to be the only nation extending bilateral credits to Russia. However, low-level public and private contacts flourished this quarter in the form of cultural exchange, legal cooperation, and business loans. Complicating this relationship is an awareness that Chinese and U.S. actions will play a heavy hand in negotiating Japan-Russia ties. Nonetheless, Japanese leaders are hopeful -- if perhaps overoptimistic -- that a strong Russian leader will be willing and able to "move the relationship forward" (i.e. to make concessions to Japan).

Feeling Ignored in Tokyo

Japan's Russia experts in the Ministry of Foreign Affairs (MOFA) have spent the first three months of the new millennium just trying to figure out Vladimir Putin. This, of course, is no different from the policymakers of the leading countries in the West. The Japanese, however, are at a disadvantage. While Putin and his closest advisors have been sending clear signals to North America, Western Europe, and China that the new administration desires warm relations, Japan has been left off of the agenda. In fact, the Japanese government has been sending strong signals to Moscow, but the calls have remained unanswered. One of the first things Putin did upon assuming office was to place phone calls to Washington, Beijing, Paris, London, and Berlin. No phone call was made to Japan until January 28, although Obuchi did call Putin early in January. Apparently the latter phone call partly consisted of talk about martial arts. Old habits (remember former Prime Minister Ryutaro Hashimoto's kendo diplomacy) die hard.

If the Japanese think they are getting little attention in Moscow, they are right. Russian leaders have left Japan off of their agenda for now. In the numerous speeches, statements, and policy papers outlining Russia's new policies, Japan merits practically no mention. In Putin's open letter to the voters of Russia, published in several of Russia's leading dailies on February 25, the new president stressed the importance of economic priorities in the formulation of foreign policy. To Japanese policymakers, this might have sounded like a promising start. Economic relations and yen diplomacy are, after all, Japan's forté in foreign policy. Barely a week later Deputy Foreign Minister Ivan Ivanov gave an interview to the daily *Nezavisimaya Gazeta* on the importance of building a strong economic foundation for Russia's new diplomacy. Throughout the lengthy interview, however, Ivanov made not one reference to Japan. Ivanov mentioned the members of ASEAN and the nations of Latin America, but Japan was suspiciously excluded. That same week Sergey Karaganov, a former foreign policy advisor to Yevgeny Primakov and a man with his finger on the pulse of Russian foreign policy, published an article covering the same theme in the weekly *Moskovskie Novosti* and he also failed to mention Japan.

The Japanese are so anxious to get themselves placed on the Putin agenda that they have made entreaties for Putin to visit Japan at least twice this year -- once after his May 5 inauguration, and again at the G-8 Summit meeting, which will be held in Okinawa in late July. The Kremlin has thus far demurred. Japanese Prime Minister Keizo Obuchi had even offered to visit Russia before the July Summit if Putin cannot visit Japan, despite the fact that Obuchi visited Russia in November 1998 and diplomatic protocol dictates that the Russian head of state should visit Japan next. Obuchi was willing to overlook this. However, Putin's first trip abroad in Asia will likely be to China. Considering one of former President Boris Yeltsin's last trips abroad was to China, Japan is feeling left out and unrewarded. The Japanese government is still the only one extending bilateral credits to Russia, and although Russian policymakers readily admit this and express their gratitude, Japan feels there is no true reciprocation.

Russian politicians and diplomats still view Asian policy as an area to further strengthen ties with Beijing and New Delhi (not coincidentally Russia's two largest arms clients). Tokyo usually comes in third. One veteran Japanese correspondent in Moscow despairs, "our relations have sunk back down not to zero, or to the base, but even lower." According to one Japanese official in the Defense Agency, there are now two different schools of thought among Russia experts within the Japanese Foreign Ministry. The first advocates the current approach, maintaining pressure regarding a peace treaty and settlement of the Northern Territories dispute. The second argues that Japan needs to proceed along a new path and seek new policies. Hashimoto seemed to be an advocate of this second school of thought, but Yeltsin's strange statement at Krasnoyarsk (calling for a peace treaty by the year 2000) ironically derailed Hashimoto's new initiative. It gave false hope to many Japanese diplomats that a miracle deal could be worked within two to three years. In fact, any settlement will take decades, and Hashimoto was one of the first Japanese leaders to publicly say so. The divisions within the Japanese government were highlighted when Chief Cabinet Secretary Miki Aoki had to publicly repudiate statements made by Ambassador Minoru Tamba, in which Tamba indicated that a peace treaty was unlikely to be signed by the end of this year. It is time for Japan to reassess its Russia policy, but this will be hard to do until a clearer picture of how Vladimir Putin intends to rule Russia becomes available. We will all know better come May.

Contacts Continue to Flourish

To its credit, the Japanese leadership has not given up hope, and Tokyo continues to push for a full agenda with Moscow. Both high- and mid-level governmental contacts between Japan and Russia saw increasing activity during the first three months of the year. Russian Deputy Prime Minister Mikhail Kasyanov (widely considered to be the man Putin will tap as Russia's next Prime Minister) visited Japan in mid-January, along with the head of the Central Bank of Russia Viktor Gerashchenko. They promised to maintain the cordial relations seen between Tokyo and Moscow in the latter Yeltsin years. Foreign Minister Igor Ivanov was the next high-ranking official to visit Japan, arriving in mid-February. Though he was blunt in his assessment of the status of a peace treaty (he termed Japanese territorial expectations an "illusion"), Ivanov conveyed Putin's desire to oversee cordial relations. Though this may sound like diplomatic light talk and nothing more, Ivanov did make a bold argument for Japan and Russia to be more

deeply involved in negotiations on the Korean Peninsula. Japanese Deputy Foreign Minister Ryozo Kato visited Moscow in February to discuss bilateral ties.

What received even more notice in the press of both nations was the mid-February visit to Moscow and Vladivostok of the Chief of Staff of Japan's Maritime Self-Defense Forces, Admiral Hosei Fujita. It was the first visit of a Japanese naval chief to Russia, and builds upon the increasing bilateral contacts between the two nations' military forces. The topics discussed by the two sides included holding joint Russian-Japanese naval exercises as part of an accident prevention program and the possibility of conducting search and rescue operations. During Fujita's visit to Vladivostok it was announced that Japan would extend \$120 million in financial assistance to help clean up nuclear waste in Russia's Pacific Fleet ports, and that it would allot another \$20 million for a scientific center in Moscow. These are part of the \$1.5 billion in credits promised by Prime Minister Obuchi during his November 1998 visit to Moscow. In fairness to Moscow, Putin did reciprocate somewhat by overseeing the ratification in the Duma of a Japanese-Russian agreement on the encouragement and protection of Japanese capital investments in Russia. Work on the agreement had been ongoing for two years. At the end of March, Russian First Deputy Finance Minister Aleksei Kudrin announced that Russia expected to receive a \$100 million tranche from Japan of a coal sector adjustment loan from the World Bank.

Perhaps even more important, low-level public and private contacts flourished over the first three months of the year. Japan has begun disbursing so-called "Obuchi Grants" to young Russian and Japanese scholars, athletes, and artists in an effort to promote understanding at the grass-roots level. Among the first group to arrive in Japan from Russia were 19 practitioners of kendo. Also in Tokyo recently on similar grants were young officers from Russian Federation Border Guard units stationed in the Far East. A delegation of Russian law enforcement officers visited Tokyo and met with their Japanese colleagues to discuss ways in which the two nations could combat drug trafficking and illegal smuggling in the Far East. A delegation from the local Duma of Khabarovsk Territory visited Japan to study parliamentary procedures. Discussions centering on Russo-Japanese scientific and technical cooperation recently ended with an agreement to replace an existing accord signed a quarter of a century ago. On the business side, the Russian-Turkish-Italian Trans-Black Sea gas pipeline project known as "Blue Stream" received a loan guarantee for \$600 million from a consortium comprising Mitsui, Sumitomo, and Itochu under the guarantees of MITI and the Japan Bank for International Cooperation. Russian energy giant Gazprom received a \$20 million credit from Marubeni Corporation. Arguably, these are the types of contacts that need to be broadened in order for relations between the two nations to be more firmly grounded.

Quadrilateral Focus

Japanese and Russian policymakers still see their relationship in the context of Northeast Asian quadrilateral relations. One former high-ranking Russian diplomat and ambassador, Georgi Kunadze, speculates that Putin and his team feel that Yeltsin leaned too heavily toward China during the past year. In Putin's open letter to the voters, no mention was made of a multipolar international system, one of the pillars of Yeltsin and Primakov's foreign policy. Putin has made it clear that he will not oppose any one nation (read: the United States) simply for the sake of opposing. Russia, Putin writes, will make its stand when the interests of the nation are at stake.

Karaganov, in his piece, argues that Russia should not become tangled in the complex web of Sino-U.S. relations simply to oppose the United States. Meanwhile, China's strong words toward Taiwan and the apparent rejuvenation of Li Peng and the PLA have left the Japanese leadership somewhat nervous. An article in the *Nezavisimaya Gazeta* speculates that Japan's desire to improve relations with Russia is directly linked to China's growing assertiveness. The two countries may have a common agenda to advance relations and shore up their strategic positions.

United States efforts to co-develop a ballistic missile defense (BMD) system with Japan pose a potential irritant in Japanese-Russian relations. Russian statements criticizing BMD initiatives have begun to include Japan. Whereas China has criticized Japan from the beginning for expressing interest in the co-development of a BMD system, only recently has the Russian Foreign Ministry targeted its criticism toward Tokyo. Perhaps with such statements in mind, the *Sankei Shimbun*, in an editorial marking Northern Territories Day (February 7), warned of the growth of nationalism in Russian policy toward Japan. In a later editorial, the *Sankei* asked Obuchi to reconsider blindly running off to Russia before understanding what exactly Putin has in mind. Putin is certainly a question mark, particularly when it comes to Asian policy. However, some Japanese observers have expressed hope Putin will have enough power to be able to make concessions to Japan.

Putin has already moved to reign in the power of local governors. Regional leaders such as Primorye Governor Yevgeny Nazdratenko and Sakhalin Governor Igor Farkhutdinov have consistently spoken out against concessions to Japan. If Putin brings them into line, at least one obstacle would be removed. Many Japanese experts are hopeful that a strong leader in Moscow can push forward the agenda. As one Japanese observer remarked, "Only Nixon could have gone to China." Nevertheless, however much Putin may want to resolve this issue, he will find the obstacles too numerous and the issues too delicate to resolve swiftly. Similar hope was expressed in Tokyo after both Gorbachev and Yeltsin came to power. Even these two forceful leaders were ultimately unable to make any progress in this decades-long stalemate.

Chronology of Japan-Russia Relations January-March 2000

Jan. 1, 2000: Boris Yeltsin names Vladimir Putin acting President of Russia after his resignation.

Jan. 21, 2000: Russian Deputy Prime Minister Mikhail Kasyanov and head of the Central Bank of Russia Viktor Gerashchenko visit Tokyo to discuss Russia's participation in the July G-8 Summit in Okinawa.

Jan. 28, 2000: Acting Russian President Vladimir Putin confers on the telephone with Japanese Prime Minister Keizo Obuchi.

Jan. 31, 2000: Former Russian President Boris Yeltsin and Former Japanese Prime Minister Ryutaro Hashimoto discuss Japanese-Russian relations on the telephone; they vow to remain active in pushing for normalization.

Feb. 1, 2000: Khabarovsk Territory Governor Viktor Ishayev visits Niigata in Western Japan, where he seeks Japanese investors' participation in a project to install a gas supply system in his region.

Feb. 2, 2000: Japanese Deputy Foreign Minister Ryozo Kato visits Moscow to hold discussions with his Russian colleagues Grigory Karasin and Georgi Mamedov.

Feb. 7, 2000: Tenth Annual Northern Territories Day in Japan.

Feb. 9, 2000: Russian Foreign Minister Igor Ivanov arrives in Tokyo for an official visit, following his visit to Pyongyang. He meets with his Japanese counterpart Yohei Kono and with Prime Minister Obuchi.

Feb. 11, 2000: The Japanese government announces grant of \$120 million to clean up Russia's nuclear waste in Far Eastern ports, and \$20 million for scientific center in Moscow.

Feb. 13, 2000: The Chief of the Japanese Maritime Self-Defense Forces Admiral Hosei Fujita arrives in Moscow for a four-day visit to the capital and Vladivostok.

Feb. 17, 2000: In an interview with the Kyodo Tsushin news agency, Japanese Ambassador to Russia Minoru Tamba states the two countries are unlikely to sign a peace treaty by the end of the year.

Feb. 23, 2000: Marubeni Corporation hands over \$20 million in credit to Russian energy giant Gazprom.

Feb. 24, 2000: An official Russian Foreign Ministry statement criticizes the United States and Japan for their plan to establish a regional ballistic missile defense system in the Asia-Pacific.

Feb. 28, 2000: Russian Economics Minister Andrei Shapovalyants arrives in Tokyo for talks with Japanese leaders on Russian-Japanese economic cooperation.

Mar. 1, 2000: The Russian Duma ratifies Russo-Japanese agreement protecting investment.

Mar. 2, 2000: A new agreement on Russo-Japanese scientific and technical cooperation is signed in Tokyo.

Mar. 3, 2000: Nineteen Russian kendo practitioners arrive in Japan at the invitation of the Japanese-Russian Center for Youth Exchanges, also known as the Yeltsin-Obuchi Center.

Mar. 16, 2000: Japanese Prime Minister Obuchi expresses his willingness to visit Russia before the G-8 summit in July to meet with acting Russian President Vladimir Putin.

Mar. 16, 2000: Russian-Turkish-Italian gas consortium Blue Stream receives loan guarantees of \$600 million from a consortium comprising Mitsui, Sumitomo, and Itochu under the guarantees of MITI and the Japan Bank for International Cooperation.

Mar. 19, 2000: Fifteen Russian borderguards, serving in the Pacific Border District, arrive in Japan at the invitation of the Yeltsin-Obuchi Center.

Mar. 21, 2000: A five member delegation of the Legislative Duma of Khabarovsk Territory, led by Deputy Speaker Zoya Sofrina, arrives in Japan for a week-long visit at the invitation of the Japanese Foreign Ministry.

Mar. 21, 2000: Russian and Japanese law enforcement officers meet in Tokyo for a two-day conference on prevention of arms, drug, and marine products smuggling.

Mar. 26, 2000: Vladimir Putin elected as the second President of the Russian Federation.

Mar. 27, 2000: Japanese Prime Minister Obuchi calls Putin to congratulate him on his victory.

**China-Russian Relations:
New Century, New Face, and China's "Putin
Puzzle"**

**by Yu Bin, Associate Professor
Wittenberg University**

The sudden changing of the guard in the Kremlin at the turn of the century led to a cooling and holding phase for Russo-Chinese relations. Although minister-level contacts continued after Yeltsin's grand exit from power and before Putin's election as president, some second thoughts or reassessment of bilateral relations seemed to be in progress in the Kremlin. Putin's cautiousness on a China policy, deliberate or not, was in sharp contrast to an unprecedented Russian "omnidirectional" foreign policy in Asia, demonstrated by Foreign Minister Ivanov's travels in the region. The Putin puzzle seemed to worry China, which had every reason to press for stronger ties with Russia as relations with both Taiwan and the United States started to whither.

Acting President's New Clothes

While American presidential hopefuls were debating their intended policies, Yeltsin's handpicked successor moved quietly and quickly as if he already had a strong mandate from the Russian people. On the home front, Putin continued the brutal war against Chechen separatism; moved quickly in early January to reshuffle Kremlin personnel, cutting most of his ties to Yeltsin; and allied with the Communists in the Duma to secure majority support.

In defense policy, Putin's first presidential move was to activate Russia's new "Concept of National Security" as a direct response to NATO expansion and the Kosovo crisis in 1999. The new policy allows for Russian use of nuclear force "if all other measures of resolving a crisis situation have been exhausted and have proven ineffective," as Putin described it. Other presidential directives aiming to enhance Russia's preparedness included a 50 percent increase in military spending, resumption of training reserves, and a new nuclear command and control structure consolidating command of Russia's strategic deterrence forces (land, sea, and air).

In foreign policy, Putin kept busy by receiving foreign dignitaries including U.S. Secretary of State Madeleine Albright, NATO Secretary-General George Robertson, Chinese Defense Minister Chi Haotian, and Chinese Foreign Minister Tang Jiaxuan. Indeed, Putin never strongly criticized Washington despite the latter's criticism of his handling of the war in Chechnya and the seizure of a Russian oil tanker suspected of breaking the Iraqi embargo. Putin even toyed with the idea of Russia joining NATO, although his foreign minister later explained away the statement as hypothetical. Regardless, restoring ties and cooperating with NATO became policy.

Beijing's "Putin Puzzle"

There was an exception amidst all the domestic and diplomatic initiatives in Russia: Putin was cautious in revealing his China policy. Some early signs of the "Putin puzzle" could be seen in January when Chinese Defense Minister Chi Haotian visited Moscow. Chi's appeal for broader cooperation with Russia, especially in the military sphere, was not particularly reciprocated by

his counterpart, Igor Sergeev, who referred to the “dynamic” military cooperation as having “prospects.” Chi’s meeting with Putin appeared to be warm. However, Chi failed to persuade Putin to proceed with a trip to China in February, as promised by Yeltsin a month earlier. Instead, the Kremlin made an announcement immediately after this meeting stating that Putin would not leave Russian territory before the March election, although China would be one of the first visits for the new Russian president. Apparently to dispel any doubts about the consistency of post-Yeltsin China policy, a Putin aide described to reporters the acting president’s “unconditional adherence to those agreements which had been reached at previous Russo-Chinese summit meetings.”

The Russian side appeared most careful in military relations. According to Russian sources, Chi’s shopping list included Russia’s latest multi-mission Su-37 plane and more advanced Russian air defense systems. These items were deemed vital for a possible military showdown in the Taiwan Strait, perhaps in the not too distant future. The Russians, however, insisted that nothing new be added to the agreed structure of deliveries reached in August 1999. Instead of meeting China’s new and growing demands for Russian hardware, Defense Minister Sergeev made clear he was more interested in cooperation in the field of civil aircraft-building and China’s possible participation in Russia’s civilian space project, GLONASS. Deputy Prime Minister Klebanov went even further stating that Russia would “not allow a tilt in our relations...only in the field of military-technical cooperation.”

Chinese Foreign Minister Tang Jiaxuan also experienced similar caution from the Russian side in late February. While Tang, in his first official visit to Russia, urged the promotion of bilateral ties to one of all-around cooperation, his Russian counterpart seemed satisfied with the current state of strategic coordination and stressed the implementation of existing agreements. On the crucial Taiwan issue, a joint communiqué released after the meeting stated that Russia supports China’s efforts aimed at the peaceful unification of the country, a variation from China’s approach to Taiwan as stated in the White Paper issued on February 18. After his return to China, Foreign Minister Tang referred to his talk with Foreign Minister Ivanov as “very candid as well as constructive,” suggesting a certain degree of disagreement between the two sides. Tang even evaded a question from a Russian *Itar-Tass* correspondent asking if there was any change in the relationship in the aftermath of Yeltsin’s resignation.

Putin’s cautiousness on a China policy, deliberate or not, was in sharp contrast to an unprecedented Russian “omnidirectional” foreign policy in Asia, demonstrated by Foreign Minister Ivanov’s travel to North Korea, Japan, and Vietnam. Those trips led to significant outcomes in economic cooperation, diplomatic ties, and in the case of Vietnam, military sales. Further confusion may have been generated by a host of seemingly contradictory messages emanating from the Kremlin, including Putin’s “hypothetical” idea to join NATO and Russia’s “soft landing” for the oil tanker crisis with the U.S. In addition, Putin’s confession to the visiting U.S. Secretary of State of his “European essence” and superficiality in regard to Asian interests (practicing judo and eating Chinese food) did not earn him any kudos in Beijing. The Putin puzzle apparently worried China, which had every reason to press for stronger ties with Russia as relations with both Taiwan and the United States started to whither.

Putin: Keeping the “China Baby” Without Yeltsin’s “Bath Water”:

Russia’s more cautious approach to Beijing should not be over-emphasized. The basic structural constraints for Moscow in the post-Cold War years offered a limited range of alternatives for a weaker Russia. Russia’s sudden oil fortune does not reverse the basic downward trend of its comprehensive power. According to the Stockholm Institute of International Peace, not a single tank, piece of artillery, missile, warship, submarine, or airplane was added to the Russian military in the entire year of 1998, due to financial constraints. Russian military pilots only flew eight hours per year as compared to the average of 200 hours for NATO pilots. One Russian analyst lamented that for the first time in the past 300 years, Russia is surrounded by economically and militarily “more dynamic countries.”

For these reasons, from a Chinese perspective Russia’s basic interests require closer relations with China. Moscow should not alienate Beijing, at least for the time being, when the West is viewed by some as trying to weaken Russia and when China is yet to pose itself as a major threat to Russia’s security.

It may be premature to speculate that Putin was significantly revising or readjusting Russia’s China policy. The simple fact is no substantial policy regarding China could be made until after the late March presidential election. Putin may intend to reserve the opportunity for any major policy change, domestic or foreign. Keep in mind also that Putin is a skillful card player: a more effective China card is perhaps useful as either an inducement or deterrent in Russia’s relations with the more powerful West.

Moscow’s cautious approach to Beijing’s eager request for closer military relations, particularly in military sales, is not new. The positive attitude of the Russians in this area in the recent past (since Kosovo) is actually an anomaly for the 1990s. With the Kosovo crisis behind them, it is natural for Moscow to seek to repair, not worsen, relations with NATO and Washington. In the strategic area, it is still in Moscow’s interest to have a “build-down” of its nuclear weapons with Washington through START-II and III. Even if the U.S. eventually deploys its national missile defense system, Russia’s strategic capability, unlike that of China’s, would not be immediately compromised. In the Asia-Pacific, it is against Russia’s fundamental interests to become deeply involved in a crisis/conflict over the Taiwan issue. In an actual crisis situation across the Taiwan Strait, more Russian arms sales to China could lead to only two sub-optimal choices for Moscow: Beijing would be better prepared and thus more prone to use force against Taiwan, leading to a possible conflict with Washington; or a more militarily capable China would emerge, perhaps faster than Russia would like to face.

Putin’s China policy should also be assessed within the context of Russia’s overall foreign policy orientation, which started to unfold after the March 26 presidential election. Foreign Minister Ivanov described the goals of Russian foreign policy as creating a limited but sufficient posture to defend Russia’s security and business interests with predictable and flexible approaches. Within this general framework of a scaled down, pragmatic, and balanced foreign policy, Putin replaced Grigory Karasin with Alexander Losyukov, a career diplomat with extensive experience in the Asia-Pacific, as deputy foreign minister for regional affairs. In his first talk with reporters, Losyukov began with a description of a balanced, though continuous, course in developing

relations with all countries in the region, then turned much of the rest of his talk to relations with Japan.

For these reasons, among others, a more nuanced policy adjustment toward China seemed to take shape in the Kremlin: stabilize military relations, push forward diplomatic coordination for “strategic stability” (Moscow’s jargon for anti-ballistic missile issues), and promote economic transactions.

Russia and China became increasingly concerned with Washington’s unilateral moves to alter the 1972 Anti-Ballistic Missile (ABM) Treaty, the foundation for almost all nuclear arms control treaties between the superpowers during the Cold War. Washington’s unilateralism was perceived as the first step toward eventually neutralizing the nuclear deterrent capability of the two continental powers -- even if, as noted earlier, China had more to lose, and sooner, than Russia.

For this purpose, Moscow and Beijing pursued both coordinated and independent efforts to oppose any violation of the ABM treaty. This concern dominated the defense ministers’ talks in Moscow, the first high level consultation of the year under acting president Putin. Both defense ministers strongly criticized U.S. plans to unveil a national anti-ballistic missile system. “If the U.S. ever leaves the ABM treaty of 1972, the international situation will start to deteriorate,” Defense Minister Igor Sergeev said after emerging from the first day’s meeting with his Chinese counterpart. In early March, a joint communiqué issued during the Chinese foreign minister’s visit to Moscow vowed to make joint efforts to strengthen global strategic stability and regional security based on the existing ABM treaty.

Political, diplomatic, and strategic coordination between Moscow and Beijing will be further promoted when top Russian and Chinese leaders meet several times in upcoming months, including Putin’s visit to Beijing in early summer, the “Shanghai Five” summit meeting (Russia, China, Kazakhstan, Kyrgystan, and Tajikistan), and the annual APEC Leaders Meeting.

In the economic arena, Moscow seemed to become more eager for broader relations with Beijing. When Russia’s Deputy Prime Minister Ilya Klebanov visited Beijing in early March, his initiatives included joint development of a new generation of civilian airplanes, possible Chinese purchase of Russian passenger planes, joint manufacturing of energy equipment, cooperation in oil and gas production and transportation, and Chinese construction of 45 ships for Russian shipping companies. Agreements were signed on Russian fuel exports for a nuclear power plant in southern China and a joint two to three year program of cooperation in navigation, manned space missions, and space communications and research. China also invited Russia to join the Chinese State Planning Committee in developing its western provinces.

The Sino-Russian Subcommittee for Energy met in Beijing after Klebanov’s trip to coordinate the detailed cooperation in this area. Several agreements were signed between Chinese and Russian companies for Russia to supply gas and oil to China. Two pipeline routes are under consideration: one from Russia through Mongolia to Beijing, and the other from Russia through Altai territory to northeastern China. They would have the capacity to ship at least 20 to 30 million tons of oil a year to China, with an estimated cost of \$1.7 billion for construction. In

1999, Russia delivered to China 500,000 tons of oil via rail and is expected to double that to one million tons in 2000. The feasibility study of the gas project could be finished this year. Under the project, Russia is to export to China up to 30 billion cubic meters of gas annually over ten years.

Implications for the West and the U.S.

A decade ago, Boris Yeltsin started out as a major political challenge to China when he embarked Russia on a genuinely desired Westernization. However, the failure of the Western-designed economic "shock therapy," followed by NATO expansion, and then the Kosovo war drove the Russian democrat to China's embrace. The last foreign visit by Boris Yeltsin ended in Beijing and convinced the Chinese that the Yeltsin decade, though lost for the Russians, was perhaps the most beneficial for China and Russia in the past 300 years. It is not clear whether the younger, well-educated, clearly West-looking (if his confession to Secretary Albright is believed) Russian leader will follow the same path as his predecessor. So far, all indications suggest Putin certainly tries to avoid conflict with the West. He is also, perhaps more than any of his predecessors, ready to defend Russia's interests, particularly at a time when both Russia and China perceive the world to be increasingly unipolar in nature.

Chronology of China-Russian Relations January - March 2000

Jan. 6, 2000: Two Russian cosmonauts arrive in Beijing at the request of the Chinese government to provide technical advice to China's space program.

Jan. 13, 2000: Former Russian President Boris Yeltsin and Chinese President Jiang Zemin discuss over the phone a plan for establishing a public and political forum for "enhancing the positive processes in international politics."

Jan. 16-18, 2000: China's Defense Minister Chi Haotian visits Moscow to consult with his Russian counterpart Igor Sergeev for expanding the framework of Russian-Chinese military cooperation and for deepening military-technical cooperation.

Jan. 21, 2000: The Mongolian Ministry for Infrastructural Development and the Russian Yukos oil company signed a memorandum for constructing an oil pipeline from Russia's Siberia through Mongolia to China. A corresponding agreement with China would be conducted later.

Feb. 7, 2000: Russian Foreign Ministry issues a statement against the Taiwan Security Enhancement Act passed by the U.S. House of Representatives.

Feb. 11, 2000: The first of two Russian-built guided missile destroyers (Sovremenny class) sails through the Taiwan Strait on its maiden voyage from a Russian shipyard to its new home port in the East China Sea.

Feb. 24, 2000: Russian Foreign Ministry issues a statement opposing the development of the U.S.-led theater missile defense system (TMD) in the Asia-Pacific.

Feb. 28 to Mar. 1, 2000: Chinese Foreign Minister Tang Jiaxuan visits Moscow and talks with his Russian counterpart Igor Ivanov.

Mar. 1-4, 2000: Russian Deputy Prime Minister Ilya Klebanov visits China and meets with his Chinese counterpart, state councilor Madam Wu Yi, on issues of cooperation in the energy sector, aircraft building, trade, investment, and military sales. He also met Central Military Council Deputy Chairman Zhang Wannian to discuss military sales and cooperation.

Mar. 14-21, 2000: Russian human rights commissioner Oleg Mironov arrives in Beijing for a week-long visit, including a three-day visit to Tibet, and states that Russia is opposed to the separation of Tibet from China.

Mar. 19, 2000: Russian Foreign Ministry officials indicate that the election of a pro-independence president in Taiwan would not change Russia's "four-No" policy toward Taiwan: no acceptance of Taiwan's independence, no recognition of two Chinas or "one China and one Taiwan," no Taiwan participation in international organizations as a sovereign state, and no arms sales to Taiwan.

Mar. 20-22, 2000: Russian Fuel and Energy Minister Viktor Kalyuzhny travels to Beijing for a three-day meeting of the Russian-Chinese Subcommission for Energy.

Mar. 25, 2000: A group of 60 Chinese military officers concludes a five-month air defense missile system training program in Russia.

Mar. 27, 2000: Chinese President Jiang Zemin telephones Vladimir Putin to congratulate him on his election as president of the Russian Federation.

Mar. 30, 2000: The first defense minister conference of the "Shanghai Five" (Russia, China, Kazakhstan, Kyrgystan, and Tajikistan) is held in Astana, capital of Kazakhstan.

About The Contributors

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