

Comparative Connections

A Quarterly E-Journal on East Asian Bilateral Relations

**Edited by
Ralph A. Cossa and Eun Jung Cahill Che**

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A Quarterly Electronic Journal on East Asian Bilateral Relations

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

We cover 12 key bilateral relationships that are critical for the region. While we recognize the importance of other states in the region, our intention is to keep the core of the e-journal to a manageable and readable length. Because our project cannot give full attention to each of the relationships in Asia, coverage of U.S./ASEAN and China/ASEAN countries consists of a summary of individual bilateral relationships, and may shift focus from country to country as events warrant. Other bilateral relationships may be tracked periodically (such as various bilateral relationships with India or Australia's significant relationships) as events dictate.

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

Table of Contents

Regional Overview:.....1
Bush Asia Policy Off to a Rocky Start
by Ralph A. Cossa, Pacific Forum CSIS

The first quarter of 2001 began with hopes that North Korea would start acting more like China and ended with the reverse happening. The positive spin emanating from President Bush's first meeting with a senior Chinese representative quickly degenerated into a potential tailspin in Sino-U.S. relations after the mid-air collision between a Chinese jet fighter and a U.S. reconnaissance plane. In addition, mixed signals from Bush's summit meeting with ROK President Kim Dae-jung raised, rather than lowered, anxiety levels and even prompted the Europeans to offer to step in to help facilitate North-South relations in response to America's "hardline" approach. Reality, in the form both of a surfacing submarine and a sinking economy, also tested Bush's resolve to raise U.S.-Japan relations to a higher strategic level. Meanwhile, the rest of Asia eagerly awaits more information regarding Bush's policies toward regional multilateral initiatives.

U.S.-Japan Relations:.....12
A False Start?
by Brad Glosserman, Pacific Forum CSIS

The administration of President George W. Bush took office with high hopes to revitalize and rejuvenate the U.S.-Japan alliance. Unfortunately, those hopes immediately clashed with political and economic reality in Japan, while a series of incidents forced supporters of the alliance back on the defensive. The tragic accident involving the nuclear submarine USS Greeneville and the Japanese fisheries training vessel Ehime Maru, which claimed nine lives, shifted American and Japanese priorities. The security alliance will survive this tragedy, but it underscored the need for continuing efforts by governments and friends of the alliance to build support for the bilateral relationship among the public on both sides of the Pacific.

U.S.-China Relations:22
First Contact: Qian Qichen Engages in Wide-ranging, Constructive Talks with President Bush and Senior U.S. Officials
by Bonnie S. Glaser, Consultant on Asian Affairs

PRC Vice Premier Qian Qichen's March visit provided an opportunity for the U.S. and China to exchange views on the bilateral relationship and discuss a broad range of issues. Both sides characterized the discussions in positive terms, acknowledging that differences were aired frankly, yet without rancor. Qian conveyed Chinese objections to U.S. arms sales to Taiwan, especially Aegis destroyers, and Secretary of State Colin Powell explained that U.S. policy would be guided by both the three Sino-U.S. communiqués and the Taiwan Relations Act. Progress toward China's entry into the WTO stalled over a major disagreement on Chinese agricultural subsidies. Military exchanges proceeded according to plan with a U.S. ship visit to Shanghai, several delegation exchanges, and a visit by U.S. Commander in Chief, Pacific Admiral Dennis Blair to China.

U.S.-Korea Relations:33
Slow Start in U.S. Policy toward the DPRK
by Donald G. Gross, Kim & Chang

Until the Bush-Kim summit in early March, it appeared that both U.S.-South Korea relations and inter-Korean reconciliation were on track. The inconclusive outcome of the summit--lukewarm endorsement of President Kim's engagement policy and no resumption of U.S. missile negotiations with North Korea--put the future of inter-Korean reconciliation in doubt. In the absence of U.S. initiative, the European Union declared it would strive to foster inter-Korean reconciliation. The U.S. administration will now have to pay as much attention to managing the U.S.-South Korea relationship as it does to formulating policy toward North Korea. Any emerging differences between the U.S. and South Korea over North Korea policy are likely to exacerbate anti-U.S. sentiment in mainstream South Korean public opinion--and make it harder for the allies to achieve their mutual policy goals.

U.S.-Russia Relations:41
Spy Mania and Familiar Rhetoric
by Joseph Ferguson, Russian Academy of Sciences

On the eve of the inauguration of George W. Bush, there was speculation in Moscow that a Republican administration might be a better deal for Russia; Bush would toe a realist line with Russia, and would be less likely to micro-manage relations with Moscow. However, it did not take long to realize that the Bush administration would bring the harsh "rhetoric of the Reagan years," along with the Carter/Clinton penchant for criticizing Russia's internal policies. The first quarter witnessed the eruption of a new round of diplomatic expulsions and arrests, threatening to damage relations and push them back to the Cold War deep-freeze. Indeed, press in both countries frequently alludes to the current situation as a "new Cold War." In East Asia, Russian President Putin

continues to search for a new role and hopes to find partners with whom he can revitalize Russia's marginalized status in the region.

U.S.-ASEAN Relations:50
New Military Cooperation but Continuing Political Tension
by Sheldon W. Simon, Arizona State University

While the overall U.S. diplomatic profile remained low in the ASEAN region this past quarter as the Bush administration sorted out its foreign policy priorities and personnel, the U.S. Pacific Command continued to promote regional security cooperation as well as bilateral relations with planned exercises and visits. The political transition in the Philippines from President Estrada to Gloria Macapagal-Arroyo and continued turmoil in Indonesia complicated U.S. efforts to keep relations with both states on an even keel. Economic stagnation, persistent insurgencies, secession movements, and ongoing human rights concerns roiled Washington's relations with Jakarta. In Vietnam, violent demonstrations against the government in the central highlands led to accusations of U.S. support for the dissidents--a charge vigorously denied by the U.S.

China-ASEAN Relations:58
Regional Rivalries and Bilateral Irritants
by Carlyle A. Thayer, Asia-Pacific Center for Security Studies

This quarter, China sought to enhance relations with mainland Southeast Asia by dispatching Defense Minister Chi Haotian to visit Laos, Vietnam, Cambodia, Thailand, and Nepal. Chi's trip was a follow-up to PRC President Jiang Zemin's visit late last year and was designed to enhance bilateral military cooperation. Chi's visit had the unintended consequence of drawing attention to possible Sino-Vietnamese rivalry and highlighting bilateral irritants. In maritime Southeast Asia, conflicting territorial claims in the South China Sea surfaced once again as a major irritant in Sino-Philippines relations. Throughout the region, the activities of the Falun Gong religious movement attracted the ire of authorities in Beijing. Heavy-handed pressure by China, especially on the new government in Thailand, proved to be another irritant in bilateral relations.

China-Taiwan Relations:70
Wooing Washington
by David G. Brown, The Johns Hopkins School of Advanced International Studies

As the year opened, attention focused on President Chen Shui-bian's New Year's comments that cross-Strait economic integration could lay the ground for eventual "political integration." Despite this signal, Beijing remained wedded to its united front tactics against Chen. There was no progress toward resuming cross-Strait dialogue. Both Beijing and Taipei were focused on the new administration in Washington, with each side lobbying for its views in advance of the annual Taiwan arm sales meetings in April. The new administration has proceeded carefully on China-Taiwan issues, and its initial actions have reflected more continuity than change in U.S. policy.

North Korea-South Korea Relations:77
Will All Things Go Well? Ups and Downs in the New Inter-Korean Normality
by Aidan Foster-Carter, Leeds University

The overall mood in North-South Korea relations at the end of the quarter was more somber than at the start. North Korea began the year with strongly worded declarations of fidelity to the North-South joint declaration, calls for its rapid implementation, and a flurry of specific proposals. Coinciding with Kim Jong-il's business-oriented visit to Shanghai, and aphorisms from the Dear Leader calling for new thinking, all this raised hopes in Seoul of moving swiftly to a new phase of more substantive agreements. Not for the first time that vista proved elusive. Cabinet-level talks, the main steering mechanism of dialogue, shifted from a near monthly to a quarterly schedule as it was expected that various substantive sub-dialogues would take off. However, North Korea's cancellation in March meant the quarter had no meetings at this level, while working-level talks failed to produce results.

China-Korea Relations:86
The Winds of Change: Fresh Air or Pollution?
by Scott Snyder, Asia Foundation/Korea

The only major diplomatic event in Sino-DPRK diplomatic relations this quarter was a visit to China by DPRK leader Kim Jong-il. Kim Jong-il's surprise visit holds potentially critical significance not only for the direction of North Korea's domestic policy, but also for China, which aims to strengthen its relationships with both Pyongyang and Seoul, and even for the future direction of U.S.-DPRK relations. Sino-ROK relations included a deepening of official cooperation and joint research to examine transnational environmental problems, renewed expressions of South Korean interest in Tumen River area development projects, and stepped up business cooperation in China's telecom sector as Korean firms seek advantages in China to avoid the economic downturns in the U.S. and Japan.

Japan-China Relations:93
The Past is Always Present
by James Przystup, National Defense University

This quarter witnessed a major diplomatic success when Japanese and Chinese negotiators reached agreement on a prior notification mechanism for maritime research activities. Military-to-military confidence building also advanced with the visit to Japan of the PLA Air Force Chief of Staff. However, even as Chinese officials were expressing appreciation for and understanding of pending Japanese Overseas Development Assistance cuts, history, in the form of Japan's high-school history textbooks, and the remarks of the Chairman of the Diet's Lower House Budget Committee, again returned to bedevil the relationship. At the same time, commercial relations were troubled by a series of events. Meanwhile, as the quarter ended, sudden Chinese export surges resulted in calls for self-restraint on the part of China and the threat of safeguards from Tokyo.

Japan-Korea Relations:104
History Haunts, Engagement Dilemmas
by Victor D. Cha, Walsh School of Foreign Service, Georgetown University

The name of the game in Japan-Korea relations this past quarter? History. This variable surfaced in the form of proposed revisions in a Japanese junior high school history textbook, souring Seoul-Tokyo diplomatic relations. It also surfaced with regard to revelations concerning DPRK atomic bomb victims. The major “non-event” was the absence of policy coordination among Japan, the ROK, and the United States as the transition process to the new Bush administration remained incomplete (in terms of the Asia policy-team appointments) and Korea policy undergoes inter-agency review. While a trilateral coordination meeting took place at the end of the quarter to manage the modalities of DPRK policy, the larger dilemma for Japan and DPRK policy remains clear.

China-Russia Relations:113
Crouching Missiles, Hidden Alliances
by Yu Bin, Wittenberg University

No sooner did George W. Bush take office in January than China and Russia encountered Washington’s uncompromising “moral imperative” to deploy missile defense systems. Meanwhile, in the areas of proliferation, human rights, and regional security, Bush’s “humble realism” is creating a situation in which Russia and China are moving, though reluctantly, toward a major upgrade of their bilateral ties with a considerably expanded defense component for the next two decades. This, despite the fact that historical mutual distrust, domestic political systems, and external economic interests should have pulled each other away from such a hidden agenda.

U.S.-India Relations:121
Stuck in a Nuclear Narrative
by Satu P. Limaye, Asia-Pacific Center for Security Studies

“The successful defusing of bombs,” Michael Ondaatje writes in *The English Patient*, “ends novels.” In the troubled saga of U.S.-India relations, however, attempts both at defusing and detonating nuclear bombs form an on-going narrative, one that overshadows and constrains the development of other plot lines. Though the nuclear narrative emerged early in the bilateral relationship, India’s detonation of a nuclear device in 1974 increased its resonance. And India’s 1998 nuclear detonations and self-proclamation as a nuclear weapons state brought this plot line to the forefront of the U.S.-India story. Media cooing about U.S.-India relations “coming in from the cold” following last year’s summit created a generally upbeat mood and many pundits heralded substantially enhanced ties between the two “estranged democracies.” Still, relations did not move markedly beyond the nuclear tension.

About the Contributors.....130

Regional Overview:

Bush Asia Policy Off to a Rocky Start

**by Ralph A. Cossa,
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The first quarter of 2001 began with hopes that North Korea would start acting more like China and ended with the reverse happening. The positive spin emanating from President Bush's first meeting with a senior Chinese representative quickly degenerated into a potential tailspin in Sino-U.S. relations on the last day of the quarter after the mid-air collision between a Chinese jet fighter and a U.S. reconnaissance plane. In addition, mixed signals from Bush's summit meeting with ROK President Kim Dae-jung raised rather than lowered anxiety levels and even prompted the Europeans to offer to step in to help facilitate North-South relations in response to America's "hardline" approach. Reality, in the form both of a surfacing submarine and a sinking economy, also tested Bush's resolve to raise U.S.-Japan relations to a higher strategic level. Meanwhile, the rest of Asia eagerly awaits more information regarding Bush's policies toward regional multilateral initiatives.

Emerging Asia Policy

In January, Secretary of State-designate Colin Powell's Senate confirmation testimony outlining the Bush administration's Asia policy appeared to get the administration off on the right foot. As anticipated, it also signaled a remarkable degree of continuity with past policies. Powell identified America's bilateral alliance network, and particularly the U.S.-Japan relationship, as the bedrock from which all else in Asia flows--this was stated policy during the Clinton administration as well, even if it occasionally suffered in its implementation. Powell also reiterated America's "one-China" policy, with the caveat that "we expect and demand a peaceful settlement, acceptable to people on both sides of the Taiwan Strait." Like its predecessors, the Bush administration signaled that it would not support unilateral attempts by either side to alter the status quo and also would not tolerate any attempt by Beijing to force a solution unacceptable to the people of Taiwan.

Secretary Powell also pledged to support and help facilitate the historic reconciliation between North Korea and South Korea. He stated that Washington will continue to engage in dialogue with Pyongyang as long as it "addresses political, economic, and security concerns, is reciprocal, and does not come at the expense of our alliance relationships." The U.S., Powell asserted, also intends to abide by its commitments under the U.S.-DPRK Agreed Framework, "provided that North Korea does the same." While such remarks suggested a bit more cautious approach than that followed by the Clinton

administration, the basic tenets of the previous administration's Korea policy appeared intact.

Powell also underscored the need to coordinate U.S. policies, particularly in regard to Indonesia, with long-time ally, Australia, once again underscoring that alliance enhancement would be a central theme in Asia. With the exception of Powell's failure to even mention, much less outline, the administration's views on important regional multilateral initiatives such as the Asia Pacific Economic Cooperation (APEC) or ASEAN Regional Forum (ARF), the administration seemed to be off to a good start in defining its Asia policy. As more and more old Asia hands were identified for prominent roles in the new administration, Asians were beginning to breath a bit easier.

Then, the real world intervened. In early February, a U.S. submarine, while in the process of demonstrating emergency ballast blow, a rapid ascent to the surface, to a group of on-board civilian visitors, collided with and sank a Japanese fisheries training vessel, resulting in the loss of nine lives. Then came ROK President Kim's visit to Washington, President Bush's first summit meeting with an Asian leader. While the meeting was not as bad as many pundits claim, it raised more questions than it answered about U.S. Korea policy and demonstrated that even old pros need refresher training in order to correctly steer the ship of state. The most potentially disruptive event, however, was the March 31 (April 1 in Asia) collision between a Chinese Air Force F-8 interceptor aircraft and an American EP3E reconnaissance aircraft, which resulted in the loss of the Chinese pilot and aircraft and the prolonged detainment of the American aircraft and its crew.

Sino-U.S. Tailspin

Following the collision and the EP3E's emergency landing at a Chinese airfield on Hainan Island, the U.S. was quick (perhaps too quick) to pin the blame on the Chinese side. Beijing, in turn, immediately upped the ante, not only by placing the blame squarely on the "intruding spy plane," but also by demanding a U.S. apology for causing the accident. The international spotlight focused on Beijing, in whose hands rested the fate of the American crew, not to mention the possible future direction of Sino-U.S. relations. If maintaining good relations with Washington was a priority for Beijing, this was not immediately evident from its initial handling of the incident.

This is not to say that the U.S. handled the incident as smoothly as it could have. The initial U.S. reporting pinned the blame on the deceased Chinese pilot and demanded the immediate return of the crew and aircraft (purported to be a piece of sovereign U.S. territory). President Bush forcefully reiterated these sentiments shortly thereafter. One can only speculate what Beijing's reaction would have been if the U.S. Pacific Command's initial announcement had merely reported that there had been an unfortunate, accidental collision and that it appeared, regrettably, that a Chinese aircraft had crashed with its pilot missing. The U.S. could have expressed its willingness to help search for the pilot (which it subsequently did) and offered to assist China in a complete investigation of the accident, while requesting the immediate return of the aircraft and crew. Such an approach may not have changed the Chinese reaction one bit. But, it is

fair to say that the U.S. announcement set the initial tone and may have made the overly defensive, combative Chinese response more likely.

Nonetheless, China's handling of the incident--publicly blaming the U.S. before the facts were known (and in defiance of conventional logic, given the type of aircraft involved) and protesting the U.S. spy plane's "violation" of Chinese airspace (by flying to Hainan Island and landing without diplomatic pre-clearance, despite the obvious emergency nature of the "mayday" divert)--was reminiscent of earlier periodic confrontations between the U.S. and North Korea, when American aircraft inadvertently strayed across the DMZ. Even here, such incidents in recent times have been handled more expeditiously, as Pyongyang determined that a less confrontational approach was in its interest.

Even more disturbing was China's refusal to grant American diplomats immediate access to the crew or to the plane, which was loaded with sensitive surveillance equipment (although much of it was no doubt destroyed or rendered inoperable), and its persistent demand that no one be released until the U.S. accepted full blame and issued an apology.

At this writing, both sides appear eager to find a way to defuse the situation, although neither wants to appear to be caving in to the other's demands. One possible solution would be for China and the U.S. to agree to cooperate in a joint inquiry (or closely coordinated parallel investigations) into the accident, aimed first and foremost at ensuring that this type tragedy does not occur again in the future--a mechanism for such negotiations already exists. As part of such an agreement, China should agree to release the crew once it has had an opportunity to question them about their version of what happened. The surviving Chinese pilot should likewise be made available for questioning to the U.S. side.

Next quarter's issue will look at the immediate and prospective longer term implications of this incident. For coverage of events until then, please refer to the Pacific Forum's weekly *PacNet* Newsletters, which focus on significant current events.

One other brief observation regarding Sino-U.S. relations is in order. Beijing is pushing hard to win the right to host the 2008 Olympics. Many members of Congress, even before the air collision, had called for U.S. attempts to block or defeat Beijing's bid. If the detention issue is not resolved quickly, it will be impossible to deter these efforts. But, even if the standoff ends quickly and to everyone's satisfaction, the anti-Olympics effort is likely to continue. This is counterproductive to America's long-term interests. Hosting the Olympics will shine a huge spotlight on Beijing and may also serve to temper its behavior between now and 2008 (although this is by no means assured). More important, such actions feed anti-American sentiment among the general population in China, which would be generally disposed to work with, if not emulate America. Besides, given the regard in which the U.S. Congress is increasingly held, a strong congressional push is likely to garner China more votes internationally than it would take away.

ROK Anxiety Grows

Senior officials in Seoul told me prior to the Bush-Kim summit that Seoul's primary goal for the Kim-Bush summit is a simple one: to alleviate anxiety. To do this, President Kim sought four things: a personal Bush endorsement of his Sunshine Policy, a reaffirmation of the U.S.-Korea alliance, a continued U.S. commitment to the Agreed Framework and to the trilateral coordination process (which also involves Japan), and a greater understanding of Bush's views on East Asia security through the establishment of direct personal contact. President Kim got what he wanted, but the package was not as nicely wrapped as he had anticipated or hoped for.

As expected and desired, Bush endorsed President Kim's policy of reconciliation and cooperation with North Korea, praising Kim for his "vision" in beginning a dialogue with Pyongyang. Bush also reaffirmed the U.S.-ROK security relationship and the trilateral effort aimed at coordinating policies toward North Korea. Most important for President Kim, President Bush referred to the Nobel Peace laureate as a "realist," a comment that should help the ROK leader deal with increasing domestic skepticism, not about engagement *per se* but about Kim's approach to the North, which critics say offers too much and receives too little in return. If it had just stopped there, Kim would have returned home in a blaze of glory.

To Kim's discomfort, however, Bush publicly registered his own skepticism toward North Korea, especially when it comes to U.S. negotiations with the North on missiles and other arms control issues. While Korean officials and sympathetic media outlets tried to stress the positive aspects of the meeting, most U.S. pundits and wire services stressed Bush's skepticism and his focus on North Korea as a "threat." These negative interpretations, further magnified by the political opposition in Seoul, no doubt embarrassed President Kim and contributed to the widespread cabinet housecleaning after his return home.

Of course, referring to North Korea as a threat is hardly news. The Clinton administration, even as it promoted increased dialogue with Pyongyang, continued to view North Korea as a "state of concern," and the latest ROK Defense White Paper (correctly) identifies North Korea as the South's primary threat. And, while Bush was hardly enthusiastic about future U.S.-North Korean relations, he did not throw quite as much cold water on the process as press coverage would indicate. Bush stated that "we're looking forward to at some point in the future having a dialogue with the North Koreans," even while noting that "any negotiations would require complete verification of the terms." In addition, his statement noting that "I do have some skepticism about the leader of North Korea" concluded with "but that's not going to preclude us from trying to achieve the common objective."

Clearly, President Bush is not going to be rushing off to Pyongyang any time soon. But the negotiation process is not going to be abandoned either. One can hardly fault a new administration for wanting to get its new team in place and its overall policy review completed before proceeding. In fact, the less than smooth handling of Kim's visit

underscores the necessity of such an approach. Nonetheless, Washington must be aware that, rightly or wrongly, its reputed “hardline” approach toward the DPRK feeds ROK suspicions that the U.S. wants to keep the North Korean threat alive in order to justify both its military presence in Asia and its national missile defense (NMD) program.

This is especially true when U.S. actions are compared, as Koreans often do, with seemingly unqualified Chinese support for the North-South reconciliation effort. China’s role was most recently highlighted during North Korean leader Kim Jong-il’s surprise visit to Shanghai, where he seemed to embrace the Chinese model of economic reform, raising hopes that North Korea would soon emulate China in this regard.

A failure by Washington to deal effectively with the mixed signals and resulting perceptions (and misperceptions) could have a long-term negative impact on U.S.-ROK relations. (For more information on the summit and its aftermath, see *PacNet 9* and *PacNet 11*.) It also results in generally unhelpful initiatives such as the one emanating from Europe to help move North-South negotiations along. There is much the European nations can do in terms of further opening up the North; trying to insert new players into the dialogue process does not appear wise at this point, however.

Japan Relations Back On Track?

The tragic accidental sinking of the Ehime Maru placed an initial strain on U.S.-Japan relations but was successfully managed by both sides. Most analysts agree that the trip by the Navy’s Vice Chief of Naval Operations, Admiral William Fallon, represented the turning point. The willingness of the submarine’s captain, Commander Scott Waddle, to testify at the Navy’s Court of Inquiry (over the advice of his lawyer) and to directly apologize to families in attendance, also helped to defuse the crisis, as did the unprecedented presence of a Japanese naval officer as a member of the review board. Nonetheless, every accident and incident chips away a little bit further at public support for the military alliance at a time when both sides appear committed to redefining the relationship and taking it to a higher level of cooperation; an effort that will, in the final analysis, be impossible without public support.

As an aside, it should be noted that while Commander Waddle’s performance on board the submarine can rightly be criticized and investigated, his courtroom performance--his willingness to accept full responsibility rather than take the more typical American route of searching for loopholes and legalities to hide behind--was refreshing.

President Bush, whose personal apology also helped to defuse tensions after the accident, further underscored the importance of the alliance by agreeing to a summit meeting with Japanese Prime Minister Mori Yoshiro despite the latter’s impending resignation. During their Washington meeting, the two leaders issued a thoughtful joint communiqué that can serve as the basis of future cooperation between the two allies. It seemed to go beyond the 1996 Clinton-Hashimoto Joint Communiqué in pledging “a dynamic approach to bilateral defense consultation and planning.” Included also was a pledge to “strengthen joint efforts to address the transnational challenges of the 21st century.

However, it wasn't long after Mori's departure when the U.S. announced, apparently without advance notice or coordination, that it was abandoning the Kyoto Protocol, which set strict air pollution limits. The action itself was not surprising. Given widespread bipartisan sentiment against the treaty in the U.S. Senate, the treaty appeared doomed regardless of who became president. But the way the announcement was handled took Tokyo by surprise. For a leader who promised "leadership without arrogance" and close dialogue on major issues, the failure to discuss this decision in advance with the country most closely associated with the global initiative has sent warning signals to Tokyo that this administration may be no more inclined to discuss issues of concern with Tokyo than the previous one.

Wither Multilateralism?

Conspicuously absent from administration comments about Asia policy to date has been any reference to Asian multilateralism. The U.S. is currently involved in two major region-wide multilateral efforts: the security-oriented ASEAN Regional Forum and the Asia Pacific Economic Cooperation effort which (through a U.S. initiative) includes an annual Leaders' Meeting. Both are in need of stimulation but are nonetheless worthy of continued U.S. support.

The ARF--an annual gathering of the region's foreign ministers--needs to evolve beyond its useful but limited "talk shop" format to not only address the region's more sensitive security issues but to also develop joint procedures for dealing with them. While the ASEAN states must take the lead here, it is not likely to happen without behind-the-scenes U.S. encouragement. Secretary Powell must also commit to attending the annual ARF ministerial meeting; his two Clinton-era predecessors fell somewhat short in this regard.

APEC also needs a boost. While Clinton started with great enthusiasm, American interest in multilateralism in general and in APEC in particular seems to have waned in recent years. Asian leaders will be watching closely to see what Washington's attitude and expectations toward this "gathering of economies" are going to be. President Bush has already said he would be attending this fall's APEC Leaders' Meeting in Shanghai and also conducting a follow-on summit meeting with President Jiang Zemin in Beijing, although the formal summit could become another victim of a prolonged stand-off on the EP3E incident. However current problems play out, the APEC Leaders' Meeting will likely provide Bush and Jiang a rare opportunity for face-to-face conversation.

As the U.S. looks ahead toward the ARF and APEC, some thought should be given to proposing that, in the future, the APEC Leaders' Meeting be held every other year, substituting an ARF Leaders' Meeting on the off years, in order to promote higher-level security as well as economic dialogue. Another possible proposal would be to hold an informal Northeast Asia dialogue in the wings of either APEC or, more likely, the ARF, since all the Northeast Asian foreign ministers (including the DPRK) now attend--North Korea is not yet a member of APEC.

Many Asians (and Asia-watchers) are also eager to learn what the new administration's attitude will be toward intra-regional multilateral efforts such as the ASEAN Plus Three (Japan, China, Republic of Korea) process, which has expanded to include regular summits, with a primary (but not exclusive) focus on economic issues. The previous administration's attitudes toward such initiatives that excluded the U.S. ranged from being slightly suspicious to being mostly indifferent. My sense is that many Asians (I think wrongly) suspect that the new administration will be more hostile or openly antagonistic toward gatherings that exclude the U.S., even when they are not directed against American interests. Some clear signals from Washington are needed here as well.

Looking Down the Road

All eyes will be on Assistant Secretary of State-designate James Kelly's confirmation testimony (currently anticipated for late April or early May) to clear up some of the current mixed signals and to answer lingering questions regarding American attitudes toward APEC, ARF, and multilateralism in general. Eight years ago, Kelly's predecessor once-removed, Winston Lord, used his confirmation testimony to lay out the incoming administration's vision of a New Pacific Community. This conceptual framework was then further embellished by President Clinton--himself a relatively inexperienced southern governor whose inauguration had raised Asian anxiety to similar levels--during his inaugural visit to Korea and Japan in July 1993. Bush's first Asian visit will likely not occur until this fall, in conjunction with the October APEC meeting (with anticipated stopovers in Japan and Korea before arriving in China). Hopefully, Kelly's testimony will provide the overall vision and framework that the president and other high-level visitors (including Secretary Powell at the ARF meeting) will then be able to reinforce and embellish.

Regional Chronology

January-March 2001

Jan. 2, 2001: Taiwan opens "mini three links" (direct trade, travel, and postal links) between two offshore islands and the PRC.

Jan. 3, 2001: Beijing calls mini three links "inadequate and discriminatory."

Jan. 6, 2001: Thaksin Shinawatra wins Thailand's general elections.

Jan. 8, 2001: Indian PM A.B. Vajpayee begins three-day visit to Vietnam.

Jan. 9, 2001: Li Peng, Chairman of PRC National People's Congress, arrives in India for nine-day visit, meets with PM Vajpayee Jan. 15.

Jan. 10, 2001: PM Vajpayee in Indonesia.

Jan. 10, 2001: Singapore and U.S. free trade talks in Washington.

Jan. 11, 2001: U.S. President Clinton expresses regret, while not apologizing or offering to pay reparations over Nogun-ri massacre during Korean War.

Jan. 15, 2001: DPRK leader Kim Jong-il visits with PRC President Jiang and Premier Zhu during a “secret” six-day visit to China.

Jan. 16, 2001: PRC and Russia announce intention to sign defense treaty.

Jan. 16, 2001: Japanese FM Kono meets with Russian FM Ivanov in Moscow.

Jan. 17, 2001: Netherlands restores diplomatic ties with DPRK.

Jan. 17, 2001: During his Senate confirmation hearing, Secretary of State-designate Colin Powell provides overview of Bush administration’s planned Asia policy.

Jan. 19, 2001: U.S. and ROK sign a new Status of Forces Agreement.

Jan. 19, 2001: U.S. pays \$28 million for property losses caused by the accidental bombing of the PRC embassy in Belgrade.

Jan. 19, 2001: Malaysian PM Mahathir visits Japan.

Jan. 20, 2001: George W. Bush is sworn in as 43rd U.S. president.

Jan. 20, 2001: Joseph Estrada is ousted from Philippine presidency; Gloria Macapagal-Arroyo is sworn in as president.

Jan. 22, 2001: U.S. and Russia sign an MOU on missile and space-launch notification.

Jan. 23, 2001: North Korea and Belgium establish diplomatic ties.

Jan. 23, 2001: U.S. Marine Lt. Gen Hailston, commander of U.S. forces in Okinawa, calls Okinawa officials “nuts” and “wimps” in an intra-office e-mail that is subsequently leaked to the press Feb. 7.

Jan. 24, 2001: Germany decides to establish diplomatic ties with North Korea.

Jan. 26, 2001: FM Kono meets with Secretary Powell and NSC Advisor Rice in Washington.

Jan. 26, 2001: Philippine Defense Minister Mercado resigns.

Jan. 31, 2001: Philippine Navy ships and aircraft begin standoff with a group of PRC fishing vessels near the Scarborough Shoal.

Feb. 1, 2001: Indonesian parliament votes to begin impeachment process against President Wahid.

Feb. 2, 2001: China announces that Taiwan will be a “full participant” in this year’s APEC forum.

Feb. 5, 2001: Presidents Bush and Putin speak for the first time via telephone, Powell and Ivanov also speak.

Feb. 5-10, 2001: ROK FM Lee Joung-binn meets with Secretary Powell in Washington.

Feb. 6, 2001: DPRK and Canada establish diplomatic relations.

Feb. 6, 2001: ROK and Russian military officials hold talks in Seoul.

Feb. 7, 2001: North-South electricity talks open in Pyongyang.

Feb. 7, 2001: DPRK and Spain open diplomatic relations.

Feb. 8, 2001: India and China end second round of security talks in New Delhi.

Feb. 9, 2001: The USS Greeneville, a navy attack submarine, collides with the Ehime Maru, a Japanese commercial fishing training vessel.

Feb. 11, 2001: Lim Dong-won, South Korean director general of the National Intelligence Service, makes secret trip to the U.S. for talks on North Korea.

Feb. 11, 2001: Beijing hosts first Senior Officials Meeting of the 13th Ministerial Conference of APEC.

Feb. 12, 2001: ROK President Kim and Mongolian President Bagabandi meet in Seoul.

Feb. 12, 2001: North Korea unilaterally postpones implementation of an accord with South Korea to jointly clear thousands of land mines to build a cross-border railway.

Feb. 13, 2001: President Bush telephones PM Mori to apologize for the Ehime Maru accident.

Feb. 14, 2001: U.S. Marine in Okinawa is detained and subsequently (Feb. 16) indicted on suspicion of arson.

Feb. 14, 2001: Indian FM Singh visits Myanmar.

Feb. 16, 2001: Okinawa Prefectural Assembly passes unanimously a resolution calling for SOFA revision.

Feb. 18, 2001: FBI counter-intelligence agent Robert Hanssen is arrested on suspicion of spying for the Soviet Union and Russia since 1985.

Feb. 21, 2001: U.S. special envoy Kartman arrives in Seoul to discuss light-water reactors in DPRK.

Feb. 22, 2001: DPRK threatens to scrap moratorium on long-range missiles in response to Bush's "hardline" policy.

Feb. 24, 2001: Secretary Powell meets with FM Ivanov in Cairo, the two agree to restart arms control talks.

Feb. 26, 2001: Deputy Assistant Secretary of State Ralph Boyce meets with Myanmar's pro-democracy leader, Aung San Suu Kyi in Yangon.

Feb. 26, 2001: President Putin visits South Korea.

Feb. 26-28, 2001: Inter-Korean family reunions in Seoul and Pyongyang.

Feb. 27, 2001: U.S. special envoy Admiral William Fallon delivers Washington's apology for the sinking of the Ehime Maru to PM Mori and to victims' families.

Feb. 28, 2001: President Putin visits Vietnam.

Mar. 1, 2001: Political leaders from 25 Asian countries gather in Boao, China to set up Asian version of Davos World Economic Forum.

Mar. 1, 2001: DPRK and Germany establish diplomatic relations.

Mar. 5, 2001: U.S. Navy court of Inquiry into sinking of Ehime Maru begins in Hawaii.

Mar. 6, 2001: Luxembourg agrees to establish diplomatic ties with the DPRK.

Mar. 7-11, 2001: Presidents Kim Dae-jung and Bush meet in Washington.

Mar. 13, 2001: DPRK inexplicably and indefinitely cancels fifth round of inter-Korean ministerial talks just hours before scheduled opening.

Mar. 13, 2001: State Secretary Powell meets with Indonesian FM Alwi Shihab in Washington.

Mar. 14, 2001: CINCPAC Adm. Blair visits China.

Mar. 14-16, 2001: Russia's chief of the presidential security council, Sergey Ivanov, meets with his counterpart, Condellezza Rice, and Secretary Powell in Washington.

Mar. 15-16, 2001: ASEAN senior officials meet in Ho Chi Minh City to discuss growing U.S.-China tensions.

Mar. 18, 2001: PM Mori visits the U.S.

Mar. 19, 2001: U.S. special envoy Charles Kartman is named executive director of Korean Peninsula Energy Development Organization.

Mar. 20, 2001: PM Mori in Hawaii, visits scene of Ehime Maru accident.

Mar. 21, 2001: PRC Vice Premier Qian Qichen arrives in Washington for talks with President Bush and Secretary Powell.

Mar. 21, 2001: U.S. orders the expulsion of 4 Russian diplomats, with 46 more to be expelled by July.

Mar. 23, 2001: Russia retaliates, orders expulsion of U.S. diplomats.

Mar. 25, 2001: PM Mori and President Putin meet in Irkutsk, Russia.

Mar. 25, 2001: EU announces its intention of sending a delegation to the Korean Peninsula to help facilitate talks.

Mar. 26, 2001: Trilateral Coordination Oversight Group meets in Seoul, releases joint statement reiterating their support for DPRK engagement.

Mar. 26, 2001: DPRK and New Zealand establish diplomatic ties.

Mar. 27, 2001: ROK joins MTCR.

Mar. 27, 2001: U.S.-ROK joint three-day military exercise "Rapid Thunder" begins.

Mar. 27, 2001: President Bush announces no-support for Kyoto global warming environmental treaty signed in 1997.

Mar. 27, 2001: Xanana Gusmao resigns as head of East Timor's interim parliament.

Mar. 29, 2001: Premier Zhu meets with Philippine special envoy Alfonso Yuchengco in Beijing.

Apr. 1, 2001: A PRC jet collides with a U.S. Navy maritime patrol aircraft. The PRC jet goes down in the South China Sea, the Navy plane makes an emergency landing in the PRC.

U.S.-Japan Relations: A False Start?

**by Brad Glosserman,
Director of Research, Pacific Forum CSIS**

The administration of President George W. Bush took office with high hopes to revitalize and rejuvenate the U.S.-Japan alliance. Unfortunately, those hopes immediately clashed with political and economic reality in Japan, while a series of incidents forced supporters of the alliance back on the defensive. The tragic accident involving the nuclear submarine USS Greeneville and the Japanese fisheries training vessel Ehime Maru, which claimed nine lives, shifted American and Japanese priorities. The security alliance will survive this tragedy, but it underscored the need for continuing efforts by governments and friends of the alliance to build support for the bilateral relationship among the public on both sides of the Pacific.

Familiar Faces

President George W. Bush took office promising a new approach to Asia. His foreign-policy team was made up of seasoned Asia-hands, savvy about regional affairs and sensitive to Asian concerns. The appointments of Richard Armitage, Paul Wolfowitz, and Pacific Forum CSIS alumni James Kelly and Torkel Patterson to key positions in the new administration were viewed in Japan as signs that the new president was serious about making Asia a U.S. priority.

Alliance watchers in Tokyo were particularly gladdened to hear the new administration's pledge to put Japan first, ending speculation that Beijing was supplanting Tokyo as the apple of Washington's eye. As far as Japan was concerned, former President Bill Clinton had shown a worrying tendency to accommodate China. There are still grumbles over his China visit and his willingness to fly over Tokyo without stopping when coming and going. When combined with Mr. Clinton's proclivity for shortening or canceling trips to Japan, Tokyo's fears that U.S. priorities were changing didn't seem unrealistic.

Mr. Bush's new team wanted to end those doubts. Governor and then President Bush ended the talk of a "strategic partnership" between the U.S. and China. Instead, the new administration made it clear that the U.S. would deal with Beijing as a potential competitor within the region, and would be relying on a strengthened bilateral relationship between the United States and Japan as the foundation of the U.S. presence in the region.

Be Careful What You Ask For

The shift in perspective was welcome in Tokyo; the Japanese always welcome U.S. declarations of importance of the alliance. At the same time, however, Tokyo has two worries. First, there's the ever-present concern that the United States will become too bellicose toward Beijing, that its rhetoric would be too inflammatory. While Japan prefers that the U.S. have no illusions about China, it does not want to see relations between Washington and Beijing deteriorate to the point where conflict is a possibility.

Japan's second concern is that Washington will expect too much of Tokyo. The Nye-Armitage report, issued late last year and bearing the name of a key player in the new administration, seemed to do just that with its call for Japan to assume new responsibilities within the alliance. Japan's political class still prefers not to deal with security issues directly. The topic of security is too contentious and the political consensus that exists is fragile.

Rejuvenating the bilateral alliance will oblige Japanese decision makers to address that subject head-on. Given the domestic political environment (discussed below), there is little inclination to spend the political capital required to do just that. Some Japanese supporters of the alliance now worry that U.S. expectations will be dashed, which could be an equally devastating blow to the alliance.

Reality Does Its Damage

Good intentions will only go so far. The administration's high hopes were quickly overtaken by events. From day one, the new administration was forced to abandon plans to address the U.S.-Japan relationship from on high, on a strategic level. Instead, the Bush team has been forced to focus on managing the alliance on a day-to-day level.

In January, U.S. service personnel were arrested and charged with setting fires in one case and for taking lewd photographs of a teenage girl in another. Those continuing run-ins with the law fueled Okinawan anger over the U.S. presence on the island. The local government has called again for review of the Status of Forces Agreement (SOFA) that governs procedure in the event of a crime involving U.S. service personnel. Although the U.S. has honored the terms of the SOFA, those terms are not satisfactory as far as the local government is concerned. Discussions over possible revisions to the SOFA are underway.

When the Okinawa Prefectural Assembly unanimously passed a resolution calling for reductions of U.S. forces on the island, Lieutenant General Earl Hailston, head of the U.S. Marine contingent on Okinawa, vented his frustrations with local politicians in a private e-mail to his troops that was subsequently leaked to the press. That provoked yet another storm, which General Hailston's apology was not able to quell. Ironically, Hailston's basic message, that the troops improve their behavior, was lost in the anger over his reference to local leaders as "wimps" and "nuts."

Worse was yet to come. On the very next day, the nuclear submarine USS Greenville collided with the Ehime Maru, a Japanese fisheries training vessel off the coast of Hawaii. Nine members of the Japanese crew, high school students and instructors, went missing in the accident and are presumed dead.

The subsequent investigation into the causes of the accident has stirred the controversy. It was revealed that the submarine had 16 civilian guests aboard as part of a Navy public relations program. The “emergency ballast blow,” a rapid ascent to the surface that the sub was performing when it hit the Ehime Maru, was not an essential training maneuver, but was designed to give the guests a more exciting experience. It was also revealed that two of the civilians had their hands on controls at the time of the accident.

Despite a reflexive tendency on the part of the Navy to make damage control a priority, wiser heads prevailed. U.S. government officials, from President Bush to Secretary of State Colin Powell, immediately expressed remorse and apologies for the accident. U.S. Ambassador to Japan Thomas Foley also expressed his sympathy to the families of the victims and the Japanese government. Ambassador Foley also postponed his intended departure to help deal with the accident and its aftermath.

Unfortunately, tensions still mounted. Information surrounding the accident trickled out slowly--for good reasons (the legal and procedural restraints imposed by the ongoing investigation) and bad (an attempt to control the damage). Many Japanese wanted a direct apology from the captain of the submarine, which was for legal reasons inadvisable. In addition, there was a perception that the United States was too quick to suspend the search for the missing nine sailors, as well as the belief that the United States was insufficiently concerned with raising the boat from the sea floor.

Some in the United States then expressed their own frustration with Japan. Several opinion pieces appeared in prominent U.S. newspapers suggesting that Japan’s fixation with a U.S. apology was hypocritical and unfair. That prompted a Japanese response and threatened to unleash a downward spiral in relations between the two countries.

Fortunately, a crisis seems to have been averted. The timely U.S. response and its sincerity seems to have made an impression on the Japanese. The dispatch of a special envoy from the United States to Japan signaled a sensitivity to Japanese concerns that has been much appreciated in the country. In addition, the Navy Court of Inquiry has been open and transparent, allaying Japanese suspicions of a cover-up. Finally, Captain Scott Waddle, the commander of the submarine, spoke directly to the families of the victims during the inquiry and impressed them with his seriousness and remorse. His words and the impressions that they made upon those family members were widely reported in the Japanese press.

It is important to understand the significance of the Ehime Maru accident. First, the fact that high school students were among the victims touches a nerve in a society that is rapidly graying. Second, an accident involving military forces goes right to the heart of

Japanese concerns and uncertainties about the role of the armed forces in society. Third, the controversy surrounding the appropriate apologies and the efforts that should be made to recover the bodies involves cultural sensitivity. The U.S. willingness to respond to Japanese concerns demonstrated precisely the sort of sensitivity to which the Japanese are keenly attuned.

The Political Vacuum Makes Things Worse

The difficulties in handling these various crises have been compounded by the leadership vacuum in Japan. Prime Minister Mori Yoshiro is one of the most unpopular prime ministers in the postwar era. As a result of a series of gaffes, opinion polls now put his popularity at less than ten percent. (The three-party coalition government itself is only slightly more popular than the prime minister.) For example, at the time of the Ehime Maru incident, Mr. Mori was playing golf and did not conclude his game even after being informed of the accident. Reporters later discovered that the prime minister's membership in the club had been paid for by a political supporter and had not been disclosed. Some observers argue that some of the anger expressed by the Japanese public in the wake of the accident is an attempt to vent the frustrations felt toward the Japanese government.

The government's weakness has serious implications for the alliance. Given the sensitivity that surrounds national security issues, there has been a reluctance on the part of leading politicians to voice support for the Japan-U.S. alliance after the Ehime Maru accident. At the time of dwindling public confidence in the government, politicians are even more hesitant to spend precious political capital drawing attention to the continuing need for the bilateral security alliance. It is easier to ride public discontent than say unpleasant truths.

In addition, Japan has an upper house election scheduled for July. That is absorbing the attention of politicians who are unwilling in the best of times to make bold moves. The chief concern of members of the Liberal Democratic Party (LDP), the largest party and the leader of the coalition government, is replacing the prime minister and finding someone who is not such an obvious liability to lead the party in the election. Unfortunately, picking a successor is difficult, as the LDP remains as divided as ever and has been unable to agree on a replacement for Mr. Mori.

As we go to press, the two leading contenders are Koizumi Junichiro, former minister of posts and telecommunications, and Nonaka Hiromu, former LDP secretary-general and the man generally thought to be the real power holder these days. The party will have difficulty rallying behind either man. Mr. Koizumi is too young and too much of a reformer for many party conservatives. Mr. Nonaka is one of the five men who put Mr. Mori in the prime minister's office when Obuchi Keizo was incapacitated by a stroke. Many worry that he is viewed as the personification of the old order at a time when new blood is most required. Mr. Nonaka has repeatedly denied that he wants the top slot; he has been quoted as saying that there was a "200 percent chance" that he would not take the job if it was offered, a declaration that many consider meaningless. But while neither

man is an attractive alternative to Mr. Mori, there aren't many other contenders for the post since he or she is likely to have to resign after the upper house vote to take responsibility for the shellacking the party is expected to receive.

The significance of the vacuum was evident in the days before the March 19 Bush-Mori summit. A senior U.S. official was quoted as saying that given the prime minister's lame duck status, a meeting was "a waste of time," but protocol demanded it. That comment stung some Japanese, but most admitted that the meeting was hard to justify given the political situation in Japan.

Economic Worries Intensify

The political situation is only part of Japan's problems. Despite a decade of stagnation--annual growth averaged a sickly 1.4 percent during the 1990s--the economy shows no signs of recovery. Record fiscal stimulation packages have yielded the largest national debt of any G-7 country but little else. Stock markets are experiencing 15-year lows. In mid-March, the Nikkei 225 index had lost 66 percent of its value from its all-time high, and 33 percent in a year. The Topix index, a wider index that is probably more representative of overall share value, was down 23 percent over the year, and 53 percent from its all-time high. Economists now use the "R word" when talking about the country's prospects. In late March, the cabinet office would admit that the economy is experiencing deflation. In an abrupt about-face, the Bank of Japan returned to its zero interest rate policy, while throwing down the gauntlet to the government to take active measures to head off a financial crisis and kick start reform. Few observers anticipate any meaningful action before the July Upper House election.

This was too much for the Bush administration to overlook. Bush came to office promising a new approach to Japan's economic problems. Senior administration officials from White House economic adviser Larry Lindsay to Secretary of the Treasury Paul O'Neill pledged to stop the hectoring that the Clinton administration had used.

Japanese officials breathed a sigh of relief... and then reality intervened. The downturn in the U.S. economy has forced U.S. policy makers to rethink their hands-off approach. The U.S. and Japan account for some 30 percent of the world economy; with both economies in recession, the global outlook is grim.

At the March summit, President Bush told Prime Minister Mori of his concerns about Japan's unwillingness to take more aggressive economic measures. Mr. Bush pressed Japan to take action to deal with the huge amount of non-performing loans that burden Japan's banks and threaten another financial crisis. He also expressed concern that Japan might attempt to export its way out of its economic difficulties rather than adopt the economic reforms that would unleash domestic demand. Both governments have subsequently denied rumors that they agreed to a weakening of the Japanese yen in exchange for a pledge to clean up the books of Japanese banks.

Tokyo is unlikely to take serious measures to deal with the economic crisis before the July election. Any attempt to clear bad loans off bank books would force a considerable number of bankruptcies--and increase unemployment--which no government would risk before an election. Nor would it be willing to go to taxpayers for funds to bail out the banks.

Although Mr. Yanagisawa Hakuo, chairman of the Financial Reconstruction Commission, supported forceful measures to clean up the financial sector, he backed away from that position after the summit; according to newspaper reports, he has been threatened with a loss of his cabinet post if he persists. The day after the summit, the prime minister's spokesman denied that Mr. Mori had promised the president that he would clean up the bank mess within six months; instead, said the spokesman, the prime minister had been referring to the national debt and there was no time limit.

The economic crisis is more than embarrassing; it has a direct effect on Japanese foreign policy and regional affairs. In testimony before the U.S. Congress, Secretary of State Powell acknowledged that Japan's economic problems were a national security issue for the United States. Concern over exchange rates is not just academic. Some economists have pointed out that the situation looks a lot like Asia prior to the 1997 financial crisis. They worry that an attempt by Japan to export its way back to growth could trigger a round of competitive devaluations. Trade frictions within Asia are growing. A rising number of complaints about cheap Chinese imports have prompted concern that China will supplant the United States as Japan's chief trade problem.

The huge national debt has some officials calling for new budgetary priorities. The Foreign Ministry seems to have headed off calls to slash spending on overseas development assistance, a move that targeted China, but those pressures will increase. Funds for regional initiatives could get the ax. Spending on defense, and the U.S.-Japan alliance, is not immune. There has already been debate in Japan about the proper level of host nation support. Some claim that Japan's economic troubles give it justification for reducing its outlays.

Beyond the Bilateral Focus

While Japan's economic problems focus attention on the regional dimension of the security alliance, regional considerations color Tokyo's views of U.S. policy. As mentioned at the outset, Japan welcomes the new U.S. line toward China--as long as it is not too inflammatory and does not create unnecessary tension or conflict.

U.S. policy toward the Korean Peninsula is framed by a similar set of constraints. Japan's diplomacy has lagged behind that of all other Northeast Asian countries. Attempts to resume normalization talks with North Korea have been frustrated and Japan fears that it will be marginalized in regional diplomacy. Moreover, there is the fear--not without foundation--that Tokyo would get stuck with the bill for North Korean reconstruction.

As a result, Tokyo welcomes the skepticism shown by the new U.S. administration toward Pyongyang. Washington's hard line makes it easier for Tokyo to go slow, which seems to be the preferred policy, given outstanding issues such as the fate of Japanese who were allegedly abducted by North Koreans.

At the same time, however, U.S. skepticism should not needlessly fuel tension on the peninsula. Japan does not want a security crisis. Nor does it want to see rising anti-American sentiment in South Korea that could open debate about the U.S. military presence there, and could trigger a similar debate in Japan.

Although the events of the last three months are no doubt disappointing to the new administration, they are unlikely to have done any serious long-lasting damage to the alliance. The long-term forces at work are another matter. If nothing else, the prompt and culturally attuned reaction by the U.S. government to the Ehime Maru accident has proven that the Bush administration's talk of new priorities in Asia was not just rhetoric. The questions now are what sort of expectations the United States has for Japan and whether the government in Tokyo is capable of meeting them.

Chronology of U.S.-Japan Relations January-March 2001

Jan. 5, 2001: U.S. lifts midnight curfew for military personnel in Okinawa.

Jan. 5, 2001: Okinawa prosecutors file papers charging three U.S. Marines based in Sasebo with molesting two high school girls.

Jan. 10, 2001: U.S. Marine arrested for lifting skirt of Okinawan high school girl and videotaping her.

Jan. 10, 2001: U.S. Transportation Secretary Norman Mineta meets Japanese Economy Minister Hiranuma Takeo to discuss auto parts agreement. Mineta and Agriculture, Forestry and Fisheries Minister Yatsu Yoshio jointly propose a workshop on Japan's research whaling.

Jan. 11, 2001: Three U.S. steelmakers file antidumping suit against Japanese steel makers at the U.S. International Trade Commission and the Dept. of Commerce.

Jan. 12, 2001: Assembly of town of Kin, where Camp Hansen is located, passes resolution urging the U.S. to tighten discipline among military personnel.

Jan. 12, 2001: U.S. Commerce Dept. issues preliminary ruling in favor of antidumping complaint filed by U.S. steel makers last year against Japanese steel makers.

Jan. 17, 2001: Okinawa Expropriation Commission holds first public hearing on central government's continued leasing of land for U.S. military facilities.

Jan. 17, 2001: President Clinton grants national monument status to one of ten WWII-era internment camps for the Japanese.

Jan. 19, 2001: Okinawa Prefectural Assembly unanimously passes resolution calling for reduction in U.S. Marine presence.

Jan. 20, 2001: City of Tomakomai in Hokkaido refuses to let USS Blue Ridge make a port call.

Jan. 22, 2001: World Trade Organization interim panel report supports Japanese claim that a 1999 U.S. dumping ruling against Japanese steel products is not objective.

Jan. 23, 2001: Lt. Gen Earl Hailston, the top U.S. Marine in Okinawa, calls Okinawa officials "nuts" and "wimps" in email to fellow officers that is leaked to the press on Feb. 7.

Jan. 24, 2001: Secretary Mineta says U.S. will seek to open Japan's Haneda airport to U.S. carriers.

Jan. 24, 2001: White House denies that the U.S. is ready to tolerate a weaker yen.

Jan. 26, 2001: Japanese Foreign Minister Kono Yohei has separate meetings with Secretary of State Colin Powell and National Security Adviser Condoleezza Rice. Commerce Secretary Donald Evans meets Economy Minister Hiranuma.

Jan. 26, 2001: Tokyo Gov. Ishihara Shintaro, speaking at the World Economic Forum in Davos, Switzerland, warns that "the global standard" is not the U.S. standard.

Jan. 29, 2001: Mayors of cities hosting U.S. bases agree to call for halt to night landing exercises.

Feb. 1, 2001: Mayor of Tomakomai drops opposition to visit by USS Blue Ridge.

Feb. 5, 2001: Treasury Secretary O'Neill says he will press for economic reform through industry contacts rather than government pressure.

Feb. 8, 2001: Lt. Gen Hailston issues direct apology to Okinawa Gov. Inamine Keiichi and the Okinawa Prefectural assembly.

Feb. 9, 2001: Nuclear-powered submarine USS Greeneville hits Ehime Maru, a Japanese fisheries training ship off the coast of Hawaii. Nine Japanese are missing and presumed dead.

Feb. 12, 2001: President Bush offers prayer for victims of Ehime Maru accident. U.S. officials promise complete and transparent investigation into the accident.

Feb. 15, 2001: Town assembly in Chatan in Okinawa unanimously adopts resolutions calling for withdrawal of all U.S. Marines.

Feb. 16, 2001: Okinawa Prefectural Assembly unanimously passes resolution calling for revision of Status of Forces Agreement.

Feb. 16, 2001: A U.S. Marine Lance Cpl. is indicted by Okinawan prosecutors on charges of setting a series of fires in January.

Feb. 22, 2001: Opening of Navy Court of Inquiry into the sinking of the Ehime Maru postponed.

Feb. 21, 2001: U.S. and Japan hold civil aviation talks.

Feb. 26, 2001: Relatives of Japanese nationals allegedly abducted by North Korea ask President Bush to press Pyongyang to account for the missing.

Feb. 27, 2001: Capt. Scott Waddle, commander of the USS Greeneville, visits Japanese consulate in Honolulu to apologize for the accidental sinking of the Ehime Maru.

Feb. 27, 2001: Former Korean slave laborers file class action suit in California against Japanese firms demanding compensation for unpaid labor during World War II and damages for suffering.

Feb. 28, 2001: WTO panel rules that U.S. acted illegally in increasing duties on Japanese steel imports.

Feb. 28, 2001: Adm. William Fallon, special envoy of President Bush, apologizes to families of missing Ehime Maru crew.

Mar. 2, 2001: U.S. National Transportation Safety Board releases report on Ehime Maru accident.

Mar. 5, 2001: U.S. Navy Court of Inquiry into sinking of Ehime Maru begins in Hawaii.

Mar. 8, 2001: U.S. and Japan agree to discuss revision of Status of Forces Agreement.

Mar. 13, 2001: PM Mori tells Liberal Democratic Party convention that he plans to move up the date of party presidential election, effectively announcing plans to retire, without using the r-word.

Mar. 13, 2001: PM Mori sets up panel to boost stock exchange.

Mar. 16, 2001: Cabinet office report admits that Japanese economy is in the grip of deflation.

Mar. 16, 2001: Secretary Powell tells U.S. Congress that Japanese economic woes are a security threat to the U.S.

Mar. 19, 2001: Summit between President Bush and PM Mori.

Mar. 19, 2001: Bank of Japan returns to zero-interest rate policy.

Mar. 20, 2001: PM Mori visits Hawaii and scene of Ehime Maru accident.

U.S.-China Relations:

First Contact: Qian Qichen Engages in Wide-ranging, Constructive Talks with President Bush and Senior U.S. Officials

**by Bonnie S. Glaser,
Consultant on Asian Affairs**

PRC Vice Premier Qian Qichen's visit to the United States in March provided an opportunity for the U.S. and China to exchange views on the bilateral relationship and discuss a broad range of security issues. Both sides characterized the discussions in positive terms, acknowledging that differences were aired frankly, yet without rancor. Qian conveyed China's objections to U.S. arms sales to Taiwan, especially Aegis destroyers, and Secretary of State Colin Powell explained that U.S. policy would be guided by both the three Sino-U.S. communiqués and the Taiwan Relations Act. Progress toward China's entry into the WTO stalled over a major disagreement on Chinese agricultural subsidies. U.S. government officials claimed they had evidence that Chinese companies were selling and installing fiber optic cables and other equipment being used to improve anti-aircraft equipment in Iraq in violation of UN sanctions. Military exchanges proceeded according to the plan sketched out last November with a U.S. ship visit to Shanghai, several delegation exchanges, and a visit by U.S. Commander in Chief, Pacific Admiral Dennis Blair to China.

Chinese Envoy Holds Constructive Talks with Bush Administration

PRC Vice Premier Qian Qichen's visit to the United States in March provided an opportunity for the U.S. and China to exchange views on the bilateral relationship and discuss a broad range of security issues. The face-to-face meetings with President George W. Bush, Vice President Dick Cheney, Secretary of State Colin Powell, and Secretary of Defense Donald Rumsfeld gave Qian Qichen, China's most seasoned diplomat, a chance to gauge the new administration's policies and perspectives on Sino-U.S. relations, especially its stance on U.S. policy toward Taiwan. Qian had originally been scheduled to travel directly to Washington, D.C. and meet with President Bush on March 19, but plans to host Japanese Prime Minister Mori Yoshiro on that date prompted administration officials to postpone the Chinese vice premier's meetings by several days, compelling Qian to alter his schedule and visit New York first. The new team no doubt wanted to make clear that although U.S.-China relations are important, they take a back seat to relations with Japan, a U.S. ally and key strategic partner in Asia.

Several weeks prior to Qian's arrival, Deputy Director of the State Council's Taiwan Affairs Office Zhou Mingwei had toured the United States to talk primarily about Taiwan and issued harsh warnings of the negative repercussions that would follow a decision to sell destroyers equipped with the Aegis radar system to Taipei. Meeting with media executives in New York, Vice Premier Qian similarly maintained that such a sale would force a shift in China's emphasis on achieving reunification with Taiwan through peaceful means to "a military approach." He also claimed that selling the Aegis-equipped destroyers would constitute a "grave violation" of the August 1982 U.S.-China communiqué on arms sales to Taiwan. China also argued that sale of the Aegis system fitted to Arleigh-Burke-class destroyers would be destabilizing because it would bolster those in Taiwan who favor independence and would provide Taiwan with a precursor to an upper-tier theater missile defense system.

Qian dispensed with bellicose threats in his meetings with U.S. officials and, according to both Chinese and American participants, engaged instead in a constructive dialogue on a broad range of issues. Both sides characterized the discussions in positive terms, acknowledging that differences on issues were aired frankly, yet without rancor. In a speech delivered at a luncheon following the conclusion of his Washington meetings, Qian noted that the discussions were "helpful to increase our mutual understanding," adding that both sides "expressed the shared desire to jointly advance relations." U.S. officials similarly appraised the talks as constructive and beneficial.

In the meeting at the White House, President Bush spoke straightforwardly, yet respectfully, to Qian, who has more than a decade of experience dealing with the United States. According to a senior U.S. official, Bush was firm on issues such as human rights as well as on the U.S. desire to have good relations with China. Bush, the official said, has a "realistic view" and is "plainspeaking," believing that "you can have cordial relations and a good atmosphere and still be clear and firm." Thus, the president maintained that the U.S. and China have differences on some issues, but also expressed his confidence that the two countries share common ground. "I want to lay the foundation for 30 years from now, taking a long-term view," President Bush asserted. He also assured Qian that "nothing we do is a threat to you, and I want you to tell that to your leadership." Even a U.S. national missile defense program would not threaten China, Bush told Qian. Instead, the president stressed that there is an opportunity to find common ground on missile defenses because both China and the U.S. face a threat from the proliferation of weapons of mass destruction (WMD) and missiles.

Bush confirmed that he planned to visit Beijing in the fall as part of a broader Asia trip that includes attending the APEC summit in Shanghai. He recalled his last visit to China in 1975, when his father was U.S. ambassador there. "I look forward to my return," Bush said, "I can't wait to see the change, the contrast between when I was a younger fellow and now when I'm kind of an older guy."

In a lengthy meeting with Secretary of State Powell, the discussion covered a vast number of issues, including human rights, Taiwan, Hong Kong, China's accession to WTO, North Korea, the Middle East, non-proliferation, Chinese assistance to Iraq, and

global concerns such as AIDS. In the exchange on Taiwan, Secretary Powell explained U.S. policy to Qian in language similar to that which he had used on Capitol Hill in his confirmation hearings and in testimony to the Senate and House on the FY 2002 budget and U.S. foreign policy respectively in early March. Powell indicated that U.S. decisions on arms sales would be governed by the Taiwan Relations Act (TRA), by U.S. assessment of Taiwan's security requirements, and by the need to maintain regional stability. In addition, Powell emphasized the importance of using only peaceful means to deal with the Taiwan question and reiterated that any solution between Taipei and Beijing must gain the consent of the people of Taiwan. He also endorsed cross-Strait dialogue and enhanced, increased contacts between Taiwan and the Mainland through trade and travel. Powell reiterated that the U.S. has a one-China policy and will maintain its commitments to the three Sino-U.S. communiqués as well as to the TRA.

Both President Bush and Secretary Powell firmly addressed human rights matters, mindful of growing pressure from members of Congress who, on the eve of Qian's arrival in the U.S., spoke out against Beijing's bid for the 2008 Olympics and urged the administration to actively seek multilateral support to obtain passage of a UN resolution condemning Beijing's human rights violations. The president noted that he is a "believer in religious freedom" and he specifically raised the case of Gao Zhan, a sociologist and an adjunct professor at American University in Washington, D.C. who was detained by state security officers with her husband and 5-year old son at the Beijing airport on Feb. 11. It was especially disquieting to the administration that the U.S. embassy in China was not notified of the child's detention because he, unlike his parents, is an American citizen. A Hong Kong-based scholar with U.S. citizenship is also being detained in China.

It was apparent, however, that the U.S. would not deal in a confrontational or contentious manner with China on human rights and expects that U.S.-Chinese differences in this area can be dealt with in a businesslike fashion. The Bush administration's approach will place emphasis on results, Powell noted, not process. This point was underscored in a State Department press release one month earlier announcing the decision that the U.S. would introduce a resolution on China's human rights practices at the United Nations Commission on Human Rights (UNCHR) in Geneva this March. "Our goal in sponsoring this resolution is to encourage China to take positive, concrete steps to meet its international obligations to protect the fundamental freedoms and civil liberties of the Chinese people," the press release said.

The "Three No's" and "Strategic Partnership" are Dead

Although the Bush administration has not publicly repeated the term "strategic competitor," which the president used to describe U.S. relations with China during the campaign, senior officials have made clear that the Clinton administration's policy of seeking to build a constructive strategic partnership with China will no longer apply. In Secretary of State Powell's confirmation hearings, he stated that:

A strategic partner China is not, but neither is China our inevitable and implacable foe. China is a competitor, a potential regional rival, but also a trading partner willing to cooperate in areas where our strategic interests overlap. China is all of these things, but China is not an enemy, and our challenge is to keep it that way by enmeshing them in the rule of law, by exposing them to the powerful forces of a free enterprise system and democracy, so they can see that this is the proper direction in which to move.

Beijing had preferred to retain the strategic partnership goal for the bilateral relationship, but quickly adjusted to the new rhetoric employed by the Bush administration. In an interview with the *Washington Post* published at the close of Qian's U.S. visit, PRC President Jiang Zemin acknowledged that the Sino-American relationship contains both competition and cooperation. "I don't have a naïve, romantic view that the strategic partnership proposed by President Clinton was a relationship free from struggles or containment. It involved both," Jiang maintained. "And also conversely, I do not believe that the competitor President Bush talked about does not contain any element of cooperation," he added. "I believe that the two sides should seek common ground while putting aside differences. We should cooperate with each other very well, and we should work to put in place a new state-to-state relationship between our two countries for the new century."

China also hoped that the Bush administration would maintain Clinton's "three no's" policy of not recognizing two Chinas or one China, one Taiwan; not supporting independence for Taiwan; and not backing Taiwan to join international organizations that require sovereignty for membership. Although no senior Bush administration official has declared that the "three no's" policy is a dead letter, such phrasing has been studiously avoided by administration officials. It is likely that those three positions will no longer be habitually reiterated as a package policy. Instead, the separate components will be addressed as necessary. So far, U.S. officials have re-stated U.S. adherence to a one-China policy. The cautious policies and assiduous avoidance of provocative actions by Taiwan President Chen Shui-bian toward the Mainland has made unnecessary a public statement that the U.S. would not support Taiwan independence.

With respect to Taiwan membership in international organizations, Secretary Powell suggested that this policy would remain unchanged, although the U.S. may more actively promote Taipei's participation in various organizations so that it can reap many, if not all, of the benefits of membership. In response to a question posed to the Secretary Powell on U.S. policy toward Taiwan membership in the World Health Organization at a House hearing in early March, Powell maintained that past U.S. government policy of finding ways for Taiwan to participate without belonging to international organizations had "served the nation well."

Allegations of Chinese Assistance to Iraqi Air Defense

In mid-February, only a few weeks after President Bush's inauguration, China became the focus of attention when the *Washington Post* reported that a bombing raid on Iraq's

air-defense system by U.S. and British warplanes was conducted on a Muslim holiday to avoid killing people, including Chinese military officials and civilians working on the fiber optic network. The U.S. government claimed it had evidence that Chinese companies were selling and installing fiber optic cables and other equipment being used to improve anti-aircraft equipment in Iraq in violation of UN sanctions. Specific concerns about Chinese activities in Iraq outside the sanctions regime had been raised in the final days of the Clinton administration by David Welch, assistant secretary of state for international organizations, who visited Beijing in early January. The Chinese apparently denied that they were providing telecommunications assistance to Iraq.

Eager to defuse an early crisis with the new administration, Beijing immediately said it would look into the matter. After several weeks, Chinese Foreign Minister Tang Jiaxuan declared that “serious investigations” by relevant agencies in China found no evidence of assistance by Chinese enterprises and corporations to Iraq in building a fiber optic cable network for its air defense system. Tang also suggested that the charges were aimed at diverting attention from the bombing of Iraq, which China, along with Russia, had condemned. Privately, however, Chinese officials admitted that three Chinese telecommunications companies were working in Iraq in contravention of UN sanctions, but they insisted that the companies were engaged in civilian work and were not upgrading Iraq’s air defense system. Beijing informed the United States that it ordered the companies to halt its business in Iraq and comply with UN sanctions.

Nevertheless, the U.S. remains suspicious that Chinese companies continue to operate in Iraq and may be providing assistance to the Iraqi military. Thus, the issue persists as a friction point in the bilateral relationship. American concerns about Chinese proliferation of weapons of mass destruction and systems for their delivery also persist. Testifying to the Senate Select Intelligence Committee in early February, CIA Director George Tenet and DIA Director Thomas Wilson stated that they could not provide assurance that China is no longer engaged in proliferation of WMD and ballistic missile technology. Tenet outlined several concerns regarding future Chinese behavior: 1) the provision by Chinese firms of missile-related items, raw materials, or other help to countries of proliferation concern, including Iran, North Korea, and Libya; 2) possible assistance to Pakistan in development of its two-stage Shaheen-2 MRBM; and 3) possible continued support to unsafeguarded nuclear programs in Pakistan.

On the eve of Qian Qichen’s arrival in Washington, D.C., the State Department spokesman noted that the understanding between the U.S. and China on missile non-proliferation that was announced on November 21, 2000 commits China not to assist other countries in developing nuclear-capable ballistic missiles in any way, and to put in place comprehensive missile-related export controls. “We will monitor this situation closely and will continue to press for full implementation,” the spokesman added.

China’s WTO Entry Stalemates Over Agricultural Subsidies

As China’s bid to enter the World Trade Organization (and its predecessor GATT) entered its 15th year this past January, the talks stalled over a major disagreement on

Chinese government subsidies to its 900 million farmers. Beijing continues to insist that China be designated a developing economy and thus be permitted to continue support payments to its farming sector. But negotiators from the United States and Western Europe contend that China is too large and growing too fast to warrant such lenient treatment. "If you want to bind our hands and not allow support for our farmers, nobody could back that," said China's top negotiator, Long Yongtu, after a week of negotiations ended without sealing China's WTO entry as anticipated. Subsequently China's Foreign Trade Minister Shi Guangsheng dismissed as "inaccurate" reports that China would be admitted to the WTO by early summer. Other Chinese trade officials maintained that rewriting China's domestic legal code to conform with WTO rules would require a minimum of several months, precluding the possibility of China's accession within the first half of this year.

In the meantime, the U.S. tabled a new compromise offer on agriculture in early March, but the Chinese side has yet to respond. The Bush administration continued to prod Beijing to move the accession process forward. Prior to his meeting with Vice Premier Qian, Secretary Powell publicly indicated his hope that China's WTO entry will take place "as soon as possible." According to a senior administration official who briefed the press on President Bush's meeting with Qian, the president stated "that there are issues that remain to be worked out" and also affirmed that he is looking forward to China's accession to the WTO.

On the sidelines of Qian Qichen's meetings with President Bush and cabinet officials responsible for national security and foreign policy, Chinese trade negotiator Long Yongtu met with newly-appointed U.S. Trade Representative Robert Zoellick. According to China's *Xinhua* news service, the two officials conducted "positive and constructive" talks on China's accession to the WTO. Both sides reportedly reaffirmed that China's early accession will be conducive not only to China and to the United States, but also to strengthening the WTO and the global multilateral economic system. No concrete progress was made in narrowing their outstanding differences, but they agreed to resume the Geneva multilateral talks as soon as possible.

If the multilateral accession accord is not completed and certified by President Bush prior to June 3, then the president must issue a waiver for Normal Trade Relations (NTR) status to be accorded to China for one more year. Of course, Congressional approval for NTR extension is virtually preordained and China would get PNTR as soon as it accedes to WTO. Nevertheless, a nasty debate could ensue, especially in the House, that would focus attention on China's human rights record, its campaign to suppress religious freedom, Chinese policies in Tibet, and Beijing's proliferation activities. Some members of Congress are already preparing to introduce a motion of disapproval of a presidential decision to extend NTR. They argue in favor of "punishing" China for a period of months, until China's accession is completed and PNTR goes into effect. Bush administration officials are urging Beijing to make as much progress toward accession as possible before June in the hope that Congress will refrain from a major effort to deny China NTR renewal if China's WTO accession is imminent.

Military Exchanges Continue Amid Review

The U.S. presidential transition has had no measurable impact so far on the military exchange program between the U.S. and China. Military visits in the first three months of this year proceeded according to the plan sketched out last November between then-Under Secretary of Defense Walter Slocombe and Deputy Chief of the PLA General Staff Xiong Guangkai. All 2001 programs as well as the overall mil-mil relationship are undergoing review by the new administration, but with only a handful of senior officials in place at the Pentagon, the evaluation has not yet been completed.

In February, a PLA delegation toured the U.S. to engage with American counterparts on the environmental impact of military activities. The same month a delegation from the U.S. National Defense University (NDU) led by former U.S. Air Force Deputy Chief of Staff General Michael Carns (ret.) visited several Chinese cities as guests of China's NDU. The USS Blue Ridge, flagship for the U.S. Seventh Fleet and part of the Navy's forward deployed forces in Yokosuka, Japan, docked in Shanghai for a three-day port call in March. U.S. Navy Seventh Fleet Commander Metzger and his entourage were given a guided tour of the Chinese missile frigate "Tong Ling" by PLA Navy Shanghai Base Commander Hou Yuexi. The Chinese press reported favorably on the ship visit, quoting Commander Metzger's words of praise to the Chinese Navy as "very professional, particularly self-confident, and zealous." The U.S. Consulate in Shanghai issued a press release stating that the port call would "provide the crew with a chance for sightseeing, cultural exchanges, and foster goodwill between the U.S. and China."

Admiral Dennis Blair, commander in chief of U.S Pacific forces, made a five-day stop in China on an Asia tour that included Japan and South Korea. A spokeswoman for the Pacific Command in Hawaii stated that Admiral Blair's visit was aimed at "exchanging views on matters of mutual interest." She said Blair would seek clarification of Chinese military activities and plans, discuss "U.S. policies on the peaceful resolution of issues involving the future of Taiwan," and emphasize that the U.S. seeks "to include China, not exclude China, from participation in multilateral activities common to the interests of all nations." Blair held meetings with Chinese Defense Minister Chi Haotian, PLA Chief of Staff Fu Quanyou, PLA Deputy Chief of Staff Xiong Guangkai, Vice Foreign Minister Li Zhaoxing, and Commander of the PLA Navy Shi Yunsheng.

Blair welcomed Beijing's new willingness to engage with the United States in a dialogue on missile defense, which Sha Zukang, Director of the Foreign Ministry's Department of Arms Control and Disarmament, had signaled in a press conference on the day of Blair's arrival in China. The CINCPAC also applauded Ambassador Sha's statement that, while China is adamantly opposed to national missile defense, the deployment of theater missile defense systems could be justified in some cases to protect troops--a position that Ambassador Sha and other Chinese had previously set forth in Track II discussions but, until then, had not pronounced publicly.

In an interview with *Reuters* during his visit to China, Admiral Blair urged the Chinese to "make the connection between what they deploy on their side of the Strait and the types

of technology that the United States might make available to Taiwan to provide for its sufficient defense.” He noted that China was adding 50 ballistic missiles a year to its roughly 300 aimed at Taiwan. “There will be a point at which that missile buildup will threaten the sufficient defense of Taiwan,” Blair warned. To date, he said, Chinese generals refused to discuss the issue of China’s missile deployments opposite Taiwan, while Ambassador Sha insisted that “China’s missile deployments were its own business.”

U.S. concerns about China’s short-range missile buildup and Chinese worries about U.S. arms sales to Taiwan, which occupied a substantial portion of Admiral Blair’s discussions with Chinese officials, were raised again during Chinese Vice Premier Qian Qichen’s meeting with Secretary of State Powell in Washington a week later. However, those issues were surprisingly not raised in Qian’s talks with Defense Secretary Donald Rumsfeld. Instead, the Pentagon meeting focused on mil-to-mil exchanges, the defense budgets of both China and the United States, non-proliferation issues, and both sides’ shared interest in further developing good bilateral relations. The Defense Department spokesman revealed that among those topics, the most time was spent on discussion of the mil-to-mil exchange program. Secretary Rumsfeld emphasized the need for reciprocity in military exchanges between the two countries and pressed for greater Chinese transparency in the military sphere.

The Road Ahead

Both the U.S. and China retain a strong interest in preserving a stable bilateral relationship and furthering cooperation where possible. The visit to the United States by Vice Premier Qian Qichen is a good beginning. Washington and Beijing should work to develop a positive agenda for the remainder of this year, including Chinese accession to WTO, cooperation to advance the process of reconciliation underway on the Korean Peninsula, and a successful Bush-Jiang summit.

Nonetheless, the road ahead for Sino-U.S. relations will not be smooth. Even if the U.S. denies or defers Taipei’s request to purchase Aegis-equipped destroyers, it is likely that a robust package of weapons and military assistance for Taiwan will be approved this spring. Washington may assertively lobby other countries to vote with the U.S. in condemning China’s human rights practices in Geneva. The U.S. may also opt to proceed with early deployment of missile defense systems. It will be up to Beijing to decide how to react.

In addition to the anticipated challenges and hurdles that Washington and Beijing will face in the coming months, there is also the possibility that unexpected events can send relations into a tailspin if not carefully managed. Such was the case when NATO planes accidentally bombed the Chinese embassy in Belgrade in April 1999.

Another unforeseen incident occurred in the early morning of April 1, when a United States naval maritime patrol aircraft on a routine surveillance mission in international airspace over the South China Sea collided with one of two Chinese F-8 fighters that

were shadowing the U.S. plane. The plane and its crew of 24 American crewmembers made an emergency landing on Hainan Island. Early reports suggest that the Chinese have detained the crew and may have boarded the plane, which the U.S. claims are violations of international law. Whether this latest crisis can be defused or will trigger a new round of tension remains to be seen.

Chronology of U.S.-China Relations January-March 2001

Early Jan. 2001: David Welch, assistant secretary of state for international organizations, travels to Beijing and raises American concerns about fiber optic cables and telecommunications aid provided by Chinese companies outside the sanctions regime to Iraqi air defense systems.

Jan. 12, 2001: Robert Jones, U.S. deputy assistant secretary of defense in charge of prisoner of war/missing personnel affairs, visits Beijing accompanying six U.S. Korean War veterans for a meeting with their Chinese counterparts from the Chinese Volunteers.

Jan. 17, 2001: A week of multilateral negotiations ends in Geneva with no further progress on China's bid to join the WTO.

Jan. 19, 2001: U.S. pays China \$28 million in compensation for the 1999 embassy bombing in Belgrade.

Jan. 25, 2001: Secretary of State Colin Powell meets with departing Chinese Ambassador Li Zhaoxing.

Feb. 6, 2001: Representative Sherrod Brown (D-Ohio) introduces legislation that would require the U.S. to endorse and obtain observer status for Taiwan at the annual meeting of the World Health Organization in May in Geneva, Switzerland.

Feb. 11, 2001: Beijing hosts the first Senior Official Meeting of the 13th Ministerial Conference of APEC.

Feb. 11, 2001: An Amnesty International report charges that torture and ill-treatment of prisoners and detainees is widespread and systemic in China and the government is not doing enough to fight it.

Feb. 15, 2001: A U.S. delegation from the National Defense University led by former U.S. Air Force Deputy Chief of Staff General Michael Carns meets with PLA Deputy Chief of Staff Xiong Guangkai.

Feb. 19, 2001: International Olympic Committee delegates arrive in China to assess Beijing's bid for the 2008 Games.

Feb. 19, 2001: Zhou Mingwei, deputy director of the State Council's Taiwan Affairs Office, arrives in the U.S. for a planned visit to New York, Boston, Washington, D.C., and San Francisco to discuss cross-Strait relations.

Feb. 21, 2001: Chinese Ambassador Yang Jiechi presents his credentials to Secretary of State Colin Powell.

Feb. 25, 2001: It is revealed that a Hong Kong-based scholar with U.S. citizenship has been detained in China for over a month.

Feb. 26, 2001: The State Department issues its Report on Human Rights Practices for the Year 2000 that depicts China's worsening human rights, with the Chinese government intensifying its harsh measures against underground Christian groups and Tibetan Buddhists, and stepping up its campaign against the Falun Gong movement.

Feb. 26, 2001: The State Department announces the U.S. will introduce a resolution on China's human rights practices at the March UNCHR meeting in Geneva.

Feb. 28, 2001: China's National People's Congress ratifies the International Covenant on Economic, Social, and Cultural Rights, four years after Beijing signed the pact. Chinese lawmakers voted not to accept a key provision in the pact that covers the right of workers to form unions.

Mar. 6, 2001: PRC Finance Minister Xiang Huaicheng unveils national budget and announces that official military spending will increase 17.7 percent over last year, putting the total at just over \$17 billion.

Mar. 9, 2001: USTR Robert Zoellick announces that the U.S. has tabled a new U.S. offer on agriculture in an attempt to break the deadlock in the China WTO working group in Geneva. A Chinese negotiating team quietly visits Washington, D.C. the same week.

Mar. 14, 2001: Sha Zukang, director of China's Arms Control and Disarmament Department under the Foreign Ministry, reiterates Beijing's opposition to U.S. development of a national or theater missile system in Asia, but says that China is willing to discuss the proposed antimissile shields with the U.S. in order to "narrow our differences."

Mar. 14, 2001: CINCPAC Admiral Dennis Blair arrives in China for a visit that includes stops in Beijing, Nanjing, and Shanghai. Blair meets with Chinese Defense Minister Chi Haotian and PLA Chief of Staff Fu Quanyou.

Mar. 16, 2001: In a closed-door session on Capitol Hill, Deputy Assistant Secretary of State Darryl Johnson and Acting Deputy Assistant Secretary of Defense Fred Smith brief Republican and Democratic staff members on Taiwan's requests for arms purchases.

Mar. 18, 2001: PRC vice premier arrives in the U.S. for a week of meetings in New York and Washington, D.C., meeting with President Bush on March 22.

Mar. 20, 2001: The Senate passes by unanimous consent a resolution that calls on the U.S. to take the lead in organizing multilateral support to obtain passage of a resolution condemning Beijing's human rights violations in China and Tibet.

Mar. 20, 2001: Media reports reveal that Gao Zhan, a sociologist and an adjunct professor at American University in Washington, D.C. was detained by state security officers with her husband and son at the Beijing airport on Feb. 11. Their 5-year-old son, who is a U.S. citizen, was detained in a boarding kindergarten.

Mar. 21, 2001: Representative Tom Lantos (D-CA) introduces a House resolution opposing the selection of China as the site for the 2008 Olympics based on China's atrocious human rights record. Parallel legislation is introduced the same day in the Senate by Senator Jesse Helms (R-NC).

Mar. 23, 2001: News reports disclose that Senior Colonel Xu Junping, director of the North American and Oceanian Affairs Bureau of the PLA's Foreign Affairs Office, defected to the United States during a visit as a member of an arms control delegation last December.

Mar. 23, 2001: The USS Blue Ridge, flagship for the U.S. Seventh Fleet and part of the navy's forward deployed forces in Yokosuka, Japan, docks in Shanghai for a three-day port call.

Apr. 1, 2001: A U.S. navy maritime patrol aircraft is intercepted in international waters by two PRC jets, one collides with the U.S. plane. The PRC jet goes down in the South China Sea, the navy plane makes an emergency landing in the PRC island of Hainan.

U.S.-Korea Relations: Slow Start in U.S. Policy toward the DPRK

**by Donald G. Gross,
Kim & Chang**

Until the Bush-Kim summit in early March, it appeared that both U.S.-South Korea relations and inter-Korean reconciliation were on track. The inconclusive outcome of the summit--lukewarm endorsement of President Kim's engagement policy and no resumption of U.S. missile negotiations with North Korea--put the future of inter-Korean reconciliation in doubt. In the absence of U.S. initiative, the European Union rushed in at the end of the quarter and declared it would strive to foster inter-Korean reconciliation over the coming months.

One result of this confusing state of affairs is that the U.S. administration will now have to pay as much attention to managing the U.S.-South Korea relationship as it does to formulating policy toward North Korea. Any emerging differences between the U.S. and South Korea over North Korea policy are likely to exacerbate anti-U.S. sentiment in mainstream South Korean public opinion--and make it generally harder for the two allies to achieve their mutual policy goals.

Pre-Summit Events

Prior to the Kim-Bush summit, overall U.S.-South Korean relations remained basically in a holding pattern. The Clinton administration finalized three important agreements with South Korea before leaving office. Secretary of State Colin Powell seemed to signal the new administration's support for Kim's engagement policy with North Korea in several early statements.

In the first part of January, the U.S. and South Korea signed a new Status of Forces Agreement, giving South Korea greater power to prosecute U.S. soldiers under Korean law while ensuring that the individual rights of those soldiers receive more protection. The effect of this agreement was to mollify South Korean public opinion, which had been increasingly critical in recent months of the presence of U.S. forces.

The U.S. and South Korea also formally approved an agreement extending the range and payload of South Korean missiles to the limits allowed by the Missile Technology Control Regime (MTCR), 300 km and 500 kg. The agreement allowed South Korea to join the MTCR and beneficially obtain civilian missile technology in the future from member states. From the U.S. standpoint, it prevented South Korea from embarking on

programs to build and deploy medium-and long-range missiles, and in so doing, potentially destabilize the Northeast Asian region.

Lastly, after a year-long investigation, the two governments agreed that U.S. soldiers were responsible for the deaths of an “unconfirmed number” of civilians at Nogun-ri, during the early days of the Korean War. President Clinton expressed “deep regret” over the killings but South Korean civic groups criticized the report as a “whitewash.” The joint U.S.-South Korean report did not resolve the question of whether U.S. troops acted under orders, noting that they were making “a withdrawal under pressure” at the time of the incident.

Shortly after President Bush took office, Secretary of State-designate Powell made the administration’s first definitive statement on relations with North Korea in testimony at his nomination hearing. Powell said: “We will review thoroughly our relationship with the North Koreans, measuring our response by the only criteria that is meaningful—continued peace and prosperity in the South and in the region. We are open to a continued process of engagement with the North so long as it addresses political, economic, and security concerns, is reciprocal, and does not come at the expense of our alliances and relationships.”

Most commentators took Powell’s statement to mean that President Bush would continue Clinton’s policy of engagement with North Korea, while placing more stringent standards on any negotiated agreements. This interpretation was later reinforced when South Korean Foreign Minister Lee Jung-binn visited the U.S. to prepare for the Kim-Bush summit, and when Powell stated, on the eve of the summit, that the U.S. has “a lot to offer” North Korea if it curbs its missile development and export programs.

Soon after the Bush administration took office, South Korea pressed hard for an early summit meeting with President Bush, seeking to maintain the momentum in inter-Korean reconciliation. While the Bush administration reportedly would have preferred to delay the summit, at least until its foreign policy team was fully in place, it responded positively to South Korea’s request.

Developments in inter-Korean relations during January and February generally reflected the South Korean view that North-South reconciliation was proceeding apace. After North Korean leader Kim Jong-il made a surprise visit to Shanghai in early January to visit high-tech companies, President Kim Dae-jung declared that North Korea was embarking on a major change in economic policy for which South Korea should be prepared. Observers held conflicting views on whether North Korea would adopt Chinese-style economic reform measures. But all agreed that the visit sent a strong signal to subordinate North Korean officials on the need to depart from established state-directed economic practices.

The most significant breakthrough in inter-Korean relations occurred in early February, when the two sides reached agreement on cooperative military measures to facilitate land-mine clearance in the DMZ. The agreement, with 41 separate new regulations to

smooth military operations and avoid accidental clashes, allows the construction of a new road and rail link through the DMZ to go forward. Political rhetoric nevertheless clouded this achievement, as Pyongyang declared it would not implement the agreement until Seoul stopped referring to North Korea as its “main enemy” in its annual defense posture report.

In the period immediately preceding the Bush-Kim meeting, several events heightened summit expectations. President Kim declared that South Korea would help the United States improve relations with North Korea because this made possible further progress in inter-Korean relations. The U.S. reaffirmed its support for the general outlines of the 1994 Agreed Framework, although administration officials raised questions about its effectiveness. In response to these publicly stated doubts, North Korea ratcheted-up its anti-U.S. rhetoric, threatening to suspend its missile-testing moratorium and abandon the Agreed Framework, in view of the administration’s perceived “hardline.” National Security Advisor Condoleezza Rice dismissed the North Korean threats as “counterproductive.”

The last significant international event before the U.S.-ROK summit was the meeting between Russian President Vladimir Putin and President Kim in Seoul. Russia reaffirmed its support for South Korea’s engagement policy and for connecting the Trans-Siberian Railway to a restored Korean Peninsula rail system (which would potentially offer significant economic benefits to the Northeast Asia region). Most important, the two countries agreed in a joint communiqué to “preserve and strengthen” the 1972 Anti-Ballistic Missile Treaty (ABM). The communiqué drew from Clinton administration-supported statements on the ABM Treaty, but angered some Bush administration officials. *The New York Times* reported that the communiqué signaled South Korea’s support for Russian opposition to the Bush national missile defense (NMD) program, but South Korean officials denied that interpretation.

The Bush-Kim Summit

By all accounts, President Bush treated President Kim with personal respect at the March 7 summit meeting. As expected, the two leaders reaffirmed support for President Kim’s engagement policy with North Korea and agreed on the need to strengthen the U.S.-South Korea security alliance. The sense of disarray in U.S.-ROK relations that emerged from the summit was mainly due to several U.S. statements and the interpretation later given them by the media. While President Bush expressed support for President Kim’s “vision” of a peaceful Korean Peninsula, he noted his deep suspicion of Kim Jong-il and opined that the North Korean leader could not be trusted to keep his treaty promises. Bush indicated that the U.S. would not resume missile talks with North Korea in the immediate future and was conducting a full-scale review of U.S. policy. In noting the need for greater North Korean “reciprocity,” he questioned whether any missile agreement could be adequately verified.

The summit outcome--superficial endorsement of President Kim’s engagement policy along with a thorough airing of the administration’s negative views toward North Korea--

had the effect of undermining South Korean policy, at least in the short term. Newspaper editorialists in Seoul blamed President Kim for rushing to Washington for an early summit and one observer said the meeting moved Kim “six months closer to lame-duck status.”

In fact, the mixed reception for President Kim in Washington reflected an underlying factional dispute in the administration over how to deal with North Korea. The State Department, led by Secretary Powell, was bent on continuing the missile negotiations with North Korea and pursuing diplomatic engagement to reduce the North Korean threat. Some policy advisers in the White House, supported by Hill conservatives, considered “engagement” a form of appeasement, and were not eager to continue the Clinton policies they had so vociferously criticized for several years.

The meaning of the new U.S. insistence on “reciprocity” and more stringent “verification” was also open to interpretation. On the one hand, these demands may have been intended as a good faith effort to get a better deal for the U.S. in negotiations with North Korea. On the other hand, they could have been proposed as means of slowing down and ultimately undermining any chance for success of those negotiations.

Behind these conflicting policy interpretations lay an even more complex issue--the direction of the administration’s policy advocating a U.S. national missile defense. Critics accused administration conservatives of avoiding missile negotiations with North Korea in order to maintain its status as a “rogue state” and thus justify NMD. Administration officials argued that if a non-proliferation agreement with North Korea on missiles could not be verified or enforced, it did not offer the kind of security benefits that would in fact flow from an effective NMD program.

Post-Summit Developments

In any case, the general post-summit view, in both Seoul and Washington, was that the U.S. administration had adopted a more “hardline” approach to North Korea. North Korea reacted by indefinitely delaying an important round of inter-Korean ministerial talks--for which Seoul expressed “deep regret.” In media broadcasts, North Korea accused the U.S. of “cannibalism” for attempting to thwart inter-Korean reconciliation and alleged that the U.S. had committed numerous atrocities against innocent civilians during the Korean War. Over a period of days, North Korea softened this negative reaction by implementing a planned mail-exchange between divided Korean families, and indicating it hoped for fruitful negotiations with the U.S. in the future

South Korea took a number of steps to reposition itself after the summit. It called for “comprehensive reciprocity” in a future “package deal” with North Korea on economic, political, and military issues. Apparently, South Korea has dropped the plan to conclude a new peace agreement with North Korea during Kim Jong-il’s expected return visit to Seoul, and instead urged reactivation of the 1992 North-South Basic Agreement with its numerous military confidence-building measures. New emphasis was placed on the importance of verifying any agreements with North Korea. Seoul declared it would

explain to North Korea the nature of U.S. demands regarding weapons of mass destruction and missiles. Finally, the ROK government called for the U.S. to reflect Seoul's established diplomatic strategy toward North Korea in its review of its Korea policy.

The U.S. administration also reacted to adverse publicity surrounding the summit. The U.S. put in place a near-term working-level "trilateral meeting" with South Korea and Japan to maintain policy coordination on North Korea, also called the Trilateral Coordination Oversight Group. The State Department spokesman downplayed any possible relationship between the summit and the North Korean decision to postpone inter-Korean ministerial talks. Secretary Powell broadened the grounds for U.S. engagement with North Korea by calling for reunions of Korean Americans with their relatives in the North as well as discussions of conventional threat reduction on the Peninsula. And the U.S. announced, far earlier than usual, that President Bush would visit Japan and South Korea while in Asia for his planned October trip to Shanghai for the APEC summit.

Despite these South Korean and U.S. follow-up measures, the summit continued to be interpreted in Seoul, two weeks after the event, as a U.S. attempt to "rein-in" South Korea, resulting in a significant weakening of President Kim's engagement policy. At the time, U.S. officials reportedly expressed "surprise" at this political impact, arguing that Kim had obtained his major summit objective of obtaining formal support for his policy. Some pointed out that the importance of the U.S.-ROK alliance and policy coordination was reinforced by the fact that President Kim was the first Asian leader to visit the U.S.

Against the background of the U.S. decision to delay the resumption of missile talks with North Korea, the European Union made an unprecedented decision on March 24 to send three top officials to Seoul and Pyongyang, led by the Swedish prime minister, before the end of May. The EU rationale, according to the Swedish foreign minister, was that "Europe must step in to help reduce tension between the two Koreas" if the United States was not immediately interested in pursuing engagement with North Korea. The EU announcement had the effect of restoring some momentum to the inter-Korean talks, although it was not clear whether the EU mission would goad Washington into adopting a more active diplomatic role in the future.

In the last week of the quarter, the U.S., South Korea, and Japan conducted their first round of trilateral coordination talks with the new U.S. administration. Led on the U.S. side by Ambassador Thomas Hubbard and on the Korean side by Ambassador Yim Sung-joon, the talks reaffirmed the value of close collaboration on North Korea issues. Although the talks apparently broke no new ground on policy, they kept open all-important lines of communication, while the Bush administration's policy review was underway.

Economic Issues

Early in the quarter, foreign observers lowered growth projections for the South Korean economy in 2001 from approximately 6.5 percent to 4 percent. They attributed this expected lower economic growth to weak overseas demand as well as lower domestic consumption and capital spending. The growth rate for the first quarter of 2001 was expected to be particularly bleak, as little as 0 percent. Nevertheless, independent observers predicted a rebound for the rest of the year based on a lower cost of borrowing money, brisk export sales, and the government's economic stimulus package.

Throughout the quarter, government officials stressed their commitment to corporate restructuring, while some foreign observers remained skeptical. Deputy Prime Minister Nyum Jin pushed for policies to "firmly establish a basic framework to induce free market mechanisms" and move away from "ad hoc intervention." One goal was to ensure that the government would no longer have to oversee the process of rehabilitating viable companies and liquidating non-viable ones. Government policy also aimed to promote "self-innovation" among market participants, strengthen corporate accountability and financial disclosure standards, and improve the quality of corporate governance.

Despite this apparently strong commitment to corporate restructuring, U.S. Trade Representative (USTR) Robert Zoellick and others criticized Seoul's plan to roll-over approximately \$15 billion of corporate bonds, which were provided three years earlier during the financial crisis of 1998. Zoellick argued the measure amounted to an unfair corporate subsidy and possibly violated World Trade Organization rules. Seoul nevertheless drew support from the IMF, whose executive board conceded that some intervention might be justified given the bunching of the bonds' maturities, and the generally weak market demand for the bonds. In the South Korean government's view, the roll-over prevented a surge in unemployment, which would have resulted if numerous companies became insolvent in the short-term.

The Bush administration held its first round of high-level trade talks with South Korea in late March. Among the items on the agenda were opening up Korea's auto market and enforcing intellectual property rights in Korea. U.S. concern about Korean trade barriers on automobiles was in large part due to the large asymmetry in international trade. While Korean companies, led by Hyundai, sold approximately 500,000 units in the U.S. during 2000, sales of American cars in Korea were negligible. Korean trade officials stressed that the Korea's 8 percent import tax was less than the EU rate of 10 percent, but that argument missed the mark as far as U.S. trade officials were concerned. They pointed to the need to educate Korean consumers, who resisted buying foreign cars due to a variety of social pressures. The U.S. is likely to emphasize this issue in the coming months, under pressure from U.S. auto-makers.

With respect to intellectual property, U.S. trade officials had reason to be pleased with progress made in enforcement during the quarter. In December 2000, then-USTR Charlene Barshefsky indicated the U.S. would monitor Korea's enforcement procedures closely, implying sanctions might be imposed if changes were not forthcoming. At the time, South Korea was already on the Priority Watch List because enforcement of intellectual property rights in the country had lagged. In February, Seoul initiated strong enforcement measures to protect intellectual property rights--which was especially important to companies like Microsoft whose software was widely copied. As a result, the current USTR may decide to remove Korea from the Priority Watch List this spring, an action requested by the Korean Ministry of Foreign Affairs and Trade.

Future Prospects

The factional dispute within the Bush administration over the direction of its North Korea policy has already proven destabilizing in the region. President Bush's *pro forma* endorsement of South Korea's engagement with North Korea, coupled with his publicly-stated skepticism of Kim Jong-il, has threatened to bring inter-Korean reconciliation to a standstill. This result may have been unintended by the new U.S. administration, but it cannot easily disavow responsibility. The surprise EU announcement that it will seek to mediate inter-Korean issues gives the U.S. time to complete its policy review and put new personnel in place, without presiding over a demise of the inter-Korean reconciliation process.

In coming months, it will be important for the U.S. administration to bear in mind the strength of Korean nationalism. If the U.S. appears to be intentionally or even inadvertently thwarting inter-Korean reconciliation, it will likely generate strong anti-U.S. sentiment in mainstream South Korean public opinion. Managing U.S.-South Korea relations in this period is likely to be as much of a challenge as pursuing a sensible policy toward North Korea.

Chronology of U.S.-Korea Relations January-March 2001

Jan. 2, 2001: North Korea says rebuilding economy is its top priority for 2001.

Jan. 8, 2001: Minority conservative party leader Kim Jong-pil and President Kim restore their political alliance.

Jan. 11, 2001: President Kim calls for more domestic economic restructuring.

Jan. 12, 2001: President Clinton expresses "deep regret" over Nogun-ri killings during Korean War.

Jan. 15, 2001: DPRK leader Kim Jong-il begins six-day visit to Shanghai to observe economic changes.

Jan. 17, 2001: U.S.-Korea final agreement on South Korean missiles is announced.

Jan. 18, 2001: Secretary of State-designate Colin Powell provides testimony on U.S. Korea policy.

Jan. 26, 2001: North Korea criticizes Secretary Powell for committing an “anachronistic act” by calling Kim Jong-il a “dictator.”

Jan. 28, 2001: Secretary Powell stresses importance of trilateral coordination on North Korea.

Feb. 7, 2001: Secretary Powell expresses support for South Korea’s engagement policy during FM Lee Joungeun’s visit to Washington.

Feb. 11, 2001: North Korea says it will not join second round of defense minister talks unless South Korea drops “main enemy” label.

Feb. 16, 2001: President Kim says South Korea should help U.S. improve relations with North Korea in 2001.

Feb. 20, 2001: South Korea and U.S. reaffirm building of two light-water reactors in North Korea.

Feb. 20, 2001: ROK Army Chief Kil Hyong-bo in U.S. for seven-day visit.

Feb. 22, 2001: North Korea threatens to suspend moratorium on missile testing or abandon Agreed Framework because of U.S. administration’s “hardline” attitude.

Feb. 26, 2001: Reunions of 200 divided families begin in Seoul and Pyongyang.

Feb. 27, 2001: President Kim and Russian President Putin issue joint communiqué stressing Russia’s support for inter-Korean reconciliation and Seoul’s support for the ABM Treaty.

Mar. 2, 2001: South Korean prime minister announces government’s 37-point economic reform package has been completed “on schedule.”

Mar. 7, 2001: At summit meeting, President Bush expresses support for President Kim’s engagement policy, while delaying resumption of missile talks with North Korea.

Mar. 8, 2001: President Kim calls for reactivating the 1992 Basic Agreement with North Korea and reaching an agreement based on “comprehensive reciprocity.”

Mar. 13, 2001: North Korea indefinitely postpones inter-Korean ministerial talks.

Mar. 18, 2001: U.S. announces that President Bush will visit South Korea, Japan, and China near the time of the October APEC summit.

Mar. 21, 2001: U.S. Pacific Commander Dennis Blair declares North Korea is the “Number one enemy” of the United States in the Pacific, but says chances for conflict are “very low.”

Mar. 24, 2001: EU announces it will send a delegation to Seoul and Pyongyang to further inter-Korean talks. North Korean officials arrive in Seoul to attend funeral of Hyundai founder Chung Ju-Yung.

Mar. 26, 2001: President Kim reshuffles his cabinet and replaces 12 officials.

Mar. 26, 2001: Trilateral Coordination Oversight Group meets in Seoul.

Mar. 27, 2001: ROK joins MTCR.

Mar. 27, 2001: U.S.-ROK joint three-day military exercise named “Rapid Thunder” begins.

Mar. 28, 2001: Thomas Hubbard is tapped to be U.S. Ambassador to ROK.

U.S.-Russia Relations: Spy Mania and Familiar Rhetoric

**by Joseph Ferguson,
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In January, on the eve of the inauguration of George W. Bush, the speculation among many in Moscow was that a Republican administration might be a better deal for Russia. The rationale was that the Bush administration would toe a realist line with Russia and would be less likely to micro-manage relations with Moscow. However, it did not take long for Russian leaders to realize that the Bush administration would bring with it the harsh “rhetoric of the Reagan years,” along with the Carter/Clinton penchant for criticizing Russia’s internal policies. The first quarter of the year also witnessed the eruption of a new round of diplomatic expulsions and arrests, threatening to damage relations and push them back to the Cold War deep-freeze. Indeed the press in both countries frequently alludes to the current situation in bilateral relations as a “new Cold War.” In East Asia, Russian President Vladimir Putin continues to search for a new role for Russia and hopes to find partners with whom he can revitalize Russia’s marginalized status in the region. The United States, meanwhile, seeks a tighter relationship with Japan and a firmer line with China.

The Formation of the Bush Administration’s Russia Policy

It has been too soon for the Bush administration to formulate a comprehensive policy toward Russia. Thus far, it has been forced to react to events as they unfold. One of the first crises to occur was the February arrest of FBI agent Robert Hanssen, accused of spying for the Soviet Union and Russia since 1985. The Bush administration, no doubt privy to new secrets of Russian espionage in the United States, was forced to react and did so with the expulsion of 50 Russian diplomats a month later. The public reaction in Russia was harsh. Bush and company were portrayed as unreconstructed Cold warriors with a 1980s mindset. One Russian daily dubbed him “Cowboy George.” Interestingly the official reaction from the Kremlin was rather muted. In an interview in late-March, Putin suggested that Moscow was unlikely to overreact in response to the diplomatic expulsions, recognizing that the new administration in Washington was still finding its bearings. Nevertheless, Russia has also shown signs of a new assertiveness, conducting extensive missile and naval exercises. There were also reports that Russia had reintroduced tactical nuclear weapons into the enclave of Kaliningrad on the Baltic coast (which if true would be a violation of the 1987 INF treaty). But the Russian press has stayed focused on the actions of the Bush administration. For example, when state secretary and Kremlin insider Pavel Borodin was arrested on his way to attend the Bush

inaugural, it was read as a warning from the Bush administration that it would take a tougher line with Russia. In fact the move probably had little to do with the Bush team, as the arrest was made while Clinton was still president and it was at the behest of the Swiss government. Ironically, for the past several years many Russians have complained that Borodin was among the worst of corrupt officials in Russia. Suddenly he was portrayed in a sympathetic light. The Bush administration's statements on the situation in Chechnya are in line with the world community's views, and are in no way harmful to Russia. The interpretation in Moscow is that the Bush administration is just as meddling as the Clinton administration.

Meanwhile, the Putin administration has demonstrated that it too at times demonstrates a penchant for Cold War thinking. Russia is pushing around neighbors Georgia and Ukraine, has revived arms sales to questionable clients, and looks to reanimate relations with former Cold War allies. However, Russia says it wants a constructive relationship with the West. As *The New York Times* wrote in a March editorial, "These mixed messages pose a challenge for the Bush administration...When Moscow's policies collide with America's national interests, Washington must oppose them. But the U.S. should not turn away from encouraging Russia's transition to a market economy and democracy and working with Mr. Putin to reduce nuclear dangers left over from the Cold War."

Nevertheless, certain statements made by members of the Bush administration have left many in Russia perplexed. In an interview with *Figaro* magazine in France (published in February but conducted before the November election), National Security Advisor Condoleezza Rice termed Russia a "threat" to the United States. Secretary of Defense Donald Rumsfeld acknowledged that he shares this view in several speeches and interviews, as has his deputy Paul Wolfowitz. CIA Director George Tenet in testimony given to the Senate Intelligence Committee in February also labeled Russia as one of America's primary threats. Secretary of State Colin Powell added, "The approach to Russia ...shouldn't be terribly different than the very realistic approach we had to the old Soviet Union in the late '80s." To the average Russian, to suggest that Russia poses a threat to the United States is seen as not only false, but hypocritical. They look around and see that their government cannot guarantee heating, public safety, or even the bank savings of its citizens. They wonder, how could the United States, an unrivaled global power, see a threat in Russia?

Two main issues are proliferation of weapons systems and nuclear material, but Russians see these issues as a matter of economic survival, not strategic maneuvering. The U.S. announcement of a scaling back of the Nunn-Lugar Cooperative Threat Reduction program, one of the more successful bilateral programs, is a further sign of the major reassessment going on in Washington. The Russian daily *Vremya Novostei* noted that though he is the son of Bush, George W. is the "heir to Reagan."

Putin's Policies

Vladimir Putin has had a year to formulate his foreign policy and he has spent much more time on this than on his domestic policy. While Putin's advisors discuss domestic

economic reform, Putin takes every opportunity to travel, both within Russia and abroad. He also frequently hosts foreign leaders. The first quarter of 2001 was no exception. Putin traveled to Seoul, Hanoi, and Stockholm. In Russia he hosted leaders from Iran, Lithuania, Nigeria, and Japan. His travels also took him all over Russia. Putin's support ratings are still remarkably high (above 70%). But as Russia's economic performance slows down (as all indicators are showing), Putin's popularity may begin to wane. Russia has had every opportunity to begin implementing serious reform efforts, given its full bank account (thanks to revenues from energy and other exports). But the first year seems to have been wasted, while the Kremlin's economic advisors continue to argue about reform strategies. Putin meanwhile seems to have distanced himself from the dirty work. He wants to appear above the fray, and so far this has not adversely affected his image; in fact it has allowed him to maintain his positive image among the public. But if things begin to unwind economically (and the indications are that they already are), Putin will have to take a more active role in the management of the economy. This will make him more vulnerable to criticism from political opponents and from the public. Putin is doing what he can now to keep public criticism muted, by leashing in what free press that remains alive in Russia (most notably NTV and the liberal daily *Segodnya*, which is slated to be shut down in May).

The issues that divide the two countries have not changed with the accession of the new administration in Washington. Russian opposition to an American anti-ballistic missile (ABM) system, NATO expansion, and U.S. policy in the Balkans, Caucasus, and Central Asia is not new. And U.S. opposition to Russian arms sales, the war in Chechnya, and policy in the CIS (Commonwealth of Independent States) dates to the mid-1990s.

Relations with the U.S. have worsened. To suggest that it is strictly due to new policy from the Bush administration is missing the mark. Relations began their slide long ago and the recent downturn can be traced to the war in Kosovo in 1999. Russia's danger to the United States lies less in its active policies than in its weaknesses. If nuclear materiel from Russia is acquired by a "rogue" state, then it is likely to come via an unauthorized transfer, for example an impoverished and disgruntled scientist. And Russian arms sales to China, India, and Iran are directly linked to economic needs, as are Putin's recent overtures to Cuba and Vietnam (attempts to recoup Soviet-era debts). The Kremlin has a hard time admitting that its weakness is such that it is considered by many to be a threat. Therefore, out of pride, Russia sees U.S. actions as aimed at Russia's strategic position. As much as leaders in Russia claim that the Bush administration is stuck in a Cold War mindset, Russia too is guilty at times of "Cold War think." Russian attempts to reinvigorate its military strength, its blanket denunciation of a U.S. ABM system, its patronizing attitudes to its neighbors in the CIS, and its obsession with undermining the U.S. position in the world (by stressing the need for a multipolar world order and by attempting to introduce irritants in relations between the U.S. and its allies in Europe) are all rooted in Cold War habits. Both sides have a long way to go in improving mutual perceptions, which were scarred by 70 years of acrimonious relations.

A few recent events, however, have hinted that the Kremlin is not ready for a confrontational relationship with Washington. After the diplomatic expulsions, Russian

Foreign Minister Igor Ivanov telephoned Secretary of State Powell. The two apparently expressed their desire to move past the acrimonious mood and continue mutual efforts to improve relations. There was also speculation that Putin's cabinet reshuffle, though no doubt long ago planned, will help modify U.S. behavior somewhat. According to the daily *Kommersant*, the sacking of Atomic Energy Minister Adamov, who was seen as the main proponent of nuclear exports to Iran, is viewed positively in Washington. Also, the appointment of Boris Gryzlov as Interior Minister is a positive signal to Republicans in Washington. Gryzlov led a committee of Unity Duma members to the U.S. last summer to attend the Republican national convention. There he discussed election strategy with Republican leaders. In a summit meeting with Lithuanian President Valdas Adamkus on March 30, Putin softened somewhat his tone on NATO expansion with regards to the Baltic trio of nations by stating that "every state is entitled to define its own priorities for national defense."

Central Asia and the Caucasus

Many analysts (including this one) speculated that Central Asia could be an arena of cooperation between the United States and Russia. The incoming Bush administration appeared cool toward the Baku-Ceyhan pipeline project, the primary irritant between the two nations in the region. However, the recent find at the Kashagan oil field in Kazakhstan has reawakened U.S. interest in the pipeline project, which had waned due to questions about its economic feasibility. This leaves Russia more nervous than ever about U.S. intentions in the region. Russia is eager to improve cooperation with Iran. This cooperation would include a demarcation of mineral rights in the Caspian basin to the benefit of Moscow and Teheran, both of which desire minimal U.S. activism in the region.

Russia's announcement of the resumption of arms sales to Iran and the refitting of a nuclear plant at Bushehr was roundly criticized in Washington. This has become perhaps the single most divisive issue between the two nations, after the ABM issue. Secretary of State Powell publicly stated the Bush administration's displeasure with the resumption of the arms sales, which Russia had promised to cease when Yeltsin was still president. Powell also spoke of America's displeasure toward Russia's conduct in Chechnya, something that surprised those in Russia who felt that the Republican administration would show less interest in Chechnya. In late March the State Department announced that representatives would meet with Ilyas Akhmadov, minister of foreign affairs for the self-styled Chechen Republic of Ichkeria. Russia's reaction was as could be expected. "Russia views such contacts as absolutely unacceptable," Sergei Yastrzhembsky, a top aide to President Putin, told reporters. Nevertheless Akhmadov met with Assistant Secretary of State John Beyrle on March 26.

Many in Russia partially blame the horrible situation in Afghanistan on U.S. support of the Taliban (through Pakistan) during the Soviet Union's campaign there in the 1980s and afterwards. Russia, China, and India worry about the dangers associated with the situation in Afghanistan and there is talk of the three coming together to normalize the situation, or at least contain the conflict, the *Nezavisimaya Gazeta* reported.

Consequently Russia's relations with China and India are directly linked with the situation in Central Asia.

East Asia: A Place for Russia?

Vladimir Putin made another long trek to East Asia, something that has become an almost quarterly occurrence. Putin's first stop was Seoul. In meetings with Kim Dae-jung he stressed Russia's interest in economic cooperation (via a trans-Korean railroad linking up with the Siberian mainline). He also reiterated Russia's desire to be involved in any Korean peace settlement process, explaining that Russia's close relations with North Korea would be of great benefit to the process. From Seoul, Putin flew to Hanoi where he was greeted in Soviet fashion, by youth groups clad in red scarves that sang in perfect Russian. But Putin's primary interest again was economic. He hopes to acquire repayment of Soviet-era debts (more than \$2 billion), and to reenergize Russia's involvement in offshore oil projects in the South China Sea. Russian warships made a port call in February to Cam Rahn Bay, and Russian military leaders expressed interest in extending leases to naval facilities there.

At the end of March Putin flew to the shores of Lake Baikal to meet with outgoing Japanese Prime Minister Mori Yoshiro. The summit meeting was arranged more at the behest of the Japanese, and there was little progress in the way of a peace treaty and territorial settlement. However, Putin did recognize officially the validity of the 1956 joint declaration, which recognizes Japanese claims to the two southernmost Kurile Islands (Habomai and Shikotan), and calls for their return on the signing of a peace treaty. Putin reiterated his interest in economic cooperation. Japan's major dailies uniformly trumpeted the affirmation of the 1956 declaration, but warned that relations could only be fully normalized with the return of all four islands. What was surprising was the mixed reaction accorded the summit in the Russian press. *Nezavisimaya Gazeta* gave the summit surprisingly good marks, announcing that Japanese economic cooperation could amount to a substantial sum. *Vremya Novostei*, however, wrote that with the new "Rumsfeld Doctrine" the U.S. could be expected to increase defense cooperation with Japan, and might even seek to construct radar stations for a new ABM system on the Southern Kuriles were Russia to return them to Japan.

It is this type of thinking that has left many people wondering whether we are on the brink of a new Cold War.

Chronology of U.S.-Russia Relations

January-March 2001

Jan. 3, 2001: U.S. officials announce that Russia secretly moved short-range nuclear weapons to its Kaliningrad military base on the Baltic Sea in 2000.

Jan. 15, 2001: Russia sends three warships on a two-month long tour of the Pacific and Indian Oceans, its most ambitious naval display since the Soviet Union collapsed a decade ago. The ships make port calls in Vietnam and India.

Jan. 18, 2001: Pavel Borodin, state secretary of the Russia-Belarus Union, is arrested on money laundering charges when he arrives in New York on his way to President-elect George W. Bush's inauguration.

Jan. 21, 2000: Inauguration of President George W. Bush.

Jan. 23, 2001: Russian President Vladimir Putin writes letter to President Bush congratulating him and setting out Moscow's views on how to improve bilateral relations.

Jan. 31, 2001: Presidents Putin and Bush speak for the first time by telephone, maintaining "a close and fruitful dialogue."

Feb. 3, 2001: At the annual Munich Conference on European Security Policy, U.S. Secretary of Defense Donald Rumsfeld says that Russian opposition to a U.S. ABM system is based on an "outdated" ABM Treaty. The next day Russian national security chief Sergei Ivanov reiterates Russia's strong opposition to the deployment of an ABM system.

Feb. 7, 2001: Addressing the Senate Intelligence Committee, CIA director George Tenet refers to Russia as one of the prime threats to American security and a menace on the nuclear non-proliferation front. Moscow officially expresses "bewilderment" at this statement.

Feb. 17, 2001: Russia test-fires land, air, and sea-launched nuclear-capable missiles. The near simultaneous launches come from a land-based silo in northwest Russia, a nuclear-powered submarine in the Barents Sea, and a bomber.

Feb. 18, 2001: FBI counter-intelligence agent Robert Hanssen is arrested on suspicion of spying for the Soviet Union and Russia since 1985.

Feb. 19, 2001: A U.S. Congressional delegation led by Curt Weldon arrives in Moscow at the invitation of the Unity faction.

Feb. 20, 2001: Russian Defense Minister Igor Sergeyev hands over a proposal for a joint Russo-European ABM system, Russia's answer to the U.S. NMD system, during talks with NATO Secretary General George Robertson.

Feb. 21, 2001: NATO chief Robertson holds talks with President Putin and senior ministers in Russia in an attempt to unfreeze relations that had worsened drastically after the war in Yugoslavia.

Feb. 24, 2001: FM Igor Ivanov meets Secretary of State Colin Powell in Cairo. The two discuss the Middle Eastern situation, as well as bilateral relations.

Feb. 26, 2001: The State Department annual report on human rights says that Moscow's record on press freedom had "worsened" and that "serious problems" remained with Russia's overall human rights record, especially in Chechnya.

Feb. 26, 2001: President Putin begins a two-nation tour in Asia, beginning in Seoul and ending up in Hanoi.

Feb. 28, 2001: The U.S. Commerce Department announces that Russian-U.S. trade turnover amounted to \$10.11bn in 2000 against \$7.98bn in 1999. The U.S. is also the leader in direct investments in the Russian economy. As of December 2000 U.S. investment totaled \$8.5 billion, of which \$7 billion were direct investments. The majority of the U.S. investments is in Russia's fuel and energy complex (about 60%).

Mar. 9, 2001: The CIA releases 859 secret documents of Cold War analysis on the Soviet Union.

Mar. 12, 2001: Iranian President Mohammed Khatami arrives in Moscow on an official visit, the first by an Iranian president since the early 1990s. It is announced that Russia and Iran will resume nuclear cooperation and that Russia will continue selling conventional arms to Iran.

Mar. 13, 2001: The Bush administration considers deep budget cuts for the Nunn-Lugar Cooperative Threat Reduction program, which helps Russia safeguard its nuclear materials. The program targets cuts of 12 percent below the level for 2001 and 30 percent below the figures proposed in the Clinton administration's fiscal 2002 budget.

Mar. 14-16, 2001: Russia's chief of the presidential security council, Sergey Ivanov, meets with his counterpart, Condoleezza Rice, and with Secretary of State Colin Powell during his official visit to Washington, D.C.

Mar. 21-22, 2001: U.S. FBI director Louis Freeh visits Bulgaria and Georgia. He expresses support for each nation's struggle to survive in Russia's shadow. He also praises the Bulgarian decision to expel several Russian diplomats who are accused of spying.

Mar 22, 2001: The White House announces that it is asking 50 Russian diplomats, suspected as spies, to leave the United States. Russia announces that it too will expel an equal or greater number of U.S. diplomats from Moscow.

Mar. 25, 2001: President Putin meets with Japanese PM Mori Yoshiro in Irkutsk for a one-day meeting, results are minimal.

Mar. 26, 2001: Ilyas Akhmadov, minister of foreign affairs for the self-styled Chechen Republic of Ichkeria, meets Assistant Secretary of State John Beyrle in Washington.

**U.S.-ASEAN Relations:
New Military Cooperation but
Continuing Political Tension**

by Sheldon W. Simon,
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While the overall U.S. diplomatic profile remained low in the ASEAN region this past quarter as the new Bush administration sorted out its foreign policy priorities and personnel, the U.S. Pacific Command (PACOM) continued to promote regional security cooperation as well as bilateral relations in military affairs with planned exercises and visits. The political transition in the Philippines from President Estrada to Gloria Macapagal-Arroyo and continued turmoil in Indonesia complicated U.S. efforts to keep relations with both states on an even keel. Economic stagnation, persistent insurgencies, secession movements, and ongoing human rights concerns roiled Washington's relations with Jakarta. In Vietnam, violent demonstrations against the government in the central highlands led to accusations of U.S. support for the dissidents--a charge vigorously denied by the U.S. embassy.

PACOM Promotes Regional Cooperation

As discussed in last quarter's issue, (see "The United States and Southeast Asia: Blowing Hot and Cold," *Comparative Connections*, Vol. 2, No. 4), U.S. Pacific armed forces have concentrated on increasing military ties to Southeast Asia. Since 1999, Washington has signed a Visiting Forces Agreement with the Philippines and initiated International Military Education and Training (IMET) programs for Southeast Asian officers in the United States. There are collaborative programs with Thailand, some limited spare parts for Indonesian air force cargo planes, and PACOM has called for enhanced multilateral exercises. This interest in cooperative security has continued. Its latest manifestation is in communications technology.

Pacific Command chief Admiral Dennis Blair has inaugurated an internet site for improve intelligence and logistics operations during coalition military missions. Dubbed the Asia-Pacific Area Network (APAN), the site provides unclassified news items and other information on military matters in Asia. APAN is part of the Asia-Pacific Regional Initiative, a U.S. effort to foster cooperation among militaries in the region. APAN is also seen by the U.S. Congress as a device to improve regional coordination with America's armed forces. So far, however, the website has generated little regional

action. Most of the reports on the site dealing with peacekeeping, humanitarian assistance, and disaster relief come from the staff at Camp Smith in Honolulu.

PACOM has also come up with a batch of Advanced Concept Technology Demonstration (ACTD) projects, one of which deals with coalition logistics designed to improve the sharing of logistics information among coalition partners. This program grew out of the U.S. experience in East Timor, where U.S. forces were unable to exchange automated information concerning the arrival of personnel and equipment with other peacekeepers. The ACTD is designed to allow commanders to share information. Australia is collaborating with the United States on ACTD, while Thai forces in East Timor are primary consumers of the information.

The other major multilateral security plan for Southeast Asia is the annual Cobra Cold exercise involving 5,000 U.S. and 12,000 Thai soldiers. Although the May 15-19 exercise will be scaled back for financial reasons and will not include live firing to save ammunition and fuel, this year's Cobra Gold will stress training to support UN peacekeeping operations and command post exercises. Joining the American and Thai organizers will be a small contingent of 50 from Singapore as well as observers from Malaysia, the Philippines, Indonesia, Japan, and--for the first time--China and Vietnam.

Thai strategic analysts said this year's exercise is meant to view the region as an "open security community." The peacekeeping emphasis coincides with recent regional armed forces deployments in East Timor. This is a significant change from earlier Cobra Gold exercises, which focused on conventional combat.

Bilateral U.S. military relations with Southeast Asia were active though low key. Singapore's new Changi Naval Base, capable of servicing the largest U.S. ships, has opened with Minister of Defense Tony Tan stating that it will be "helpful to the U.S. military in sustaining its operations in this region." Caught between an Indonesia in turmoil and frequently prickly relations with Malaysia, Singapore sees its military ties with the United States as an implicit security guarantee.

Indonesia's Foreign Minister Alwi Shihab, in a March visit to the United States, implored the Bush administration to renew military aid, which has been withheld since 1999 in reaction to the Indonesian Army's depredations against the population of East Timor after it had voted for independence. Minister Shihab stated that the aid cutoff had crippled Jakarta's ability to overcome separatism and that it was in America's interest to see that Indonesia's "territorial integrity was effectively protected." Shihab subsequently stated that he would lobby the U.S. Congress, which had strong reservations about lifting the arms embargo, while the "U.S. government actually wants to lift the embargo." Although Washington now permits the export of spare parts for Indonesian C-130s on humanitarian missions, new arms sales remain prohibited.

A group of Republican Congressmen, led by Dana Rohrabacher of California, is spearheading a drive to increase military support for the Philippines. As a reward for the military non-intervention in the recent Philippine political crisis over President Joseph

Estrada's ouster, Rohrabacher has urged the Pentagon to provide surplus U.S. equipment to Manila. While Philippine military spokesmen have welcomed the Congressman's efforts, his anti-China remarks, asserting that the PRC had corrupted Estrada and Philippine politics, offended the Chinese embassy in Manila as well as some Philippine commentators. One such commentator dismissed Rohrabacher's suggestion of surplus U.S. equipment as the disposal of "near-junk" that would lead to large purchases of spare parts from U.S. companies to keep old equipment running.

In fact, the Pentagon and the Philippine Ministry of National Defense are completing a year-long joint assessment of the Philippines armed forces needs. Helicopters, unmanned aerial vehicles, and radar systems would all help the Philippines monitor its coastal areas and South China Sea claims. These could be provided as excess to U.S. inventories.

Indonesian Turmoil and U.S. Frustration

Indonesia's ongoing travails encompassing secessionist, ethnic, and confessional violence at locations throughout the archipelago have led to U.S. reluctance to become involved. As Secretary of State Powell inferred at his January U.S. Senate confirmation hearing, the United States is pleased that Australia has taken the lead in peace operations and that Washington will coordinate policies with "our firm ally..." During Foreign Minister Alwi Shihab's March visit to Washington, Secretary Powell reiterated U.S. support for "Indonesia's territorial integrity and democratic path" but promised no additional U.S. aid for Indonesia's faltering economy. Moreover, considerable concern persists in U.S. policy circles over the Indonesian military's relationship with militia groups active in several areas, one of which has repeatedly attacked UN peacekeepers across the West Timor-East Timor border. This, in turn, led the United States to cancel plans for renewed military training for the Indonesian Army. Indeed, former U.S. Permanent Representative to the United Nations Richard Holbrooke last fall accused the Indonesian military of "equipping and training the militia to go back into East Timor."

Human rights groups estimate that as many as 4,000 people died in separatist and communal violence last year and that more than 1 million are now homeless. Indonesian President Wahid's government appears helpless against these onslaughts; and the armed forces, whose cohesion is essential to hold the country together, are disillusioned by a lack of direction from Jakarta and the government's highly publicized plan to prosecute soldiers for human rights violations.

The U.S. State Department's annual human rights report released in February charged that many of the conflicts grow out of the Indonesian government's misappropriation of land from indigenous peoples for development without fair compensation. Military involvement is buttressed by the fact that the armed forces' private business interests, frequently in outlying areas, account for two-thirds of its budget. Morgan Stanley economists estimate Indonesia's total public debt to be \$152 billion, or virtually its entire GDP. With 40 percent of government expenditures going to debt payment, Indonesia faces a permanent debt trap.

Further darkening this bleak outlook was the March 13 decision by Exxon-Mobil to suspend operations at its Arun gas field in Aceh after a security breakdown precipitated by the Free Aceh Movement (GAM). The economic impact on Indonesia will be severe for the gas fields in that region account for \$1 billion in revenue for the government. While the gas fields' shutdown is significant for Exxon-Mobil, company officials say it represents only 5 percent of its global and oil and gas output. For Indonesia, however, gas exports account for 20 percent of its exports and 5 percent of the government budget.

Violence in the Central Highlands Strains Vietnam-U.S. Relations

In early February, thousands of central highlands ethnic minorities took to the streets to protest against transplanted northerners from the Kinh majority and other ethnic minorities from the lowlands who had encroached on the central highlands, undermining their cultures and taking their land. The protestors, who were Protestants, demanded the right to practice their faith and insisted on the return of ancestral lands confiscated for coffee plantations. They also asked for political autonomy. It took a combination of soldiers, riot police, and water cannons to disperse the crowds, which were mostly concentrated in Pleiku, Gia Lai's provincial capital. While U.S.-based human rights groups protested the crackdown, both Vietnamese and U.S. officials insisted that the central highlands unrest would not derail the planned ratification of the U.S.-Vietnam bilateral trade agreement.

On March 7, Vietnam's Public Security Ministry accused the U.S.-based Montagnard Foundation of a plot to infiltrate Vietnam and organize a secessionist campaign for the central highlands. Vietnamese media also accused Vietnamese Americans of organizing and financing sabotage attempts after illegally entering the country. (Under U.S. law, it is an offense to conspire against any government with which Washington maintains diplomatic relations.) A U.S. embassy spokesman in Hanoi told *The Far Eastern Economic Review* for its March 1 issue that the "U.S. government is not funding, supporting, or encouraging any violent, anti-government activities in Vietnam."

Only a minority of the highlanders supported the communists during the Vietnam War (1965-1975); and remnants of what had been U.S.-backed anti-communist guerrillas continued to fight from locations across the Cambodian border until as recently as 1992. Many of these veterans settled in the United States and are now accused by Hanoi of inciting the unrest. However, some Vietnamese officials told Western reporters that the allegations against U.S.-backed outsiders are a diversion against protests that are entirely homegrown. One official admitted: "It will take decades to overcome the animosity of the ethnic minorities toward the Vietnamese." The Department of State has asked that U.S. and other diplomats be granted access to the central highlands to observe the situation there.

[This author heard southern resentment against the north during a brief February visit to Ho Chi Minh City. A southern employee of a government agency openly criticized northerners for privileged access to the best jobs and quarters in the south and for

obstructing the region's economic development. This individual likened the roles of northerners to an occupation.]

ASEAN and the Bush Administration

For ASEAN, the Bush administration's early decision to up the ante against Beijing on sensitive issues such as national missile defense, Taiwan arms sales, and human rights has directly affected Southeast Asia. The ASEAN states fear a Chinese military buildup in reaction to U.S. missile defense programs and the sale of advanced weapons, such as Aegis-equipped destroyers, to Taiwan. Should these fears come true, ASEAN states may have to increase their own defense spending since the PLA's military capability could also be directed toward the South China Sea.

ASEAN's concerns were revealed in the meeting of senior officials in Ho Chi Minh City on March 15-16 to map out a strategy on how best to deal with a more competitive U.S.-China relationship than the one that prevailed under President Clinton. ASEAN's own hopes for a regional Code of Conduct with China appear stalemated, though China's overall diplomacy toward Southeast Asia has made considerable progress since 1995 and the Mischief Reef discovery. So far, the Bush foreign policy team has shown little appreciation of Southeast Asian concerns about how the two great powers get along. ASEAN hopes for greater consultation from Washington.

Chronology of U.S.-ASEAN Relations January-March 2001

Jan. 1, 2001: Based on an American formula combining foreign and Cambodian prosecutors and judges, the Cambodian National Assembly voted to create a tribunal to try selected leaders of the notorious Khmer Rouge regime.

Jan. 2, 2001: The U.S. Department of Commerce increases Cambodia's textile export quota to the United States by 9 percent because of progress by the Cambodian government in improving working conditions in government factories.

Jan. 4, 2001: A retired Philippine general chides U.S. President-elect George W. Bush's advisors for saying the United States would not recognize a new Philippine government installed through military intervention, noting that the 1986 EDSA revolution was backed by Washington.

Jan. 10, 2001: Singapore and the U.S. begin talks in Washington on a free trade agreement.

Jan. 10-14, 2001: USCINCPAC Admiral Dennis Blair visits Malaysia and Cambodia, meets Malaysian PM Mahathir, and discusses the security situations in Indonesia and the Philippines. Blair's scheduled visit to Vietnam is canceled at the last minute by Hanoi with the explanation that officials were "too busy" to receive him.

Jan. 15, 2001: Thai authorities state a former secretary to Burmese drug lord Khun Sa, apprehended in Thailand, will be extradited to the U.S. to stand trial on drug charges.

Jan. 17, 2001: At his U.S. Senate confirmation hearing, Secretary of State-designate Colin Powell states that the U.S. will coordinate policy toward Indonesia with Australia, “our firm ally in Asia and the Pacific.”

Jan. 18, 2001: With the help of the U.S. Drug Enforcement Agency, the Thai Navy seized a massive meta-amphetamines and heroin shipment from a Burmese fishing boat in the Andaman Sea.

Jan. 21, 2001: The U.S. embassy in Manila expresses relief that the presidential crisis in the Philippines was resolved without violence and also thanks now ex-President Estrada for his “constant efforts on behalf of close U.S.-Philippine relations.”

Jan. 31, 2001: Thailand announces that the forthcoming annual Cobra Gold joint exercise with the United States scheduled for May 18-29 will be scaled back because of budgetary constraints.

Jan. 31, 2001: Indonesia announces it will seek additional sources of defense equipment because its primary supplier, the U.S., has halted most arms sales in the wake of the Indonesian Army’s complicity in to East Timor violence.

Feb. 1, 2001: Philippine prosecutors dropped charges against 17 U.S. Navy SEAL commandos which were leveled following the detonation of an abandoned shell found by a group of children following joint exercises on the island of Cebu. An out-of-court settlement was reached with the families of the victims.

Feb. 3-15, 2001: U.S., Thai, and Singaporean air forces hold joint exercise in Northeast Thailand.

Feb. 6, 2001: Republican Congressman Dana Rohrabacher urges the Washington to provide modest modernization support for the Philippine armed forces in recognition of its nonintervention during the recent presidential transition.

Feb. 7, 2001: The Philippine Senate approves the appointment of Teofisto Guingano, Jr., an opponent of the U.S.-Philippine Visiting Forces Agreement, as the country’s vice president.

Feb. 9, 2001: The U.S. embassy in Hanoi warns Americans in Vietnam not to travel to the central highlands where protests by ethnic minorities against the government have turned violent.

Feb. 18, 2001: Cambodian PM Hun Sen condemns the U.S. for harboring a “terrorist,” Chun Vasisit, who is accused of provoking armed clashes in Phnom Penh.

Feb. 19, 2001: Indonesia condemns U.S. and British air strikes on Iraq for causing civilian casualties.

Feb. 19, 2001: The Philippine government files a diplomatic protest with the U.S. over the illegal entry of a U.S. Navy P-3 aircraft into Philippine airspace.

Feb. 28, 2001: High level State Department official, Ralph Boyce, visits Thailand, eliciting a comment from Thai FM Surakiart that he expects the U.S. to continue playing a pivotal security role in the region.

Feb. 28, 2001: U.S. officials meet with Burma's opposition leader Aung San Suu Kyi in her home where she has been under *de facto* house.

Mar. 1, 2001: In response to Vietnam's allegations that former anti-communist guerrillas have used U.S. funds to foment unrest in the central highlands, a U.S. embassy spokesman in Hanoi denied the claims and insisted that the U.S. government neither supports nor encourages anti-government activities in Vietnam.

Mar. 2, 2001: Exxon Mobil halts its operations at the Arun gas field in Aceh after threats from separatist rebels.

Mar. 7, 2001: Acting Assistant Secretary of State Thomas Hubbard characterizes Gloria Macapagal-Arroyo's rise to the Philippine presidency as "democratic" and welcomes her administration's efforts to end separatist conflict in the country.

Mar. 8, 2001: The Thai Interior Minister wants the United States to help improve the country's counter-narcotics intelligence.

Mar. 10, 2001: Singapore deputy PM Tony Tan states that the first foreign navy to use the new Changi naval base would be the U.S.

Mar. 13, 2001: Secretary Powell meets with Indonesian FM Alwi Shihab, U.S. reiterates its support for Indonesia's territorial integrity but also gives importance to human rights and the continuation of Indonesia along a democratic path; later, Shihab asks the U.S. to restore military aid.

Mar. 15-16, 2001: ASEAN senior officials meet in Ho Chi Minh City to discuss growing U.S.-China competition.

Mar. 21, 2001: A Thai Army spokesman says that China and Vietnam will send high-level teams of military observers to the May Cobra Gold exercises.

Mar. 23, 2001: State Department spokesman Richard Boucher calls upon Vietnamese authorities to permit U.S. and other diplomats access to the central highlands where violent ethnic demonstrations have taken place.

Mar. 24, 2001: Thai authorities will rely on U.S. investigators with equipment superior to their Thai counterparts to determine whether the explosion on the Thai Airways Boeing 737 flight scheduled to carry the prime minister was sabotage or an accident.

Mar. 31, 2001: Human Rights Watch and the U.S. Embassy in Jakarta accused Indonesian security forces of murdering three local human rights workers monitoring a truce between the government and separatists in Aceh.

China-ASEAN Relations: Regional Rivalries and Bilateral Irritants

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This quarter, China sought to enhance relations with mainland Southeast Asia by dispatching Defense Minister Chi Haotian to visit Laos, Vietnam, Cambodia, Thailand, and Nepal. Chi's trip was a follow-up to PRC President Jiang Zemin's visit late last year and was designed to enhance bilateral military cooperation. Chi's visit had the unintended consequence of drawing attention to possible Sino-Vietnamese rivalry and highlighting bilateral irritants. In maritime Southeast Asia, conflicting territorial claims in the South China Sea surfaced once again as a major irritant in Sino-Philippines relations. Throughout the region, the activities of the Falun Gong religious movement attracted the ire of authorities in Beijing. Heavy-handed pressure by China, especially on the new government in Thailand, proved to be another irritant in bilateral relations.

Defense Minister Chi Does Southeast Asia

Laos. On his four-nation visit, Defense Minister Chi was accompanied by senior representatives from the Beijing, Chengdu, Guangzhou, and Nanjing military regions and deputy directors of the People's Liberation Army's (PLA) General Armament Department and Foreign Affairs Office. Chi first visited Laos February 5-8 at the invitation of his counterpart, Lt. Gen. Choummali Sayasone. During his stay Chi met with the Lao president and prime minister.

General Chi's visit was clearly aimed at beefing up China's support for the modernization of the Lao People's Army and improving its capacity to deal with internal threats, especially from anti-regime Hmong rebels. On February 7, for example, Chi told Prime Minister Sisavath Keobounphanh that "China has always supported the Lao government in its efforts to modernize its military and maintain state security and social stability." In his meeting with President Khamtay Siphandone the two leaders agreed to "push forward Sino-Lao military ties to a new stage..."

Vietnam. Chi Haotian next visited Vietnam February 8-13 for discussions with his Vietnamese counterpart Pham Van Tra, President Tran Duc Luong, and Secretary General Le Kha Phieu. Chi's purpose was to further military cooperation in line with an agreement reached previously between Jiang Zemin and Le Kha Phieu. The two defense ministers reached agreement on "the framework for a series of military exchanges and strengthened cooperation on security matters." Both ministers also agreed "to strive to turn the common border into a peaceful, stable, and friendly border."

On February 9, as Chi met with Secretary General Phieu, *Saigon Giai Phong* newspaper, the organ of the Vietnam Communist Party in the south, reported that top officials, military commanders, and border guards were meeting at the behest of the Central Committee's Ideology and Culture Commission to discuss the defense of the Spratly Islands. The paper revealed for the first time that Vietnamese naval patrols reported nearly three hundred violations of Vietnamese territorial sovereignty in its Eastern Sea last year, including intrusions by fishing boats and as well as oil and gas exploration and exploitation activities on Vietnam's continental shelf.

Saigon Giai Phong reported that a new communications link had been established on Vietnamese-occupied features and that Vietnamese naval commanders had vowed to defend "every meter" of Vietnam's sea border. The report provoked a swift Chinese response. On February 13, a Foreign Ministry spokesperson declared that China was "seriously concerned" and demanded that Vietnam clarify the reports. According to the spokesperson, "Any unilateral act on Nansha (Spratly) Islands by any other country infringes upon the territorial integrity of China and is illegal and invalid."

Defense Minister Chi's visit came a month before the scheduled arrival of Russian President Vladimir Putin to Vietnam to discuss, among other things, the future of the Russian military presence at Cam Ranh Bay. Diplomatic observers reported that China had expressed an interest in the commercial development of Cam Ranh port and were keen to prevent the United States from establishing a presence there.

Immediately after Chi Haotian departed for Cambodia, Vietnam's Minister of National Defense, Pham Van Tra flew to Laos for discussions. Later, cash-strapped Vietnam announced it would provide military assistance to Laos. The visits by the Chinese and Vietnamese defense ministers to Laos must be placed in the context of a reported split in the Lao party leadership into pro-China and pro-Vietnam factions and the impending convocation of the Seventh National Congress of the Lao People's Revolutionary Party. Leadership changes announced at the congress indicated that a rise in the influence of the pro-China faction.

Cambodia. Chi Haotian visited Cambodia February 13-17, at the invitation of the co-ministers of defense, Tea Banh and Prince Sisowath Sereyath. Chi also held separate discussions with all top Cambodian government officials and had an audience with King Sihanouk. Prime Minister Hun Sen requested a loan of \$12.5 million to assist in the demobilization of the Cambodian Army. Chi responded by promising to take this request back to Beijing for consideration, and he announced a grant of \$3.5 million to aid in the rehabilitation of the Preah Ket Mealea military hospital and Kampong Spoe provincial training center.

After discussions with Cambodia's leadership, Chi stated that there were no differences between the two countries and that China would support "the maintenance of national reconciliation and national sovereignty in Cambodia." Chi's reference to national reconciliation indicated that the question of an international tribunal to try Khmer Rouge leaders for war crimes remained an irritant in bilateral relations. Diplomats based in

Phnom Penh said China had been placing heavy pressure on Cambodia not to follow through on an agreement with the United Nations to set up such an international tribunal.

On February 8, prior to Chi's arrival in Phnom Pen, the Democratic Front of Khmer Students and Intellectuals issued a statement that read: "China must apologize in public to the Cambodian people for supporting the Khmer Rouge during their genocidal regime from 1975-1979." The Democratic Front also demanded that China pay compensation to each Cambodian victim of Khmer Rouge rule, and that China not play a role in the international tribunal. The Democratic Front took its demands to the Chinese embassy, which refused to accept its petition.

By most accounts, Hanoi and Beijing are competing for influence in Cambodia. The Cambodian media reported that Vietnam unsuccessfully pressed the Cambodia government to re-schedule a visit by President Tran Duc Luong prior to the arrival of China's defense minister. *Moneakseka Khmer* newspaper (February 2) speculated that Vietnam wanted to arrange for a public signing of a border treaty in the presence of King Sihanouk. *Samleng Yuveakchon* newspaper (February 15) argued that Chi's visit was designed to increase Chinese influence on the Hun Sen regime at Vietnam's expense, and gain Cambodia's support for China's position on territorial disputes in the South China Sea. *Chakkraval* newspaper (February 17) argued that China had two aims: neutralizing Vietnamese influence and undermining support for the international tribunal.

Thailand. Chi Haotian's February 17-20 visit to Thailand was added on to his itinerary once it was announced that his "old friend" Chavalit Youngchaiyudh would be appointed Thai defense minister. Although Chi's visit was billed a personal one, his agenda included meetings with all of the current and former top military brass. Chi and Chavalit discussed strengthening Sino-Thai security cooperation, drug suppression, and the ongoing dispute between Myanmar and Thailand. It was subsequently learned that one of China's main concerns was to solicit Thai support in curtailing the overseas activities of the Falun Gong movement (see below).

Singapore's Relations with Taiwan

Singapore's long-standing ties with Taiwan became an irritant in bilateral relations this quarter. In February, Singapore's second minister of defense, Teo Chee Hean, visited Beijing for discussions with Guo Boxiong, deputy chief of the PLA General Staff, on cooperation in the fields of politics, trade, and education. Teo also met with Vice President Hu Jintao and Fu Quanyou, chief of the PLA General Staff. Both Hu and Fu stressed their desire to see an increase in bilateral military contacts.

On February 19, Guo told Teo that China was opposed to any country that had diplomatic relations with the Beijing from developing official relations with Taipei. "We hope that the related countries shall keep alert for the political attempt of Taiwan authorities of splitting from the motherland, and observe one-China commitment," Guo said. Guo was referring to press reports that Taiwan's President Chen Shui-bian was planning a "vacation trip" to Singapore. On February 8, a Chinese Foreign Ministry spokesperson

demanded that Singapore clarify reports concerning Chen's proposed visit. Singapore denied that there were any such plans.

Guo was also referring to long-standing Singapore-Taiwan defense links that were now under discussion. In 1996, Taiwan agreed to host Singaporean infantry, armor, and artillery units for joint combat training and to maintain and repair tanks and Hawk missiles. Under a program known as Operation *Hsing Kuang* (Starlight), Singapore's armed forces operate three training camps in Taiwan. In December 2000, Taiwan Navy Commander-in-Chief, General Le Chieh, reportedly made a "vacation trip" to Singapore. Later that month, Singapore's chief of the General Staff visited Taiwan where he held discussions on their joint military training agreement. During the first week of January Taiwan's minister of national defense, We Shih-wen, made an unpublicized trip to Singapore. It was in the context of these developments that in January, China used the occasion of the exchange of the first defense attachés with Singapore, to offer training facilities on Hainan Island. China had made a similar offer in 1999. It was later reported that Singapore had rejected Beijing's offer and had decided to renew its training agreement with Taiwan.

South China Sea

Disputes in the South China Sea continue to create tension between China and the Philippines. On January 15, a Philippines Air Force plane sighted four Chinese fishing boats near Scarborough Shoal (Huangyan Island), approximately 120 nautical miles from Zambales province. The Philippines armed forces promptly dispatched planes and navy vessels to drive them off. This incident occurred as the new administration of President Gloria Macapagal-Arroyo settled into office. Throughout the first quarter, a number of incidents occurred that led officials on both sides to exchange claims, counter-claims, and diplomatic protests. But neither China nor the Philippines allowed this long-standing irritant to cause deterioration in bilateral relations.

Two further incidents heightened tensions. On February 1, the Philippine Navy boarded four Chinese fishing boats, confiscated their catch of endangered sea turtles, and ordered them to leave Philippine waters. The Chinese Embassy in Manila made representations to the Philippine Department of Foreign Affairs, while the Foreign Ministry in Beijing called in Philippine deputy chief of mission for a verbal dressing down. President Arroyo downplayed the incident by declaring, "We have always been saying that we don't let this one small irritant affect the entire relationship." Defense Secretary Orlando Mercado was promptly dispatched to Beijing for discussions.

The return of Chinese fishing vessels to Scarborough Shoal in mid-February led to a further round of recriminations. National Security Adviser Roilo Golez characterized the South China Sea dispute as the "number one threat to the security of the region." On March 15, Foreign Affairs Secretary Teofisto Guingona summoned the Chinese Ambassador to deliver a *note verbale* expressing "grave concern" at the latest incursions. On the same day *BRP Quezon* boarded 10 Chinese fishing boats, and confiscated their catch and nine crates of electrical blasting caps, time fuses, dynamite sticks, and cyanide tablets. A day later the Chinese Foreign Ministry summoned the Philippine Ambassador

to China to protest Filipino actions. On March 19, National Security Adviser Golez filed a further protest with China over the growing number of Chinese boats in the Scarborough Shoal area. Golez claimed that since January 26 Chinese boats had entered Philippine waters. Matters escalated in late March when Foreign Affairs Under Secretary Baja stated publicly that the Philippines was considering imposing a ban on fishing in the disputed area.

The diplomatic flare up over Chinese fishing activity around Scarborough Shoal was diffused in late March when President Arroyo dispatched Alfonso Yuchengco as her special envoy to China. Yuchengco delivered a letter from President Arroyo to President Jiang and held discussions with Vice Foreign Minister Wang Yi. Both sides expressed their resolve to settle the matter through consultation and dialogue and their willingness to promote bilateral relations through cooperation in such areas as trade and agriculture. The current problem of Scarborough Shoal was placed on the agenda for discussion by a bilateral committee on confidence building measures scheduled to meet in early April. Both Vice President Guingona and President Arroyo are scheduled to visit China in May and October, respectively, to attend the Asia-Europe Meeting (ASEM) and APEC forum where territorial disputes in the South China Sea are expected to be raised on the sidelines with Chinese officials.

Fishing is not the only point of contention. National Security Adviser Golez has charged that the “greatest threat” to national security came from Chinese gangs smuggling illegal drugs into the Philippines. Golez went on to allege that some members of the PLA were moonlighting and running drug manufacturing plants in China’s southern provinces. A day after these remarks the Chinese Embassy in Manila called on the Philippine government to exercise some restraint over Golez.

Falun Gong

The spread of the Falun Gong movement from mainland China to Chinese communities in Southeast Asia became a prominent issue in China’s bilateral relations as overseas adherents became more active. For example, 100 Falun Gong members gathered in Singapore on New Year’s eve 2000 to protest the deaths of movement followers while held in custody in Chinese jails. Falun Gong is a legally registered body in the island republic and has applied for legal recognition in Malaysia. Falun Gong members are also active in Thailand, Taiwan, and Hong Kong.

On January 17, the Falun Gong branch in Thailand announced plans to convene a meeting of Falun Gong members from around the world in Bangkok on April 21-22. The local organizers stated that they had posted letters of invitation to Falun Gong coordinators in 40 countries after Singapore refused to sanction this meeting. This action by the Thai branch of Falun Gong promptly became a foreign policy issue for the new Thai Rak Thai government of Prime Minister Thaksin.

China has persistently pressured governments in Southeast Asia to ban or otherwise curb Falun Gong. In 1999 the Chinese government banned Falun Gong as an “evil cult.” In late 2000, China’s State Councilor Luo Gan urged the Thai government to ban Falun

Gong in the course of discussions with Deputy Foreign Minister Sukhumbhand Paribatra. In January, China's minister of public security informed his Thai counterpart that China was "concerned" about the planned meeting of Falun Gong members because of the potential to undermine Sino-Thai relations. In February, Defense Minister Chi raised Chinese concerns about Falun Gong in his discussions with Lao and Vietnamese officials. On February 6, Lao President Khamtay stated that his government "resolutely supported the Chinese government's measures against Falun Gong." Two days later President Tran Duc Luong told Chi that Vietnam understands the measures taken by China and believed that the Chinese government has "experience and capability in properly handling the issue."

But it was the activities of the Falun Gong in Thailand that became a major irritant. According to Kavi Chongkittavon, a veteran commentator, China sensed that the Thaksin government presented a new opportunity and launched a diplomatic offensive at all levels. Chi reportedly put Falun Gong on the top of his agenda when he met with his counterpart, Chavalit Yongchaiyudh. According to Kavi, "This is the first time since the establishment of diplomatic ties in 1975 that China has utilized every possible means in Thailand for a specific political purpose. As such it had opened a Pandora's box in Thai-Chinese relations..."

Between January and late February, when Falun Gong announced their cancellation of plans to hold an international gathering, the Chinese government and its embassy in Bangkok went to great lengths to exert pressure on the Thaksin government. Local Chinese business groups were mobilized to parrot the official line that Falun Gong was an "evil cult" and its activities would not only hurt Sino-Thai relations but would destabilize Thai society as well. The Chinese government protested to the Thai embassy in Beijing, while the Chinese embassy in Bangkok called on the Thai government to ban the sect.

There were also hints of retaliation against Thai agricultural goods if Falun Gong were permitted to hold its planned international meeting in Bangkok. In mid-February the Agricultural Counselor at the Thai embassy in Beijing reported back to his ministry, "By allowing Falun Gong to hold its meeting in Thailand, Thai-Chinese relations could be adversely affected. In particular, the big volume of agricultural exports to China will be hurt."

The Thai government was forced to walk a difficult tight rope. In public it declared that had not received an official request from Falun Gong to hold an international meeting; such a request would be considered on its merits and foreign attendees would need to apply for a visa. Thai government spokesmen reaffirmed their support for freedom of religion. At the same time, the Thai government restated its policy that it would not permit any activity that would affect national security or harm its bilateral relations. In private, various agencies of the Thai government all pressured Falun Gong to drop its plans. Falun Gong members in northern Thailand were put under surveillance. The National Police warned it would not view sympathetically a request to hold an international meeting of Falun Gong supporters because it was threat to national security.

The Department of Religious Affairs noted that Falun Gong was not one of the six approved religious doctrines. The Supreme Commander of the Thai Armed Forces even ordered military intelligence to gather information on the sect.

The New Thai Foreign Minister in China

The Thaksin government came to power with a pro-business mandate. The Falun Gong episode served to confirm that his government would downgrade human rights and democracy issues in its foreign policy. Nowhere was this new emphasis more apparent than Thailand's relations with China. Shortly after taking office, Surakiat Sathirathai, the new foreign minister, declared that Thailand would conduct diplomacy the "Asian way" of face saving and non-confrontation. "China is the first country I plan to visit outside ASEAN," he said, "because I consider it will convey an important message that we greatly emphasize our ties with China." Surakiat launched a new initiative, pan-Asian cooperation in the form of an Asian Cooperation Dialogue linking Southeast Asia, East Asia, and South Asia in a loose multilateral dialogue forum.

Thai Foreign Minister Surakiat visited Beijing March 12-15 for discussions with his counterpart, Tang Jiaxuan, and President Jiang Zemin. When China's foreign minister noted that Falun Gong's activities were harmful to society and the country, Surakiat replied that Falun Gong had not carried out any such activities in Thailand. According to official press reports, "the two sides did not discuss the matter further."

Surakiat went to China with a full agenda. He carried a letter from Prime Minister Thaksin requesting that China continue to buy rice, rubber, and longans under special arrangements. Surakiat pressed the Chinese to pay special attention to developing relations between Thailand's Chiang Rai province and China's Yunnan province, and for China's agreement to join Thailand and Myanmar in tripartite efforts to suppress illegal drug traffic. Surakiat suggested the establishment of a Thai-Chinese Business Council to encourage the exchange of information among businessmen. He also asked China for equal treatment in aviation rights and for similar tax and tariff treatment accorded goods imported from Laos and Myanmar.

Surakiat's discussions led to agreement on the exchange of narcotics agents in their respective embassies. President Jiang indicated that China would continue to purchase Thai agricultural goods under special quota arrangements, even after China was admitted to the WTO. Jiang also agreed "in principle" to tripartite cooperation in suppressing the illegal drug trade but made it clear that no pressure would be put on Myanmar to participate. Jiang expressed concern over tensions in Thai-Myanmar relations. He was non-committal on commercial airline flights and tax waivers for Thai goods.

An editorial in the *Bangkok Post* (March 24) summed up the current state of Sino-Thai relations in this way: "By failing to resist the pressures, the government effectively condoned an unhealthy inequality in the relationship that will foster a negative undercurrent, as well as confirmed its pro-business sympathies. No matter how big or strong, Beijing cannot be allowed to demand Thai respect for what it considers an

internal affair when it does not reciprocate...China's insecurity about a domestic issue...is no argument for this government to weaken the defense of Thai values.”

Conclusion

Since early 1999, China has moved methodically to put its long-term relations with Southeast Asia on a firm foundation through cooperative framework agreements. Economic ties form the heart of this new web. Developments during the first quarter of this year indicate that regional rivalry is still active in mainland Southeast Asia, especially between China and Vietnam for influence in Laos and Cambodia. Developments also revealed irritants in China's bilateral relations with regional states. The Falun Gong issue raises concerns that Chinese diplomatic actions have breached the long-standing regional norm of non-interference.

According to Kavi Chongkittavorn, ASEAN is concerned it is losing its bargaining power in dealing with Beijing and needs a unified approach. “The new U.S administration,” he writes, “has not yet shown any appreciation of the situation in Southeast Asia...The new Thai government is repositioning itself to edge closer to China's strategic design. Chavalit may act with China to counter U.S. influence. The U.S. will encounter a less friendly Southeast Asia in the future.” The Bush administration needs to quickly endorse the multilateral security initiatives espoused by CINCPAC Admiral Blair and reassure ASEAN states that Sino-American relations will not deteriorate to the extent of jeopardizing their relations with China.

Chronology of China-ASEAN Relations January-March 2001

Jan. 8-12, 2001: Thai Supreme Commander Gen. Sampao Choosri, on a visit to Hawaii to plan for the Cobra Gold 2001 exercise, informs his U.S. hosts that China and Vietnam have expressed an interest in sending observers to the exercise to be held in May.

Jan. 9-15, 2001: Henry Ying Tung Fok, Vice Chairman of the Chinese People's Political Consultative Conference (CPPCC), visits Cambodia, Laos, and Vietnam.

Jan. 10-11, 2001: PRC Finance Minister Xiang Huaicheng visits Thailand, lectures on Asian free trade.

Jan. 13-14, 2001: Third Asia-Europe Finance Ministers meeting is held in Kobe, Japan.

Jan. 14-16, 2001: Cai Wu, Deputy Head of the CCP Central Committee International Liaison Department, visits Thailand.

Jan. 14-17, 2001: Vice Chairman Fok visits Vietnam.

Jan. 15, 2001: A Filipino patrol craft spots four Chinese fishing vessels anchored near Scarborough Shoal.

Jan. 15-16, 2001: ASEAN Plus Three (China, Japan, and South Korea) officials meet in Kuala Lumpur to discuss the agenda for a new round of WTO global trade talks.

Jan. 18-19, 2001: Taiwan Foreign Affairs Minister Tien Hung-mao visits Thailand.

Jan. 20, 2001: Representatives from the Chambers of Commerce of Myanmar, China, Laos, and Thailand establish a Joint Economic Quadrangle Committee to boost trade and investment.

Feb. 1, 2001: China-Southeast Asia (Laos, Malaysia, Singapore, Thailand, and Vietnam) optic fiber cable service commences commercial operations.

Feb. 5-8, 2001: PRC Defense Minister Chi Haotian visits Laos.

Feb. 6, 2001: Philippine Presidential spokesperson announces that the new Arroyo government will continue to follow a “one-China policy.”

Feb. 6, 2001: Chinese Foreign Ministry spokesperson asked the Philippines “to effectively respect the territorial sovereignty of China and strictly observe the consensus reached between the two sides on safeguarding regional stability in the South China Sea.”

Feb. 6-16, 2001: A delegation of the CCP Central Committee’s International Department, led by deputy head Wang Jiarui, visits North Korea, Vietnam, and Laos.

Feb. 8, 2001: *The Nation* (Bangkok) reports that Taiwan’s ruling Democratic Progressive Party has quietly opened a Southeast Asia branch office in Bangkok.

Feb. 9, 2001: *Saigon Giai Phong* reports on the deliberations of a meeting held to discuss security in Vietnam’s Eastern Sea and concludes “we must rapidly establish an administration for the islands to solve its administrative problems.”

Feb. 9-12, 2001: Minister Chi visits Vietnam.

Feb. 11-12, 2001: First Senior Officials Meeting of the Thirteenth APEC Ministerial Conference is held in Beijing.

Feb. 12, 2001: Philippine Defense Secretary Mercado visits China to discuss the Spratly Islands.

Feb. 13, 2001: Chinese Foreign Ministry spokesperson reiterates that China holds indisputable sovereignty over the Nansha (Spratly) Islands and is “seriously concerned” over news reports that Vietnam will set up governmental bodies on the Nansha Islands.

Feb. 13-17, 2001: Minister Chi visits Cambodia.

Feb. 14, 2001: Indonesia's Foreign Minister Alwi Shihab addresses U.S. House of Representative's committee on security and foreign affairs. He notes that "Indonesia should also be able to use (the position of China) to improve our relations as well as our diplomacy. Moreover, in the United Nations, China always backs our position in dealing with East Timor and human rights. Economically, China is also a good partner for Indonesia in particular for the developing of tourism industry."

Feb. 15-Mar. 2, 2001: The Vietnam-China Border Demarcation Joint committee holds its second meeting in Hanoi to further implement the 1999 Border Treaty.

Feb. 17, 2001: Thai Rak Thai party forms a coalition government and a new cabinet.

Feb. 17-20, 2001: Minister Chi pays personal visit to Thai Defense Minister Chavalit Youngchaiyudh.

Feb. 19-22, 2001: Singapore's second minister for defense, Teo Chee Han, visits China for discussions with his counterpart Chi Haotian, among others.

Feb. 21, 2001: *Jane's Defense Weekly* reports that the Myanmar Navy in cooperation with Chinese engineers has installed a new radar station on Zadetkale Island (St. Luke's) opposite Thailand's Ranong province.

Feb. 23, 2001: The Philippine Navy is put on alert because of reports that China may be planning to secretly build structures on the disputed Scarborough Shoal.

Feb. 26, 2001: China's Vice Premier Qian Qichen and Vietnamese Deputy Prime Minister Nguyen Manh Cam meet prior to the opening of the Boao Forum for Asia on Hainan Island.

Feb. 26-27, 2001: The inaugural meeting of Boao Forum of Asia is held in Boao, China.

Mar. 5-7, 2001: Third meeting of China-ASEAN Joint Cooperation Committee is held in Chengdu, Sichuan province.

Mar. 8, 2001: Li Chengren, executive vice chairman of the Chinese Association for International Understanding and member of the CCP Central Commission for Discipline Inspection, leads a seven-member delegation to Myanmar at the invitation of Lt-Gen Win Myint, SPDC Secretary-3.

Mar. 12-14, 2001: Seventh National Congress of the Lao People's Revolutionary Party is held in Vientiane. Luo Gan, head of the CCP delegation, meets separately with leaders of the Vietnam Communist Party, Cambodian People's Party.

Mar. 13, 2001: The *BRP Quezon* interdicts 10 Chinese fishing vessels near Scarborough Shoal and seizes 50 giant clam shells (called locally *taklobos*), several sacks of meat, and nine boxes of electrical blasting caps, time fuses, dynamite sticks, and cyanide tablets.

Mar. 14, 2001: Philippines authorities scramble military aircraft to track the movement of two Chinese boats off Scarborough Shoal.

Mar. 19-22, 2001: Taipei Mayor Ma Ying-jeou visits Singapore.

Mar. 21, 2001: It is announced that Philippine President Arroyo and Vice President Guingona will visit China to discuss territorial disputes in the South China Sea.

Mar. 21, 2001: Thai Deputy PM Pitak Intrawityanunt states that his government supports China's early accession to the WTO.

Mar. 22, 2001: *The Philippine Star* reports China's concern over ongoing trilateral naval exercises, *Marsea 01*, being conducted by the Philippines, Thailand, and the U.S.

Mar. 22-25, 2001: New Thai FM Surakiat Sathianthai visits China for discussions with his counterpart Tang Jiaxuan.

Mar. 23, 2001: ASEAN Secretary General Rodolfo Severino states that ASEAN supports the entry of both China and Taiwan into the World Trade Organization.

Mar. 26-29, 2001: Chea Sim, president of the Cambodian Senate, meets with President Jiang and Premier Li Peng in China.

Mar. 27, 2001: ASEAN Plus Three officials adopt a common examination to certify information technology experts.

Mar. 27, 2001: ASEAN senior economic officials and ASEAN Plus Three senior trade officials meet in Kuala Lumpur.

Mar. 27, 2001: Alfonso Yuchengco, Philippine special presidential envoy, visits Beijing, meets with Premier Zhu and Vice FM Wang Yi, and delivers letter from President Arroyo to President Jiang.

Mar. 28, 2001: Third China-ASEAN Joint Committee on Trade and Economic Cooperation meeting in Kuala Lumpur, approves the establishment of the China-ASEAN Expert Group on Economic Cooperation.

Mar. 28, 2001: UN Environment Program announces that Cambodia, China, Indonesia, Malaysia, the Philippines, Thailand, and Vietnam have signed their first agreement to protect Southeast Asia's marine resources.

Mar. 30, 2001: An Min, China's vice minister of foreign trade and economic cooperation, visits Cambodia.

China-Taiwan Relations: Wooing Washington

**by David G. Brown,
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As the year opened, attention focused on President Chen Shui-bian's New Year's comments that cross-Strait economic integration could lay the ground for eventual "political integration." Despite this signal, Beijing remained wedded to its united front tactics against Chen. There was no progress toward resuming cross-Strait dialogue. Both Beijing and Taipei were focused on the new administration in Washington, with each side lobbying for its views in advance of the annual Taiwan arm sales meetings in April. The new administration has proceeded carefully on China-Taiwan issues, and its initial actions have reflected more continuity than change in U.S. policy.

Cross-Strait Non-Dialogue

President Chen's New Year's address contained a new and flexible formulation on cross-Strait relations. Chen stated that "the integration of our economies, trade, and culture can be a starting point...(and) can be the basis for a new framework of permanent peace and political integration." Lest people miss the import, Chen subsequently said that he considered this statement as important as the comments on cross-Strait issues in his May 20th inaugural address. The mention of "political integration" prompted a torrent of analysis and reactions in Taipei. The fundamentalists in the Democratic Progressive Party (DPP) attacked the statement as too great a concession to the PRC. The opposition and Chen's supporters in the DPP generally welcomed it as an important gesture toward reopening dialogue.

Beijing did not react to this statement for almost three weeks, and when it did, it avoided directly addressing Chen's remarks on political integration. The response came in a speech by Vice Premier Qian Qichen on January 22 on the fifth anniversary on President Jiang Zemin's Eight Point statement. Qian's speech was a comprehensive recapitulation of Beijing's current public position on cross-Strait issues. It hewed rigorously to the position that Chen must accept the one-China principle as the basis for dialogue before talks may resume. Noting that Chen had said that under Taiwan's constitution one-China was not a problem, Qian asked rhetorically why the leader in Taipei would not then endorse the one-China principle. Thus, Qian's address passed up the opportunity to acknowledge that Chen had made an important gesture in Beijing's direction.

Qian's speech was significant in being the first major policy statement from Beijing to include the more flexible three point position on one-China--there is only one China, Taiwan and the Mainland are both part of China, and China's sovereignty is indivisible--that Qian had first floated privately last summer. At that time, the Chen administration focused on what had not changed in China's position rather than on Qian's new formulation. So some observers in Taipei have noted that in recent months both Taipei and Beijing have passed up opportunities to acknowledge signs of flexibility from the other side. Deep mistrust, as well as domestic political calculations, makes it extremely difficult for either side to acknowledge the other's constructive steps.

By contrast, the State Department in Washington publicly welcomed Chen's statement and suggestions made by Beijing officials in early January (see below) as potential contributions to restoring dialogue.

Despite the absence of political dialogue, cross-Strait economic relations continued to prosper. According to Taiwan Economics Ministry statistics, Taiwan's authorized investments in the PRC during 2000 grew 108 percent to total \$2.7 billion, and accounted for about one-third Taiwan's foreign direct investments. While imperfect, these figures accurately reflect trends, and anecdotal evidence indicates that the rush to China continues early this year. The Taiwan Finance Ministry has reported that cross-Strait trade expanded about 25 percent and reached \$32 billion in 2000. Taiwan's \$26.16 billion exports to China accounted for 17.6 percent of Taiwan's world-wide exports. The rate of increase in cross-Strait trade slowed in the final quarter of 2000, with trade in December up 11 percent over a year earlier. This slowdown appears to be a result primarily of the decline in the U.S. information technology (IT) sector and reflects the high degree of integration between the IT sectors in Taiwan, China, and the U.S. Initial figures for January 2001 indicate trade declined from a year earlier, in part because the Chinese New Year holiday fell in January this year.

Beijing's United Front Tactics

Qian's January 22 address also described Beijing's current tactics toward Taipei using standard united front terminology. "(We should) work together with Taiwan compatriots ...that agree on one China...and unite with all forces that can be united...to struggle against separatism." In January, just at the time Chen was launching the "mini three links," Beijing hosted two delegations from the opposition, one led by Legislator Her Jyh-huei of the Nationalist Party (KMT) and the other by Fung Hu-hsiang of the New Party (NP). Beijing suggested to these delegations that, given the impasse over cross-Strait dialogue, trade associations from both sides might negotiate direct cross-Strait transportation arrangements, provided those routes were treated as "special domestic routes." Beijing knew that Chen's administration takes the position, with some reason, that such talks should take place between the acknowledged cross-Strait bodies, Taipei's Straits Exchange Foundation (SEF) and Beijing's Association for Relations Across the Taiwan Strait (ARATS). The two opposition delegations of course reported Beijing's suggestion, and the Chen administration was put in the position of turning down an offer that some in Taipei saw as flexibility from Beijing.

What Beijing would view as united front work continued throughout the quarter. The vice mayor of Shanghai visited Taipei in January and met with KMT Mayor Ma Ying-jeou (but not with President Chen). Beijing authorized Mayor Ma to make a high profile visit to Hong Kong in February. In a fit of excessive united front enthusiasm, the *China Daily* misreported that Ma had praised the “one country, two systems” model as also applicable to Taiwan, which of course he had not. When Ma protested, the *China Daily* took the unprecedented step of formally correcting the story, an indication of the importance Beijing places now on building constructive ties with Chen’s opposition. In March, the vice mayor of Taipei made a return visit to Shanghai. Other visits by KMT personalities are planned later this spring.

Wooing the Bush Administration

While all this sparring was going on across the Strait, both Beijing and Taipei have been focused on influencing the incoming Bush administration. In January, Taipei had four separate delegations in Washington at the time of the inauguration. Officials at Taiwan’s office in Washington commented that the inauguration had attracted more representatives from Taipei than from any other foreign capital. The main delegation, led by Legislative Yuan Speaker Wan Jin-pyng, carried a letter from President Chen to Bush, which Wan said made the case for enhanced arms sales to meet Taiwan’s defense needs and for better communication between Washington and Taipei. A few weeks later, another delegation led by DPP Party Chairman Frank Hsieh was in Washington on the occasion of the annual prayer breakfast for meetings with incoming administration officials. Privately, People’s First Party (PFP) Chairman James Song also made a visit to the U.S. to meet with potential Bush administration nominees. According to press reports, President Chen told supporters at a dinner March 23 that he was pleased with the way relations with the new administration were developing.

In February and March, Beijing sent two senior delegations to Washington to probe the incoming Bush administration’s views and make its case for the U.S. to handle Taiwan issues carefully. Beijing set up these visits by arranging an interview for Vice Premier Qian with the *Washington Post*. The interview produced a front page story that China was taking a flexible position on cross-Strait issues. In February after Vice Premier Qian’s statement recapitulating Beijing’s public policy on Taiwan, Zhou Minghui, the Deputy Director of the Taiwan Affairs Office (TAO), visited the U.S. to reinforce Beijing’s views. The Harvard educated Zhou, however, went back and forth between hard line warnings about arms sales and more sophisticated presentations on the rationale behind Beijing’s insistence on the one-China principle. The mixed message seemed to reflect the difficulty of fashioning positions that satisfy the need to sound tough to domestic audiences and flexible to American interlocutors.

A somewhat similar dichotomy was evident at the annual National People’s Congress (NPC) meeting in early March. On the one hand, Beijing announced an 18 percent increase in the public defense budget and had Foreign Minister Tang issue stark warnings to the U.S. on the sale of advanced weapons to Taiwan. On the other, Vice Premier Qian

was speaking more positively about the prospects for U.S.-China relations as he prepared for his initial meeting with the new Bush administration.

Qian's visit to Washington in late March continued to reflect this dual message. In speeches before and after his official meetings in Washington, Qian struck a hard line warning about the dire consequences if Washington sold "advanced weapons" to Taiwan. Briefings by senior American officials following Qian's meeting with the president and other administration officials indicate that Qian was less threatening in private. However frank Qian's private discussions were, Beijing choose to accentuate the positive in its press coverage, which described the talks with Bush as "positive and constructive."

The New Administration's Policy on Taiwan Strait Issues

Despite the campaign rhetoric about China, Secretary of State Powell, as almost his first act in office, paid a farewell call on the departing Chinese ambassador. Powell has been taking the lead in enunciating the administration's interpretation of long-standing U.S. policies on Taiwan issues, beginning with his confirmation testimony in which he said the U.S. has "long acknowledged" the view that there is only one China and that "in that respect, Taiwan is part of China." In subsequent testimony, he reaffirmed the "six assurances" to Taiwan and said that the U.S. would not tolerate anything that would change the status of Taiwan unless it was the result of "open, free, and balanced negotiations between the two parties." Following the visit of TAO Deputy Zhou in February, the State Department issued a statement that Zhou had been told of Washington's "enduring concern" that cross-Strait differences be settled "peacefully and in accord with the wishes of the people of Taiwan." On Taiwan's participation in international organizations, Powell told a congressional hearing that "there should be ways for Taiwan to enjoy the full benefits of participation without being a member" in organizations such as the World Health Organization. On a separate occasion, the State Department spokesman implied that the administration was not using former President Clinton's "three no's" formula in stating its China policy. None of these statements have engendered controversy within the administration--at least not in the way Powell's statements on North Korea have.

In the press availability before his meeting with Vice Premier Qian, President Bush stressed his desire for a constructive relationship with China but stated straightforwardly that he would tell Qian that the U.S. would honor its obligations to Taiwan under the Taiwan Relations Act.

Policy Implications: Arms Sales Test Ahead

These policy statements are important but relatively easy. The difficult choices on Taiwan Strait issues are approaching rapidly at the annual arms sales talks in late April. Within the beltway, the debate on arms sales has been raging. Some of those who see themselves as Taipei's true friends in the Congress have been pressing the arms sales issue as a sort of machismo test for the administration. Senate Foreign Relations Committee Chair Jesse Helms' staff prepared a report in March that outlined Taiwan's

acquisition requests and urged the administration to sell Aegis-equipped destroyers and PAC III missiles to Taiwan now. Other moderate voices in Washington and Asia have been urging the administration to find a more creative approach that would make U.S. arms sales decisions clearly products of actions Beijing takes with respect to its military build-up opposite Taiwan. The decibel levels in the domestic debate are rising as the arms sales talks approach.

The arm sales issue will be the first real test of the sophistication of the Bush's China policy. In a talk show appearance, Secretary Powell said that a plain reading of the Taiwan Relations Act indicates that the U.S. has an obligation to ensure Taiwan is in a position to defend itself--the point Bush made to Qian. While Powell said the administration would be looking for "balance" in its arms sales policy, the issue is likely to be hard fought within the administration.

As the U.S. interest is in a peaceful resolution of cross-Strait issues, Washington should have a strong incentive to de-emphasize the military aspects of cross-Strait relations and to slow down the current cross-Strait arms race. The administration should be looking for ways to enhance Taiwan's security through constructive U.S.-China relations, resumed cross-Strait dialogue, and arms restraint on both sides of the Strait. Washington's decision on arms sales will play a large role in setting the tone for U.S.-China relations in the coming years. Indications are that the administration will handle the issue carefully, selling weapons that will enhance Taiwan's defense capabilities, but doing so in ways that do not unnecessarily raise cross-Strait tensions.

Chronology of China-Taiwan Relations

January - March 2001

Dec. 31, 2000: President Chen's New Years address speaks of "political integration."

Jan. 2, 2001: First Kinmen ferry travels to Xiamen under "mini three links."

Jan. 4, 2001: KMT and New Party delegations visit Beijing.

Jan. 4, 2001: *Washington Post* sees new flexibility in interview with Vice Premier Qian.

Jan. 6, 2001: PRC Minister of Communications tells visiting KMT delegation that direct flights possible if handled as "special domestic routes."

Jan. 7, 2001: Taiwan PM Chang tells National Economic Conference Taipei will liberalize Mainland investment restrictions within one month.

Jan. 10, 2001: Shanghai vice mayor visits Taipei, meets Mayor Ma.

Jan. 15, 2001: Grand Justices conclude Executive Yuan acted wrongly in canceling fourth nuclear plant.

Jan. 16, 2001: SEF Chairman Koo urges return to “one China, respective interpretations.”

Jan. 18, 2001: In Congressional hearing, Secretary Powell restates U.S. view on “one China.”

Jan. 20, 2001: Legislative Yuan President Wang in Washington for inaugural events.

Jan. 22, 2001: At New Year, Vice Premier Qian gives major speech recapitulating PRC policy toward Taiwan.

Jan. 22, 2001: KMT Vice Chairman Siew explains his proposal for cross-Strait common market in Washington.

Jan. 31, 2001: Legislative Yuan passes resolution on resumption of fourth nuclear plant.

Feb. 6, 2001: First ship from Xiamen visits Kinmen under “mini three links.”

Feb. 8, 2001: *Xinhua* journalists arrive in Taipei to begin regular reporting from Taiwan.

Feb. 11, 2001: Taiwan officials in China for APEC Senior Officials Meeting.

Feb. 11, 2001: Taipei Mayor Ma makes high profile visit to Hong Kong.

Feb. 14, 2001: PM Chang announces resumed construction of fourth nuclear plant.

Feb. 20, 2001: Mainland Affairs Council Deputy Chen says investment policy review to be finalized in May.

Feb. 25, 2001: Taipei vice mayor visits Shanghai.

Feb. 27, 2001: Taipei reports 2000 cross-Strait trade increased 26 percent to \$32 billion.

Mar. 4, 2001: NPC spokesman states PRC cannot accept confederation idea.

Mar. 5, 2001: Premier Zhu’s annual NPC report includes standard, non-threatening language on Taiwan.

Mar. 6, 2001: Beijing announces 18 percent increase in defense budget.

Mar. 6, 2001: FM Tang issues sharp warning to U.S. on arms sales.

Mar. 8, 2001: Vice Premier Qian speaks positively about U.S.-China relations.

Mar. 8, 2001: Secretary Powell reiterates “six assurances” in Congressional hearing.

Mar. 13, 2001: Bush speaks positively on U.S.-China relations while accepting credentials of new PRC ambassador.

Mar. 16, 2001: PM Zhu Rongji avoids harsh language on Taiwan at annual post-NPC press conference.

Mar. 20, 2001: TAO official He Shihzhong leads economic delegation to Taiwan.

Mar. 20, 2001: Vice Premier Qian warns U.S. arms sales to Taiwan could have serious consequences.

Mar. 22, 2001: Vice Premier Qian meets President Bush.

Mar. 24, 2001: *Washington Post* interview with President Jiang focuses on Taiwan; Jiang rejects both federation and confederation concepts.

Mar. 26, 2001: Former KMT Premier Vincent Siew establishes Cross-Strait Common Market Foundation; President Chen endorses concept.

**North Korea-South Korea Relations:
Will All Things Go Well?
Ups and Downs in the New Inter-Korean Normality**

by Aidan Foster-Carter,
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“All things will go well.” Thus Song Ho-kyong, vice-chair of North Korea’s Asia-Pacific Peace Committee (APPC), stated on March 24. Song was in Seoul leading a four-member group of condolence, with a personal message from DPRK leader Kim Jong-il and a wreath two meters high, for the late Chung Ju-yung. The Hyundai group’s redoubtable Northern-born founder did more than anyone to bring about the new inter-Korean peace process, which Song’s presence in Seoul--once unprecedented, yet now almost unremarkable--symbolized. It was hard not to ponder how all things might have got better sooner, back in July 1994, had then president Kim Young-sam--now a loose cannon on the right fringe of South Korean politics trying to block Kim Jong-il’s not yet fixed visit to Seoul, but then on the brink of meeting Kim Il-sung--been bold and imaginative enough to seize the time and invite himself to the Great Leader’s funeral.

Moments of mourning, with their aura of solemn sympathy, offer political opportunity. Song Ho-kyong spent just six hours in Seoul, flying in and out within the day. Yet this helped ease the sour taste left March 13, when North Korea pulled out of the fifth round of inter-ministerial talks the very day they were due to start. Even if, as widely surmised, this was aimed more at the new Bush administration in the U.S.--a source of concern in Seoul and Pyongyang alike--such rudeness was a slap for ROK President Kim Dae-jung and a blow to sunshine. But North Korea will not soon give up unpredictability as a ploy. To appear irrational can be very rational, albeit risky.

Song’s visit and optimism were more than welcome, as a now cash-strapped Hyundai seeks to halve the \$12 million monthly fee for its politically pioneering but economically loss-making tours to Mount Kumgang. But Pyongyang was reluctant even to discuss any cut in this key flow of hard currency. On April 1, with Hyundai having paid only \$2 million in February and nothing in March, Seoul looked poised to step in and subsidize the tours as it had hitherto refused to do. The timing is significant. As the quarter closed, with Red Cross talks set for April 3-5 likely to be postponed and harsh Northern criticism of comments by the newly appointed ROK defense minister, there were fears of a new chill in North-South relations. Seoul made light of it, noting that Pyongyang was busy with its parliament meeting on April 5 and Kim Jong-il was expected in Moscow on April 17-18. Still, it seemed likely that for the coming weeks, maybe months, North Korea would take out its anger at the Bush administration on South Korea.

Yet where in the past Pyongyang might have broken off all contact, that is now most unlikely. It is more a case of ups and downs. In that sense, last year's summit ushered in a new phase. North-South ties are no longer exceptional but normal, hardly a day now goes by now without some contact. They are also many-sided, with the old state monopoly healthily privatized and expanded. Southern businesses, civic groups, and individuals are largely free to pursue their own agendas (unless political) regardless of government. This ensures the new peace process is organic and irreversible, no longer a trickle from a single tap that either state can turn on or off at will. Tracking the process now entails tracing and evaluating many and varied layers of public and private interaction--not all visible and not progressing at equal speeds. This is new.

Starting Keen, in Theory

The overall mood as of early April was more sombre than at the start of the quarter. North Korea began the year in January with strongly worded declarations of fidelity to the North-South joint declaration, calls for its rapid implementation, and a flurry of specific proposals in fields ranging from fisheries to taekwondo. Coinciding with Kim Jong-il's business-oriented visit to Shanghai, and aphorisms from the Dear Leader calling for new thinking, all this raised hopes in Seoul of moving swiftly to a new phase of more substantive agreements.

Not for the first time that vista proved elusive. Cabinet-level talks, since the summit the main steering mechanism of dialogue, shifted from a near monthly to a quarterly schedule as it was expected that various substantive sub-dialogues would take off. North Korea's cancellation in March meant the quarter had no meetings at this level; while working-level talks failed to produce results. Several of the latter had an economic focus. An agreement reached in late December on economic cooperation needed fine-tuning. Documents were at last exchanged in February. The next test is that of practice, on matters like investment protection and dispute resolution.

More detailed economic talks mostly foundered on what seemed a quixotic demand by North Korea for 500,000 kilowatts of electricity, right now. South Korea reasonably pointed out that this is impossible technically and suggested joint survey teams. Any such provision would also have implications for Korean Peninsula Energy Development Organization (KEDO), which in any case will face harsher scrutiny from a Republican U.S. administration and Congress. Yet Pyongyang at times threatened not to discuss any other agenda unless it was given power at once. Urgent as its needs are, this is no way to move forward. And its all too frequent habit of calling off talks at the last minute, as occurred on January 26, is no remedy.

Later talks in February ended without agreement, as did separate discussions later that month on an issue raised by Seoul, flood control on the Imjin river, which flows North-South. In late March, there were worries that a new Northern hydro-electric power plant on the river was lowering water levels in the South. Fisheries talks too have not progressed. And there is still no sign of an elite Northern economic inspection team--to

be led by Kim Jong-il's sister Kim Kyong-hui, party director for light industry--whose visit has been anticipated since last fall.

Business: Mixed Signals

As for the private sector, the North-South economic deal did not open any quick floodgates. Inter-Korean trade actually fell 31 percent year on year in the first two months of 2001, to \$37 million. A main reason was Pyongyang's perverse boycott for two months of the main shipping line on the Incheon-Nampo route, almost driving it and several small firms involved in processing-on-commission trade into bankruptcy. Except Hyundai, no big *chaebol* has yet gone North on any scale. But in one sector there is new enthusiasm. Several small Southern firms recently announced joint ventures in information technology (IT), computing, telecommunication, and the like in Pyongyang (in one case, Sinuiju). Also planned is an IT university in Pyongyang--a joint venture between the North's education ministry and Christian groups in the South. As ever, one waits to see how many of these projects actually come to fruition. In a cautionary note, the Southern telecom company Hanaro is still waiting to start production at its factory in Pyongyang due to power outages.

Larger projects are in the works. By far the most important, not only for business, is Hyundai's planned vast industrial estate near Kaesong, close to the DMZ. If this comes off, its location will make it to Seoul as Shenzhen is to Hong Kong, both a cross-border bridge and a growth pole to its own hinterland. Militarily, if the DMZ starts to become a front door it will *eo ipso* be less of a front line, even if Pyongyang remains reluctant to discuss security issues as such. But will Kaesong happen? Hyundai's dire finances mean it cannot afford to build it; but a state firm, Koland, has bought into the project and may *de facto* take charge. So it is now up to North Korea to open the border: both for construction, which has yet to begin, and for the tourism to Kaesong itself (an ancient capital) which Hyundai was also promised, and which, unlike its Kumgang-san cruises, should be a money-spinner. The Korean People's Army (KPA) must have been aghast when Kim Jong-il offered Kaesong, and resistance to actually delivering is to be expected.

Railways: Not Making Tracks?

Not coincidentally, the one track (the word is apt) of North-South interaction run by the KPA, namely the project to restore road and rail links across the DMZ, is currently stalled. After Korean winter stopped play, the ROK army resumed work in March. While mines are being cleared south of the DMZ, the KPA has done no more than pitch camp and clear some scrub. Formalities are also held up. On February 8, the two sides agreed on detailed procedures for work within the DMZ; yet as of early April the North had yet to return the papers duly signed by its defense minister. This delay makes September's target for completion now unrealistic, and must raise questions as to how far the KPA is truly committed to this endeavor.

No Security, Yet

A gaping hole in the new peace process is any direct discussion of peace *per se*. Hopes raised when DPRK and ROK defense ministers met in September remain on hold. They have not met since, while in working talks the North will only discuss railways (see above). Security issues on the Peninsula being multilateral, there is an endemic question of who should talk what with whom; the advent of the Bush administration will not hasten progress. Formally South Korea is committed to resuming Four-Party Talks (DPRK, ROK, PRC, and U.S.), but there is no sign of this happening currently.

Once again, the latest events are discouraging. One issue is the North's anger at being designated as "main enemy" in the South's defense white paper. Pyongyang's fierce criticism of remarks by Seoul's newly appointed defense minister in late March--since the summit it had reined in such once routine diatribes against Seoul--suggests that a second defense ministers' meeting will not happen soon. On the allied side, at the end of March a manifest gap in evaluation between Seoul and United States Forces Korea (USFK) on trends on the ground at the DMZ (the U.S. worries that Northern forces are being beefed up) was seized on by the opposition Grand National Party (GNP) to accuse Kim Dae-jung's government of deliberately downplaying the Northern threat. Such quarrels must be settled, or patched up, before the allies would be in any position to demand real security negotiations.

Family Reunions: Too Little, Too Late?

The humanitarian front saw some progress. Limited family reunions, arranged by the two sides' Red Cross Organizations, are now semi-institutionalized. After two rounds in 2000, a third was held in February. The formula was as before. A select 100 from each side--the South's elderly and chosen by lot, the North's elite figures and somewhat younger--flew to the other's capital (not home towns), where in designated public places (not homes) they met for a few days with long-lost relatives; parting with no certainty of any future contact, even by letter. Separately, on March 15 a first batch of 300 letters in each direction between separated families was exchanged at Panmunjom--the first private mail ever to cross the DMZ. Those writing to the North were told they would not receive replies.

It is unclear how this process will develop. While any such contact initially seemed progress, as it is routinized, the limitations become more jarring. At this rate, most of those old enough to have relatives they once knew on the other side will be dead before their turn comes round. Seoul is pressing for freer and wider meetings, and a permanent reunion site at Panmunjom. Pyongyang counter-proposed Kumgang-san, but may prefer to continue with one-off meetings. Again, while letters as such are a breakthrough, letters with no reply are a cruel half-measure. There is potential for future conflict, with Southern opinion demanding more while Northern authorities fear the impact of opening the floodgates on their hitherto largely closed society. Defectors say the impact in the North has indeed been subversive, with resentment over the selection process and the enforced "donation" to the state of private gifts from Southern kin who are visibly

prospering. No further exchanges are yet scheduled; indeed as of April 2, the two Red Crosses' own next meeting, due on April 3-5, was expected to be postponed.

Human Rights: A Growing Concern

Another looming problem area is North Korean human rights. This is not on Kim Dae-jung's agenda, but some South Koreans feel it should be. It will be politically difficult to ignore a new activist group of families of Southerners abducted or held in the North (claimed to number 85,000, mainly from the 1950-53 Korean War), who want their kin back or at least to know their fate. This is a new trend after decades of silence, galvanized by South Korea's return last year of 62 old Northern spies and agents without seeking a *quid pro quo*. There is also the example of Japan, relatives and right-wing politicians have succeeded in making just a dozen murky abduction cases an insuperable obstacle to better Pyongyang-Tokyo ties, at least so far.

The new South Korean group has collected 10 million signatures, and promises to press its case both at home and abroad (e.g. in the U.S. and at the UN). Refugees and defectors also arouse concern, as over reports in March that a defector who had gone back to North Korea for his wife was publicly executed. Though still tiny, the number of defectors is rising fast, reaching 91 so far this year as of March 23. Significantly, civic activists on the left as well as the traditional anti-communist right are now organizing on human rights and refugee issues. Problems also loom over an invitation from Senator Jesse Helms to Hwang Jang-yop to visit the U.S. The North's most senior defector, once lionized in Seoul, is now an embarrassment for his fierce denunciations of Kim Jong-il. Yet to refuse him a passport would not look good.

Unparliamentary

If one may also record non-events, then no moves were made by either side to take forward political dialogue on such topics as the agreed similarity between their respective unification formulae. Put another way, one missing tranche of dialogue so far is between members of parliament, as first mooted as long ago as 1985. That may change when parliamentarians from North and South meet at an Inter-Parliamentary Union conference in Havana from April 1. Neither the North's Supreme People's Assembly, which itself convenes on April 5, nor the South's National Assembly has much real power, but this could still be a useful forum for informal dialogue.

Unsporting

Concern at the North's cancellation of ministerial talks in March was mollified by the almost simultaneous visit to Pyongyang by the South's culture minister. Kim Han-gill returned with an agreement to send a 50-strong joint team to the world table tennis championships in Osaka in April. This would have been the first joint team in a decade--at the Sydney Olympics, the two Koreas marched together but competed separately--had not Pyongyang promptly pulled out, citing inadequate preparation. But ping-pong diplomacy may have been a smokescreen. The word in Seoul is that Kim Han-gill, a

confidant of the president, also had a secret mission, such as to discuss Kim Jong-il's visit to Seoul. We may assume in general that the secret contacts that set up last year's summit have not ceased--publicity is not always desirable.

Selling Sunshine

One arguably neglected dimension of the inter-Korean process is its political standing within South Korea. After the euphoria of the summit, as North-South contacts become normal and even banal, criticism has come from several sources. Much of the Seoul press, especially the influential *Choson Ilbo*, is hostile to Kim Dae-jung and Kim Jong-il alike. The conservative opposition GNP, with an eye to next year's presidential election, accuses the government of appeasing North Korea and demands stricter reciprocity. Human rights issues in the North are a growing concern. Some on the right, such as ex-president Kim Young-sam, are actively organizing against Kim Jong-il's visit to Seoul. All this challenges the Sunshine Policy, whose advocates are dismayed that the government has not sought effectively to counter such views. Sunshine's architect Lim Dong-won, who on March 26 was moved sideways from intelligence chief back to being unification minister, pledged the next day to make rebuilding consensus for current policy a priority.

Miscellaneous

Besides the major categories reviewed above, proliferating lesser meetings and incidents are also indicative of a new phase. A few examples give the flavor. On March 28 the ROK Navy went two miles into DPRK waters to rescue the crew of a sinking Cambodian merchant vessel, having notified the North via the MAC-but got no clear response. On March 27-29, Northern and Southern religious groups met at Kumgang-san, changing the venue from Beijing at the North's request. Also visiting Pyongyang for at least the 12th time was Kim Soon-kwon ("Dr. Corn"), whose program to propagate new high-yield maize seeds in the North has been delayed by a financial row at home. Trade unions are getting on fine. They met at Kumgang-san on March 10-11, and will do so again on May Day. Local provinces and cities are getting in on the act. Pohang has sent surplus pears North, and Kwangju is to build a kimchi factory in Pyongyang.

But not all is plain sailing, and the obstacles are not only from the North. While North Korea can be telephoned from South Korea via a third country, this remains illegal under the National Security Law. Still unrevised, the is nonetheless now broken daily by government and citizens alike. Moves to revise it have been put on hold until after Kim Jong-il's visit to Seoul.

Looking Ahead

This pattern of ups and downs is set to continue. Downs may predominate for the coming months, as Pyongyang continues to take out its anger at the Bush administration on Seoul. Thus I doubt that Kim Jong-il's return visit to Seoul will take place in the coming quarter, as South Korea hopes. Other touchstones will be the pace of progress on

two key projects--rejoining North-South road and rail links, and Hyundai's industrial zone at Kaesong.

The ambiguity we can expect is crystallized in two incidents on March 28. On the same day that North Korea pulled out of sending a joint team to the world table tennis championships, a North Korean striker arrived in Seoul to play professional football for Ulsan Hyundai. Ryang Gyu-sa is actually a Korean from Japan, but he is a DPRK citizen and plays for North Korea's national team. In sum, there will be time-outs, perhaps even fouls, but the game goes on.

Chronology of North Korea-South Korea Relations

January-March 2001

Jan. 1, 2001: North Korean short-wave radio stops broadcasting random numbers, believed to be coded instructions to spies in South Korea.

Jan. 3, 2001: South Korea announces that 19 inter-Korean contacts are scheduled for the new year.

Jan. 4, 2001: Police in Taegu bust a gang smuggling North Korean defectors from China to South Korea.

Jan. 8, 2001: South Korea delivers draft agreement on economic cooperation at Panmunjom.

Jan. 10, 2001: Pyongyang rally for "independent reunification" calls for resuming Red Cross talks and implementing already agreed timetables for cooperation and exchanges.

Jan. 10, 2001: Seoul's unification ministry reports the value of processing on commission trade rose 32.6% last year to \$140 million.

Jan. 13, 2001: North's fisheries ministry requests "urgent" talks on a fishing agreement.

Jan. 17, 2001: Kim Dae-jung outlines three inter-Korean policy guidelines: reconciliation and cooperation, establish a peace regime, and maintain a steadfast security posture.

Jan. 17, 2001: South's unification ministry reports that 7,280 South Koreans visited North Korea last year, a 30% rise. This excludes 213,009 Hyundai tourists to Kumgang-san.

Jan. 18, 2001: Hyundai Asan president goes North to seek to halve the company's monthly payment of \$12 million for its Kumgang-san tours.

Jan. 18, 2001: South returns a DPRK boat and two-man crew that drifted into Southern waters with a new engine, fuel, food, and long underpants.

Jan. 25, 2001: Seoul announces new aid of 100,000 tons of corn to be sent North via the World Food Program, over and above 600,000 tons it gave last year.

Jan. 26, 2001: Pyongyang unilaterally postpones talks on electricity aid due in Kaesong next day, agreed just four days earlier, and which it itself had proposed.

Jan. 26, 2001: Kim Dae-won, a student, is jailed for four years in Seoul for violating the National Security Law by illicitly visiting North Korea in 1998.

Jan. 29-31, 2001: Red Cross talks agree family reunions for Feb. 26-28 and first ever letter exchanges for Mar. 15, but fail to agree on a permanent venue for reunions.

Jan. 30, 2001: Mokpo in South Korea announces plans to cooperate with Sinuiju in the North.

Jan. 31, 2001: Fourth inter-Korean working-level military talks at Panmunjom agree on 36 out of 41 items on practicalities of joint road and railway construction within the DMZ.

Feb. 1, 2001: Two groups file lawsuits in Seoul accusing Kim Jong-il of murder, *inter alia*.

Feb. 2, 2001: South's Red Cross head says Seoul wants at least 10,000 separated families a year to exchange letters. Ulsan city announces gift of 10,000 boxes of pears to North Korea.

Feb. 5, 2001: KCBS (North Korean radio) reports the final exchange of documents for the North-South agreement on economic cooperation initialled in late December.

Feb. 7-10, 2001: Working-level talks in Pyongyang on the North's demand for the South to supply 500,000 kilowatts of electricity fail to reach an agreement; differences may have widened.

Feb. 8, 2001: Fifth working military talks conclude agreement on DMZ construction rules. As of Mar. 31, Pyongyang has yet to sign and officially ratify the document.

Feb. 14, 2001: ROK's Korea Gas Corp. (KOGAS) reveals contacts with Pyongyang about laying gas pipelines from Siberia to South Korea across North Korea.

Feb. 15, 2001: Both Korean states attend a meeting in Moscow on Russia's Global Control System proposals on missile non-proliferation.

Feb. 15, 2001: Kim Dae-jung calls for an inter-Korean military hotline, says that Kim Jong-il's visit to Seoul should not be rushed, and reveals that both before and during last year's summit he refused Kim Jong-il's request to visit Kim Il-sung's mausoleum in Pyongyang.

Feb. 20, 2001: Seoul's unification minister claims both Kim Jong-il at the summit and Jo Myong-rok in Washington voiced support for a continued role for USFK.

Feb. 21, 2001: Seoul says it will make a comparative study of governance in North and South.

Feb. 22-24, 2001: Talks in Pyongyang about flood control on the Imjin river fail to agree.

Feb. 26-28, 2001: Third round of family reunions.

Mar. 5, 2001: North Korea reportedly asks Southern steel firms to invest in the North.

Mar. 10-11, 2001: Trade unionists from North and South meet at Kumgang-san.

Mar. 10-13, 2001: South Korea's culture minister Kim Han-gill visits North Korea, widely thought in Seoul to have a secret mission beyond his avowed agenda of discussing exchanges.

Mar. 13, 2001: Pyongyang pulls out of fifth ministerial talks on the day they were due to start.

Mar. 20, 2001: 207 Uzbeks, replacing striking North Korean workers, sail to the KEDO site.

Mar. 20, 2001: South Korea's defense ministry notes that the North's non-return for over a month of agreed protocols on railway work in the DMZ is bound to delay the project.

Mar. 24, 2001: Song Ho-kyong, vice-chair of North Korea's Asia-Pacific Peace Committee, visits Seoul leading a four-member condolence group for Hyundai's founder Chung Ju-yung.

Mar. 27-29, 2001: Religious leaders from North and South meet at Kumgang-san.

Mar. 28, 2001: Pyongyang pulls out of the proposed inter-Korean table tennis team. The first North Korean signed to a South Korean professional soccer team arrives in Ulsan.

Mar. 28, 2001: ROK Navy enters Northern waters to rescue the crew of a sinking Cambodian merchant ship.

China-Korea Relations:

The Winds of Change: Fresh Air or Pollution?

**by Scott Snyder,
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The only major diplomatic event in North Korea-China diplomatic relations during the first quarter of the new year was a one-week visit to Shanghai and Beijing by DPRK National Defense Commission Chairman Kim Jong-il. However, Kim Jong-il's surprise visit holds potentially critical significance not only for the direction of North Korea's domestic policy, but also for China, which aims to strengthen its relationships with both Pyongyang and Seoul, and even for the future direction of U.S.-DPRK relations in the transition to the new George W. Bush administration. Sino-ROK relations included a deepening of official cooperation and joint research to examine transnational environmental problems, renewed expressions of South Korean interest in Tumen River area development projects, and stepped up business cooperation in China's telecom sector as Korean firms seek advantages in China to avoid the economic downturns in the U.S. and Japan.

The Dear Leader Does Shanghai

DPRK National Defense Commission Chairman Kim Jong-il has become a regular visitor to China, making his second visit to the PRC in less than eight months during January 15-20. Whereas the first secret visit last May primarily held political and diplomatic significance in the run-up to the inter-Korean summit in Pyongyang last June, this visit clearly was designed to send an economic message to his colleagues back home. Although there was time for diplomatic meetings with Premier Zhu Rongji and President Jiang Zemin, the primary significance of the visit was to underscore the need for "New Thinking" that had been emphasized by the leading institutions of North Korean society in the annual New Year's day joint editorial that had been released only two weeks prior to Kim Jong-il's arrival in Shanghai.

Chairman Kim Jong-il stayed in Shanghai at the Jin Jiang Hotel, the same hotel where Nixon stayed during his historic visit almost three decades ago. Kim Jong-il's itinerary included the Shanghai Stock Exchange, a U.S.-Chinese automobile manufacturing joint venture, and a variety of Chinese companies in the information technology sector, an area that has emerged as a special interest of the Dear Leader. At the Shanghai Stock Exchange, which he reportedly visited twice during his visit, Kim Jong-il is rumored to have taken over the presentation at one point, describing to his accompanying contingent of generals and leading officials the benefits and central role of a stock market as a

vehicle for mobilizing the capital necessary to catalyze economic growth. He praised China's decision to pursue economic reforms and his visit to Shanghai was reported in detail in North Korea's domestic broadcasts of the *Korean Central News Agency* (KCNA). Kim Jong-il is reported to have said, "This is my second visit to Shanghai in 17 years. But all things, except for the river (running through the city), seem to have changed."

Many foreign observers were caught off guard by the visit. Indeed, he has said and done more to open the way for the exploration of new economic approaches in North Korea than many external observers would have thought possible even one year ago. Even if Kim Jong-il has not repeated Deng Xiaoping's famous phrase that "it doesn't matter whether the cat is black or white, so long as it catches mice," the symbolism and message accompanying his Shanghai visit give North Korean functionaries plenty of room for maneuver and potential for experimentation as part of the political line of "New Thinking" in North Korea. Moreover, this message has been accompanied by the consistent implementation of a DPRK "charm offensive" during the past year, whereby Pyongyang has normalized its relations with almost all the European Union countries, Australia, New Zealand, and Canada, among others. North Korea has opened its door, but it's not yet clear what will come in with the winds of change. The basic problem remains; lower level functionaries don't know the parameters and limits of the reform process that has been endorsed by the Dear Leader. Further, it is not clear that there is a group of qualified technocrats in North Korea with sufficient training to effectively pursue the new direction that Kim Jong-il seems to be advocating.

In a meeting with Kim Jong-il in Beijing following his Shanghai visit, President Jiang Zemin reaffirmed that China would continue to support the inter-Korean reconciliation process, and that he may make a return visit to Pyongyang later this year. Zeng Qinghong, head of the Chinese Communist Party's (CCP) Organization Department, visited Pyongyang in late March, reportedly to make preparations for Jiang's first visit to Pyongyang as president of the CCP. The renewed interaction at top levels between Pyongyang and Beijing has come at a welcome time from Beijing's point of view. The summit and its aftermath have put into play several scenarios for a reshaping of regional security relations in Northeast Asia, and China's responses have revealed both nervousness and calculation in response to events as they have unfolded.

First, the announcement of the inter-Korean summit itself (and the fact that the preliminary arrangements for the summit took place on Chinese soil) was warmly welcomed by PRC Foreign Minister Tang Jiaxuan, not least because there was no third-party role for the United States in arranging the summit. Second, the extraordinary developments in the U.S.-DPRK relationship last fall, including the visit of Special Envoy General Jo Myong-rok to Washington last October, Secretary of State Albright's return visit less than two weeks later, and the prospect of a visit to Pyongyang by President Clinton, were largely unsettling to Chinese observers. The rapid pace of events raised the possibility that the United States might shape a Korean Peninsula reconciliation that would redound to the disadvantage of Chinese security interests by removing the North Korean "security buffer" created by Korea's division and replacing it with a Korea

that had been unified on U.S. terms. Other Chinese analysts, however, held their breath and hoped aloud that the United States would never allow Korean reunification to occur because it would be detrimental to the U.S. security strategy and presence in Asia. With the incoming Bush administration's "time out" to review the relationship and the prospect that U.S. pressure could derail inter-Korean rapprochement and again heighten tensions in the U.S.-DPRK relationship, China has returned to its traditional position of urging the United States to improve relations with Pyongyang.

Some analysts have in fact argued that Washington was yet another target of Kim Jong-il's visit to Shanghai. First, the timing of the visit put Kim Jong-il in Shanghai--surrounded by symbols of "renewal" and "fresh starts"--just prior to both the U.S. presidential inauguration and the Lunar New Year. Second, Kim Jong-il may have seen the symbolism of his visit and meetings with Jiang Zemin as another way of affirming that North Korea intends to come out and be a full participant in the international community, therefore U.S. containment policies toward Pyongyang are unnecessary. These messages had already been reinforced through the dialogue that had taken place regarding a U.S.-DPRK missile deal and possible Clinton visit to Pyongyang. In fact, the Kim Jong-il visit to Shanghai may have originally been conceived as a post-script to a possible Clinton visit as a way of further signaling Pyongyang's arrival on the international stage, while also balancing any possible diplomatic breakthroughs with Washington by providing reassurance to counterparts in Beijing.

Winds of Spring from the Gobi to Seoul: Environmental Cooperation Imperatives

Spring brings to Korea the annual problem of "yellow dust" from China's Gobi Desert, which blows in a wide swath across the Korean Peninsula. Environment ministers from Beijing, Seoul, and Tokyo have begun to meet regularly to encourage technical research and cooperation on this issue. This year's third Tripartite Environmental Ministers' Meeting is set for April 6-8, at which time the environment ministers will specifically discuss the "yellow dust," its composition, and issues of ecology restoration and monitoring in Western China, where the dust originates.

In addition, hundreds of international researchers, including representatives from the U.S. National Air and Space Administration (NASA) and the National Oceanographic and Atmospheric Administration are launching a major research project entitled, "Aerosol Characterization Experiments-Asia," sponsored by the International Global Atmospheric Chemistry Program, which is conducting experiments on global environmental change. Over 30 cooperating organizations will be involved in collecting data and organizing this research. Additional research in Korea during the past year has continued to raise concerns about the toxicity of the dust particles, which increasingly contain higher metal densities than in the past. The dust particles decrease visibility and can result in eye, nose, and respiratory illnesses. There also has been concern that such dust particles might be able to transmit the types of foot-and-mouth viruses that triggered the outbreak of that disease in the United Kingdom.

Sino-Korean Exchanges: The Good, the Bad, and the Radioactive

South Korea continues to benefit as the primary point of trans-shipment between Northeastern China and the rest of the world. Incheon International Airport, opened on March 29, is designed to serve as a key transit hub for the movement by air of people and supplies in to and out of China and throughout the region. The opening of the new airport has allowed over 30 new flights per week to be established between South Korea and China. The port at Pusan also surpassed Kaohsiung, Taiwan, as the third busiest container handling port in the world last year (with 7.54 million twenty-ton equivalents of cargo in 2000) behind Hong Kong and Singapore, largely on the strength of continuing growth in trans-shipments between Western Japan and Northeastern China, which require off-loading and transfer to smaller boats before proceeding to Chinese ports of entry.

The development of a Korea-focused regional transportation infrastructure has stimulated renewed interest on a limited basis in the Tumen River Area Development Project, a vision promoted by the United Nations Development Program from 1990. Although little progress has been made in the intervening decade, the inter-Korean reconciliation process and growing regional economic ties appear to have stimulated renewed interest by the Federation of Korean Industries in the project, and the prospect of multilateral funding for North Korea-related projects from the Asian Development Bank or other international financial institutions might stimulate renewed interest in pursuing the feasibility of the project. There have been regular trans-shipments to Northeastern China from Pusan to Rajin-Sonbong and overland transfer to China via a two-lane winding dirt road from Rajin-Sonbong to Hunchun. However, now that a four-lane highway from Hunchun to Yanji has been completed on the Chinese side, cutting significantly the travel time for container trucks, the next logical step will be to pave and widen the approximately 50-km road from the Chinese border to Rajin-Sonbong port and complete China's northern link to the sea by road through North Korea.

Despite the possibility of global economic recession, Sino-South Korean telecom links continue to grow, with South Korean competitors crowding in to snag a portion of the CDMA (code-division multiple access) contracts opening up as part of China's mobile telecommunications infrastructure. China Unicom started bidding for CDMA infrastructure projects expected to reach over \$1.5 billion in value (and an additional \$2.4 billion handset market) on March 26, with active participation anticipated by sectoral leaders Samsung Electronics and LG Electronics. China Unicom has also entered into a cooperation agreement with SK Telecom. Industry specialists predict the establishment of a single regionwide CDMA system among China, Japan, and South Korea by the end of the year. In addition, the weakening Japanese yen has led to corresponding decreases in the value of the Korean won, a phenomenon that is forcing more Koreans to seek off-shore manufacturing capabilities in China in order to retain cost competition for many manufactured goods. For instance, Hansol Electronics has initiated a joint venture to build PC monitors with China's Great Wall Group. The ROK government is moving to establish a second information technology support center (known as an iPARK) in Shanghai, China, to complement existing centers in Beijing and Silicon Valley, California. South Korea's Aerospace Research Institute has also announced that its

second KOMPSAT satellite will be launched in April 2004 by China's Great Wall Industry Corporation.

The negative impact of people flows has also made itself felt in the Sino-Korean relationship, with over half of the 188,995 illegal foreign residents in Korea during the year 2000 coming from China. Over 95,600 Chinese nationals overstayed their visas during the year 2000, 57,600 of whom are ethnic Korean Chinese. In addition, China remains the primary transit point for an increasing number of North Korean refugees, which continued to grow at a record-setting pace in the early part of 2001 over the 312 refugees that came to South Korea via third countries in the year 2000. Once again, pressures may be building for a diplomatic conflict between Seoul and Beijing over handling of North Korean refugee issues, as recent media reports have provided detailed descriptions of South Korean NGO efforts to help North Korean refugees in Northeastern China and Amnesty International has recently issued a report entitled "Democratic People's Republic of Korea: Persecuting the Starving: the Plight of North Koreans Fleeing to China." The Amnesty report is designed to put greater pressure on the PRC government to allow the UN High Commission for Refugees to become more active in China in responding to the needs of North Korean refugees.

In response to an education crisis in Korea, the number of Korean high school students who have been enrolled in Chinese schools in Beijing and other parts of China has doubled to over 500 students in the past year. However, China has become a potentially deadly place for Korean visitors, several of whom have been murdered within the past year while engaged in various activities on Chinese soil.

Finally, the possibility of a deal between Taiwan and North Korea to store low-level radioactive waste has again emerged as a subject of discussion. The plan to ship radioactive waste from Taiwan for storage in North Korean caves was originally explored in 1997 as a vehicle for solving Taiwan's nuclear waste storage problems in return for cold, hard cash, but the idea didn't go very far as a result of vehement objections from South Korea and China. Once again, representatives from Taiwan's nuclear industry have reportedly begun to explore such a deal, which Taiwan authorities state would require North Korea to meet minimum waste storage safety requirements before such storage would be authorized. However, the reported deal has again unleashed a firestorm of criticism in the South Korean media against both Taiwan for being willing to pursue such a deal and North Korea for considering accepting such waste without being able to guarantee the safety of underground storage facilities, including caves not naturally equipped to contain radioactive waste. Or perhaps the North Koreans have been thinking about placing radioactive waste from Taiwan at Kumchang-ri or those sites in Yongbyon that remain subject to special inspections before the DPRK can get a clean bill of health from the International Atomic Energy Agency (IAEA).

Chronology of China-Korea Relations January-March 2001

Jan. 4, 2001: Seoul Metropolitan Police unearth a South Korean-Chinese brokerage ring, which received huge commissions from North Korean defectors in return for arranging their relatives' illicit entry into Seoul.

Jan. 15, 2001: The Foreign Affairs and Trade Ministry issues a travel advisory for Koreans traveling to China, stating that the number of violent crimes such as murder and robbery involving South Koreans have been on the rise since late last year.

Jan. 15-20, 2001: DPRK National Defense Commission Chairman Kim Jong-il visits the Shanghai Stock Market and economic export zones in and around Shanghai.

Jan. 20, 2001: Chairman Kim Jong-il meets with PRC President Jiang Zemin in Beijing on his way back from Shanghai to Pyongyang and acknowledges China's "correct" economic policies.

Feb. 8, 2001: South Korea agrees with China to fix its fishing quota within South Korea's exclusive economic zone (EEZ) at double the level of Korea's in China's EEZ.

Feb. 12, 2001: The Bank of Korea announces that the Chinese bloc-China, Hong Kong, and Taiwan-emerged as the largest overseas market for Korean exports in the January-November period last year with \$51.43 billion in trade, surpassing South Korean trade with the United States.

Feb. 15, 2001: Haansoft announces the release of "Wenjie," a Chinese version of its popular word processing program "Hangul," in China.

Feb. 24, 2001: Former Taiwan Premier Vincent Siew, vice president of Kuomintang, Taiwan's largest opposition party, visits Seoul to receive an honorary degree from Sungkyunkwan University.

Feb. 27, 2001: Army Chief of Staff Kil Hyung-bo, the first ROK Army chief to visit China since the end of the Korean War, arrives in China for talks on military exchanges and cooperation with Defense Minister Chi Haotian, among others.

Feb. 27, 2001: The Federation of Korean Industries (FKI) announces that it will strengthen relations with its counterpart organizations in China.

Mar. 4, 2001: SK Telecom announces that it has signed an agreement to cooperate in the development of CDMA mobile technology with China Unicom.

Mar. 6, 2001: LG Electronics signs contract to set up a joint venture with Langchao Electronic Information Industry Group Corp., Cherry S/W, and Yan Tai Development Zone Distribution Center to develop CDMA handsets.

Mar. 15, 2001: Hansol Electronics announces a contract with China's Great Wall Group to co-manage the latter's personal computer monitor factory in Shiyan, China, with a production capacity of 2 million computers per year.

Mar. 20, 2001: Zeng Qinghong, head of the Chinese Communist Party's Organization Department, begins five-day visit to Pyongyang.

Mar. 22, 2001: FKI states that it may take part in a project to develop a trade zone in the Tumen River area, a region bordering North Korea, China, and Russia, to promote economic cooperation.

Mar. 29, 2001: Incheon International Airport opens with an additional 32 flights per week between South Korea and China.

Japan-China Relations: The Past is Always Present

by James J. Przystup,
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This quarter witnessed a major diplomatic success, when in mid-February, Japanese and Chinese negotiators reached agreement on a prior notification mechanism for maritime research activities. The agreement promised to remove a long-standing irritant in the bilateral relationship. Military-to-military confidence building also advanced with the late February-early March visit to Japan of the PLA Air Force Chief of Staff.

However, even as Chinese officials were expressing appreciation for and understanding of pending Japanese Overseas Development Assistance (ODA) cuts, history, in the form of Japan's high-school history textbooks, and the remarks of the Chairman of the Diet's Lower House Budget Committee, again returned to bedevil the relationship.

At the same time, commercial relations were troubled by a series of events. The treatment of Chinese passengers by Japan's ANA airlines, brake failures on Mitsubishi automobiles in China, and failures in Matsushita portable telephones raised anti-Japanese sentiment in China. Meanwhile, as the quarter ended, sudden Chinese export surges resulted in calls for self-restraint on the part of China and the threat of safeguards from Tokyo.

Diplomatic Success: Agreement on Prior Notification of Maritime Research Activities

On February 13 in Beijing, Japanese and Chinese negotiators exchanged documents establishing a system of mutual prior notification of maritime research activities in respective Chinese and Japanese Exclusive Economic Zones (EEZ). The agreement marked the successful conclusion of negotiations, which began in September 2000, following the late August visit of Japan's foreign minister to China

During the first six months of last year, the repeated incursions of Chinese maritime research vessels into Japan's claimed Exclusive Economic Zone, without prior notification, had become a major irritant in Sino-Japanese relations. Tokyo viewed such Chinese actions as violations of the Law of the Sea Treaty, and, during his visit to Beijing, Foreign Minister Kono Yohei raised the issue with his Chinese counterpart Tang Jiaxuan. Both agreed on the need to develop a prior notification mechanism and left the

details to be worked out by lower-level officials. (See “Waiting for Zhu,” *Comparative Connections*, Vol. 2 No. 3.)

The new mechanism requires that each government, two months prior to the beginning of maritime research activities, inform the other of the purpose and content of such activities as well as the designated ships and expected period of operation. However, the geographic area to which prior notification would extend was left deliberately vague. China agreed to prior notification of research activities in the “seas near Japan of concern to the Japanese side,” while Japan agreed to such notification “in the seas near to China.” A Japanese Foreign Ministry source explained that the text implicitly included Japan’s EEZ.

Diplomacy--Japan-hand to Return as Ambassador--and Confidence Building

In early March 3, Chinese diplomatic sources in Beijing reported that the government had decided on Wu Dawei as the PRC’s next ambassador to Japan. Wu, currently serving as ambassador to Seoul, is considered one of China’s Japan experts, having served previously as First Secretary and Minister in the embassy in Tokyo and as Director of the Japan desk and Deputy Director General of the Asia Affairs Bureau in Beijing. Chinese sources pointed to the appointment of Wu, a diplomat fluent in Japanese and well connected to various circles in Japan, as an expression of the importance attached by PRC President Jiang Zemin to the stable development of Sino-Japanese relations.

Military-to-military contacts also moved ahead with the visit to Japan of PLA Air Force Chief of Staff Liu Shun Yao. From February 27 through March 5, Liu met with senior defense policy officials, including the Director General of the Defense Agency and Japanese military counterparts. JDA officials viewed the visit as enhancing mutual trust and understanding.

Regret but Understanding on ODA Cuts

At the end of the year, Tokyo announced a 3 percent cut in its Overseas Development Assistance budget for the coming fiscal year. The cut was in line with recommendations made by a roundtable conference of 15 non-governmental officials after a six-month review of Japan’s ODA programs. With respect to China, rather than setting in advance a given aggregate amount of assistance, the report assessed China’s new development needs, priority areas, and individual projects to establish an overall figure.

In line with China’s increasing emphasis on Western Development, the report recommended a shift in ODA emphasis from the coastal regions to the interior, from infrastructure to environmental projects, human resource development, institution-

building, and technical cooperation. The report likewise recommended support for China's reform process and assistance with regard to China's entry into the WTO. During his October visit to Japan, PRC Premier Zhu Rongji was apprised of the direction in which ODA funding was moving, particularly in light of Japan's own economic and financial problems.

On January 8, China's Finance Minister Xiang Huaicheng, prior to a visit to Japan, met with the Japanese press corps in Beijing. Addressing the ODA decision, Xiang expressed his appreciation for Japan's assistance in promoting economic development and social progress in recipient countries. In this context the cut was "regrettable." Nevertheless, he noted that China was not singled out in the decision and that he respected the decision of the Japanese government. He regarded Japan's ODA program as "proof of its friendly policy toward China." Xiang went on to point out that bilateral economic cooperation extended to areas beyond ODA. On February 4, China's vice minister for foreign trade and economic cooperation expressed similar sentiment prior to visiting Japan.

History Strikes Back

During his October visit to Japan, Zhu Rongji attempted to take a forward-looking view of the history issue in order to enhance prospects of future China-Japan cooperation. Zhu did not turn a blind eye to history, but he also made clear that China was not intent on ceaselessly asking Japan for an apology. However, by mid-February, the good vibrations of the Zhu visit began to dissipate, as Japan's Ministry of Education, Culture, Sports, Science, and Technology began a final authorization of proposed junior high-school texts for the 2002 academic year. History again was the heart of the issue.

In Japan, textbooks are developed by private entities and submitted for factual review. In the present instance, the Association for the Writing of New History Textbooks (hereafter New History Association), which had previously criticized existing Japanese texts for "self-torment," submitted a review application last April. At that time, the text contained language, which cast the Pacific War as a war to liberate Asia and asserted that the annexation of Korea served to stabilize East Asia and that it was all done legally. Subsequently, last December, the review process generated a request for over 100 revisions, which were made, and the text in mid-February submitted to the Ministry for final review and authorization.

Also in mid-February, Norota Hosei, Chairman of the Lower House Budget Committee and former Director General of the Defense Agency, added fuel to the smoldering fire. On February 18, in remarks critical of post-war education reforms, Norota argued that in 1941 Japan was unavoidably driven by the United States oil embargo to turn south in order to secure natural resources and thus in truth fell victim to the United States policy.

This, he said, was the view of many historians. He went on to argue that the Greater East Asia War served to bring about an end to Western colonialism and with Japan's assistance, former colonies were able to achieve their independence.

In addition, Norota argued that defeat in the war gave rise to the truly mistaken belief that Japanese policies were wrong and that Japanese culture, history, and traditions were bad. Afterward, he defended his remarks, saying that he was only introducing what other critics were saying. He emphasized that, while it had been said that Japanese policy was mistaken, he was saying that it had not been. The response from Beijing, a *Xinhua* article headlined "Former Defense Minister Beautifies War of Aggression" came the same day. While the government initially took a circumspect view, the next day, the Foreign Ministry's spokesperson commented that the remarks suggest an "ignorant and irresponsible attitude toward the problems of history among one element in Japan." He stated that the war of aggression caused great harm to the victim countries and that words could not describe its calamities. In addition, he noted that Norota's statement served to heighten cautions about a similar direction in Japan's politics. Later in the month, at a regularly scheduled news conference, Zhu returned to the issue. Zhu asked that the Japanese government take steps to prevent the appearance of textbooks that beautify aggression in order to protect earnestly Japan's larger relationship with China. He asked that Japan listen attentively to China's voices.

In China, the Japanese press reported that, as a result of the textbook review and Norota's remarks, warnings of right-ward drift in Japan were gaining strength and cautioned against a possible sudden outbreak of anti-Japanese sentiment. A Chinese source familiar with Sino-Japanese relations explained that while the textbook issues was Japan's own internal matter, the government could not overlook the feelings of the Chinese people should the content of the textbooks wound their feelings. Meanwhile, the Communist Party's newspaper, *The People's Daily*, took a moderate line on the controversy, noting that "a majority of Japanese had a good understanding of history and that those trying to distort history and cause confusion were a minority."

On March 3, Beijing returned to the textbook issue. According to Japanese embassy sources, PRC Vice Minister of Foreign Affairs Wang Yi represented to the acting minister at the embassy his government's concern that the text proposed by the New History Association would serve to "beautify aggression." He cautioned that a strong reaction by the victims of aggression was unavoidable. On March 7, Prime Minister Mori Yoshiro stated that he "did not desire the textbook review process would give rise to friction with neighboring countries."

Echoing explanations of the textbook review process set out by Japan's political leaders and diplomats, the *Yomiuri Shimbun* March 2 editorial, "Japan, a Country Which Allows

Diversity of Thought” addressed Chinese and Korean protests. The editorial explained that Japan’s review process was fundamentally unlike that of China and Korea that produced a state-compiled textbook. In Japan, including the New History Association, there are eight publishing companies, which have applied for review of their texts. After the textbooks pass review, individual school districts are free to make their choice from among the various texts. Thus, Japan’s process was such that it yielded freedom of thought and speech.

This, the editorial pointed out, was unlike China where only one view of history exists, “that of the Communist Party and government,” and where neither freedom of thought nor freedom of speech are allowed to exist. For Beijing to argue that because Japanese texts did not reflect China’s view of history was tantamount to interference with the basic freedoms assured by Japan’s constitution. The *Yomiuri* concluded by referencing Japan’s negative reaction to Jiang Zemin’s history-laden visit of 1998 and cautioned that China’s continuing interference would only further harm Japan-China relations.

During a March 15 press conference at the Great Hall of the People in Beijing, Zhu Rongji addressed the issue of Sino-Japanese relations. While continuing to emphasize the importance of the relationship, Zhu also touched on the textbook issue. Noting that he had heard that revisions were made to the text of the New History Association submission, he also expressed the strong concern that “such changes were not sufficient.”

And Other Irritants

History was not the only problem in Japan’s relations with China. Commerce too produced its share of irritants. A series of occurrences--break-failures in the Mitsubishi Pajero, ANA airlines treatment of Chinese passengers, and faulty parts in Matsushita portable telephones--raised the anti-Japanese temperature of Chinese consumers. The *Yomiuri Shimbun*, February 24, and the *Asahi Shimbun*, March 8, ran similar stories, which centered on these issues, emphasized the speed at which news moved in contemporary China, and a growing resentment of Japan.

On January 28, an ANA flight departing Beijing for Narita was diverted to Kansai airport in Osaka because of heavy snow at Narita. According to the *Asahi* and *Yomiuri* stories, the Chinese media reported that Japanese, American, and Western European, but not Chinese, passengers were allowed to leave the terminal. At the same time Chinese passengers were not provided lodging and confined to the terminal, where they had to spend the night with only sandwiches being distributed for nourishment. The Chinese press attacked such treatment as “racial discrimination.” Such treatment, it argued, “could not be permitted.”

In its initial response, ANA expressed its regret at the report of discrimination. It pointed out that it was not only Chinese passengers who had to remain at the terminal; that nearby hotels were almost completely booked; and that other passengers were satisfied with the light meals that had been served. Later, an ANA report on the incident admitted that service at the airport had not been attentive to the needs of the passengers, but maintained that this was not a case of racial discrimination. Moreover, with regard to the assertion that only Chinese passengers were not allowed to leave the terminal, the report that all of the 95 Chinese passengers were in transit, and because the connecting flights had not been re-scheduled, they were according to immigration regulations, not allowed to leave the airport.

Starting last autumn, brake failures began to be discovered in the Mitsubishi Pajero. In February, after a series of reported accidents attributed to brake failure, the Chinese government banned importation of the models. While Mitsubishi moved to a China-wide recall to repair the defective mechanism free of charge in the 72,000 vehicles and later to provide compensation to those injured in accidents involving the Pajero, the Chinese media went on the offensive. Stories appeared accusing Mitsubishi of “hiding the truth,” “avoiding responsibility,” “failing to apologize,” and offering “insufficient compensation.” Television and press reports characterized riding in a Pajero as tantamount to riding in a death trap. They defined the issue as one of Japanese disregard for the Chinese consumer and asserted that Japanese products in the China market were not the same quality as Japan consumed internally or exported to the United States and Western Europe. The media cited lawyers who suggested that the failure was grounds for a class action suit.

At the same time, faulty parts in Matsushita portable telephones resulted in impaired connections. News of the failure was picked up in the Guangdong media and spread rapidly through Shanghai and Beijing. To manage the outcry, Matsushita published a public apology in the local media in each of the areas.

The Japanese media in China noted that, in contrast to the past when *The People's Daily* set the standard line for news coverage, in today's China such Japan-related stories served to expand readership for the mass circulation dailies sold at newsstands. Similarly, the rapid spread of the internet both facilitated the almost instantaneous and widespread dissemination of such stories and complicated the efforts of the Chinese government to manage the flow of information.

Chinese Military Power

In early February, the conservative *Sankei Shimbun* ran a story headlined “The Causes of Instability in East Asia: China's Striking Increase in Military Preparations.” The story,

based on a report issued by the Nixon Center in Washington, outlined four causes of instability in the region: tensions involving China's missile build-up across the Taiwan Strait; China's build-up of its missile and nuclear forces, which, the report noted, would be taking place with or without U.S. restraint on missile defenses; the United States missile defense plans; and mistrust between China and Japan.

As for the China-Japan relationship, the story noted China's opposition to Japan's efforts to break with its post-war traditions and become a normal country with respect to national security and to contribute as such to international and regional security. Over the long term, the report argued that Japan's advocacy of nuclear disarmament in the face of China's nuclear modernization, its emphasis on multilateral structures, and reliance on U.S. forward-deployed forces would continue to be sources of tension between the two countries.

On March 6, the Chinese government announced a proposed 17 percent increase in defense spending for fiscal 2001. While slightly less than the 19.8 percent increase in overall spending, the figure made headlines in Japan. The Chinese leadership explained that high-tech emphasis was necessary to deal with changing military conditions across the globe and, closer to home, to constrain any movement by Taiwan toward independence. Of particular concern was the development of theater missile defense (TMD) by the United States and Japan and the possible sale of Aegis/TMD systems to Taiwan. To counter such moves, China was increasingly relying on high-tech warfare.

Two days later, the *Sankei Shimbun's* March 8 editorial, "Military Increases and Intolerable Anxieties," pointed to China's increased defense budget, its accelerating modernization of its nuclear missile forces, and research in high-tech warfare as matters of deep concern. What raised Japanese suspicions was, on the one hand, China's advocacy of peace and criticism of national missile defense (NMD) for igniting an arms competition, while at the same time engaging in a continuing, large-scale military build-up and modernization. This, the editorial noted, was the essence of Zhu Rongji's March 5 report to the National People's Congress.

While Japan recognized the right of sovereign countries to maintain defense forces, it was resolutely opposed to the use of military might for political purposes. It was because of concerns about China that the countries of Asia set out to strengthen their own militaries during the past decade, and it is the speed of China's military build-up that is inviting Asia's military expansion. The editorial concluded by calling for self-restraint from Beijing.

Earlier, on March 1, Japan's National Institute for Defense Studies, the Defense Agency's think tank, released its annual Strategic Survey. Again in the 2001 edition, particular attention was paid to China's continuing military modernization.

Assessing the PLA Navy's stepped-up tempo of operation, the Institute posited that the activity was aimed at constraining the introduction of TMD in Japan and Taiwan, collecting signal intelligence against Japan's Self Defense Force and U.S. forces stationed in Japan, and collecting oceanic data for submarine warfare. The report expected increasing air and naval activities in the region by China's air force and navy.

At the strategic level, the Strategic Survey expressed concern with the expansion of China's intercontinental ballistic missile (ICBM) force, a development, the report noted, that would continue whether or not the United States deployed a national missile defense system. NMD, however, would accelerate the tempo of China's ICBM program. Accordingly, the report called for a U.S.-China strategic dialogue.

Bilateral Trade: Problems and Prospects

Japan's increasing commercial interaction with China brought with it a number of problems for Japan's older, protected industries.

Increasing imports of 14 Chinese agricultural products, including onions, mushrooms, and garlic, led Japanese agricultural producers to call for safeguards against Chinese imports. On February 6, China's Vice Minister for Foreign Trade and International Economic Cooperation met in Tokyo with Japan's Minister of Agriculture, to discuss the issue. As a result, it was agreed that bilateral trade discussions on the import issue would take place later in the month.

The talks, however, failed to resolve the issue to Japan's satisfaction and, on March 22, the Ministry of Agriculture announced that it would, following consultations with the Treasury and Economics Ministries, seek application of temporary safeguards against the import surge. Also, pending agreement among the three ministries, the Agriculture Ministry would seek to increase the duty on such imports. At the end of the month, inter-ministerial consultations were reported to be entering the final stages. During a March 28 press conference, Finance Minister Miyazawa Kiichi outlined a two-stage strategy--Japan would first ask China to exercise self-restraint and should that prove unavailing, it would then take steps to restrict imports.

Japan's salt industry, faced with liberalization of the salt market beginning in April 2002, grew concerned with the prospect of a rapid increase of low-price, quality salt from China. Japan's salt industry had enjoyed a monopoly from 1905 through 1997, when it

was abolished and a five-year phase-in to complete liberalization established. To look at the consequences of the anticipated price competition on Japan's salt industry, the Finance Ministry began deliberations on a policy response. A report is expected in the autumn.

At the same time, other Japanese companies looked to China for profit. On January 9, Yamaha announced a tie-up, starting in March, with a Chinese venture aimed at providing music through the internet and portable phones. On February 8, six of Japan's major trading companies, Mitsubishi, Mitsui, Sumitomo, Itochu, Marubeni, and Nissho Iwai, along with 13 other companies, entered into bidding on a natural gas pipeline to be constructed as part of China's Western Development Plan. The pipeline will run some 4,200 kilometers, from China's interior to Shanghai. Related gas field development, pipeline construction and management, construction of electricity generating facilities, and fertilizer plants are estimated to exceed two billion yen. In a related Western development project, the Japanese government announced a decision to provide technical assistance to a coal liquefaction project; subsequent private sector participation is now under consideration.

Also indicative of the ability of the two countries to work together, Japanese companies and the Chinese city administration of Dalian joined together to attack the proliferation of counterfeit goods by establishing the Japan-China Association to Prevent Counterfeiting. Representing over 2,000 Japanese companies in Manchuria, the aim is to make the three Northern Provinces a model for anti-counterfeit cooperation.

Looking Ahead: External But Critical Factors

Over the first three months of the year, factors external to Japan's bilateral relations with China have raised questions regarding the strategic evolution of East Asia. These factors center on the development of U.S.-Japan and Sino-U.S. relations under the new Bush administration.

While the Japanese media has pronounced itself generally pleased with the increased attention the new administration promises to pay to Japan and to the U.S.-Japan alliance, two issues, national missile defense and Taiwan, threaten to complicate Japan's already complex relations with China. At present, Tokyo is engaged in a TMD research program with the United States, to which Beijing has repeatedly made clear its official opposition.

Of immediate concern to Tokyo, however, is China's strong opposition and possible reaction to a sale by the Bush administration of TMD-capable Aegis-equipped destroyers to Taiwan. A worst-case scenario would posit conflict between the U.S. and China. During debate in the Diet over Japan's New Defense Guidelines, the issue of whether

Taiwan was “in” or “out” of the geographic areas surrounding Japan, in which Tokyo would be required to assist the United States in a security contingency, was left ambiguous and unresolved. Thus, depending on China’s response, the implications of an Aegis/TMD sale could pose strategic choices that Tokyo would prefer not to make.

In a December 30 *Mainichi Shimbun* column, former Japan Defense Agency Vice Minister and currently visiting fellow at Harvard University, Akiyama Masahiro looked at the dangers inherent in the Taiwan arms sales question and the uncertainties involved in the United States redefining its relations with China under the new Bush administration. He recognized that whatever policies are adopted by the Bush administration, managing relations with China would likely be difficult for Japan. And, given the importance of military affairs in the Japan-China relationship, Akiyama considered it essential both to increase participation in the bilateral defense exchanges to include lower ranking officers and defense officials and to expand the security dialogue.

Chronology of Japan-China Relations January-March 2001

Jan. 9, 2001: Yamaha announces music/internet joint venture with Chinese partner.

Jan.15-21, 2001: DPRK leader Kim Jong-il visits Shanghai and Beijing.

Jan. 28, 2001: Air Nippon flight is diverted from Narita to Kansai Airport; Chinese passengers are not allowed to leave terminal.

Feb. 6, 2001: Japanese and Chinese officials meet in Tokyo to discuss surge in China’s agricultural exports.

Feb. 8, 2001: Major Japanese trading companies announce intention to enter bidding on natural gas pipeline construction projects in China’s interior.

Feb. 13, 2001: Japan and China reach agreement on prior notification mechanism for maritime research activities in respective EEZs.

Mid Feb. 2001: Approval of Japan’s history textbook draws criticism from China and Korea for “beautifying” Pacific War.

Mid Feb. 2001: Mitsubishi and Matsushita face Chinese criticism for product failures.

Feb. 18-19, 2001: Norota Hosei, Chairman of Lower House Budget Committee, remarks on the Pacific War and post-war education reforms, draws Chinese criticism.

Feb. 27-Mar. 1, 2001: PLA Air Force Chief of Staff Liu Shun Yao visits Japan.

Mar. 1, 2001: Japan's National Institute for Defense Studies issues 2001 Strategic Survey; much attention is given to China's military expansion and modernization.

Mar. 6, 2001: China announces 17 percent increase in defense spending.

Mar. 20, 2001: Zheng Qinghong, Chief of the Communist Party's Organization Bureau and intimate of Jiang Zemin, visits North Korea to advance preparations for Jiang's visit.

Mar. 22, 2001: Agriculture Ministry announces intention to seek temporary safeguards against agricultural imports from China.

Mar. 28, 2001: Finance Minister Miyazawa Kiichi outlines two-phase strategy to deal with China's agricultural export surge: first, to ask self-restraint then, should China not cooperate, to impose safeguards.

Japan-Korea Relations: History Haunts, Engagement Dilemmas

**by Victor D. Cha,
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The name of the game in Japan-Korea relations this past quarter? History. This variable surfaced in the form of proposed revisions in a Japanese junior high school history textbook, souring Seoul-Tokyo diplomatic relations. It also surfaced with regard to new revelations concerning DPRK atomic bomb victims. The major “non-event” was the absence of policy coordination among Japan, the ROK, and the United States as the transition process to the new Bush administration remained incomplete (in terms of the Asia policy-team appointments) and Korea policy undergoes inter-agency review. While a trilateral coordination meeting took place at the end of the quarter in Seoul to manage the modalities of DPRK policy, the larger dilemma for Japan and DPRK policy remains clear.

Japan-ROK Relations: Just as Things Were Getting Better...

After a prolonged period of very positive interaction that lasted several years, history came back to haunt Seoul-Tokyo relations this quarter. The problem, as in the past, centered on the Japanese Education Ministry’s screening of proposed revisions to a junior high school history textbook by a group of relatively obscure nationalist historians led by Nishio Kanji. Among the passages considered offensive by aggrieved parties was reference to Japan’s 1910 annexation of the Peninsula as supported by the United States and Europe as a measure to stabilize East Asia, and reference to the annexation as “legal” following “the fundamental rules of international relations.”

The Ministry of Education’s deliberation over these and other revisions sparked protests by Seoul, Pyongyang, Beijing, and even Taiwan in late-February-early-March. On the one issue that always seems to unite Koreans, historians from the North and South issued joint statements condemning the Japanese. Public outcry in the South was strong enough that ROK officials sought a postponement of Japan-ROK scheduled ministerial talks and former premier Kim Jong-pil was sent to Japan on a quiet special envoy mission to seek a resolution to the problem (March 8).

Many might view the current textbook controversy as evidence of the absence of historical reconciliation between Seoul and Tokyo; however, if one looks more closely, the latest controversy is arguably an indicator of *how far* Japan-ROK relations have come in terms of dealing with history. Events of similar and even less severe magnitude in the past have had a far more devastating impact on relations. In the 1950s, for example, single sentences by a Japanese official with regard to historical interpretations resulted in four-year ruptures in diplomatic normalization negotiations. As late as the 1980s, bilateral tensions over a similar textbook controversy were so severe they disrupted parallel bilateral loan negotiations, and even caused Japanese tour groups to cancel trips to Seoul. By contrast, today's dispute is characterized by low-key statements, moderate attitudes, and the absence of histrionics. President Kim Dae-jung called for an accurate reading of history (March 9) but avoided any direct demands on Japan, fully acknowledging that such demands would violate Japan's domestic affairs (such demands were common practice in the past). Both sides made clear that postponement of the ministerial meetings had as much to do with uncertainty in Japan's domestic political situation as with the textbook issue. And perhaps most important, Seoul and Tokyo officials, while acknowledging the importance of the issue, pledged that it would not affect the entire relationship. These reactions offer a perspective and rationality on history absent in the past. Such disputes are simultaneously reminders of the past and tests of a more maturing relationship.

Japan-DPRK Relations: History and A-Bomb Victims Too

While the textbook controversy tested the durability of the Japan-ROK cooperative partnership, it offered a vivid reminder of how far Japan and the DPRK are from reconciliation. Textbooks are the not only manifestation of the yawning gulf in Tokyo-Pyongyang reconciliation, as this past quarter saw new revelations regarding North Korean atomic bomb victims. This group (*pip'okja* in Korean, *hibakusha* in Japanese) refers to conscripted Korean laborers forced to work in Hiroshima and Nagasaki during World War II, who found themselves inadvertent victims of the bombings in August 1945. According to Korean sources, of the 80,000 Koreans in the two cities in 1945, approximately 40,000 perished and 30,000 more near the hypo center of the blast were irradiated. About 23,000 of these A-bomb survivors returned to Korea after the war.

In response to DPRK demands for compensation, a Japanese foreign ministry fact-finding mission (led by Asian Affairs Deputy Director-General Sato Shigekazu) reported that some 1,353 cases (928 alive) existed at the end of 2000 in North Korea. Whether compensation for these victims will be dealt with individually as civil cases or folded into a larger normalization settlement is unclear. In the South Korean case, official compensation by the Japanese government fell under the 1965 settlement, but

supplemental assistance was provided periodically by the two governments (e.g., 1981 cost-sharing for transporting repatriated *pip'okja* to Hiroshima for medical treatment; the May 1990 Roh Tae-woo- Toshio Kaifu summit produced \$12.6 million in Japanese assistance to ROK Red Cross).

Japan-DPRK Normalization Talks: The Dilemma Worsens

Even if the two governments can reach a mutually satisfactory outcome on A-bomb survivors compensation, this would represent one very small step in the excruciatingly slow Japan-DPRK reconciliation process. Indeed, if the big event for the quarter was the history dispute, the corresponding “non-event” was the absence of any movement whatsoever on normalization talks. Undoubtedly this was a function of the holding pattern all parties were placed on after the Bush-Kim summit (March 7) and the new U.S. administration’s signaling of possible changes in North Korea policy pending completion of a policy review. General statements in support of trilateral engagement with the North emerging from the Trilateral Coordination Oversight Group meetings at the end of the quarter (March 26) were a welcome sign that not all had come to a screeching halt following the Bush-Kim summit (the U.S. and ROK reportedly disagreed on the pace of re-engaging with the North). However, even if the Bush administration emerges at the end of its deliberations somewhere near the Clinton administration’s support of Kim Dae-jung’s Sunshine Policy (as many experts expect), Japan faces some fundamental dilemmas on engagement.

Japan’s basic dilemma is that actions taken in support of allied engagement with the North may counterintuitively serve to undercut Japan’s own interests and policy (see “What’s Behind the Smile?” *Comparative Connections* Vol. 2 No. 3). There are three dimensions to the problem. The first deeper problem for Japanese engagement is the inability to distinguish clearly between DPRK tactics and intentions. Skeptics and optimists agree that Pyongyang’s diplomatic offensives reflect a change in tactics largely for the purpose of regime survival. The as-yet unanswered question is whether a fundamental change in the nature of the regime’s intentions has also taken place. All three allies have been willing to risk some opacity on Pyongyang’s underlying preferences and pursue engagement as a window on these intentions. The dilemma for Japan, relative to the other allies, is that there are arguably fewer “baskets” of transparency-building issues on which to engage in order to get a better sense of DPRK intentions. For example, Seoul has a weighty basket of issues, including family reunions, infrastructure rejuvenation projects, ministerial meetings, and summits, on which to gauge further DPRK intentions. To a lesser extent than Seoul, Washington too has a basket of issues, including MIA remains and terrorism, where DPRK concessions offer a window on whether intentions rather than tactics are changing. However, for Japan, the comparable basket of issues is substantially lighter. Home visits for Japanese wives is a

potential vehicle to communicate political goodwill, but even with DPRK concessions, there is little value-added in terms of understanding preferences. Similarly, the abduction issue has been a major impediment to normalization talks, but actions by Pyongyang to resolve this issue, again, do not convey a sense of “costliness” on Pyongyang’s part and create confidence of a change in preferences or aggressive intentions vis à vis Japan.

One response to the above problem might be for Japan to expand the list of issues on which it could engage the DPRK. However, the problem here (as illustrated above) is that historical animosity places inherent limits on the range of available issues. One assumes that the DPRK is undergoing significant internal adjustment as the domestic images of Seoul and Washington underwent rapid reconstruction after the June 2000 summit. To effect a similar transformation with Japan is difficult, particularly if DPRK identity and national purpose needs to be constructed negatively (i.e., against an adversary). Moreover, if one of the primary causes for historical reconciliation between Japan and South Korea was the ROK’s development and democratization (see “Rooting the Pragmatic,” *Comparative Connections* Second Quarter 1999), then this offers a positive example of everything that is missing from a historical reconciliation formula between Japan and the North. This assessment does not deny that a normalization settlement may still occur between Tokyo and Pyongyang, but it does mean that historical reconciliation will not. Hence a normalization settlement would result in a situation similar to 1965, where material incentives (security and economics) pressed a settlement, but perceptions and attitudes remained highly antagonistic. From the Japanese perspective, this then begs two questions: Why press for normalization, if Japan will still remain demonized in DPRK rhetoric; and why press for normalization, if residual historical enmity ensures that a settlement will provide little in terms of a window on DPRK intentions?

The third dimension of Japan’s engagement dilemma is perhaps the most problematic. While Tokyo supports the Sunshine Policy, conservative circles in Japan are rightfully worried about being entrapped in a position where the thaw on the Peninsula obscures Japan’s security interests. Indeed, there appears to be an inverse correlation between positive developments in U.S.-DPRK and ROK-DPRK dialogue on the one hand and negative developments in Japan-DPRK dialogue on the other. For example, in the summer and fall of 2000, the June inter-Korean summit and exchange visits by General Jo Myong-rok and Secretary Albright had a discernibly mollifying impact on DPRK propaganda toward Seoul and Washington. However, during this period, the propaganda machine focused with laser beam intensity on Japan. Similarly, one of the primary reasons Japanese officials came away empty-handed from normalization dialogue at the end of 2000 (see “Ending 2000 with a Whimper, Not a Bang” *Comparative Connections* Vol. 2 No. 4) was Pyongyang’s disinterest as the possibility of a Clinton visit loomed large. Japan faces a catch-22: It supports U.S. and South Korean engagement with the

DPRK, but the very success of this engagement only undercuts Japan's own initiatives with the North.

In the context of trilateral policy coordination, what is perhaps most worrying as one looks down the road of Japan-DPRK dialogue is that even best-case scenarios appear somewhat unsettling from a Japanese security perspective. If one imagines a "final bargain" for the DPRK in the future, where it trades some conventional arms cuts and long-range ballistic missile aspirations for money and regime survival, this would address U.S. and South Korean non-proliferation and Peninsular security concerns but would not bring security to Japan because of the residual and real No-dong threat. As noted in *Comparative Connections* Vol. 2 No. 3, the deployed No-dong missiles are the most immediately threatening to Japanese security. They also constitute the operational security capabilities that Pyongyang is least likely to part with. Japan may therefore be stuck between a rock and a hard place.

The uncompleted missile talks left at the end of the Clinton administration only amplifies this last point. The negotiations centered on a DPRK ban of all exports, production, testing, and further deployment of missiles in excess of 500 kilometers in exchange for free civilian satellite launches and compensation "in-kind" for revenues gained through its missile sales (in the form of food, economic, and humanitarian aid). As is well-known, these talks broke down for a variety of reasons, most important of which were ambiguities with regard to verification measures for such agreements. However, in the context of Japan's dilemmas, the U.S.-DPRK talks were wholly unsuccessful at getting Pyongyang to address the 100 deployed No-dong missiles.

Japan's engagement dilemmas are equally apparent with regard to the North's chemical and biological weapons threat (CBW). Next to the ballistic missile and nuclear weapons threats posed by the North, the CBW threat (estimated to be the third largest stockpile behind that of the United States and Russia) is of intense, but less publicly expressed, concern in Japan. However, neither U.S.-DPRK security bilaterals nor ROK-DPRK dialogue include this issue. The reasoning is two-fold. Addressing the missile threat can by default address the CBW threat (i.e., by negating the primary means of delivery); and because U.S. war-planning on the Peninsula includes potential CBW-use by the North, such threats are seen in the context of conventional force negotiations (should these ever occur). While both rationales make sense, neither is comforting from a Japanese perspective. In particular, the first does not address the likelihood of unconventional means of delivering CBW, a fact not lost on the Japanese (who remember the Aum Shinrikyo sarin gas attack in a Tokyo subway). The upshot with regard to DPRK engagement among the three allies is the same: If the current portfolio of negotiations held by Seoul and Washington go well, they could easily bypass vital Japanese security concerns.

Some might ask, “Who cares if Japan is left behind?” If the U.S. and ROK can make a deal with the DPRK that encompasses long-range missiles, nuclear threats, and some conventional force reductions, then this is not bad. The problem is that you cannot get the latter without the former. The biggest material carrot out there for successful U.S.-ROK engagement with the North is Japanese financial support--either in the form of a normalization settlement or Tokyo’s consent to billions of dollars in IMF-World Bank loans for Pyongyang. The more optimistic argue that Japan as a “good ally” should toe the line with Seoul and Washington, even if its own needs are not being directly addressed. And pigs can fly (especially in the current domestic-political environment in Japan).

The outlook: Japan-ROK bilaterals in the next quarter (particularly a visit by JDA Director Saito Toshini) are likely to refocus Seoul-Tokyo lenses on the overarching and important security issues. No movement is likely on Japan-DPRK talks until the summer. In part, the pace will depend on who succeeds Mori as premier in Japan. Nonaka Hiromu is known to have the sort of political connections that could jump start talks with Pyongyang. But how such connections can massage the larger engagement dilemmas and satisfy a skeptical Japanese public is at best unclear.

Chronology of Japan-Korea Relations¹ **January-March 2001**

Jan. 5, 2001: DPRK’s *Rodong Sinmun* carries an article warning of the Japanese military threat and legislation in Japan aimed at enabling the Self-Defense Forces to operate over wider areas.

Jan. 5, 2001: John R. Bolton (senior vice-president of the American Enterprise Institute) says that the diplomatic focus in Asia will focus on managing the PRC’s negative reaction to missile defense plans of the U.S. Bush administration and strengthening the support of Japan, ROK, and Taiwan for missile defense.

Jan. 6, 2001: ROK Foreign Minister Lee Joung-binn phone conversation with his Japanese counterpart, Kono Yohei, expressing hope that the Japanese government’s screening of junior high school history textbooks this year will go smoothly.

¹ Chronology prepared with the assistance of Hannah Lee.

Jan. 6, 2001: FMs Kono and Lee agree that Japan, the ROK, and the U.S. should continue close ties in dealing with the DPRK despite the change in U.S. administration.

Jan. 9, 2001: The Korean Peninsula Energy Development Organization (KEDO) selects a Japanese business consortium (Hitachi-Toshiba) to supply the turbine generators for the planned light-water reactors in the DPRK over GE of the U.S.

Jan. 12, 2001: The *Asahi Shimbun* reports that the Japanese government in Diet sessions maintained that the satisfactory resolution of the DPRK abduction issue is a pre-condition to normalization.

Jan. 18, 2001: DPRK freighter arrives at Osaka Port, Japan, to transport the first installment (10,000 tons) of 500,000 tons of rice aid committed by Japan to the DPRK at the end of 2000.

Jan. 22, 2001: Japanese Vice FM Kawashima Yutaka says that Japan hopes DPRK leader Kim Jong-il's recent trip to Shanghai would influence the DPRK to move towards reform and opening.

Jan. 23, 2001: FM Kono says that Japan's normalization with the DPRK is not only inevitable but also morally necessary; he argues that while Japan must be cognizant of the history between the two countries, the DPRK must acknowledge Japan's humanitarian concerns (i.e., kidnappings).

Jan. 26, 2001: FM Kono meets with U.S. Secretary of State Colin Powell and National Security Advisor Condoleezza Rice in Washington.

Jan. 31, 2001: Japanese Ambassador to the ROK Terada says that given the Bush administration's cautious approach to the DPRK, continued close cooperation among the U.S., the ROK, and Japan is important for stability on the Korean Peninsula.

Feb. 9, 2001: *Sankei Shimbun* reports that DPRK leader Kim Jong-il's instructions in April 1999 to the Association of Pro-DPRK Residents in Japan emphasized pragmatism and flexibility in pursuing the path of reform while maintaining outward appearances of ideological rigidity.

Feb. 9, 2001: *Choson Ilbo* newspaper of the Chongryon (General Association of [DPRK] Korean Residents in Japan), reports that Kim Jong-il's latest trips to Shanghai do not reflect reform plans along the Chinese model; the DPRK will follow its own *juche* model of reform.

Feb. 15, 2001: Seoul decides to provide up to 36 billion yen to support bankrupt pro-ROK credit unions in Japan on condition that the unions cope with their bad loans; asks for Tokyo's approval.

Feb. 16, 2001: The "foreign compatriots" from the PRC, Japan, Russia, and other countries make visits to Pyongyang on the day of DPRK's leader Kim Jong-il's 59th birthday.

Feb. 22, 2001: DPRK Foreign Ministry threatens to resume long-range missiles tests in retaliation against any hardline changes in Bush's policy toward North Korea.

Feb. 23, 2001: *Choson Ilbo* reports that the DPRK Foreign Ministry made an official statement criticizing a proposed Japanese history textbook containing statements that justify annexation of Korean Peninsula.

Feb. 24, 2001: The DPRK's *Korean Central News Agency* (KCNA) cited a newspaper commentary criticizing Japan for denying its wartime aggression. North Korea demands redress over Japan's wartime past crimes.

Feb. 25, 2001: *Japanese Economic Newswire* reports that Japanese officials express pessimism about normalization talks with DPRK.

Mar. 2, 2001: In Pyongyang, DPRK and ROK historians issue a joint declaration accusing Japan of trying to whitewash its history of aggression.

Mar. 7, 2001: *Yomiuri Shimbun* article states that Japanese diplomatic sources in Washington are concerned about differences between U.S. and ROK in DPRK policy and call for early re-coordination of DPRK policy among the U.S., the ROK, and Japan.

Mar. 8, 2001: During the ROK-U.S. summit, the two leaders reaffirm that South Korea and the U.S. continue to maintain close three-way cooperation with Japan regarding North Korean affairs.

Mar. 9, 2001: *Japan Times* editorial expresses concern over Bush administration's possible change in Korea policy, it warns that "treating Pyongyang like an enemy will ensure that it becomes one."

Mar. 9, 2001: Japan and the ROK postpone regularly scheduled annual ministerial meetings. ROK President Kim Dae-jung urges Japan to have a "correct" understanding of its history.

Mar. 10, 2001: The Japanese Defense Agency research institute, National Institute for Defense Studies, releases its annual Defense Outlook. Regarding Korea, it expresses caution about a rapid reduction in Peninsular tensions and concerns about North Korea's ability to manage simultaneous processes of external opening and internal reform.

Mar. 13, 2001: DPRK representatives to the United Nations release a communiqué maintaining that Japan is not qualified to become a permanent member of the UN Security Council.

Mar. 17, 2001: White House announces that President Bush will travel to Tokyo, Seoul, and Shanghai (to attend the APEC summit, October 20-21) in the fall.

Mar. 18, 2001: The Japanese government's fact-finding team on DPRK atomic bomb victims says that an alleged 1,353 people in the DPRK were victims of the atomic bombings of Hiroshima and Nagasaki in 1945.

Mar. 19, 2001: Bush-Mori summit discusses security issues surrounding the PRC, Russia, and the DPRK.

Mar. 26, 2001: Trilateral Coordination Oversight Group meeting in Seoul.

Mar. 26, 2001: Council on Foreign Relations Korea Task Force Report stresses the importance of continuing trilateral policy coordination among the U.S., Japan, and South Korea under the Bush administration

Mar. 27, 2001: South Korea joins the Missile Technology Control Regime.

Mar. 29, 2001: New ROK FM Han Seung-soo consults with Japanese Ambassador to the ROK Terada on the textbook screening controversy. Both agree to maintain the overall positive tenor of Japan-ROK relations.

Mar. 29, 2001: ROK NGO protests the Hiroshima High Court's rejection of an appeal by three former ROK comfort women and seven ROK female forced laborers demanding a formal Japanese government apology and 396 million yen in compensation.

China-Russia Relations: Crouching Missiles, Hidden Alliances

**by Yu Bin,
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No sooner did George W. Bush take office in January than China and Russia encountered Washington's uncompromised "moral imperative" to deploy missile defense (MD) systems. Meanwhile, in the areas of proliferation, human rights, and regional security, Bush's "humble realism" is creating a situation in which Russia and China are moving, though reluctantly, toward a major upgrade of their bilateral ties with a considerably expanded defense component for the next two decades. This despite the fact that their historical mutual distrust, domestic political systems, and external economic interests should have pulled each other away from such a hidden agenda.

Moving Beyond Strategic Partnership

For Russia and China, signing a comprehensive treaty is by no means for defense purposes alone. The mutual need for a broader, deepened relationship, particularly in the economic area, has been of concern to Moscow and Beijing since the normalization of relations in the late 1980s. Beyond that, Russia's interest in securing its thousand-kilometer border in the east in the midst of its historical decline is one of the key considerations for a binding accord with its largest and steadily rising neighbor in Asia. A safe and secure Asia Pacific front would be a valuable card that Russia could play in dealing with a more powerful Europe.

For China, such a treaty would provide more certainty when Russia is plagued with domestic instability and constant leadership reshuffling. An immediate goal is perhaps to make it harder for Russia to cut a separate deal with the U.S. over missile defenses, which many in China believe that Russia is both capable of and perhaps willing to do. In the longer term, a friendly, or at least neutral, Russia would be highly desirable if the situation in the Taiwan Strait and across the Pacific deteriorates.

For all these attractions, however, Russia and China have, until recently, postponed a type of partnership that would jeopardize their respective relationships with the West and

particularly with the United States for one simple reason: their long-term modernization (for China) and recovery (for Russia) cannot be achieved separately from the West-dominated world trading system. The long-held articulated policy by the two strategic partners not to target a third party reflects both the limits and the irony in the history of their complex bilateral relationship.

At the beginning of the new millennium (for China and Russia, the millennium started in 2001), policies of the new U.S. administration appear to be compelling Moscow and Beijing toward closer coordination in defense matters with consequences that may be neither anticipated nor liked by any power, including Russia and China.

Dancing with W

The drafting of a comprehensive friendship treaty started in the last few days of 2000, when the deputy foreign ministers of the two countries met in Moscow. At the beginning of the new year, drafting teams went into “full swing.” In mid-January, Russian President Vladimir Putin and PRC President Jiang Zemin reportedly discussed, in an unpublicized telephone conversation, the issues in the treaty. They covered broad orientation of the bilateral ties and steps to be taken for a much upgraded and deepened relationship. Already, officials of both countries were upbeat about the pending treaty, which was said to become “a major landmark in the history of relations between the two countries” and to “overshadow” all other agreements to be signed at the moment.

While the final wording of the treaty is still being worked out for the midyear Moscow summit, Russian and Chinese officials continued to tell Westerners, publicly and privately, that they were not making an alliance. Rather, it would be a document to “sum up everything positive that has been amassed in bilateral relations over the past decade and to serve as the basis for their development in the 21st century” and would not “include any mutual commitments of the military-political kind,” according to Russian sources.

While these gestures were seen by some in the West as “hollow rhetoric” (*The New York Times*, January 14, 2001), moves by Moscow and Beijing to publicize their effort while deflecting Western concerns were signals to the new Bush administration about the likely outcome for MD systems. The door was left open for a less defense-oriented treaty.

Events, however, quickly outpaced expectations in Moscow and Beijing. Barely two weeks into office, the Bush administration launched a “missile offense” against its European allies. Speaking at the Munich Conference on International Security, Defense Secretary Donald Rumsfeld declared that a ballistic missile defense system was not a technical issue but “a moral imperative.” He blamed those skeptical European leaders,

who were a generation younger, for using outdated Cold War concepts, such as deterrence, mutual assured destruction, and the Anti-ballistic Missile Treaty (ABM) for security and stability. For both Russia and China, the U.S. “consultation” with its allies over the sensitive missile defense issue was no more than a take-it-or-leave-it order. If this was the way of Washington dealt with its allies, nothing would stop the U.S. effort to deploy its missile defense system, just as Russia had had to swallow NATO expansion.

It was not long before Washington turned up the heat on Moscow and Beijing. Shortly after American and British planes struck Iraqi targets outside the no-fly zone on February 16, Washington accused both China and Russia of alleged “misbehavior.” While China was blamed for helping improve Iraqi air defenses and amassing missiles across the Taiwan Strait, Russia was said to have moved nuclear weapons westward to threaten Baltic Sea and to be an active “proliferator” of weapons of mass destruction. These actions by Russia and China would require and justify U.S. missile defenses at both theater and strategic levels.

For Russia and China, watching the quick unfolding of Bush’s bold foreign policies was frustrating. On February 19, Russian Foreign Minister Igor Ivanov and his Chinese counterpart Tang Jiaxuan spoke via phone about the Iraqi bombing. They also discussed the pending Moscow summit in June or July. Both described the scheduled signing of the friendship treaty as “a historic event that will allow the creation of a solid foundation for the further advancement of relations of equal trustful partnership and strategic cooperation between the two countries.”

While Tang and Ivanov coordinated their positions over the Beijing-Moscow hotline, defense officials were meeting in Moscow on February 20 to 22 for the 8th session of the Russian-Chinese inter-governmental committee for military and technical cooperation. The three-day meeting fashioned their expanded military-defense cooperation into short (2001-02) and mid-term (2001-07) frameworks for both research and development in military technology and weapons sales, with a projected 20 to 25 percent annual growth rate. The Russian side even expected a “breakthrough” in its military-technological cooperation with China.

Chinese General Zhang Wannian, vice chairman of China’s Central Military Commission, joined the military-technical subcommittee. An agreement was reportedly reached to regularly exchange defense intelligence, a major step toward the forming of a quasi-defense alliance. Other agreements included setting up a joint expert group for missile defense and counter missile defense mechanism for Russia and China and/or regional countries. Although Russian Deputy Prime Minister Ilya Klebanov, who chaired the Russian governmental team, publicly ruled out the sale of Russian strategic nuclear submarines to China, it was believed that the two sides had reached an agreement to sell five Russian A50 early warning radar planes to China.

Reluctant Partnership

A substantive Sino-Russian strategic partnership is clearly in the making. If events follow their natural trajectory and the U.S. takes steps toward deploying a missile defense systems, a defense mechanism between Moscow and Beijing, declared or not, would be “activated.” Such a mechanism, however, would largely be issue-based and event-driven, rather than rigid, encompassing, or formed out of affection. Each would prefer maximizing its freedom of action outside the accord. Its operating principle would be consultative and consensus building, unlike the asymmetrical relationship between Washington and its allies.

Even when China and Russia were working hard on the treaty, dissonance was discernible. Sha Zukang, China’s chief arms control official, reportedly expressed his “mixed feelings” about the anticipated joint efforts between China and Russia in opposing the U.S., citing “not so pleasant memories of the Sino-Soviet alliance during the Cold War.” Other Chinese analysts talked about the “lack of trust” between the two sides as a bottleneck in furthering bilateral relations.

Historical baggage and mutual distrust aside, more tangible interests and immediate concerns are also at work behind the hesitations over a closer strategic partnership. One of the key issues here is the asymmetrical stakes for Russia and China in their respective dealings with the U.S. missile defense systems. While Russia’s huge nuclear arsenal would not be significantly affected by any U.S. missile defense system in the foreseeable future, China’s symbolic strategic force would be immediately compromised. Moreover, the U.S. theater missile defense (TMD), whose key components (Aegis and Patriot systems) are already operational, would considerably neutralize the PLA’s only viable means against Taiwan’s move toward independence. An economically weakened but militarily potent Russia clearly has more strategic options than China.

During the first quarter, Moscow actively toyed with the idea of a pan-European theater missile defense as an alternative to the U.S. missile defense systems, even though Moscow clearly understood that such an option would sacrifice Russia’s strategic ties with China. For this, Chinese Foreign Ministry spokesman Zhu Bangzao went as far as to say on February 22 that a Russian proposal for a European missile defense system might be “worthy of discussion and study *as long as it helped promote global stability* [emphasis added].” Even a much clouded U.S.-Russia relationship did not prevent Bush from talking to Putin over the phone, while the new president has yet to call up his Chinese counterpart, whose three diplomatic envoys to Washington during the first quarter were either sidelined or postponed.

China’s relations with U.S.-led alliances are ambiguous at best and precarious at worst. Secretary of State Powell defined China as neither a strategic partner nor an implacable foe and declared that the U.S. “is not seeking an enemy, but is looking to build a cooperative relationship with China.” *The Washington Post* prematurely reported that Defense Secretary Rumsfeld officially recommended in March that the U.S. military shift its focus from Europe to the Pacific as the most likely theater of future major U.S.

military operations. However, Rumsfeld quickly cleared this up in later comments to the press, stating that no official policy changes had been made. Beijing will have to wait until Bush's foreign/security policy team is in place.

Perhaps the biggest foreign policy constraint for China is the Taiwan issue with its perceived make-or-break nature. In the eyes of Beijing, the March 2000 election of a pro-independence Taiwan president and the institutionalized U.S. weapon sales to the island are removing the "fig leaf" that has, until recently, barely maintained the delicate status quo across the Taiwan Strait. TMD would further that centrifugal trend toward Taiwan's eventual independence.

While Taiwan remains a preoccupation of China's diplomacy and relations with the U.S., Chechnya has been a more manageable, though annoying, subject in Russo-U.S. relations. Russian diplomacy during the first quarter therefore continued to be dynamic and omnidirectional, particularly in the presidential diplomacy with South Korea (February 26-28), Vietnam (February 28-March 2), Iran (March 11-12), and Japan (March 25). The momentum of these summits was preceded by Putin's historical visits to Cuba and Canada in December 2000, and will be followed by DPRK leader Kim Jong-il's trip to Moscow scheduled for April 2001.

To Beijing, not all of Russia's diplomatic actions have been harmless. In mid-February, Moscow and New Delhi signed a \$1 billion sale of 310 Russian T-90C main battle tanks. Meanwhile, India also obtained a license to produce 140 Su-30 MKI jet fighter-bombers, an upgraded version of India's existing Su-30 and Su-27UBs. Chinese analysts noted that these weapons deals, once fully implemented, would make the Indian military even better equipped than its Russian counterpart in conventional terms by 2010, a situation Russia would never allow to occur in relations with China. Already in the first quarter, India's naval forces appeared to have a permanent presence in the South China Sea. Putin's trip to Vietnam, too, was closely followed by Beijing because of possible Russian weapon sales to Vietnam, including Mig-31 interceptors.

The \$8 billion Sino-Russian trade in 2000 was hailed as a record high. It nonetheless paled in comparison to their respective trade volumes with the U.S. (\$10.2 billion for Russia and \$74.5 billion for China). This was the case after years of mutual effort to boost bilateral economic relations. Although Putin has identified the European Union and China as Russia's main partners of external economic cooperation as a result of Russia's disappointment with economic relations with the U.S. and Japan, current Russian and Chinese economic infrastructures determine that they do not need each other as much as they need the West. Both understand perfectly well that their economic well-being--Russia's recovery and China's modernization--largely depends on how much they can benefit from the existing international economic-trading system for capital, technology, and market. Their past effort to create a separate economic bloc outside this West-dominated world market proved to be sub-optimal at best and disastrous at worst.

The complex relations between Russia and China and their respective relations with the sole superpower was somehow reflected in a "representative all-Russian poll" across

Russia in March. Although 34 percent of the respondents viewed America as the worst threat to Russia, China was ranked a distant second on Russia's most hated list with five percent of the respondents, naming the Asian giant as a potential threat. This was ahead of the three percent for Japan. Notably, Russians in the Far Eastern area tend to see China as threatening, while the more educated and richer respondents saw the U.S. as less of a threat than the average Russian did.

Mir Is Down, How About Peace?

Fifteen years ago, the former Soviet Union launched its ambitious space center Mir (Russian for "peace") in the midst of Gorbachev's optimistic yet fatal reforms for the Soviet empire. After 15 years in the heavens, Mir returned to the earth on March 23, 2001. Although Mir's life span in the earth's orbit overlapped with a relatively peaceful phase of East-West relations, it nonetheless witnessed the historical decline of Yeltsin's Russia, which was politically democratized and destabilized, economically shocked and confused, and strategically squeezed and eclipsed. The rise of Vladimir Putin at the turn of millennium, therefore, is clearly a pragmatic and nationalistic response out of dismay and frustration with the U.S. post-Cold War dominance.

In a broader perspective, however, Mir's demise seemed to usher in a more cloudy, if not confrontational, era of trilateral relations between Washington on one side and Moscow and Beijing on the other. Although a clearly defined fault line of the Cold War style has yet to emerge, the trading of accusations across the oceans heated up in the first quarter.

All three Cold War military-political states are now selling weapons/equipment, or being accused of doing so, to some other country that is not liked by at least one power (US to Taiwan, Russia to China, India, Vietnam, and Iran, and China to Iraq). Polemics over human rights (Taiwan, Falun Gong, Chechnya, Florida recount, etc.) is escalating. All have tangled for some time in much politicized espionage games (Wen-ho Lee, Cox Report, Edmond Pope, Robert Hanssen, tit-for-tat expulsions of diplomats, PLA colonel Xu Junping, EP-3 spy plane, etc.).

Moscow and Beijing were apparently taken aback by the new Bush administration's get-tough policies with allies, friends, and potential adversaries as well as its moving from Clinton's "maximum" to "minimum" peace effort in the Mideast, Korea, Taiwan, Kosovo, and Northern Ireland. The capacity of the younger Bush--be it in Texas, during elections, or as commander-in-chief--was clearly underestimated. Although Putin joked about U.S. missile defense as an effort "to burn a house to make scrambled eggs" and China's "foreign policy Czar" Qian Qichen described it as China's Great Wall--looks great but may not work--both Moscow and Beijing understand well that perhaps nothing will stop Washington from striving for unilateral and absolute security in the 21st century, following the failed multilateral/collective security of the first half of the 20th century (hot wars) and the mutually deterred bilateral security of the second half (Cold War).

It remains to be seen how Moscow and Beijing will finalize the wording of their comprehensive friendship treaty in April in anticipation of Washington's next moves toward missile defense and weapons sale to Taiwan.

Chronology of China-Russia Relations January-March 2001

Jan. 6, 2001: A Russian delegation from the Economic Policy Commission of the Russian Federation Council visits Beijing to promote exchanges and cooperation between the parliaments of the two countries.

Jan. 10-12, 2001: Members of the "Shanghai Five" (Russia, Kazakhstan, Kyrgyzstan, China, and Tajikistan) hold 3rd meeting in Beijing to plan this year's meetings among the heads of state, premiers, and foreign ministers of the five countries.

Jan. 24, 2001: Russian President Vladimir Putin sends greetings to Chinese President Jiang Zemin on occasion of Spring Holiday and New Year on the Lunar calendar stating, "Russia and China are...successfully developing and intensifying partnership and strategic corporation built on trust and equality in all areas."

Feb. 1, 2001: It is reported that bilateral trade hit a record of \$8 billion in 2000, surpassing the 1993 record of \$7.68 billion.

Feb. 7, 2001: The 13th Sino-Russian Economic and Trade Fair concludes in China with contracts nearly \$266 million and 27 bilateral economic cooperation projects involved joint investment worth over \$1.9 million.

Feb. 13, 2001: Taiwan FM Tien Hung-mao was quoted by *Nezavisimaya Gazeta's* "Dipkuryer" supplement, urging the Russian government to develop closer relations with Taiwan. Russo-Taiwan trade in 2000 increased 25 percent to \$1.5 billion, topping Russian trade with any ASEAN country.

Feb. 14, 2001: Atomic Energy Ministry spokesman Yuri Bespalko states that Russia did not and would not take radioactive waste from Taiwan or any other country.

Feb. 14-15, 2001: Shanghai Forum meeting is held in Bishkek, Kyrgyzstan, a document is signed to help conduct rescue operations, prepare documents on the fight against terrorism, and cooperate in training antiterrorist specialists.

Feb. 19, 2001: Russian FM Igor Ivanov and his Chinese counterpart Tang Jiaxuan speak via telephone on the situation concerning Iraq following the bombing of suburbs of

Baghdad by the United States and Great Britain on February 16, Jiang Zemin's visit to Russia, and missile defense.

Feb. 19-22, 2001: A representative Russian delegation headed by Minister of Economic Development and Trade German Gref visits Beijing and Shanghai to study Chinese experience of economic development in the sphere of credit policy, investments, and restructuring of enterprises.

Feb. 19-22, 2001: Col. Gen. Zhang Wannian, deputy chairman of the Chinese Central Military Commission, visits Moscow to discuss the Russian-Chinese weapon's trade, meets with PM Mikhail Kasyanov, Defense Minister Igor Sergeev, and President Putin.

Feb. 20-22, 2001: The Russian-Chinese intergovernmental committee for military and technical cooperation holds 8th session in Moscow.

Feb. 22, 2001: Russian and Chinese border guards conduct joint exercise to detain border violators.

Feb. 28, 2001: Russian Deputy FM Georgy Mamedov and Chinese Ambassador to Moscow Wu Tao discussed the possibility of using the ideas of Moscow's proposed European missile defense system in the Far East and the Asian-Pacific region on Wednesday.

Mar. 1, 2001: Russian customs officers arrest Li Yong, a Chinese national suspected for espionage, and confiscate what appears to be drawing of a submarine and a chart of the location of ships in Avacha Bay of Petropavlovsk-Kamchatski. Li is released on March 5 after Russian authorities cleared him.

Mar. 8, 2001: Liaoyang, a city in China's Liaoning Province, and Tomsk, a university town in Russia, sign an agreement to build a high-tech research development zone.

Mar. 11, 2001: Russian Vice Premier Ilya Klebanov confirms contract with China for the delivery of three Il-96-300 airplanes.

Mar. 17, 2001: A one-day Sino-Russian consultation on disputed border areas is held in Beijing; no progress is made.

Mar. 24, 2001: Taiwan's Ministry of Transport and Communications announced that Vladivostok Air would begin charter flight service on the Vladivostok-Taipei route in May.

Mar. 27, 2001: Chinese embassy to Moscow hosts a reception for Russian veterans who participated in the anti-Japanese war in China and the Korean War.

U.S.-India Relations: Stuck in a Nuclear Narrative

by Satu P. Limaye,
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“The successful defusing of bombs,” Michael Ondaatje writes in *The English Patient*, “ends novels.” In the troubled saga of U.S.-India relations, however, attempts both at defusing and detonating nuclear bombs form an on-going narrative, one that now overshadows and constrains the development of other possible plot lines. As then-U.S. Under Secretary of State for Political Affairs Thomas Pickering told a Washington audience in April 2000, “[e]ven as we seek to build a new and qualitatively closer relationship with India, that relationship cannot realize its full potential without further progress on non-proliferation. We also cannot and will not be able to concentrate on military issues until there is substantial progress on non-proliferation.”

Though the nuclear narrative emerged early in the bilateral relationship (and with surprising twists, as declassified documents show), India’s detonation of a nuclear device in 1974 increased its resonance. And India’s 1998 nuclear detonations and self-proclamation as a nuclear weapons state (NWS) brought this plot line to the forefront of the U.S.-India story. In 2000, two significant events for U.S.-India relations occurred. In March President Bill Clinton made a spectacular visit to India, the first by a sitting U.S. president in 22 years. Indian Prime Minister Atal Behari Vajpayee toured the U.S. in September, addressed a joint session of Congress, and was the chief guest at the largest-ever state dinner hosted by the U.S. Media cooing about U.S.-India relations “coming in from the cold” also created a generally upbeat mood and many pundits either heralded or recommended substantially enhanced ties between the two “estranged democracies.” Still, relations did not move markedly beyond the nuclear tension.

The U.S.-India Nuclear Narrative in 2000

The unresolved tension in the nuclear narrative is summed up in the U.S.-India joint statement of March 2000: “The United States believes India should forgo nuclear weapons. India believes that it needs to maintain a credible minimum nuclear deterrent in keeping with its own assessment of its security needs.” Nuances, however, were evident before and after the president’s visit. In January 2000, then-U.S. Deputy Secretary of State Strobe Talbott, the administration’s key interlocutor with India on nuclear issues, told an Indian newspaper “facts can neither be undone nor done away with.” He also stated that the administration is “well aware of the view of the Indian Government on the NPT [Nuclear Non-Proliferation Treaty] and...recognize[s] fully that only the Indian government has the sovereign right to make decisions on what sorts of weapons and force

posture are necessary for the defense of India and Indian interests.” President Clinton, in his address to the Indian parliament, said “[o]nly India can determine its own interests. Only India can know if it truly is safer today than before the tests. I do not presume to speak for you or to tell you what to decide.” But the divergent concerns and sensitivities just below the surface of this apparent accommodation on India’s possession of nuclear weapons were made clear when President Clinton declared the subcontinent “the most dangerous place” in the world--only to be rebuffed publicly by Indian leaders.

Efforts to shift attention away from whether India ought to have nuclear weapons to achieving progress on security and non-proliferation goals of their bilateral dialogue met with little success. In the March joint statement, both countries reiterated their “respective voluntary commitments to forego further nuclear explosive tests” but pointedly refused to make any firm commitment to ratify the Comprehensive Test Ban Treaty (CTBT). Both promised to “work together and with others for an early commencement of negotiations” on a Fissile Material Cut-Off Treaty (FMCT) knowing that the prospects for even the start of such negotiations are bleak, and India did not join the U.S. in declaring a voluntary moratorium on fissile material production. Some progress, though, was made on tightening Indian export controls. The non-deployment and non-testing of missiles or nuclear weapons was not directly addressed in the joint statement, though India pledged to “build confidence and reduce the chances of miscalculation,” “act in a restrained and responsible manner,” and “not engage in nuclear and missile races.” India’s test of the Agni missile in 2001 did not suggest progress on this issue. As for talks sought by the U.S. between India and Pakistan to reduce tensions, they were and still are a non-starter. However, the announcement of an Indian ceasefire in late November 2000, and its three subsequent extensions, offers a ray of hope for a restart of the dialogue.

During Prime Minister Vajpayee’s state visit to the U.S. in September 2000, little further progress was made on nuclear weapons issues. Indeed, in two important respects, the September joint statement suggested a widening of U.S. and Indian differences. On its voluntary moratorium on nuclear testing, India qualified its adherence “subject to its supreme national interests.” Moreover, no mention was made in the September statement about missile testing or deployment. In a speech to a joint session of Congress, Prime Minister Vajpayee mentioned only a shared “commitment to ultimately eliminating weapons” (designed, one suspects, to remind the U.S. that not much has been done to that end) and mutual “voluntary moratoriums on testing.” The prime minister appealed for an accommodation, saying: “We do not wish to unravel your non-proliferation efforts. We wish you to understand our security concerns.” The nearly irreconcilable objective of the narrative suggests how difficult the tension will be to ease.

A relatively minor tension of the nuclear narrative, the sanctions imposed by the United States on India after the nuclear tests, also remains unrelieved. In March 2000, the U.S. *Federal Register* published the removal of 51 Indian entities from a list of nearly 200 Indian entities under sanctions, but no progress was made on formally lifting a broad array of other sanctions.

The Jawan and the GI: Defense Cooperation

As former Under Secretary of State Pickering's remarks noted above indicate, U.S.-India defense cooperation too is hobbled by the shadow of the nuclear narrative. But this is not an entirely new situation. Historically, several factors have inhibited such cooperation, including: close Indo-Soviet relations, India's espousal of nonalignment and refusal to join U.S. alliance arrangements during the Cold War, U.S. military assistance to Pakistan, divergent security and strategic perceptions, conditions of weapons and technology transfers, and differing expectations about the purpose of defense cooperation. In essence, there has been a mutual reluctance to engage in defense cooperation. What is noteworthy is that beginning in the mid-1980s, the U.S. and India sought to increase defense and related technology cooperation and fitful efforts to this end persisted until India's 1998 nuclear tests.

Following the tests, and in keeping with U.S. laws, even these limited links were cut. In 2000, efforts to revive them have met only marginal success. The first break in the current impasse came in late 1999 when India's Chief of Army Staff, General Ved Malik, visited Washington and met with General Henry Shelton, Chairman of the U.S. Joint Chiefs of Staff, among other officials. General Malik also attended the Chiefs of Defense Conference hosted by the United States Pacific Command. This marked the first and only visit of an Indian Service Chief to the U.S. since the nuclear tests.

In mid-January 2000 and again in September, Admiral Dennis C. Blair, USCINCPAC, traveled to India for security-related discussions and to pursue increased military engagement in the areas of peacekeeping operations, search and rescue, humanitarian assistance and disaster response, and environmental security. These "non-controversial" fields of military cooperation were all that the relationship could sustain amidst unresolved nuclear issues. Subsequently, a number of high-level American and Indian officials exchanged visits to try and give substance to this menu for cooperation. For example, Mr. Gary Vest, Principal Assistant Deputy Under Secretary of Defense for Environmental Security lead a delegation to Delhi in October to explore military-to-military engagement on environmental security. In early November the first meeting of a Joint Working Group on UN Peacekeeping Operations took place in Delhi, and late in the same month U.S. Principal Deputy Under Secretary of Defense for Policy James Bodner visited India.

Both difficulties confronting U.S.-India defense cooperation and the possibilities for indirect compromise are reflected in a curious incident at the end of 2000. On December 27, an Indian Navy Sea King helicopter medivaced a U.S. officer from the USS Hewitt off the Mumbai coast. Many of these helicopters, purchased by India from Britain, are grounded due to a lack of spare parts that, because they contain U.S.-origin components, cannot be transferred to India due to U.S. sanctions. In the event, a day before leaving office, the Clinton administration, responding to a British entreaty, signed a one-time waiver relaxing restrictions on the spares' transfer. After a review by the incoming Bush administration, the decision was upheld and formally announced on February 1, 2001.

In a different, but notable vein, the U.S. military responded helpfully to India in the wake of the tragic January 26, 2001 earthquake. U.S. Pacific Command deployed a six-member response team to evaluate Department of Defense support requirements, eventually leading to the dispatch of four C-17 aircraft loaded with relief supplies. The USS Cowpens also delivered relief supplies while in Mumbai for India's first international fleet review in February 2001.

Some Indian newspaper commentators read much into small incidents, suggesting that they were the first steps toward resumption of formal defense cooperation. But these high hopes are unfounded given the controlling influence of the nuclear narrative. Moreover, in 2000, new irritants have been introduced into the U.S.-India defense picture, such as U.S. opposition to military collaboration and sales between India and Israel.

Cowboys and Indians: The Bush Administration and India

The advent of a new Republican administration in Washington at the beginning of 2001 raised hopes in New Delhi that relations would further improve. These hopes rest on a number of factors. First, Secretary of State Colin Powell's expressed misgivings about the efficacy of sanctions have created expectations Washington will soon lift its sanctions against India. Indian newspapers also have featured views by U.S. legislators supporting the lifting or relaxation of sanctions. However, the repeal of legislation underlying current sanctions will not be achieved by wishes or words. The Bush administration, as any other, would need to commit time, energy, and capital to this end. Given a number of more pressing priorities and wide-ranging support for tough non-proliferation legislation, a formal repeal of sanctions soon is unlikely. More likely is a steady dilution of sanctions through piecemeal legislation as well as administrative and other means. If sanctions end, it will be with a whimper, not a bang.

A second reason for high Indian hopes is that the Bush administration, seeing China more as a strategic competitor than a partner, will have a less Sino-centric policy and be more receptive to India, among other countries in Asia. At a minimum, think Indians, the U.S. under a Bush administration, unlike a Clinton one, will not issue joint statements with China pledging collaboration to stem nuclear proliferation in the subcontinent. The latter is likely an accurate assessment, but the benefits to India should not be exaggerated. China will remain crucial to U.S. policy in Asia while. For now, India's economic and security importance to the U.S. will pale in comparison. India's relevance to handling trouble with China will be peripheral. A third reason for high hopes is that Indians expect less pressure to sign the CTBT from a Bush administration known to be leery of this and other arms control agreements. This is undoubtedly true. But the nuclear narrative with India will not entirely dissipate either. Indeed, the salience of nuclear and missile proliferation is increasing, especially for an administration that has pledged to build a national missile defense system to deal with such proliferation. And finally, the Bush administration is expected to be less keen on attaching environmental and labor conditions to trade agreements.

While it is too early to tell whether relations between the U.S. and India will improve appreciably because of these and other factors, the early signs do not suggest a dramatic, sustainable change in the current nuclear-dominated narrative. This assessment is buttressed when one asks, in the absence of a nuclear narrative, “where’s the beef”?

“Where’s the Beef?”

If the tension of the nuclear narrative could be defused, would other, more productive story lines between Washington and Delhi develop? Would “estranged democracies” become “engaged democracies”? Would the “shadow of hesitation” be removed from the “joint vision”? Are the United States and India really “natural partners”? There are good reasons to be cautious. Economic ties between the two countries, though growing, are marginal and remain fractional, even compared to U.S. trade and investment in other Asian countries, much less North America and Europe. Second, shared perspectives on a range of regional and international security issues are few and thin. On Burma, for example, Delhi has flip-flopped to pursue engagement with the Rangoon regime while so far the U.S. continues to focus on human rights and democracy. With Iraq, India is seeking to assure oil flows and a share of business while the U.S. seeks to maintain refined sanctions. India seeks a multipolar international order; the U.S. wants one in which it is *primus inter pares*. These are just a few divergences between Washington and Delhi.

Even expected areas of agreement such as human rights and democracy maintain lukewarm cooperation. Human rights abuses by Indian security forces in Kashmir remain a matter of concern to Washington, as is evident in the most recent annual State Department report. But Delhi rejects these reports. India, unlike the U.S., has also hesitated to take a formal role in promoting democracy. (At the Warsaw gathering of the “Community of Democracies” in July 2000, the U.S. supported and India opposed the showing of a videotaped message from Burma’s opposition leader Aung San Suu Kyi). Even the effort to cooperate on terrorism is playing on a potentially sticky wicket. There is the risk for the U.S. that, in the context of the subcontinent, anti-terrorism initiatives with India could get caught in the net of narrow India-Pakistan hostility rather a wider, shared objection to the taking of innocent lives through terrorist acts. The potential is evident in Indian Defense Minister George Fernandes’ early January 2000 comment that “when it comes to [Osama] bin Laden, the United States fires not one but scores of missiles with high-precision technology. What the United States and the world need to realize is that terrorism understands no country borders. To overlook what is happening across the borders in India at the hands of Pakistan is not addressing the question.” India, meanwhile, is pushing a United Nations Terrorism Convention partly to place Pakistan on the defensive, and partly because it wishes to avoid dependence on the U.S. to take anti-terrorism stances with which Delhi agrees.

All of this is not to suggest that U.S.-India relations did not improve in 2000. They did, even if largely in atmospheric and tone. The effort launched during President Clinton’s visit to “institutionalize dialogue” between the two countries on matters ranging from energy to terrorism to trade and finances is welcome, useful, and necessary to both. What

is needed is an appreciation that for now at least, the nuclear narrative will overshadow and constrain movement towards fundamentally new, positive directions in bilateral relations. And even if the tension of the nuclear narrative is finessed, U.S.-India relations will confront a range of challenges. But such a development, were it to occur, would at least mark a fresh narrative.

Chronology of U.S.-India Relations May 1998-April 2001

May 11 and 13, 1998: India conducts five nuclear tests.

Nov. 1998: The first round of consultations specifically on weapons of mass destruction export controls, part of the broader U.S.-India security and non-proliferation dialogue, is held.

Feb. 20, 1999: “Lahore Summit” between Indian PM A.B. Vajpayee and then Pakistani PM Nawaz Sharif is held.

Mar. 1999: The second round of U.S.-India discussions on export controls is held.

May 5-July 4, 1999: India and Pakistan engage in an undeclared war in Kargil.

Oct. 12, 1999: A Bharitya Janata Party (BJP)-led coalition government returns to power in India.

Oct. 12, 1999: Lt. Gen Pervez Musharraf overthrows Nawaz Sharif’s government in a bloodless coup in Pakistan

Nov. 1999: General Ved Malik, Chief of the Army Staff, visits Washington, meets with General Shelton, Chairman of the Joint Chiefs of Staff, and attends the Chiefs of Defense Conference at USPACOM headquarters. This is the first (and to date, only) visit of an Indian Service Chief since the nuclear tests.

Dec. 15, 1999: U.S. Commerce Department announces it will remove 51 Indian entities from the list of entities under sanctions for India’s nuclear tests.

Dec. 25, 1999: Indian Airlines flight 184 is hijacked en route from Kathmandu to New Delhi.

Jan. 9-12, 2000: CINCPAC Admiral Blair visits India to discuss sanctions, threat perceptions regarding China, and the possible renewal of defense ties.

Jan. 18-19, 2000: 10th round of talks on security and non-proliferation are held between Deputy Secretary of State Strobe Talbott and External Affairs Minister Jaswant Singh in London. The two sides agree to form a Joint Working Group on Counter-Terrorism.

Feb. 7-8, 2000: First meeting of the U.S.-India Counter-Terrorism Working Group is held in Washington, D.C.

Feb. 20, 2000: PM Vajpayee issues a statement criticizing U.S. and UK air strikes on Iraq saying “India has consistently opposed unilateral imposition of No-Fly Zones upon Iraq.”

Mar. 19, 2000: On the eve of President Clinton’s departure for India, 65 members of the House of Representatives in an unprecedented joint effort, write a letter to the president urging him to “publicly acknowledge the strength of India’s claim to be a permanent member of the UN Security Council.”

Mar. 21-25, 2000: President Clinton is first U.S. president to visit India in 22 years; addresses a joint session of the Lok Sabha (India’s parliament). During the visit, the U.S. and India issue a joint statement on relations entitled “A Vision for the 21st Century.”

Apr. 2000: Indian Finance Minister Yashwant Sinha visits Washington and signs an agreement with Treasury Secretary Summers setting up the India-U.S. Financial and Economic Forum.

Apr. 4-7, 2000: U.S. FBI Director, Louis Freeh, arrives in India as part of efforts to increase law enforcement cooperation and to share information, exchange experience, and coordinate approaches regarding international terrorism.

Apr. 17, 2000: The third round of U.S.-India discussions on export controls is held.

May 24-25, 2000: U.S. Under Secretary of State for Political Affairs Pickering visits India for the Foreign Office Consultations and the Asian Security Dialogue.

June 26, 2000: U.S. Secretary of State Madeleine Albright and Indian External Affairs Minister Jaswant Singh meet in Warsaw at the first ministerial meeting of the Community of Democracies.

July 11-12, 2000: The Joint Consultative Group on Energy and Environment holds its first meeting in Washington.

Sept. 6-15, 2000: PM Vajpayee pays a reciprocal state visit to Washington, addresses a joint session of Congress.

Sept. 17-18, 2000: Ambassador Michael Sheehan, Chief Coordinator for Counter-Terrorism at the U.S. State Department, meets with Indian counterparts during a visit to Delhi.

Sept. 20-24, 2000: ADM Dennis Blair, USCINCPAC, pays his second visit to India to increase military engagement in the areas of Peacekeeping Operations, Search and Rescue, humanitarian assistance/disaster response, and environmental security.

Sept. 25-26, 2000: The second meeting of the Joint Working Group on Counter-Terrorism is held in Delhi.

Oct. 15-18, 2000: Gary Vest, Principal Deputy Under Secretary of Defense for Environmental Security, leads an OSD/PACOM delegation to New Delhi to discuss environmental security as a venue for military to military engagement.

Nov. 1-2, 2000: First meeting of the Joint Working Group on UN Peacekeeping Operations in New Delhi.

Nov. 15-16, 2000: U.S. principal Deputy Under Secretary of Defense for Policy James Bodner visits India, agreement is reached to pursue cooperation in “non-controversial” areas.

Nov. 19, 2000: India announces a unilateral ceasefire in Jammu and Kashmir for the Muslim holy month of Ramadan set to begin on November 27th.

Dec. 15, 2000: Consultative Committee meeting on U.S.-India relations is held in Delhi.

Dec. 21, 2000: New Delhi extends unilateral Ramadan ceasefire in Jammu and Kashmir by one month.

Dec. 27, 2000: Indian navy helicopter evacuates ill U.S. naval officer from the USS Hewitt for treatment at an Indian hospital. Many of these helicopters are grounded due to a lack of spare parts due to U.S. sanctions.

Jan. 16, 2001: At his confirmation hearings, Secretary of State-designate Colin Powell questions the efficacy of sanctions.

Jan. 17, 2001: India’s Agni-II, a surface-to-surface missile with a 2,000-km range, is successfully test-fired from the Interim Test Range in Orissa.

Jan. 23, 2001: India extends by another month the ceasefire in Jammu and Kashmir.

Jan. 25, 2001: State Department spokesman, Richard Boucher, states that “[w]e welcome the announcement by the Indian cabinet [to extend the ceasefire for the second time].” He also states that “the peace process would be greatly enhanced if the Kashmiri militant groups responded positively to India’s announcement by taking steps to halt the violence.”

Jan. 26, 2001: A major earthquake occurs in the western Indian state of Gujarat. The U.S., with the Office of Foreign Disaster Assistance taking the lead, responds with the delivery of several million dollars of relief supplies.

Jan. 30, 2001: U.S. President Bush speaks by telephone with PM Vajpayee in the aftermath of the Gujarat earthquake.

Feb. 1, 2001: U.S. formally announces the relaxation of restrictions on the sale of spare parts for Sea King helicopters that India has purchased from Britain.

Feb. 2, 2001: Pakistan Chief Executive, General Musharraf and PM Vajpayee speak by telephone for the first contact in 15 months.

Feb. 4, 2001: U.S. Secretary of Defense Donald Rumsfeld and Indian National Security Advisor Brajesh Mishra meet on the sidelines of the 37th annual security conference at Munich.

Feb. 14-19, 2001: Vice Admiral Metzger, commander of the U.S. 7th Fleet and the guided-missile cruiser USS Cowpens, represents the U.S. at India's first international fleet review in Mumbai.

Feb. 16-19, 2001: A four-member U.S. Congressional team travels to India and Pakistan to assess the situation in Jammu and Kashmir.

Mar. 21, 2001: The Bush administration announces the nomination of Robert Blackwill, head of Harvard's Kennedy School of Government, and a former career foreign service officer, to be the new U.S. Ambassador to India.

About The Contributors

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