

Regional Overview

CVID, WMD, and Elections Galore

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The six-party coalition of the not-so-willing held its long-awaited second meeting in Beijing in Feb with CVID – the complete, verifiable, irreversible dismantlement of all of North Korea’s nuclear programs – becoming the new mantra. CVID fit snugly into the Bush administration’s broader focus on halting the global spread of weapons of mass destruction (WMD), underscored in a major address by the president in early February laying out his determination to “close the loopholes” of the Nuclear Non-Proliferation Treaty (NPT) and rally worldwide (including United Nations) support behind the expanding Proliferation Security Initiative (PSI).

Meanwhile, in the “be careful what you wish for because you might get it” category, two of Asia’s most vibrant democracies – Taiwan and South Korea – became a bit too vibrant this quarter as the region prepared for a series of presidential and parliamentary elections that could change the political face of East Asia for years to come. Anxiety levels were also beginning to rise as Asians watched the political process unfold in advance of this November’s U.S. presidential elections. A question (or accusation) on many minds: “Were Pyongyang and Washington already playing a ‘wait until November’ game?”

Six-party talks: agreements ‘in principle,’ but not much else

The major multilateral gathering of the quarter took place in Beijing on Feb 25-28 when senior officials from China, the DPRK, ROK, Japan, Russia, and the U.S. finally came together for round two of the six-party talks, fully six months after round one ended with an “agreement in principle” – immediately disavowed by North Korea – that they would meet again.

Meet again they did, thanks in no small measure to Chinese persistence, persuasion, and added incentives (read: bribes – reportedly including “significant” new amounts of economic and energy assistance and an agreement to build a glass manufacturing factory in the North in honor of Dear Leader Kim Jong-il’s birthday). Once again, however, the most substantive accomplishment to come out of the talks seemed to be agreement – “in principle” – to meet again, albeit this time a bit more quickly (specifically, before the end of the second quarter). All sides also reportedly agreed to establish a working group to help with preparations for the third plenary meeting, although neither a date nor terms of reference were established.

Commendable efforts by spin doctors notwithstanding, it was hard to be too enthused about the outcome. Hopes had been raised prior to the meeting that a freeze of North Korea's various nuclear programs might be accomplished at the meeting. If such an action were identified as "a first step toward dismantlement," Washington intimated, it would not object to a ROK plan to provide energy assistance to the North, even though Washington itself would not participate in any "rewards" until significant steps toward dismantlement had been achieved. North Korea added to its "freeze" tease by hinting that its nuclear energy program might also be placed on the negotiating table, which addressed Washington's NPT "loophole" concerns as well.

It quickly became apparent that neither this, nor any other "breakthrough" would be achieved, however. Regardless of what one thinks of the current U.S. negotiating stance – and I would characterize it as more flexible than its critics are willing to acknowledge but short of where the other parties (with the possible exception of Japan) wish it to be – once Pyongyang took its *What highly enriched uranium (HEU) program?* stance at the beginning of the talks, meaningful progress became impossible.

Rumor has it that the DPRK representative at one point asked – and reportedly did not receive a satisfactory answer to – this "hypothetical" question: "What would happen if we were to 'confess' to possessing an HEU program?" But, rumors and hypotheticals aside, there was no way – strategically or politically – that Washington could proceed without some acknowledgment that all of Pyongyang's nuclear programs were on the table. Making matters worse, Pyongyang also insisted on its right to continue to pursue its "peaceful nuclear energy program." This does not mean that its nuclear power plants will remain off the table forever, but the timing – and price – apparently do not yet seem right to Pyongyang.

Chairman's Statement. Up to the eleventh hour, the Chinese hosts appeared set to issue the gathering's first joint statement, until Pyongyang reportedly attempted to insert some words about the continuing philosophical differences between itself and Washington into the communique's text. When Washington (among others) refused to accept these last minute changes, Beijing had to resort to a Chairman's Statement which merely noted that round two had "launched the discussion on substantive issues, which was beneficial and positive, and that the attitudes of all parties were serious in the discussion." "While differences remained," the Statement noted, "the Parties enhanced their understanding of each other's positions." Most importantly, they "expressed their commitment to a nuclear-weapon-free Korean Peninsula, and to resolving the nuclear issue peacefully through dialogue in a spirit of mutual respect and consultations on an equal basis." They also agree to "coexist peacefully."

U.S. pleased. The U.S. delegation head, Assistant Secretary of State James Kelly, subsequently told the Senate Foreign Relations Committee (March 2) that "the talks are working to our benefit and are moving a serious process forward." Kelly noted that the talks had remained focused on Washington's CVID objective, "and that acronym and the important goal it represents has been accepted by all but the North Koreans." He asserted

separately that CVID included “both plutonium and uranium enrichment-based programs.” However, despite the highly-publicized confession by the father of Pakistan’s nuclear weapons program, A. Q. Khan, that he had sold uranium enrichment equipment to both Libya and North Korea, several members of the six-party process seemed openly skeptical of Washington’s HEU accusations (or more willing to disregard the evidence even if it might be true).

Kelly also signaled that the “freeze” deal may not yet be dead: “The Republic of Korea has also made a valuable commitment. It would offer fuel relief to the North if there were a halt or ‘freeze’ of the nuclear programs. But South Korea has made clear that any such freeze is but a temporary measure toward the larger goal, and will have to be complete and verifiable.” There has been open skepticism about whether Washington hardliners would accept such a deal if one could be arranged, but at least the idea has been tabled before the U.S. Congress.

It was clear from Kelly’s remarks that Washington sees the ball as currently residing in Pyongyang’s court: “The process of transforming the situation . . . must begin with a fundamental decision by the DPRK. The DPRK needs to make a strategic choice for transformed relations with the United States and the world – as other countries have done, including quite recently – to abandon all of its nuclear programs.” In case the reference was too subtle, Kelly later noted that he “discussed Libya’s example with our North Korean counterparts, and we hope they understand its significance.” For its part, Pyongyang has been quick to point out that it is not Libya. Nonetheless, Libya’s decision to come clean about its WMD programs in return for subsequent economic and political benefits does provide a refreshing alternative to the Iraq model for dealing with such problems.

CVID dissected. It may be true, as Kelly asserts, that the other four members (less North Korea) support CVID “in principle,” but it is not clear all agree on the definition of its components. Nor has Washington been real specific as to what CVID fully entails. It has, however, made it clear that “complete” means both plutonium and uranium enrichment-based programs. Thus it would appear that DPRK acknowledgment of an HEU program – and a willingness by the others to press Pyongyang on this point – is a prerequisite to progress.

“Verifiable” means just that and it has long been acknowledged that devising a verification regime intrusive enough to satisfy hardline skeptics will be no mean feat. This is why the Libyan model is potentially so important. Verification can only work if the North cooperates in turning in its hidden hardware (not to mentioned reprocessed plutonium). Taking an Iraqi-style “catch me if you can” approach seems unworkable.

The definition of “irreversible” remains subject to the most interpretation. At a minimum, it would seem to require an end to all DPRK nuclear programs, including energy-associated efforts (both production and reprocessing), to guard against future backsliding. While Washington has yet to formally demand an end to such programs, it

has made no secret of its desire to avoid an Agreed Framework II or a revival of any light water reactor (LWR) programs.

Finally, Washington sees “dismantlement” as an action, not as a future promise. As noted, however, it does now accept some *quid pro quos* being provided by others in return for a “verifiable freeze” as a first step toward dismantlement, even if Washington’s own incentives still apparently require a demonstration of DPRK sincerity before delivery. North Korea’s reaction to this has thus far been pretty blunt, if not shameless: “Only if the compensation issue is settled can the DPRK freeze plan be achieved,” a DPRK spokesman asserted the day before the Beijing talks began, “If the ‘freeze first, compensate later’ question is raised in these talks, [we] will resolutely oppose it.”

Whose side is time on? One thing all sides seem to agree on is that the six-party process will be a long and difficult one. What seems to be missing among the parties – while nonetheless abundant among the pundits and critics – is a sense of urgency. As Chinese Foreign Minister Li Zhaoxing noted in his closing remarks to the participants, “Differences, even serious differences still exist. The road is long and bumpy. But time is on our side. Time is on the side of peace.”

Is it? True, North Korea did refrain from repeating prior threats to test or deploy nuclear weapons (and has long since seen the wisdom of not threatening to export them). But there was no agreement to refrain from destabilizing or counter-productive behavior and, absent a freeze, Pyongyang’s nuclear programs must be assumed to be proceeding at full speed. As Pyongyang’s chief delegate, Deputy Foreign Minister Kim Gye Gwan said at a post-talks news conference, “it will be a great mistake if the U.S. thinks that time is with them indefinitely.”

New measures to counter the WMD threat

If a sense of urgency was missing from the six-party dialogue, it permeated President Bush’s speech on WMD proliferation two weeks earlier (Feb. 11) at the National Defense University in Washington. Noting that Cold War “weapons of last resort” could become a “first resort” in the hands of terrorists, President Bush stated categorically that “America will not permit terrorists and dangerous regimes to threaten us with the world’s most deadly weapons.” Mr. Bush called for changes in thinking and strategy, not only in America but globally, to deal with this challenge. He promised a more proactive approach toward dealing with WMD threats: “We’re determined to confront those threats at the source. We will stop these weapons from being acquired or built. We’ll block them from being transferred. We’ll prevent them from ever being used.” He did not say exactly how this would be done, acknowledging that nations with WMD capabilities “pose different challenges; they require different strategies.”

Not surprisingly, he held up the “Libyan Model” as a preferred approach: “Colonel Ghaddafi made the right decision, and the world will be safer once his commitment is fulfilled. We expect other regimes to follow his example. Abandoning the pursuit of illegal weapons can lead to better relations with the United States, and other free nations.

Continuing to seek those weapons will not bring security or international prestige, but only political isolation, economic hardship, and other unwelcome consequences.”

President Bush then announced seven proposals to “strengthen the world’s efforts to stop the spread of deadly weapons.” First was the expansion of the Proliferation Security Initiative, currently focused on shipments and transfers, to include “direct action against proliferation networks.” In this regard, the 14 PSI core participants – Australia, Canada, France, Germany, Italy, Japan, the Netherlands, Norway, Poland, Portugal, Singapore, Spain, the UK, and the U.S. – held their fifth plenary in Lisbon on March 4-5 and supported the president’s call for greater cooperation “in preventing WMD proliferation facilitators (i.e., individuals, companies, other entities) from engaging in this deadly trade.” Both in Bush’s speech and in Lisbon, emphasis was placed on greater intelligence and law enforcement cooperation.

Second, President Bush called for action, by all nations, “to strengthen the laws and international controls that govern proliferation.” To this end, the U.S. and UK on March 25 presented to other UNSC members a draft resolution that would require all countries to “adopt and enforce appropriate effective laws” to deny WMD, their components, and “means of delivery” (such as missiles or drones) to any “non-state actors.” The draft, which grew out of Bush’s September 2003 speech to the UN General Assembly, had been circulating since December but had drawn criticism, particularly from China, over indirect references to the PSI and other “frameworks” (which were dropped from the final draft text).

Third, President Bush called for a reinvigoration and expansion of the 1991 Nunn-Lugar effort to help find productive employment for former weapons scientists (now including those from Iraq and Libya as well as the former Soviet Union) and to dismantle, destroy, and secure weapons and materials left over from the Soviet, Libyan, or other WMD arsenals. The key, of course, is continued funding, both from the U.S. Congress and from the international community.

Fourth was an expanded effort to “prevent governments from developing nuclear weapons under false pretenses” by closing the current “loophole” in the 30-year old Nuclear Non-Proliferation Treaty, which allows states to “cynically manipulate” the NPT by acquiring the material and enrichment/reprocessing infrastructure necessary for manufacturing illegal weapons: “The 40 nations of the Nuclear Suppliers Group should refuse to sell enrichment and reprocessing equipment and technologies to any state that does not already possess full-scale, functioning enrichment and reprocessing plants.”

Stopping new states from acquiring such capabilities is not enough. Bush argued that the International Atomic Energy Agency (IAEA) “must have all the tools it needs to fulfill its essential mandate.” One such tool is the Additional Protocol, which requires states to declare a broad range of nuclear activities and facilities, and allows the IAEA to inspect those facilities. As a fifth step, President Bush proposed that “by next year, only states that have signed the Additional Protocol be allowed to import equipment for their civilian nuclear programs.”

Sixth, to “ensure that the IAEA is organized to take action when action is required,” he proposed the creation of a special committee of the IAEA Board to “focus intensively on safeguards and verification.” Seventh and finally, Bush argued that no state under investigation for proliferation violations should be allowed to serve on the IAEA Board of Governors or on the new special committee and that any state currently on the Board that comes under investigation should be suspended.

Only time will tell how much energy and enthusiasm Washington will place behind this new counter-proliferation effort and how much regional and broader international support it will enjoy. But the Bush administration’s efforts to strengthen and reinforce the NPT and IAEA and its attempt to use the UNSC as well as its ad hoc PSI coalition of the willing as vehicles for achieving these goals were a welcome departure from past tendencies that failed to emphasize or appreciate the value of international regimes.

Elections everywhere, but not quite democracy’s finest hour!

Winston Churchill once said that “democracy is the worst form of government, except for all those others that have been tried.” Events in Korea and Taiwan during the quarter have already demonstrated the irony imbedded in these words and we are early in a year containing a number of important presidential and parliamentary elections. Despite numerous ups and downs, thus far the democratic process continues to prevail, however, even if moving down the road to democracy remains challenging, especially in those states where it remains in an embryonic form.

Russia: Putin prevails. The year’s first major election in or impacting on Asia was the March 14 Russian presidential elections, which saw President Vladimir Putin reelected with a sweeping mandate (71 percent). While the election process was hardly a model for democracy – Putin had jailed his strongest (and richest) opponent early in the process and the government kept the media (and especially TV stations) largely muzzled – the outcome can still be seen as an expression of the Russian people’s desire for strong, steady leadership. This should give Putin an even greater sense of confidence in dealing with Washington and with Asia. This is not necessarily a bad thing. While Russian and American world views appear increasingly divergent, both see the need to cooperate in the war on terrorism and in efforts to stem the flow of WMD (Moscow’s reluctance to join the PSI notwithstanding). Russia also continues to play a generally constructive role in the six-party talks although its ability to influence North Korea is limited . . . but, then again, so it seems is everyone else’s.

Taiwan: a too-close shave. The most closely watched and clearly most controversial election this (and we hope any other) quarter was the March 20 Taiwan election, which turned out to be more like an Oliver Stone movie, complete with a suspicious (and still unexplained) assassination attempt (in which the president and vice president both received minor gunshot wounds), an unusually high number of invalid ballots (shades of “hanging chads”), and a final margin of victory of less than one-quarter of 1 percent, prompting calls for recounts, if not re-votes. When all is said and done, however, like it or not – and Beijing clearly does not like it – President Chen Shui-bian and his ruling

Democratic Progressive Party (DPP) are expected to begin a second four-year term on May 20 (barring an unexpected reversal during the impending recount).

While Chen's margin of victory was minuscule, the campaign itself sent a strong message to Beijing. The so-called (and falsely labeled) "pro-PRC" candidate, Lien Chen, took great pains to distance the opposition "pan-blue" camp from Beijing's "one China" concept, even playing down his own earlier "one China, different interpretations" formulation. Taiwanese nationalism and other identity issues are a growing phenomenon that Beijing must recognize and deal with effectively if there is to be any future progress in cross-Straits relations.

The "good news" from Beijing's (and Washington's) perspective is that President Chen's referendum campaign (detailed last quarter) failed, with less than half the eligible voters (but more than half of those voting) casting a ballot on the two referendum questions: 1). *Should the Government acquire more advanced anti-missile weapons if the Chinese refuse either to withdraw their missiles opposite Taiwan or to renounce the use of force?* 2). *Should the Government engage in negotiations with Mainland China on the establishment of a "peace and stability" framework for cross-Straits interactions?* [paraphrased] Nonetheless, more voted on the referendum than voted for Chen and 85 percent of those who voted said "yes," giving Chen a moral victory of sorts on this issue as well.

All eyes will now be on President Chen's May 20 swearing in ceremony to see if he will repeat the "five noes" from his May 2000 inaugural address or take a less conciliatory (or even a more openly confrontational) approach toward Beijing. Chen has already intimated that he will repeat (or at least not renounce) the "five noes" and has pledged to support the "status quo" – recall it was concern that "he may be willing to make decisions unilaterally that change the status quo, which we oppose" that led to President Bush's open criticism of Chen last December – although Chen's definition of the status quo clearly differs from Beijing's, ensuring a tough four years ahead unless Beijing also decides on a more conciliatory, cooperative approach. [For this author's suggestions on how Beijing could be more constructive, see *PacNet* #11, "Taiwan Elections: Time for Diplomatic Gestures from Beijing?" March 16, 2004.]

Malaysia: secularism wins big. Largely overshadowed by events in Taiwan were the March 21 Malaysian elections that provided a sweeping mandate for Prime Minister Abdullah Ahmad Badawi, Dr. Mahathir's chosen successor. Abdullah Badawi's Barisan Nasional (BN) Party won 90 percent of the seats in Parliament and retained (and in one case gained) control over 12 of Malaysia's 13 state assemblies, dealing a crushing blow to the Islamic fundamentalist opposition Parti Islam SeMalaysia (PAS) Party. The prime minister had surprised and delighted advocates of reform with his crackdown on corruption since replacing his mercurial patron on Oct. 31, 2003. His deeply felt but moderate religious views were in stark contrast to an increasingly confrontational PAS and the BN victory firmly establishes the more secular model of governance instituted by Dr. Mahathir, something the United States, no less than the international business community, is sure to appreciate.

Indonesia: democracy coming of age? It remains to be seen if moderate Islam will also prevail in Indonesia as voters go to the polls first for parliamentary elections in early April, followed by presidential elections in July. A run-off election is planned for Sept. in the likely event that no candidate achieves more than 50 percent of the vote in Indonesia's first direct presidential elections – in 1995 and 1999, the election took place within the People's Consultative Assembly. While 90 percent of the country is nominally Islamic, religious political parties have never been in a position to dominate national politics since free elections were instituted in 1995 and the main battle this year is expected again to be between two secular-nationalist parties, the ruling Indonesian Democratic Party of Struggle (PDI-P) lead by President Megawati Sukarnoputri and the nation's second-largest (and previous ruling party) Golkar, which is regaining popularity and is expected to do well in the April 6 Parliamentary contest. The candidates ready and eager to challenge President Megawati in July are far too numerous to name at this point but a close, tough contest is expected with the outcome (or even the most likely candidates) difficult to forecast. Stay tuned!

Korea: UP-lifting? South Koreans go to the polls on April 15 to elect a new National Assembly but much, much more than that now appears at stake since the impeachment this quarter of President Roh Moo-hyun, ostensibly because of his statement of support for one of the contesting parties. The president's support for the upstart Uri Party (UP) over the opposition Grand National Party (GNP) and the Millennium Democratic Party (MDP) – nominally his own party, since he ran on the MDP ticket – caused the opposition to unite and present Roh with an ultimatum in early March: either apologize for his comments – which were judged to be illegal but only a minor infraction of ROK election laws – or face impeachment.

Roh could have defused the crisis by acknowledging that his mistake but decided instead to call the opposition's bluff. After internationally broadcast fisticuffs between his supporters and detractors on the floor of the National Assembly, Roh was impeached by a vote of 193 to 2 (Uri Party members walked out before the vote), on the grounds of election law violations, corruption, and incompetence. Roh's fate now lies in the hands of a Constitutional Court, where within 180 days (and more likely by the end of April but not before the elections) six of nine members must vote to support the impeachment or President Roh returns to the Blue House after a paid vacation with full room and board.

Public opinion is running 70-30 against impeachment and the Uri Party is expected to gain a big boost as a result of the political showdown. Some have suggested that Roh, ever the brilliant political tactician, orchestrated the whole crisis to lift the UP up. Whether by design or default, that is what has happened. While inconceivable at the beginning of the year, it now appears Uri could become the largest (and perhaps even the majority) party in the National Assembly after the April 15 election, giving Roh the foundation he has thus far lacked to pursue his political agenda . . . assuming, of course – as almost everyone does – that the impeachment charges do not stand.

The implications of all this for ROK-U.S. and South-North relations are less than clear but most UP members are considerably more sympathetic and tolerant of North Korea than they appear to be toward Washington. Without the checks and balances provided by a more conservative National Assembly, it is difficult to predict in which direction Roh will choose to take either relationship. Meanwhile, in the very-capable hands of Prime Minister and now acting-President Goh Kun, the country remains safe and secure and perhaps more politically stable than at any time since Roh's election, which could revive calls for a less-powerful presidency or even for a parliamentary system somewhere down the line.

Philippines: star power. Filipinos go to the polls on May 10 to select their next president in what is shaping up to be a neck-and-neck race between the unelected incumbent, President Gloria Macapagal-Arroyo – the former vice president who assumed office after then-President Joseph Estrada was removed following “people power” demonstrations in 2001 – and Fernando Poe, an immensely popular movie actor with no political experience and close ties to fellow actor Estrada (who remains under detention while awaiting trial for corruption). International investors are keeping a close eye on the contest. While former economics professor Arroyo has not distinguished herself in the management of the Philippines rapidly sinking economy, few in the corporate sector believe that turning things over to a complete political novice will make things anything other than worse, a view reinforced by some of Poe's off-hand remarks on economic affairs. Meanwhile, Arroyo has named her coalition after a Taiwan boy band and has a TV personality running as her vice president and several other movie stars on her ticket, prompting one frustrated Makati business leader to lament: “We have politicians who want to be celebrities and celebrities who want to be politicians and neither are doing a good job in what they profess they want to be.”

Japan: Iraq redux? Looking past next quarter, many pundits are already depicting the Upper House elections in Japan in July as a potential vote of confidence on Prime Minister Koizumi's controversial decision to deploy Self-Defense Forces (SDF) to Iraq to help in the reconstruction effort. Public opinion, initially running strongly against Koizumi's decision, now seems more equally divided but there is concern that this upward trend could be reversed if the SDF troops in Iraq were to sustain significant (some would say any) casualties. More ominously, the Spanish public's reaction to the March 11 terrorist attack against the nation's rail system, while perhaps over-interpreted, nonetheless has raised concern that terrorist groups might attempt to make a similar “statement” in Japan just prior to the July elections. Security has already been tightened throughout Japan.

Burma: first step on road to democracy? While no one anticipates democracy breaking out any time soon in one of the world's most repressive societies, even in Burma there was a positive sign at quarter's end that a first step might be taken in accordance with the “road map toward democracy” prepared last year by Prime Minister Khin Nyunt's office. On March 31, the ruling junta (the State Peace and Development Council or SPDC) announced the convening of a National Convention in mid-May to discuss a new constitution. Since the SPDC had previously intimated that all parties,

including Aung San Suu Kyi's National League for Democracy (NLD), would be allowed to participate in the convention, this has raised speculation that Daw Suu and other key NLD officials might be released (again) from detention in time to participate.

Hong Kong: "one country, one system"? The next major election in Hong Kong is not scheduled to take place until 2007 but political maneuvering has already begun as China begins to issue restrictive interpretations on just what will and won't be allowed as the former British colony moves along the bumpy road toward greater representational democracy as promised by its Basic Law. While Beijing had promised a certain degree of political freedom for a 50-year period under its "one country, two systems" formulation, Beijing appears nervous about allowing too much free expression. "Hong Kong is not ready for democracy" goes the Chinese reasoning, using language normally reserved for discussions about political pluralism on the mainland. Translated, this means there is no assurance that only "patriotic Chinese" will be elected if the people are left to their own devices. An official "reinterpretation" of the Basic Law is expected in April, which could prompt a return of "people power" protests, Hong Kong-style, as witnessed last year.

U.S.: election madness begins, and it's a long time until November. Normally, Asians don't start seriously worrying about American politics until after the conventions have officially named the nominees and set party platforms (which are more carefully read abroad than in the U.S.). Not so this year. With John Kerry quickly earning the "presumptive nominee" title, the 2004 U.S. presidential campaign already seems in full swing. Foreign policy (other than vis-à-vis Iraq) has not yet become a major topic of debate but Asia appears unlikely to escape some not-so-friendly fire once things heat up further. "Outsourcing" seems destined to be a major topic of debate and one cannot discuss this issue without China (and India) figuring prominently in the debate. Another perennial favorite, trade imbalances, will serve to put China and several other Asian nations under the spotlight and even America's "best friend" in Asia, Japan, may find itself in line for renewed Japan-bashing, given Tokyo's continuing massive interventions in currency markets to prevent the climb in value of the yen against the dollar.

After many years of Japan-bashing and Japan-passing, Tokyo has enjoyed the recent era of what I have termed "Japan-surpassing," where Washington's every expectation – at least in the security arena – has been exceeded. However, some Japanese are now openly worrying that Prime Minister Koizumi's unabashed support for President Bush and his war in Iraq will, if the Democrats win in November, result in retribution. This worry seems misguided – Japan is providing just the kind of support in Iraq that Sen. Kerry believes all of America's allies should be providing – but many in Asia, as elsewhere, follow the "devil you know" line of reasoning.

Speaking of devils, Republicans are already trying to brand John Kerry as "Kim Jong-il's best friend in America" [readers can pick whether Kim or the Republicans are the "devils" in question] and there are legitimate concerns that North Korea may be stonewalling at the six-party talks to assess the prospects of "regime change" in Washington, in hopes that a kinder, gentler administration might be more amenable to

Pyongyang's demands. This line of reasoning is seriously flawed – even President Bush would have trouble selling a new DPRK incentive package to Congress; a Democrat wouldn't even try – but no one ever accused North Korea of being experts at understanding the democratic political process. Of course the flip side of this “wait until November” coin is the suspicion that Republican hardliners are themselves stalling until after the elections (and the further pacification of Iraq) so that they can seriously pursue their own brand of regime change. This can be a dangerously counterproductive game, however one plays it.

Regional economic trends: it's (mostly) all about China

Briefly updating last quarter's economic forecast, the sway of China's economy on regional trade, investment, and production patterns continued to test economic policy makers throughout the region this quarter. On March 24, China announced the adoption of a second set of credit tightening policies that intend to apply steady brakes to its still-overheating economy. While Asia's addiction to export-led growth is ultimately dependent on the U.S. consumer, Pacific Forum Director for Programs Jane Skanderup argues that China has become the handy hungry middleman in this bargain, and its outsized demand in 2003 contributed mightily to Asian economic recovery last year. Chinese officials are visibly concerned that their August 2003 tightening measures failed to stem credit expansion as desired, and lowering annual GDP growth to 7 percent from last year's 9.1 percent was a major focus of Premier Wen Jiabao's address to the National People's Congress in early March.

China's success at a soft landing has high stakes for China and the region, according to Skanderup. For China, financial sector restructuring is at the heart of its many ills, not to mention WTO commitments, with the most immediate concern being that the new credit will aggravate the non-performing loan drain, and could hazard the intended public offering of two of the four state-owned banks later this year. For the region, export demand from China should slow dramatically, and policy makers will once again come face to face with the challenges of restructuring and reform that could sow the seeds of domestic demand as fuel for economic growth. But this kind of political leadership will be hard to come by given all the above-referenced elections this year. One can only hope that the region's economic ministers keep their eye on the ball as their leaders toil in the streets of democracy.

It is also worth noting that the bedraggled Doha Development Round got a modicum of attention this quarter as USTR Zoellick made a world tour, including visits to Tokyo, Beijing, and Singapore with six ASEAN ministers. Unlike the jolt of Sept. 11 that got this round going, WTO members are trying to recover from Cancun mistakes and get into the long slog of problem solving. It doesn't help that bilateral deals take so much attention away from the global focus, nor that the U.S. Congress will likely take a pass on approving bilateral deals already concluded. With the U.S. election driving our own form of hyped economic debate, one can at least appreciate Zoellick's soldiering on the “free” trade cause alone.

Regional Chronology

January-March 2004

Jan. 1, 2004: Japanese PM Koizumi makes New Year visit to Yasukuni Shrine.

Jan. 6, 2004: DPRK offers to stop testing and producing nuclear weapons, as well as cease operating its nuclear power industry, if compensated.

Jan. 6-10, 2004: Stanford University Professor John Lewis leads delegation to Yongbyon nuclear facilities in the DPRK, including former Los Alamos Director Sig Hecker, former State Dept. negotiator Jack Pritchard, and Congressional staff members Frank Jannuzi and Keith Luse.

Jan. 7, 2004: Cambodia marks the 25th anniversary of the fall of the Khmer Rouge.

Jan. 12, 2004: WHO links the death of three children in Hanoi to an Avian flu virus that has killed thousands of chickens in Vietnam.

Jan. 12, 2004: U.S. and China sign Statement of Intent establishing a process for cooperation with the IAEA on a range of nuclear nonproliferation and security activities, including strengthening export controls and nuclear safeguards.

Jan. 12, 2004: USTR Robert Zoellick calls for reinvigoration of WTO Doha Development Agenda trade talks.

Jan. 13, 2004: U.S. announces immediate embargo on importation of civet cats to prevent the spread of SARS.

Jan. 14, 2004: ROK President Roh accepts resignation of FM Yoon Young-kwan.

Jan. 14, 2004: Former South Vietnam PM Nguyen Cao Ky, visits Vietnam for the first time since the war ended in 1975 for the lunar new year holiday.

Jan. 14-15, 2004: Chairman of the Joint Chiefs of Staff Gen. Richard Myers visits China.

Jan. 15, 2004: Roh appoints veteran diplomat Ban Ki-moon as foreign minister.

Jan. 15, 2004: Shanghai Cooperation Organization Secretariat opening ceremony in Beijing.

Jan. 16, 2004: Taiwan President Chen Shui-bian announces the wording of his proposed referendum; Secretary Powell says it shows some "flexibility."

Jan. 19, 2004: PM Koizumi, in speech opening Parliament, marks the first day Japanese troops have entered a combat zone since WWII and defends support of the U.S. war in Iraq stating, “Japan’s development and prosperity depends on world peace and stability.”

Jan. 20, 2004: U.S. police officers attend a 22 nation Asia-Pacific conference in Bali on the global campaign against terror.

Jan. 21, 2004: The U.S. initiates an antidumping investigation on shrimp imports from India, China, Thailand, Vietnam, Brazil, and Ecuador worth more than \$2 billion a year.

Jan. 21, 2004: Naoto Kan of opposition Democratic Party of Japan calls for PM Koizumi to resign over his decision to send troops to Iraq, claiming he violated the Japanese constitution.

Jan. 21-22, 2004: TCOG meeting in Washington, DC.

Jan. 22, 2004: U.S. expresses deep disappointment in the Malaysian court of appeal decision to uphold the conviction and sentence of former Deputy PM Anwar Ibrahim.

Jan. 23-27, 2004: Secretary Powell visits Russia and Georgia.

Jan. 25, 2004: Indonesia’s Ministry of Agriculture confirms the avian flu epidemic has reached Indonesia.

Jan. 28 to Feb. 4, 2004: Deputy Secretary of State Richard Armitage visits China, Mongolia, and Japan.

Jan. 29, 2004: Dead sperm whale being transported to a natural preserve explodes in Tainan City, Taiwan.

Jan. 29, 2004: BBC reports the DPRK has offered Nigeria missile technology. The U.S. expresses concern.

Jan. 29-30, 2004: Under Secretary of State Bolton visits Moscow; fails to convince Russia to join PSI.

Jan. 30, 2004: In Beijing, Secretary Armitage states that the U.S. opposes any unilateral action by either side that could affect the status quo in the region.

Feb. 1-2, 2004: Assistant Secretary of State Kelly visits Seoul.

Feb. 3, 2004: President Chen calls for Taiwan and China to launch talks on political, economic, and military relations after the island’s March election; also offers to establish a demilitarized zone across the Taiwan Strait.

Feb. 3, 2004: In Tokyo, Australia, U.S., and Japan conduct fifth round of the Trilateral Security Dialogue that began in August 2002.

Feb. 3-6, 2004: North-South Cabinet-level talks in Seoul.

Feb. 3-5, 2004: President Megawati Sukarnoputri opens Bali Regional Ministerial Meeting on Counter-Terrorism co-chaired by Indonesia and Australia; U.S. Attorney General John Ashcroft and over two dozen foreign ministers from Asia and Europe participate.

Feb. 5, 2004: Deputy USTR Charles Freeman says “China’s WTO compliance record falls short of the mark”; notes that over the past three years, U.S. exports to the world have decreased by 9 percent, while China exports have increased by 62 percent.

Feb. 6, 2004: Bombing on Moscow subway kills 39 people and injures more than 100.

Feb. 8, 2004: U.S. and Australia conclude historic free trade agreement.

Feb. 8-11, 2004: Adm. Thomas Fargo, Commander, U.S. Pacific Command, visits Vietnam.

Feb. 9, 2004: The UN World Food Programme (WFP) issues statement that it faces a supply shortfall for emergency aid to the DPRK due to a funding crisis.

Feb. 10, 2004: The sixth round of bilateral U.S.-China Defense Consultative talks are held in Beijing.

Feb. 10, 2004: USTR Zoellick visits Tokyo.

Feb. 11, 2004: President Bush proposes new measures to counter WMD threat during NDU speech.

Feb. 11, 2004: China dismisses President Chen’s proposal to establish a DMZ as “deceitful,” warning the March referendum will “provoke confrontation” and “endanger peace.”

Feb. 11-13, 2004: Adm. Fargo visits Indonesia, meets with President Megawati to discuss new measures to enhance military cooperation between the two countries.

Feb. 12, 2004: USTR submits to Congress a formal “Intent to Initiate Free Trade Agreement Negotiations with Thailand.”

Feb. 12, 2004: USTR Zoellick visits Beijing.

Feb. 13, 2004: South Korea's Parliament approves deployment of more than 3,000 troops to Iraq, in addition to 465 Korean military medics already in Iraq. It will be the third largest force after US and British troops.

Feb. 13, 2004: USTR Zoellick visit Singapore.

Feb. 15, 2004: Tin Oo, vice chairman of Burma's National League for Democracy, is released from prison and placed under house arrest in Rangoon.

Feb. 16, 2004: USTR Zoellick visits New Delhi for talks about increasing market access for goods, services, and agriculture.

Feb. 16-17, 2004: Under Secretary Bolton visits China for the third round of China-U.S. consultations on strategic security, multilateral disarmament, and proliferation prevention.

Feb. 16-27, 2004: Exercise *Cope Tiger* among the U.S., Thai, and Singapore air forces takes place at Korat, Thailand.

Feb. 17, 2004: Japan confirms second outbreak of bird flu.

Feb. 19, 2004: Under Secretary Bolton visits Tokyo, says the success of the upcoming six-party talks in Beijing depends on North Korea.

Feb. 23-March 8, 2004: Philippines and U.S. militaries hold *Balikatan-04* exercises in the Philippines with approximately 2,500 forces from each country.

Feb. 25-28, 2004: Second round of six-party talks on the DPRK nuclear issue held in Beijing. ROK outlines a three-step proposal to resolve the stand-off and offers "countermeasures" to reward the DPRK for compliance. U.S. hails the meeting as "very successful," but DPRK says there has been "no substantive and positive result." China states there is a "complete lack of trust" between the U.S. and North Korea.

Feb. 25, 2004: State Department issues "Country Reports on Human Rights Practices." Burma and the DPRK are rated as "extremely poor." Cambodia, Indonesia, Laos, and Vietnam's rated "poor"; East Timor and Thailand rated as "problematic." Also accuses China of "backsliding."

Feb. 27, 2004: A Japanese court sentences Asahara Shoko, the leader of a Japanese cult Aum Shinrikyo, to death for ordering the 1995 sarin gas attack on the Tokyo subway.

Feb. 28, 2004: Two million supporters for President Chen form human chain along the length of Taiwan.

Feb. 28, 2004: The U.S. and China celebrate the 32nd anniversary of the signing of the Shanghai Communiqué.

March 1, 2004: China releases annual report on human rights in the United States.

March 1-4, 2004: U.N. special envoy Razali Ismail visits Burma, meets pro-democracy leader Aung San Suu Kyi and Prime Minister Khin Nyunt in effort to restart peace talks between the NLD and the military junta.

March 1, 2004: The Philippine army chief announces that the U.S. Army will complete its training of Philippine soldiers in counterterror tactics by June, slightly extending its U.S. counterterror program on Mindanao.

March 2, 2004: Asst. Secretary Kelly tells Senate Foreign Relations Committee that six-party talks are “working to our benefit and are moving a serious process forward.”

March 2, 2004: U.S. Federal Reserve Chairman Greenspan singles out Japan for criticism over dollar intervention and high accumulation of dollar reserves.

March 4, 2004: ROK FM Ban Ki-moon meets Secretary Powell in Washington, D.C.

March 5, 2004: Secretary Powell meets with Hong Kong Democratic Party Leader Martin Lee in Washington, DC.

March 7, 2004: President Megawati says martial law could be lifted in Aceh province by May, but does not indicate if major military operations would also end.

March 7, 2004: FM Ban visits Tokyo, meets FM Kawaguchi. Japan and South Korea agree to work closely to persuade the DPRK to abandon its nuclear weapons program.

March 8, 2004: IAEA chief Mohamed ElBaradei tells IAEA’s Board of Governors that North Korea’s nuclear activities and withdrawal from the NPT have “set a dangerous precedent and thus remain a threat to the credibility of the nuclear non-proliferation regime.”

March 9, 2004: South Korea’s main opposition parties take unprecedented action and place a motion before the parliament to impeach President Roh.

March 9, 2004: The Indonesian Supreme Court announces a reduced prison sentence for JI leader Abu Bakar Bashir.

March 12, 2004: South Korea’s parliament impeaches President Roh for endorsing a pro-government party and for corruption and incompetence by a vote of 193 to 2, suspending his powers pending a Constitutional Court ruling. PM Goh Kun becomes acting president.

March 14, 2004: Vladimir Putin is re-elected president of Russia, winning 71% of the vote.

March 14, 2004: China amends its constitution to include formal guarantees of private property right and human rights.

March 15-17, 2004: Secretary Powell visits India.

March 17, 2004: *KCNA* commentary on Roh impeachment: “The U.S. is chiefly to blame for the incident. [...] The U.S. egged the South Korean political quacks, obsessed by the greed for power, on to stage such incident in a bid to install an ultra-right pro-U.S. regime there.”

March 18, 2004: U.S. files a WTO case against China for discriminatory tax rebate policy for integrated circuits.

March 19, 2004: ROK halts plans to deploy forces to Kirkuk, Iraq. Government official states that the ROK will eventually dispatch the troops, but only after finding a safer location.

March 19, 2004: DPRK says U.S.-ROK joint military exercises show the U.S. is preparing to attack the North and is not serious about pursuing a peaceful solution to the nuclear standoff.

March 19, 2004: President Chen Shui-bian and Vice President Annette Lu survive assassination attempt, receiving only minor injuries.

March 20, 2004: President Chen defeats opposition contender, Lien Chan, by less than 30,000 votes. Lien demands a recount. Voters reject Chen’s referendum.

March 20, 2004: President Bush, in speech at one-year anniversary of war against Iraq, singles out Japan and South Korea for their efforts to help fight the war on terrorism.

March 21, 2004: Abdullah Badawi’s Barisan National (BN) Party wins 90 percent of the seats in Parliament and retains control over 12 of Malaysia’s 13 state assemblies.

March 21, 2004: Taiwan High Court orders all ballot boxes sealed.

March 21-28, 2004: The U.S. and ROK hold joint military exercises *Foal Eagle* and *Reception, Staging, Onward Movement and Integration* (RSOI).

March 22, 2004: ROK Agriculture and Forestry Ministry confirms additional bird flu inflections and announces it killed 400,000 chickens and ducks on farms north of Seoul.

March 23, 2004: President Chen agrees to recount and vows to abide by the results.

March 23-25, 2004: Chinese FM Li Zhaoxing visits the DPRK (the first Chinese foreign minister to visit in five years) and meets with DPRK leader Kim Jong-il.

March 23-26, 2004: Seven Chinese activists land on Senkaku Islands and are arrested, taken to Okinawa for questioning, and subsequently released.

March 25, 2004: U.S. and UK introduce draft UNSC resolution to keep WMD out of the hands of non-state actors.

March 26, 2004: The White House announces that Vice President Cheney will visit Japan, China, and South Korea in April.

March 26, 2004: *Xinhua* announces that China will issue reinterpretation of Hong Kong's Basic Law.

March 29, 2004: Russia claims development of a “revolutionary” weapon that would penetrate a missile defense shield.

March 29-April 2, 2004: Chinese DM Cao conducts first visit by a Chinese defense minister to India in a decade.

March 30, 2004: Under Secretary Bolton says, “The global proliferation of biological, chemical, and nuclear weapons is becoming riskier and more uncertain, and the United States is sending the message that the pursuit of these weapons does not bring security, but insecurity.”

March 31, 2004: FM Ban says a North Korean proposal for a nuclear freeze would be unacceptable unless North Korea commits to have all its nuclear-related facilities frozen.

March 31, 2004: Russian Duma decides to outlaw public protests in most Russian public places, including outside official buildings.

March 31, 2004: Ruling junta announces conference to discuss new constitution for Burma will be held in May, prompting speculation that Aung San Suu Kyi may soon be released (again).