

Comparative Connections

A Quarterly E-Journal on East Asian Bilateral Relations

Edited by
Ralph A. Cossa and Eun Jung Cahill Che

Volume 2, Number 2
Second Quarter 2000

Honolulu, Hawaii
July 2000

Pacific Forum CSIS

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

An international Board of Governors guides the Pacific Forum's work; it is chaired by Brent Scowcroft, former Assistant to the President for National Security Affairs. The Forum is funded by grants from foundations, corporations, individuals, and governments, the latter providing a small percentage of the forum's \$1.2 million annual budget. The Forum's studies are objective and nonpartisan and it does not engage in classified or proprietary work.

Comparative Connections

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 North Korea 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.

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After a frustrating first quarter--with officials on the security side bickering over host-nation support and garbage incinerators, and officials on the economic side banging heads over internet connection fees and macroeconomic policy--the bilateral agenda seems to have stabilized in time for the July G-8 summit in Okinawa. It is not that Washington and Tokyo have made dramatic breakthroughs on any of these issues. In fact, most remain unresolved. However, there is a quiet confidence that enough can be done before the summit to establish a generally positive atmosphere. In part, this is because the Mori cabinet has survived June 25 elections and now recognizes that further intransigence on trade and security issues will only undermine the prime minister's already flagging credibility. Meanwhile, Washington has taken its measure of the Mori coalition and has lowered its expectations accordingly. Finally, in Okinawa, the prospects for a political conflagration over bases seem to have subsided. Overall, the relationship looks set for a steady course through the summit.

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Other accomplishments in bilateral ties were less significant and, indeed, were barely noted. For example a bilateral agreement was penned to share information and evidence related to drug smuggling and, in the military sphere, the commander in chief of the Chinese Navy made a week-long visit to the U.S. followed by a delegation headed by the Nanjing Military Region Commander. Last but not least, Secretary of State Albright made a last-minute whirlwind stop in Beijing to engage in security discussions with Chinese leaders.

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The June 13-15 inter-Korean summit between South Korean President Kim Dae-jung and North Korean leader Kim Jong-il spoke to the possibility of dramatic forward progress in inter-Korean relations and advanced President Kim’s commitment to end the Cold War on the Peninsula. The meeting drew unqualified support from the U.S. and other regional actors, but also raised questions as to the future of the U.S. military presence on the Peninsula. Despite official proclamations to the contrary, pre-summit reports indicated some divergence between U.S. and South Korean policymakers on agenda topics, with the U.S. (and Japan) concerned about nuclear and missile issues and South Korea keen on leading with economic cooperation and family visitations. Controversy over the Nogun-ri massacres and the pace of attendant investigations, the 20th Anniversary of the Kwangju massacres, protests over U.S. test ranges, the Status of Forces Agreement, and a U.S. carmaker bid for Daewoo Motor Company all reflect future challenges in managing U.S.-Korean relations.

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Following his election as President of the Russian Federation, Vladimir Putin moved swiftly to consolidate power at home and to project an image of a revitalized Russia abroad. His team of economic advisors put together far-reaching proposals to reform the economy, while the presidential administration presented the Duma with a reorganization plan aimed at reining in the power of the governors. Ratification by the Duma of START II and the Comprehensive Test Ban Treaty, followed in quick succession by a series of well publicized foreign visits and a summit with President Clinton in Moscow, conveyed the image of a can-do, energetic new leader. That image was undermined by the attacks on Media Most and its head, Vladimir Gusinsky, the storm of negative publicity that followed, and the continuing war in Chechnya.

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By Carlyle A. Thayer, Professor, Asia Pacific Center for Security Studies

China further consolidated its bilateral relations with Southeast Asia during the second quarter by signing four new long-term cooperation agreements with Myanmar, Indonesia, the Philippines, and Singapore. China also reinforced bilateral relations by exchanging high-level delegations with Singapore, the Philippines, and Myanmar, and several regional states joined with China to celebrate milestone anniversaries marking the establishment of diplomatic relations. Discussions on territorial disputes in the South China Sea continued without resolution, while Chinese and Vietnamese leaders expressed concern over the pace of negotiations over delineation of the Gulf of Tonkin. A new dimension was added to China’s relations with ASEAN states--the inauguration of direct party-to-party ties between the Chinese Communist Party and governing parties in non-socialist states. China also reinforced its ideological relations with Vietnam and Laos, its military ties with Thailand, and reportedly increased its military support for Myanmar.

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Pyongyang. Even more dramatically, DPRK leader Kim Jong-il stepped onto the world's diplomatic stage with a secret visit to Beijing at the end of May, where he was received by all the top members of the Chinese Communist Party. Supporting these developments, ROK Foreign Minister Lee Joung-binn visited Beijing for pre-summit consultations, Seoul played host to two senior PRC officials, and former ROK presidents Roh Tae-woo and Kim Young-sam visited China in June. Additionally, Seoul and Beijing staged their first major trade spat since official relations were established in 1991, with hundreds of millions of dollars worth of garlic, mobile phone, and polyethylene sales frozen by retaliatory tariffs on both sides, threatening an otherwise banner year for the Sino-South Korean economic relationship.

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Disappointment, hope, and uncertainty. This roller coaster of expectations best describes Japan's attitudes toward events on the Korean Peninsula this quarter. The psychic low was a result of the inauspicious start to Japan-North Korea normalization talks, followed by the hopes, expectations, and uncertainty produced by the inter-Korean summit. The trilateral policy coordination precedent set by the Perry review faced and passed important tests this quarter related to the summit. On the Japan-South Korea bilateral front, noteworthy positive steps deserve highlighting, especially because they were overshadowed by the focus on the summit. If real (rather than atmospheric) changes come to the security situation on the Peninsula pursuant to the summit, some larger questions regarding how to frame Japan-Korea relations deserve consideration.

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From time to time in Sino-Soviet relations, young men in the Kremlin challenged older leaders in Beijing. Now, 45 years after Khrushchev's de-Stalinization and 15 years after Gorbachev's Anew thinking," Russia's new president is reshaping his foreign policy in a remarkably realpolitik way, which may not be fully anticipated--nor welcomed--by his older Chinese counterparts. To be sure, much of Russo-Chinese relations in the second quarter was business as usual: Russian arms continued to flow to China; trade was up; vows of mutual commitment to territoriality were routinely uttered; bureaucrats frequented each other's capital. The chemistry between top leaders, however, did not seem to be an amicable mix.

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Regional Overview:

Coming of Age and Coming Out: Shifts in the Geopolitical Landscape

**by Ralph A. Cossa,
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The geopolitical landscape in Asia has changed dramatically and permanently in the past quarter, largely as a result of two landmark events—the coming of age of Taiwan’s Democratic Progressive Party (DPP) and the coming out of North Korea’s reclusive supreme leader, Kim Jong-il. Chen Shui-bian’s inauguration as Taipei’s first non-Kuomintang leader does not reflect the beginning of a new era. Instead, it provides further validation of the fundamental, seemingly irreversible, change that began in 1996 with Taiwan’s first truly democratic presidential election under “Mr. Democracy,” former President Lee Teng-hui. Meanwhile, Kim Jong-il’s sudden appearance in the international spotlight, first through his visit to Beijing and then as a result of his historic summit in Pyongyang with ROK President Kim Dae-jung, was even more dramatic; the so-called Dear Leader’s actions necessitate a rethinking of what is and is not possible on the Peninsula and raise hopes of near-term reconciliation and eventual peaceful reunification as the world marks the 50th anniversary of the Korean War. Both events will have a profound impact on U.S. security strategy and interests and on the prospects for peace and stability in East Asia. They will also affect upcoming and future attempts at multilateral cooperation in the region.

Korean Peninsula: What’s Changed?

Even the most optimistic Korean security analysts did not predict the magnitude of the summit and the degree of progress attained in this first historic meeting between the leaders of both halves of the divided Peninsula. Before discussing these developments and their impact on the various bilateral and broader relationships in the region, however, it is useful to remind ourselves of what has not changed.

North and South Korea still remain technically at war. The 1953 Armistice has yet to be replaced with a genuine peace treaty; nor was there any serious discussion of this step during the first summit. The process of normalization and cross diplomatic recognition promises to be a long one. It is still not clear that North Korea even accepts the premise that it must sign a peace treaty with the South; officially it still speaks only of a U.S.-DPRK accord.

North and South Korea also remain two of the most heavily fortified nations on earth. In North Korea, more than one out of every twenty citizens is a soldier and one-fourth or more of the total population is in the ready reserves. The country that has many times in the past threatened to bring a “rain of fire” on the South still retains the capability to do so at a moment’s notice even if, hopefully, the possibility of Pyongyang making such a political decision has been

significantly reduced as a result of the summit. But, intentions can change overnight; capabilities remain. Also in the current “too hard” box are discussions on military confidence building measures and mutual and balanced force reductions and pullbacks from the demilitarized zone. Until this happens, the Korean Peninsula remains a very dangerous place.

I do not point this out to throw cold water on the summit process, but rather to prevent the ROK finding itself in hot water later on, due to rising expectations or false illusions about how long a journey lies ahead, despite the remarkable progress attained in this first great step forward.

Despite these lingering concerns, the summit process, if managed carefully--and thus far, in my view, it has been--can result in a multiple “win-win” outcome not only for Seoul and Pyongyang but for all of the Peninsula’s neighbors and benefactors.

Korean Peninsula. Kim Jong-il and Kim Dae-jung both appear to have achieved their primary goals as a result of the summit. The North’s top priority, enhanced economic cooperation, was achieved but, significantly, the joint pledge to work together for the “development of the national economy” included a pledge to stimulate cooperation “in all fields,” opening the door for greater social and cultural exchanges (as called for in President Kim Dae-jung’s “Sunshine Policy” toward the North). This raises hope that Kim Jong-il has indeed made the decision to begin opening up his “hermit kingdom” to the outside world.

Kim Jong-il also changed his image overnight. The man normally alluded to as a socially (and perhaps mentally and physically) impaired recluse turned out to be a self-confident, secure, and even jovial diplomat. While he appeared mercurial at times, he was clearly in charge of his nation--and his own faculties--and is seemingly prepared to take North Korea in new directions politically and perhaps economically as well. One can even argue that he strengthened, rather than weakened, Pyongyang’s commitment to “*juche*” (self-reliance). Koreans helping Koreans (even if it’s the South helping the North) is better than growing reliance on outside support. Questions remain as to how committed Kim Jong-il may be to greater economic cooperation and a gradual opening up of the North’s economy and society, but at least the real possibility is now there.

Kim Dae-jung also got what he wanted most. In addition to at least tacit recognition by the North of his own and the ROK’s legitimacy (and even greater personal recognition and respect as a visionary international leader), President Kim also received a written promise from the North to move forward with the highly emotional, on again, off again, reunion of divided families. Even if nothing else had been accomplished, progress on this issue alone would have been sufficient in the eyes of most South Koreans to proclaim the summit a complete success.

Major Powers. While the conventional wisdom seems to be arguing that China fared best as a result of the summit, I would argue that all four major powers have come out ahead and that the U.S., Japan, and even Russia may end up gaining relatively more in the long run.

China. China has been--and should be given credit for being--an effective facilitator and interlocutor between the two Koreas. The secret meetings that helped set up the historic summit were hosted in Beijing and Kim Jong-il's highly publicized (after the fact) visit to Beijing demonstrated the continued "close as lips to teeth" relationship of these two allies. As *Comparative Connections* has documented in its continuing coverage of Sino-Korean relations, Beijing has taken many steps over the past several years to position itself as a trusted friend of both North and South and its stock has clearly risen as a result of its presumed behind-the-scenes roll, both in helping to bring about the summit and in moderating the North's behavior.

If one accepts that China's long-range goal is to replace the U.S. as the security guarantor on the Peninsula, however, then the summit was not all good news for Beijing. Kim Dae-jung's post-summit comments on the continued need for a U.S. military presence on the Peninsula not only during the peace process but even after reconciliation or reunification serve Washington's long-term interests much more so than Beijing's. This is especially true if, as alleged, Kim Jong-il tacitly accepted this argument. It also, of course, serves Seoul's long-term security interests and demonstrates the sense of continuity and consistency behind President Kim's long-stated security policy.

United States. There were some in Washington, and especially in the Pentagon, who appeared nervous prior to and during the summit, especially after reading the Joint Declaration's commitment "to resolve the question of reunification *independently*" [emphasis added]. President Kim's remarks since then reconfirming the U.S.-ROK alliance -- especially at ceremonies commemorating the 50th anniversary of the outbreak of the Korean War and during Secretary of State Madeleine Albright's subsequent visit to Seoul -- should have Washington resting more easily. *But the only thing worse than Seoul thinking that everything has changed is for Washington to pretend that nothing has changed.* While officials in Seoul and Washington may see the rationale for a continued U.S. presence post-reunification, it is clear that growing numbers of people and politicians in both countries will be increasingly questioning that assumption. Both sides need to start building the public case for a continued security relationship today.

Simply stating, "we see no reason yet to adjust our force presence" or that "we plan to keep forces on the Peninsula even after reunification" will not cut it. Instead, the U.S. should be noting that "as significant changes in the threat environment change, we will--in close coordination with our allies--adjust our force presence, downward or upward, accordingly." The U.S. should equally stress that it is committed to providing security assurances "as long as the Korean people want the security relationship to continue." This approach provides a useful reminder that the U.S. is not forcing its presence upon the Peninsula but is there at the behest of, and on the behalf of, the Korean people. Then Washington, in close coordination with Seoul and Tokyo, must convincingly make the case for continued engagement post-reconciliation or reunification...before less-informed public sentiment makes a continued American military presence unsustainable.

Japan. Kim Dae-jung has also continued his evangelical efforts at improving Japanese-Korean relations, encouraging Pyongyang to cooperate more fully with Tokyo and likewise encouraging Japanese Prime Minister Mori to plan a summit visit of his own to the North in order to move the reconciliation process forward. The successful summit and Kim Dae-jung's public urgings in support of Japan-DPRK rapprochement can give Tokyo both the incentive and political cover it needs to move forward. It could also, as Victor Cha notes in the Japan-Korea article, create frictions between Seoul and Tokyo if not handled adeptly. Tokyo was pleased and highly appreciative that President Kim raised Japan's concerns about North Korea's missile development plans during the summit and must be heartened, as is the U.S., over Pyongyang's pledge to continue to freeze its missile test program. While the path ahead will still be rocky, the July 3 establishment by Tokyo of a National Organization for the Promotion of Normalization between Japan and North Korea headed by former Prime Minister Murayama should help facilitate the process.

Russia. Russia is also taking some dramatic steps to re-introduce itself into the Peninsula equation. The announcement that President Putin will visit Pyongyang while en route to the Okinawa G-8 summit in mid-July demonstrates Putin's wish to be a player in East Asia politics - even if the decision to go to Pyongyang before his first ever official visits to Tokyo or Seoul indicates he may not have his diplomatic priorities in order. Russian foreign ministry officials with whom I have spoken in recent weeks have stressed the need for North Korea to feel secure in its dealings with the South and U.S. and that Russia, along with China, is best poised to provide these assurances.

The Sino-Russian "strategic partnership" notwithstanding, Russia appears concerned about North Korea's growing closeness with China, even though it is seemingly not prepared to match Chinese economic support to the still-bankrupt Kim Jong-il regime. However, with Seoul (and presumably Washington and Tokyo) prepared to get out their own checkbooks, Russia apparently sees its insertion into the equation as a low cost means of reminding the other major powers that Russia also has high stakes in the Peninsula game. Russia's renewed involvement also provides Pyongyang with options and decreases its near-total security dependence on Beijing. As will be discussed in more detail later, one would anticipate that Putin will make a push during his visits to Beijing, Pyongyang, Okinawa, and presumably Seoul (if not in July, then soon) for a broader six-party dialogue, in order to give Russia and Japan a seat at the table along with the two Koreas, China, and the U.S. As Putin makes his move to become more engaged in Peninsula affairs, this might be a good time for the U.S., ROK, and Japan to press Moscow to contribute to the Korean Peninsula Energy Development Organization (KEDO) as well.

Cross-Straits. Finally, the summit may also have some indirect but positive bearing on the region's other major hot spot, as closer cooperation between North and South Korea increases pressure on Beijing and Taipei to also begin a direct dialogue. While Chen Shui-bian has already leapt upon the image of the two Kims shaking hands to call for a similar summit between Chinese President Jiang Zemin and himself, Beijing has been equally quick in claiming that there are no parallels between the North-South Korea and cross-Strait situations. Nonetheless, "if

North and South Korea can cooperate, why can't China and Taiwan" is becoming an increasingly popular refrain throughout East Asia, including in various corners in China.

Cross-Strait Relations: Emerging New Strategies?

David Brown expertly covers cross-Strait relations in this issue of the journal, but a few additional observations are offered here. Prior to his inaugural address, Chen Shui-bian had promised that his remarks would "please the U.S. and Japan and not antagonize China." In my view, this was more than just a prediction or statement of fact; it may also form the basis of Taipei's current cross-Strait strategy.

Chen has already taken his own unique initiative in making a series of unilateral concessions to Beijing. His now famous list of "no's" includes no statement of independence, no referendum on Taiwan's desired status, no institutionalization of former President Lee's infamous "special state-to-state relations" stance, no change to Taiwan's constitution, no name change, no abolishment of the National Unification Council, and no abolishment of the National Unification Guidelines. This is about as far as he can realistically go, given his own political constraints and the domestic challenges that must remain among his top priorities. While Chen has flirted with various "one-China" formulations, it is highly unlikely that he will utter the words that the Mainland (unrealistically) demands to hear...nor should he, at least not until Beijing shows some recognition and appreciation for how much Chen has already conceded.

Instead, Chen appears to have decided to take the moral highroad and, unlike his predecessor--who seemed to take great delight in poking a stick in the dragon's eye while reminding Washington and others not to take Taiwan for granted--Chen seems embarked on a charm offensive aimed at strengthening his support in Washington and Tokyo (and elsewhere) without unnecessarily irritating Beijing. Surely Chen realized that Beijing would reject any attempt to draw parallels between the North-South summit and the cross-Strait situation, and would also reject any Taiwan overtures to get the U.S. more intimately involved in "facilitating" (if not actually mediating) cross-Strait dialogue. But such initiatives played extremely well in Washington and Tokyo, in each case putting the ball into China's court. Beijing's already worn out stock response--that Chen still lacks "sincerity"--appears increasingly lame. As Chinese leaders meet this summer in Beidaihe to plot future strategy, they must come up with a more effective way of dealing with Chen's "smile offensive."

One emerging Chinese strategy that already shows signs of backfiring is Beijing's apparent decision to "mix politics and economics," despite its constant admonition to Washington and others not to do so in dealing with the PRC. Support for one-China and non-support for the DPP or independence are emerging as litmus tests for Taiwan entrepreneurs wanting to conduct business on the Mainland. Whereas Beijing objected when Lee Teng-hui tried to moderate Taiwan investment, now Beijing is threatening to kill its own golden goose. Similarly, after years of trying to pressure Taipei to yield on the so-called "three links," Beijing now seems intent on hinging direct cross-Strait economic interaction to a one-China pronouncement. China would do well to go back and read its own admonitions about why mixing politics and

economics makes little sense. Or they could simply recall that the core element of President Kim's Sunshine Policy is separation of politics and economics, which through time resulted in the successful summit.

Multilateral Cooperation: Lots of Stage-Setting Going On

The second quarter of 2000 was a slow one in terms of multilateral cooperation, with the main events being the May 17-18 ASEAN Regional Forum Senior Officials Meeting (SOM) aimed at setting the stage for the ARF meeting in Bangkok in late July and Japan's ongoing efforts to prepare the stage for the G-8 summit in Okinawa. China-ASEAN deliberations also continued on a South China Sea Code of Conduct but this only set the stage for further disappointments and more ASEAN disunity.

ASEAN Regional Forum. The most significant event emerging from the SOM was the unanimous agreement to open the door for DPRK membership in the ARF. However, it remains to be seen just how cooperative North Korea's Foreign Minister will be at his own multilateral coming out party in Bangkok. The ARF Ministerial may also serve as the opportunity for a possible first ever official meeting between the DPRK Foreign Minister and the U.S. Secretary of State. (Secretary Albright has coyly refused to rule out such a meeting.) Even if a formal *tete-a-tete* is not arranged, they will at least be seated around the same table, once again demonstrating how multilateral forums help make otherwise difficult bilateral contacts possible.

The gathering of all the key Northeast Asia players at the ARF also provides an opportunity for further discussion of a possible Northeast Asia Security Forum along the lines proposed by President Kim Dae-jung and former Russian President Boris Yeltsin. As noted earlier, this could also be on Putin's agenda when he makes his swing through the capitals of Northeast Asia. I have previously argued that the ARF provides an opportune setting for sub-regional discussions on Northeast Asia security, and the presence of North Korea at this year's meeting makes it even more ideal. The biggest logistical challenge is already accomplished: the six or eight ministers--I would add Mongolia and Canada to the mix--will already be assembled in Bangkok. Just as the ARF itself grew out of a luncheon discussion on security at the 1993 ASEAN Post Ministerial Conference, so too could the respective foreign ministers take the first step in establishing a Northeast Asian Security Dialogue merely by agreeing to sit together for informal discussions over breakfast or lunch during this year's ARF.

G-8 Summit. Expectations are low for July's other major multilateral event, the Okinawa G-8 summit. The late Japanese Prime Minister Obuchi had expended considerable effort to cast Japan as "Asia's interlocutor" at the meeting (despite resistance from Beijing). Foreign Minister Kono used the occasion of Obuchi's memorial service to further take the pulse of ASEAN on the summit. Nonetheless, with the exception of some support for rapprochement efforts on the Korean Peninsula, expectations are low and bilateral issues are likely to distract the media, especially since the Futenma Airbase relocation issue has yet to be resolved and the recent charge of molestation of an Okinawan teenager by a U.S. Marine could not have occurred at a

worse time. About the best that can be said is that the meeting is not likely to be as big a disaster as last fall's Seattle WTO meeting, so Japan should at least look good by comparison.

Multilateralism and Taiwan. Taiwan, which is specifically excluded from the ARF and G-8 deliberations, also appears to be refining its approach to participation in multilateral organizations, backing away from the previous administration's futile attempts to gain entry into various UN gatherings and focusing instead on greater participation in non-governmental organizations, which falls outside of the Mainland's "three no's" policy to which Washington (among others) subscribes. Taipei has also decided to focus on maintaining its current diplomatic ties rather than trying to find new countries with which to establish diplomatic relations; yet another example of Chen's more pragmatic, non-confrontational approach to international diplomacy. The exception, of course, is Taiwan's entry into the World Trade Organization soon after China accedes, presumably later this year.

The key question is how Beijing will react. It could encourage or help facilitate (or at a minimum not attempt to hinder) greater Taiwan participation in non-governmental organizations as a subtle means of "rewarding" Chen for his many concessions. Or, more true to form, Beijing may elect to put up more roadblocks along this path as well, thus helping to convince Taipei that its non-confrontational approach will yield few dividends. This latter course of action, if followed, could eventually force President Chen, as it did Lee Teng-hui before him, to devise steps to remind China and the rest of the international community that Taiwan cannot be ignored or completely isolated.

Conclusion

"May you live in interesting times" goes the old Chinese curse. Asia is certainly entering an "interesting" period as the region adjusts to Chen Shui-bian's election and Kim Jong-il's coming out party. The remainder of this year will be filled with more opportunities and hope for progress, but also more potential pitfalls, than we have seen in many years. Creative, effective diplomacy is called for. But, can Washington, Beijing, Tokyo, and others deliver? And will Kim Jong-il turn Kim Dae-jung's vision of a sunshine-filled future into a nightmare? More is yet to come, watch the gatherings unfold in Bangkok and Beidaihe, and perhaps even Okinawa, for some early clues.

Regional Chronology April-June 2000

Apr. 2, 2000: Japanese Prime Minister Keizo Obuchi collapses, secretary-general of the Liberal Democratic Party Aoki takes over as acting Prime Minister.

Apr. 4, 2000: A Japanese delegation arrives in North Korea to discuss establishment of diplomatic ties.

Apr. 5, 2000: Yoshiro Mori is selected as Japanese Prime Minister.

Apr. 8, 2000: Taiwan President-elect Chen Shui-bian appoints Tang Fei, a Kuomintang loyalist, as Minister of Defense.

Apr. 10, 2000: Seoul and Pyongyang announce a June 12-14 inter-Korea summit.

Apr. 13, 2000: Dalai Lama begins a week long visit to Japan.

Apr. 13, 2000: South Korea holds National Assembly elections.

Apr. 14, 2000: 200 Falun Gong members are arrested in China.

Apr. 14, 2000: Russian Duma approves START II 288-131.

Apr. 17, 2000: U.S. decides to sell Taiwan advanced air-to-air and air-to-ground missiles, antitank weapons, and long-range radar.

Apr. 21, 2000: Russia's Federation Council approves START II 122-15, completing Russian ratification.

Apr. 23, 2000: 21 hostages are taken by Philippine rebel group Abu Sayyaf from Sipadan Island in Malaysia and brought to the Philippines.

Apr. 23, 2000: Delegation led by former U.S. Assistant Secretary of State Winston Lord arrives in Taiwan, meetings include President Lee Teng-hui and President-elect Chen Shui-bian.

Apr. 25, 2000: Russian Foreign Minister Ivanov visits the U.S. to discuss arms control and the Anti-Ballistic Missile treaty.

Apr. 26, 2000: ROK Foreign Minister Lee arrives in Beijing for a visit with Premier Zhu Rongji and Foreign Minister Tang Jiaxuan.

Apr. 26, 2000: Winston Lord delegation arrives in China.

Apr. 28, 2000: Prime Minister Mori begins a trip to meet with all the G-8 countries, starting with Russian President-elect Putin.

Apr. 28, 2000: U.S. decides to keep North Korea on its list of terrorist-sponsoring states.

Apr. 29, 2000: Former Vietnamese Prime Minister Phan Van Dong dies.

Apr. 30, 2000: The 25th anniversary of the end of the Vietnam War.

May 1, 2000: The U.S., China, Russia, France, and England pledge to work toward total nuclear disarmament at the sixth review of the Nuclear Non-Proliferation Treaty in New York.

May 1, 2000: ASEAN economic ministers meet in Myanmar to expanded trade and economic integration.

May 1, 2000: Indian Foreign Minister Jaswant Singh visits China.

May 1-2, 2000: ROK Vice Minister Ban Ki-moon visits the U.S., meets with Secretary of State Albright and National Security Advisor Berger.

May 4, 2000: PRC President Jiang Zemin announces that he will step down as the head of the communist party in 2002.

May 4, 2000: Russian President-elect Vladimir Putin signs START II.

May 5, 2000: Japanese Prime Minister Mori meets with President Clinton in Washington.

May 6, 2000: Singapore agrees to allow Japanese troops to utilize Singapore's military bases in emergency situations.

May 8, 2000: Vladimir Putin is inaugurated as President of Russia.

May 8, 2000: Australia restores full diplomatic relations with North Korea.

May 10, 2000: China's Foreign Minister Tang Jiaxuan visits Japan to meet with Prime Minister Mori and Foreign Minister Kono.

May 12, 2000: Trilateral Coordination Oversight Group (TCOG) meets in Tokyo.

May 14, 2000: Former Japanese Prime Minister Obuchi dies.

May 16, 2000: ROK Foreign Minister Cho meets with his Russian counterpart Sergeyev in Moscow.

May 16, 2000: China and the Philippines sign a joint statement declaring that the two countries will work to resolve the Spratly Islands issue.

May 16-20, 2000: Philippine President Estrada visits China, meets with President Jiang.

May 17-18, 2000: ARF senior officials meet in Bangkok; North Korea applies for membership and is subsequently accepted.

May 18, 2000: U.S. National Security Adviser Berger visits President Putin in Russia.

May 19, 2000: South Korean Prime Minister Park resigns after being convicted of tax evasion; Finance and Economy Minister Lee Hun-jai becomes acting Prime Minister.

May 20, 2000: Chen Shui-bian is inaugurated as president of Taiwan.

May 20, 2000: Australian-ROK free trade agreement is established during Prime Minister Howard's visit to Seoul.

May 20, 2000: ROK Foreign Minister Cho visits Japan.

May 24, 2000: U.S. House of Representatives approve PNTR with China 237-197.

May 24, 2000: U.S. and DPRK representatives meet in Rome to resume talks, including discussion on the delayed construction of light-water reactors.

May 29, 2000: DPRK leader Kim Jong-il arrives in China for an unannounced three day visit, meets with President Jiang and Premier Zhu.

May 29, 2000: New Zealand Prime Minister Clark announces intention to resume diplomatic ties with North Korea.

May 29, 2000: PRC President Jiang meets with Indian President Kocheril Raman Narayanan in China.

May 30, 2000: Secretary-General Nonaka of the Japanese Liberal Democratic Party visits China on behalf of Prime Minister Mori.

Jun. 2, 2000: Prime Minister Mori dissolves lower house.

Jun. 4-5, 2000: President Clinton and President Putin meet in Russia.

Jun. 8, 2000: 25th anniversary of the establishment of diplomatic relations between the Philippines and China.

Jun. 8, 2000: Presidents Putin and Jiang confer via telephone about developing their countries' partnership.

Jun. 8, 2000: Prime Minister Obuchi's memorial service is held. Presidents Kim Dae-jung and Clinton meet, Clinton then meets separately with Prime Minister Mori, who also meets separately with Kim. Mori meets with Indonesian President Wahid to discuss the development of a free trade zone in Indonesia, Philippine President Estrada, Australian Premier Howard, and others. Foreign Minister Kono meets with other ASEAN ministers.

Jun. 13, 2000: Secretary of Defense William Cohen in Russia.

Jun. 13-15, 2000: ROK President Kim Dae-jung and DPRK leader Kim Jong-il meet in Pyongyang for the inter-Korean Summit.

Jun. 15, 2000: Visiting Malaysian Foreign Minister Syed Hamid Albar meets with Philippine President Estrada to discuss hostage situation.

Jun. 19, 2000: President Putin and President Kim Dae-jung confer via telephone, during which Putin offers Russia's help to mediate inter-Korea talks.

Jun. 21, 2000: President Clinton meets with the Dalai Lama in Washington, D.C.

Jun. 21, 2000: President Jiang meets with Iranian President Mohammad Khatami in Beijing.

Jun. 22, 2000: Russia asks for Japanese "realism and patience" regarding disputed territories, signaling further backsliding from Yeltsin/Hashimoto pledge to settle issue and sign a peace treaty by 2000.

Jun. 22-23, 2000: Secretary Albright arrives in Beijing, meets with President Jiang, Premier Zhu, Vice Premier Qian Qichen, and Foreign Minister Tang.

Jun. 24-25, 2000: Secretary Albright arrives in Seoul to meet with President Kim and Foreign Minister Lee.

Jun. 25, 2000: National elections are held in Japan, Yoshiro Mori retains prime minister position.

Jun. 27, 2000: Former Taiwan President Lee Teng-hui arrives in London for a one week "private visit by a private citizen" amid strong Chinese protests.

Jun. 29, 2000: Foreign Minister Lee arrives in Moscow to discuss possibility of President Putin visiting South Korea.

Jun. 29, 2000: President Kim Dae-jung reaffirms the importance of the ROK-U.S. alliance and role of U.S. forces in South Korea in deterring war on the Peninsula.

Jun. 29-30, 2000: TCOG meets in Honolulu.

U.S.-Japan Relations

Security and Economic Ties Stabilize before the Okinawa Summit

**by Michael Jonathon Green, Olin Fellow for Asia Security Studies,
Council on Foreign Relations**

After a frustrating first quarter in U.S.-Japan relations--with officials on the security side bickering over host-nation support and garbage incinerators, and officials on the economic side banging heads over internet connection fees and macroeconomic policy--the bilateral agenda seems to have stabilized in time for the July G-8 summit in Okinawa. It is not that Washington and Tokyo have made dramatic breakthroughs on any of these issues. In fact, most remain unresolved. However, there is a quiet confidence in both capitals that enough can be done before the summit to establish a generally positive atmosphere. In part, this is because the Mori cabinet has survived June 25 elections and now recognizes that further intransigence on trade and security issues will only undermine the prime minister's already flagging credibility on policy issues. Meanwhile, Washington has taken its measure of the Mori coalition and has lowered its expectations accordingly. Finally, in Okinawa, the prospects for a political conflagration over bases seem to have subsided considerably. Overall, the relationship looks set for a steady course through the summit.

The Elections in Japan: From Political Uncertainty to Boring Familiarity

The inability of Tokyo to deliver on core parts of the U.S. security and economic agenda earlier this year had much to do with the ruling coalition's poor prospects for Lower House Diet elections expected in June. Liberal Democratic Party (LDP) internal polling back in March showed the opposition Democratic Party (DPJ) making huge gains and possibly wresting enough seats away from the ruling parties to dump the LDP and build a new coalition. With Prime Minister Yoshiro Mori's frequent gaffes and combative relationship with the press after he took over from the fallen Keizo Obuchi in early April, things looked even worse in April and May. But by June, the election outlook began to change as the DPJ squandered its position by building a campaign around Mori-bashing that grew tiring and a platform of fiscal conservatism that smelled of tax increases. The LDP-Komeito-Conservative Party coalition took huge hits in the June 25 election, but survived with a comfortable majority of 271 out of 480 seats. The DPJ gained 32 seats for a new total of 127 in the lower house. The result was just enough to make the coalition cautious about public opinion, but not enough to force bold new thinking on the economy and security policy. In other words, as the *Wall Street Journal* noted, they maintained just enough to make certain that nothing really changed.

At the same time, however, the election results did point to larger shifts in Japan's worldview that will affect relations with the United States. For one thing, the generation that managed Japanese politics and U.S.-Japan relations almost disappeared this quarter. Two giants in the largest Keiseikai faction --Noboru Takeshita and Seiroku Kajiyama -- both died shortly before the election, leaving only former prime minister Yasuhiro Nakasone as a guiding elder, or "genro" for the current generation of political leadership. The June election also saw the demise of a number of senior politicians who had played a central role in U.S.-Japan relations, including former Defense Agency director generals Kazuo Aichi and Tokuichiro Tamazawa, and former Minister of International Trade and Industry (MITI) minister Kaoru Yosano, who progressive thinkers in the Japanese government had hoped would be prime minister one day. The left also took a big hit, with the Communist Party and Komeito losing a chunk of their seats, further weakening the old pacifist obstructions to a more "normal" Japanese security policy. Of the newly elected politicians, the majority are younger, centrist, and internationalist (whether LDP or DPJ) --with the largest number of women in the Lower House of the Diet in five decades.

The Security Policy Agenda

The results of the election suggest that Japan's steady but incremental move towards a more robust security role will continue. Indeed, the Japan Defense Agency's (JDA) move to its new Ichigaya headquarters on May 1 symbolized this trend. Ichigaya, with its ultramodern and imposing architecture and its historic setting (it was the site of the Tokyo War Crimes Tribunal and Yukio Mishima's hara-kiri) is evocative of both times future and times past for the Japanese military.

Security policy was not a major theme for the election (indeed, there was almost no debate on any policy at all), but Mori did state in April that he would like to pass "contingency legislation" (*yuji hosei*) within the year, as well as relax some of the restrictions on Japanese participation in UN peacekeeping (allowing a broader range of missions, but still restricting the use of force). This formula was worked-out with the more pacifist Komeito members before the election, and is likely to be implemented. Polls also continue to demonstrate the Japanese public's changing perceptions of security policy. In mid-April the *Yomiuri Shimbun* released a poll showing that over 60% of respondents support proposals to revise the Constitution, with younger respondents more in favor of revision. A separate poll by *Yomiuri* in mid-May showed that over 30% of the Japanese public thinks there is a real danger of war in Northeast Asia, with a clear majority favoring continued security relations with the United States.

The U.S.-Japan alliance benefited somewhat from a more confident coalition and continued public concern about the security environment. After months of idling, the two governments began to put together a plan to establish a consultative mechanism to link Japanese civilian agencies to the bilateral planning process started with the Defense Guidelines review in June. Progress was also made on bilateral cooperation for non-combatant evacuation operations (NEO) from troubled areas, although the Japanese press and politicians remained frustrated that a public agreement could not be signed to demonstrate the U.S. commitment domestically in Japan (the problem being that such agreements are never public). On host nation support (HNS), the

acrimony of the spring gave way to steadier progress toward a compromise, although the Japanese Ministry of Finance (MOF) still remains opposed to anything other than a cut in funding equal to the cuts in other budget areas. The Mori coalition could have cut through the interagency squabbling to settle HNS before the G-8 summit, but deferred to advisors who said that any substantial decisions on bases should wait until after the prime minister and president have left the controversial setting of Okinawa. Across the board, frustration and stagnation gave way to some forward movement, with the prospect of most issues being settled before autumn.

Okinawa – Letting Sleeping Dogs Lie

Fears of a political crisis over the Okinawan base problem also subsided this quarter. For months Washington and Tokyo had been dreading a collapse of the 1996 Special Advisory Committee on Okinawa (SACO) agreement to move the Marines' controversial helicopter base from Futenma to a new offshore facility near Nago because Governor Keiichi Inamine refused to accept the new facility unless it came with a fifteen year time-limit. Secretary of Defense William Cohen had refused in March, arguing that there can be no "time-limit on security." Stalemate threatened to give way to crisis as the G-8 Okinawa summit approached. But by May, it appeared that everything would work out in the end. How? As the playhouse owner in *Shakespeare in Love* would say, "I don't know... it's a miracle." First, the effort in the local Nago City Assembly to recall Mayor Kishimoto for his support of the new base fizzled. Then in Okinawan prefectural elections in mid-June, the LDP candidates held steady while Komeito (also in the coalition, of course) won seats. Meanwhile, Governor Inamine's own popular support steadied, reinforcing his natural pragmatism. The governor cancelled an earlier announced trip to speak at the Council on Foreign Relations in April, removing pressure on him and the U.S. Government to show results. When the governor's chief advisor, Yoshihiko Higa, traveled to the United States instead, he brought a message of moderation, suggesting that the time-limit issue might be handled as a quiet arrangement between Tokyo and Naha. The offshore base issue and the larger problem of the U.S. military presence on Okinawa were not resolved this quarter, but the heat was lowered enough that a political crisis can be avoided at the summit, and there might be room for steadier progress by the end of the year.

Economic Relations – Sound but No Fury

Economic relations also threatened to poison the G-8 Summit at the beginning of this quarter, although things now seem manageable. Tokyo was put on the defensive by reports in mid-April that the U.S. trade gap with Japan soared to \$6.7 billion in February, a 20% leap from the previous month. On the macroeconomic side, this led Treasury Secretary Lawrence Summers to slap Japan for relying on the U.S. as a market of last resort and to then deny Japan the usual communiqué language about "sharing concern over the strong Yen" when G-7 Finance Ministers and Central Bankers held their summit on April 15. On the trade side, U.S. Trade Representative (USTR) threatened Japan with action in the annual Super 301 list on May 2, singling out flat glass and construction. The U.S. and Japan also failed to make headway on whether or not to renew the 1995 U.S.-Japan Auto Agreement, which expires on December 31 (the United Auto

Workers union is pushing for numerical indicators, but Tokyo thinks a broader statement will suffice).

But the real focus of U.S. trade strategy and U.S. frustration this quarter was Tokyo's unwillingness to reduce the fees that NTT charges for access to the internet. From the U.S. side and most of Japanese industry, it appears obvious that NTT's monopolistic behavior is obstructing the growth of new internet industries in Japan, but the Ministry of Posts and Telecommunications (NPT) would not budge (in part because NTT is still only semi-private and the government needs the extra income from high internet connection fees to keep the corporate stock afloat). After the June 25 elections, however, signs emerged that Tokyo might yield. First, reports that NTT made higher than expected profits undermined the MPT's position on the interconnection fees within Japan. Then Mori's own advisors began to see the danger of promoting the G-8 meeting as an "information technology" and "globalization" summit at a time when Japan was refusing to remove an obvious impediment to both. The issue was still unresolved at the end of June, but with hints of compromise.

U.S. Politics and Japan Policy

For Tokyo, this may just be the calm before the storm. It is often noted that current U.S. policy toward Japan does not receive high-level attention, but already groups are forming to make certain that the next U.S. administration does elevate its Japan policy to a more strategic level. On the macroeconomic side, former Council of Economic Advisors Chief Laura Tyson is leading a Task Force at the Council on Foreign Relations in New York to consider new approaches to dealing with Japan. On the microeconomic side, Bruce Stokes of the Council will soon publish the findings of a Washington-based experts group on trade relations with Japan. Meanwhile, Richard Armitage and Joseph Nye are spearheading a bipartisan team that is reviewing Japan policy across the board, but with a particular focus on political and security relations. That report will be out later in the summer. None of these groups is adopting an adversarial role. "Japan-bashing" offers little political advantage in the current U.S. political environment (a June 7 MOFA/Gallup poll shows 61% of "average" Americans consider Japan a good ally, while 87% of "informed" Americans feel that way). However, whoever wins the U.S. presidential election, there is a good chance that the new administration will begin by taking another look at Japan. It's agenda may prove considerably more ambitious than the current approach, and the Mori coalition's capacity for problem solving may be taxed far more than it is today.

Chronology of U.S.-Japan Relations April-June 2000

Apr. 2, 2000: Japanese Prime Minister Keizo Obuchi collapses, secretary-general of the Liberal Democratic Party Aoki takes over as acting-Prime Minister.

Apr. 5, 2000: Yoshiro Mori is selected as Prime Minister by Parliament.

Apr. 14, 2000: *Yomiuri* polls shows over 60% of public favors Constitutional revision.

Apr. 15, 2000: At G-7 Finance Ministers and Central Bankers meeting U.S. leans on Japan to stimulate economy.

Apr. 18, 2000: Commerce Department announces that the U.S. trade deficit with Japan jumped \$6.7 billion in February.

Apr. 25, 2000: Prime Minister Mori tells the Upper House Budget Committee that he wants to go ahead with contingency legislation.

May 1, 2000: Yoshihiko Higa, Advisor to Okinawan Governor Inamine, discusses alternatives to 15-year time limit during Washington visit.

May 1, 2000: Japan Defense Agency (JDA) moves into new headquarters at Ichigaya.

May 2, 2000: U.S. Trade Representative Super 301 target list sites Japan for flat glass and construction.

May 3, 2000: President Clinton meets Prime Minister Mori for a brief “get-to-know-you” session in Washington.

May 10, 2000: JDA officials reveal that the theme for the next five-year defense plan (2001-2005) will be cyberterrorism and C4I.

May 12, 2000: Trilateral Coordination Oversight Group (TCOG) meets in Tokyo.

May 16, 2000: *Yomiuri* poll shows 30% of Japanese fear danger of war in Northeast Asia.

Jun. 8, 2000: Clinton attends former Prime Minister Obuchi’s funeral in Tokyo and meets with Prime Minister Mori and ROK President Kim Dae-jung.

Jun. 11, 2000: LDP and Komeito coalition partners hold their own in Okinawan Prefectural Assembly elections.

Jun. 12, 2000: Okinawan Prefectural Government asks for civilian aircraft maintenance facility for new U.S. “dual-use” base near Nago.

Jun. 13, 2000: Coalition parties hold their own in Okinawan Prefectural elections.

Jun. 16, 2000: U.S.-Japan sub-cabinet committee meeting held in San Francisco to discuss G-8 agenda. Contentious issues remain unresolved, but diplomats are pleased with the positive atmosphere in this unprecedented interagency exercise.

Jun. 19, 2000: JDA officials reveal that the new five year defense plan will also contain more traditional indigenous aircraft programs for transport and maritime patrol.

Jun. 25, 2000: Lower House Diet elections. Ruling Coalition keeps a comfortable majority with 271 out of 480 seats, but the opposition DPJ picks up an impressive 32 seats.

Jun. 29-30, 2000: Trilateral Coordination and Oversight Group meets in Honolulu.

U.S.-China Relations

Progress on PNTR Boosts Relations, But Only Slightly

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

The Clinton administration made important progress this quarter toward securing congressional support for granting permanent normal trading status to China. The House approved the trade bill by a comfortable margin and Senate approval of the legislation is expected before the August recess. In an unprecedented gesture, President Jiang Zemin telephoned President Clinton to express his gratitude for the administration's intensive effort to win congressional backing for permanently lowering tariffs on Chinese exports to the United States. Other accomplishments in bilateral ties were less significant and, indeed, were barely noted. For example a bilateral agreement was penned to share information and evidence related to drug smuggling and Secretary of Commerce Daley co-chaired the thirteenth round of the U.S.-China Joint Commission on Commerce and Trade. In the military sphere, the commander in chief of the Chinese Navy made a week-long visit to the U.S. followed by a delegation headed by the Nanjing Military Region Commander. Last, but not least, Secretary of State Albright made a last-minute whirlwind stop in Beijing to engage in security discussions with Chinese leaders.

House Votes in Favor of PNTR

In a decisive foreign policy triumph for President Bill Clinton and an important achievement for Sino-American relations, the Republican-led House of Representatives voted solidly in favor of granting permanent normal trade relations (PNTR) to China on May 25. The vote tally was 237-197 in favor of ending the 20-year old practice of annually reviewing China's trade status. Clinton hailed the House action, calling it "an historic step toward continued prosperity in America, reform in China, and peace in the world."

The vote was preceded by months of unprecedented active lobbying by President Clinton and his cabinet to persuade House members of the benefits of providing PNTR to China and the costs of failing to do so. In meetings with undecided House members as well as in numerous public speeches delivered around the country, Clinton administration officials underscored the economic gains for the U.S. of conferring PNTR to China. They emphasized that it would open China's markets to U.S. business and thus create jobs, growth, and exports for Americans. The president hammered home the point that China would join the World Trade Organization (WTO) regardless of Congress' decision; the vote would only determine whether the U.S. would receive the same trade benefits from China as U.S. trade competitors.

As part of their sales pitch, Clinton and his cabinet members also articulated a clear national security argument in favor of granting PNTR to China. For example, in a statement delivered on April 11, President Clinton maintained that a yes vote on the trade bill would serve American interests by enmeshing China in the global economy which would increase its interdependence with the rest of the world. Spreading the information revolution to China, with the knowledge and freedom of thought that entails, would also advance American objectives. The president also warned of the dangers of refusing to provide PNTR to China. While a vote in favor of PNTR would strengthen China's reform process and the reformers behind it, a vote against PNTR would undercut those reform-minded leaders who negotiated the agreement. Denying PNTR to China, Clinton warned, would also be viewed by the Chinese people as "a strategic decision by the U.S. to turn from cooperation to confrontation" and "strengthen the hand of those in China who believe that cooperation with the U.S. is a mistake."

National Security Council adviser Sandy Berger similarly told an audience at the East Asian Institute of Columbia University on May 2 that withholding PNTR from China would "have serious and substantial consequences for U.S. national security." It would send a "jarring signal to friends and allies in the world that American is turning inward," Berger maintained. The U.S. would be seen as an unreliable ally and its ability to lead on a broad range of issues such as arms control and peacekeeping would be compromised. In addition, Berger warned that instability and tensions between China and Taiwan would increase because China's suspicions about U.S. motives would intensify while the ability of the U.S. to play a positive role would diminish.

A stepped-up effort by the House GOP leadership significantly aided the administration's cause. The Republicans ended up delivering 164 votes, while the Democrats provided only 73. The Senate vote on the trade legislation is likely to take place in July. Supporters hope to pass a clean version of the House bill, free of amendments that would force the measure back to the House for a potentially tricky second vote. But several senators have expressed interest in offering amendments, including Fred Thompson (R-TN) and Robert G. Torricelli (D-NJ) who support an annual review of China's record in trafficking nuclear, chemical, and biological warfare and missile technology. The measure would also require the administration to impose sanctions on individuals, groups, or companies that the United States identifies as weapons proliferators. On June 20, President Clinton met with 17 Republican and Democratic senators who favor ending the annual vote on China's trade status bill in a strategy session aimed at ensuring a clean bill and preventing a postponement of the vote until September, which--if the issue becomes entangled in election-year politics--could imperil its passage.

The trade bill's approval was widely welcomed in the Asia-Pacific region. Takashi Fukaya, Japanese Minister of International Trade and Industry, greeted the vote as a "big step forward." Taiwan hailed the bill as a catalyst for political reform on the Mainland and hoped that Beijing's early entry into the WTO would pave the way for Taiwan's accession. By contrast, China's public reaction to the passage of the bill was tepid due to the inclusion in the final bill of provisions to set up a special commission to monitor Beijing's human rights and trade compliance record. A spokesman of the Ministry of Foreign Trade and Economic Cooperation merely termed the House vote a "wise" action and condemned the added provisions as

“unacceptable” measures aimed at attempting to “interfere in China’s internal affairs under the pretext of human rights.”

Privately, however, Beijing took an unusual step to express its gratitude to the United States and to President Clinton in particular for his resolute efforts to secure permanent trading status for China. A few days following the House vote, President Jiang Zemin telephoned President Clinton to personally convey his thanks. White House officials said they had expected a formal exchange of letters with Jiang about the trade vote and thus were surprised by the call. Apparently, this marked the first time that Jiang had initiated a call to the president. Chinese think tank analysts privately interpreted the move as signaling Jiang’s commitment to stabilizing and improving Sino-American relations. Press reports on the phone conversation revealed that the two leaders talked for 40 minutes, discussing nuclear nonproliferation, Korean Peninsula developments, and Taiwan, as well as China’s pending entry into the WTO.

Official Exchanges and Agreements

Visits between Chinese and U.S. civilian officials during the second quarter of this year were primarily made by Americans traveling to Beijing. In April Secretary of Education Richard Riley visited China in an effort to enhance Sino-U.S. educational cooperation. He renewed an agreement on Fulbright fellowships and other exchanges that promote a free flow of ideas between American and Chinese societies. Later in April, Secretary of Commerce Daley co-chaired the thirteenth round of the U.S.-China Joint Commission on Commerce and Trade (JCCT). During the Congressional recess, Secretary of Agriculture Dan Glickman visited China, bringing with him a small delegation composed of two PNTR House supporters and two undecided Representatives to evaluate the impact of WTO accession on China and on U.S. interests.

Bilateral cooperation in fighting illegal drugs took a major step forward with the signing of a formal agreement to share information and evidence related to drug smuggling. The accord was announced on June 19 by Barry R. McCaffrey, a retired Army general and director of the White House drug-control office, who is the first top U.S. official responsible for drug control to visit China. McCaffrey was accompanied by other anti-drug officials on an eight-day tour to Beijing, Hong Kong, Hanoi, and Bangkok. In a joint public appearance with the director of drug enforcement at China’s Public Security Ministry, Yang Fengrui, McCaffrey highlighted several areas in which the United States hopes to cooperate with China, including sharing intelligence about drug operations, curbing money laundering, controlling precursor chemicals, analyzing seized drugs to identify their sources, and fighting the smuggling of weapons. Yang expressed his belief that Sino-U.S. cooperation was “going to enter a new stage.” The two sides also discussed the opening of an office of the Federal Bureau of Investigation in Beijing, but no decision was reached.

Military Ties Progress

Contacts between the U.S. and Chinese militaries proceeded this quarter in accordance with the bilateral military program agreed upon last January by Deputy Chief of the General Staff Major General Xiong Guangkai and Undersecretary of Defense Walter Slocombe. In mid-April, a Chinese naval delegation led by Admiral Shi Yunsheng, commander in chief of the PLA navy, made a week-long visit to the U.S. at the invitation of Admiral Jay L. Johnson, chief of U.S. naval operations. Delegation members included Vice Admiral Wang Yongguo, commander-in-chief of the South China Sea Fleet, and Rear Admiral Zhao Xingfa, deputy general chief of staff of the PLA navy. In addition to holding discussions with Secretary of Defense William Cohen and a host of other senior Department of Defense officials, Admiral Shi and his delegation paid visits to the U.S. Naval fleet, air units, and military academies.

In mid-June, a PLA delegation led by Nanjing Military Region commander Liang Guanglie visited the headquarters of the U.S. Pacific Command at the invitation of Admiral Dennis Blair, commander-in-chief of the U.S. Pacific Command. That same week, Daniel Christman, superintendent of the West Point Military Academy, held talks in Beijing with Chinese Defense Minister Chi Haotian. According to Chinese press reports, Chi expressed his appreciation for the role that the academy has played in promoting exchanges between the two armed forces and voiced his hope that the academy would continue to contribute to the development of military relations. Franklin D. Kramer, Assistant Secretary of Defense for International Security Affairs, also paid a visit to China for two days in June as part of the on-going bilateral defense exchange program and to prepare for a trip by Defense Secretary Cohen scheduled for mid-July.

U.S. Proliferation Concerns Mount

Discussion of proliferation and arms control matters are back on the U.S.-China agenda over a year after Beijing suspended the bilateral dialogue in reaction to the NATO accidental bombing of the Chinese embassy in Belgrade. China's foreign ministry spokesman announced in early June that the two sides had agreed in principle to resume the talks in July. Undersecretary of State for International Security Affairs John Holum is scheduled to visit China on July 7-8 for talks with his counterpart Vice Foreign Minister Wang Guangya. Issues to be discussed include Chinese export controls on weapons of mass destruction (WMD) related items, U.S. plans to develop and deploy theater and national missile defense systems, global security issues such as South Asia and Korea, and multilateral arms control topics.

The issue of whether or not to impose economic sanctions on China for its transfer of M-11 ballistic missiles to Pakistan nearly a decade ago remains front and center on the U.S. list of priority concerns. The U.S. intelligence community has long argued that there is irrefutable evidence that China transferred finished M-11 missiles to Pakistan in violation of the Missile Technology Control Regime (MTCR), but there has thus far been no political decision to impose sanctions on China for its breach. According to Nayan Chanda of the *Far Eastern Economic Review*, a deadline is looming for the Clinton administration to decide if sanctions are warranted. Washington is also concerned that China has resumed work on the M-11 missile plant it started constructing in Pakistan in 1990. U.S. and Chinese arms control experts have been quietly discussing the M-11 issue in an attempt to avert sanctions. Technical talks between the U.S. and

China were reportedly held in mid-May, and on June 11 Robert Einhorn, Assistant Secretary of State for Non-Proliferation, traveled to Beijing. Neither of the two rounds of discussions was formally reported by Washington or Beijing.

The U.S. hopes to reach a deal with China that would give Clinton the political cover he needs to waive sanctions on grounds of national security. Such a deal could entail new commitments by Beijing to strengthen controls on the export of nuclear-related items or an agreement to become a full member of MTCR, although the latter is unlikely. Under an amendment to the Missile Control Act of 1990, sanctions could be levied on “all activities of that government affecting the development or production of electronics, space systems or equipment, and military aircraft.” Sanctions could also be imposed on individual companies involved in the M-11 missile transfers, which could prevent U.S. satellite makers from launching satellites on Chinese rockets for a period of at least two years.

Domestic pressure on Chinese leaders to link cooperation with the U.S. on proliferation matters with U.S. arms sales to Taiwan is a complicating factor that makes a resolution of the M-11 issue and progress in other areas of proliferation and arms control exceedingly difficult. Beijing was relieved by the April 18 decision by Washington to defer consideration of the sale to Taiwan of four Aegis-equipped Arleigh-Burke destroyers, but the Chinese know that Taipei is likely to put forward the request again this year. China protested the approval of the transfer to Taiwan of air-to-air and anti-ship missiles as well as a “Pave Paws” long-range radar system, which it fears will be integrated into a U.S. missile defense network. The spokesman for the Chinese foreign ministry charged that the arms sale would “boost the morale of the Taiwan authorities in refusing peaceful reunification with China” and urged the U.S. to exercise greater caution and prudence.

Albright’s 36 hour Visit

Secretary of State Madeline Albright arrived in Beijing on June 22 for a hastily arranged set of meetings with senior Chinese officials and President Jiang Zemin. The last minute decision to make the trip was not driven by any particular event or concern, according to a senior U.S. official who provided a background briefing prior to the secretary’s departure. Albright had long intended to make one last trip to the Chinese capital and the precise timing of the visit was determined primarily by the secretary’s hectic schedule and the process of working out mutually convenient dates with Beijing.

The House passage of PNTR by a wider than expected margin and the successful summit between President Kim Dae-jung and Kim Jong-il in Pyongyang provided a positive backdrop for Albright’s fifth trip to China as secretary of state. After her first day of meetings, Albright held a press conference in which she characterized her discussions as “good” and “substantive.” In a wide-ranging strategic dialogue with Chinese officials, the secretary talked about a host of bilateral, regional and international issues, including the status of the Middle East peace talks, the Korean Peninsula, the threat of terrorism emanating from the “stans” (Kazakhstan, Uzbekistan, Kyrgistan), Chinese proliferation activities, human rights, and Tibet.

Albright explained the status of the administration's effort to seek congressional approval for permanently lowering tariffs on Chinese exports to the United States and praised both Beijing's decision to seek WTO membership and its commitment to abide by WTO rules. Premier Zhu Rongji thanked the secretary for President Clinton's unfailing efforts to win support for PNTR, but also noted that bringing an end to the practice of annually renewing Beijing's normal trade relations status "is the obligation undertaken by the U.S. side in accordance with the rules of the World Trade Organization and is the basis and premise for carrying out the Sino-U.S. bilateral accord on China's accession to the WTO."

As was the case during National Security Advisor Sandy Berger's visit to China in March, however, the Taiwan issue dominated Albright's talks with Chinese officials. The secretary underscored the need to reduce cross-Strait tensions and re-start negotiations which Beijing postponed after former Taiwan President Lee Teng-hui declared last July that relations between the two sides of the Strait were the same as those between independent states. Albright urged Jiang to reconsider China's rejection of Chen Shui-bian's overtures for talks, appealing to the Chinese president to "seize the moment" and hold reconciliation talks with Taiwan at any level that Beijing deems appropriate. Jiang rejected her plea, insisting that Taiwan first acknowledge that there is one-China. Chinese officials also voiced their doubts about Chen's sincerity and his motives. In a veiled warning to Beijing to not increase military pressure on Taiwan, Albright advised her counterparts that "more would be gained through flexibility and shared interests than through efforts to intimidate."

On proliferation matters, the secretary discussed China's transfer of missiles and missile parts to Pakistan and other countries, but U.S. officials said that no progress was made. Albright also addressed U.S. concerns about Chinese human rights violations. She appealed for a resumption of the official dialogue on human rights, but the Chinese were non-committal. Beijing is no doubt still irritated by the U.S. sponsorship this year of a resolution condemning Chinese human rights practices at the United National Commission on Human Rights in Geneva, which it views as a confrontational and counterproductive approach that undermines bilateral cooperation on human rights. In her press conference, Albright did not mince words in her condemnation of China's recent record on human rights. She stated that "China has done little to bring its practices into line with international norms" and declared that Tibet's "unique cultural, religious, and linguistic heritage must be preserved."

In Chinese press accounts of Albright's discussions, Beijing's opposition to U.S. plans to deploy a national missile defense system (NMD) was prominently featured. The Chinese foreign ministry spokesman cited Foreign Minister Tang Jiaxuan as contending that U.S. NMD plans would upset the strategic balance and spur a race to develop more potent offensive nuclear weapons. At her press conference, however, Albright maintained that the Chinese were less concerned about the U.S. NMD program than about the possible U.S. provision to Taiwan of theater missile defense systems.

Toward the end of her visit, Albright predicted that the remaining months of the Clinton administration would be very busy and productive. She held out hope for progress in

cooperation on non-proliferation, the environment, Rule of Law, and counter-terrorism. The Chinese press reported that Albright and Chinese Foreign Minister Tang reaffirmed their commitment to jointly work toward the goal set by the two heads of state on building a Sino-U.S. constructive strategic partnership. Tang indicated Beijing's hopes to work together with the U.S. side in promoting further development of bilateral ties and laying a good foundation for the development of these ties in the new century. He singled out Taiwan as the core problem in bilateral relations and demanded that Washington cease selling the island weapons, exclude it from any regional missile defense systems, and abide by its commitment not to recognize an independent Taiwan.

The Next Six Months

Despite administration hopes that a great deal can still be accomplished between Beijing and Washington in the remaining half year of Clinton's second term, major breakthroughs are unlikely. Nevertheless, sustaining the strategic dialogue and achieving progress in areas where U.S. and Chinese interests overlap remains important. The visit by Undersecretary John Holum in July will provide another opportunity to resolve some urgent proliferation matters and head off new economic sanctions on China, which could further weaken the fragile political relationship. Defense Secretary Cohen's trip one week later will allow the heads of the two militaries to exchange perspectives on global and regional security concerns and make limited progress in the development of the bilateral military relationship.

The timing of these visits is significant as they will take place on the eve of the Chinese leadership's annual meetings at the seaside Beidaihe resort where in-depth discussions are held on priority domestic and foreign policy issues and future policy directions are often set. U.S.-Chinese dialogue on important security issues just prior to these meetings will ensure that Chinese leaders have a clear understanding of American intentions and policies. Hopefully, this will reduce the chances of miscalculation as the Chinese weigh how to respond to Taiwan President Chen Shui-bian.

Later in the fall, planned meetings between Presidents Jiang and Clinton at the millennium UN summit and the informal Asia Pacific Economic Cooperation (APEC) summit will also provide occasions for both sides to exchange views and reaffirm the importance of their bilateral relations. These occasions may well be more form than substance, however, as Beijing will increasingly be looking over Clinton's shoulder in an effort to gauge the policies of his successor.

Chronology of U.S.-China Relations April-June 2000

Apr. 5, 2000: U.S. Commerce Secretary William Daley visits China as guest of Chinese Foreign Trade Minister Shi Guangsheng. Daley co-chairs the Thirteenth Session of the U.S.-China Commission on Commerce and Trade.

Apr. 15, 2000: A Chinese naval delegation led by Admiral Shi Yunsheng, Navy Commander-in-Chief, arrives in the U.S. for a week-long visit at the invitation of Admiral Jay L. Johnson, Chief of U.S. Naval Operations.

Apr. 17, 2000: The Clinton administration approves the sale of a package of high-tech weapons to Taiwan, including sophisticated air-to-air and anti-ship missiles as well as a “Pave Paws” long-range radar system. Consideration of the sale of four destroyers equipped with Navy’s advanced Aegis radar systems is deferred.

Apr. 18, 2000: The 53-member UN Commission on Human Rights in Geneva adopts the Chinese “no-action motion” effectively blocking consideration of a U.S.-sponsored resolution criticizing Chinese human rights practices.

Apr. 25, 2000: Secretary of Agriculture Glickman visits China together with Representatives Norman Dicks, Ruben Hinojosa, Greg Walden, and Gregory Meeks to better evaluate the impact WTO accession will have on China and on U.S. interests in China.

May 20, 2000: Chen Shui-bian is sworn in as Taiwan’s first non-Kuomintang president. His inauguration is attended by a delegation from the United States headed by Laura d'Andrea Tyson who was chairwoman of the Council on Economic Advisers in President Clinton’s first term of office.

May 24, 2000: The House of Representatives votes solidly in favor of granting permanent normal trade relations to China. The Republican-led House votes 237-197 to end the 20-year-old practice of annually reviewing China’s trade status.

May 28, 2000: Chinese President Jiang Zemin telephones President Clinton to express his gratitude for the House PNTR vote.

Jun. 8, 2000: China’s foreign ministry spokesman announces that the U.S. and China have agreed in principle to resume bilateral talks in July on arms control and nuclear non-proliferation suspended after U.S. warplanes accidentally bombed the Chinese embassy in Belgrade last year.

Jun. 11, 2000: Robert Einhorn, U.S. Assistant Secretary of State for Non-Proliferation, arrives in Beijing on a low-profile visit to discuss Chinese exports of missile technology and components to Iran and Pakistan.

Jun. 13-14, 2000: Franklin D. Kramer, Assistant Secretary of Defense for International Security Affairs, visits Beijing as part of the on-going bilateral defense exchange program.

Jun. 14, 2000: Daniel Christman, superintendent of West Point Military Academy, arrives in Beijing at the invitation of the People's Liberation Army Headquarters of the General Staff.

Jun. 16, 2000: A delegation of the Chinese People's Liberation Army led by Nanjing Military Area Commander Liang Guanglie visits the headquarters of the U.S. Pacific Command at the invitation of Admiral Dennis Blair, commander-in-chief of the U.S. Pacific Command.

Jun. 19, 2000: The U.S. and China sign a formal agreement to share information and evidence related to drug smuggling during a visit to Beijing by Barry R. McCaffrey, director of the White House drug-control office.

Jun. 20, 2000: U.S. and China sign an anti-drug pact to prevent drug trafficking.

Jun. 21, 2000: U.S. Representative Floyd D. Spence holds a hearing of the House Armed Services Committee to explore the PRC's strategic interests and goals.

Jun. 21, 2000: The Dalai Lama meets at the White House with President Bill Clinton and U.S. National Security Advisor Sandy Berger to discuss Tibet. Clinton reiterates the U.S. commitment to support preservation of Tibet's unique religious, cultural, and linguistic heritage.

Jun. 22-23, 2000: Secretary of State Albright travels to Beijing for discussions with Chinese leaders that focused on the Korean Peninsula, Taiwan, and China's pending entry into the WTO.

Jun. 22, 2000: The U.S. State Department declares that China's official news agency *Xinhua* failed to get required permission when it purchased a seven-story building for news offices and living quarters close to the Defense Department's Pentagon complex.

Jun. 23, 2000: The Department of Defense, in accordance with the FY2000 National Defense Authorization Act (section 1202), submits a report to Congress on the current and future military strategy of the People's Republic of China.

U.S.-Korea Relations: Looking Forward, Looking Back

**by Stephen Noerper, Senior Associate,
The Nautilus Institute**

The June 13-15 inter-Korean summit in Pyongyang between South Korean President Kim Dae-jung and North Korean leader Kim Jong-il spoke to the possibility of dramatic forward progress in inter-Korean relations and advanced President Kim's commitment to end the Cold War on the Korean Peninsula. The historic meeting drew unqualified support from the United States and other regional actors, but also raised questions on the future of the U.S. military presence on the Peninsula. U.S. and South Korean officials voiced support for a future role for U.S. troops, but public protests in South Korea and suggestions by Washington conservatives indicated growing debate on the scope and type of U.S. presence. Despite official proclamations to the contrary, pre-summit reports indicated some divergence between U.S. and South Korean policymakers on agenda topics, with the United States (and Japan) concerned about nuclear and missile issues and South Korea keen on leading with economic cooperation and family visitations.

The quarter also was notable given the 50th Anniversary of the beginning of the Korean War. Citing the U.S. and South Korean shared sacrifice of a half-century ago, U.S. President Clinton initiated three and a half years of observances in Washington ceremonies. South Korean President Kim Dae-jung welcomed ten thousand Korean War veterans from twenty-one countries with public tributes, but parades were canceled and ceremonies subdued given the recent summit and South Korean public interest in that direction. North Korea refrained from making any comment about the anniversary, a marked departure from previous years. Controversy over the Nogun-ri massacres and the pace of attendant investigations, the 20th Anniversary of the Kwangju massacres, protests over U.S. test ranges, the Status of Forces Agreement (SOFA), and a U.S. carmaker bid for Daewoo Motor Company all reflect future challenges in managing U.S.-Korean relations.

Progress with North Korea

The United States continued its support for the South Korean policy of engaging North Korea in its bilateral relations with North Korea and through mini- and multilateral initiatives. In turn, North Korea continued its diplomatic opening and progressed not only to the table with South Korea, but with several external actors as well. The United States continues to regard North Korea as a principle security threat, with U.S. Pacific Forces Commander-in-Chief Admiral Dennis Blair describing it in an early April press briefing as the world's "single most dangerous

place.” So too, in the wake of the historic inter-Korean summit, U.S. officials expressed cautious optimism tempered with reminders of the DPRK nuclear and missile potential.

To that end, the United States met with North Korea in Rome late May to discuss DPRK nuclear and missile programs, as well as other bilateral issues. North Korea has agreed to restart formal missile talks with the United States, scheduled for July 10-12 in Kuala Lumpur. U.S. Coordinator for Counterterrorism Michael Sheehan suggested, in mid-April, conditions that North Korea must meet to secure removal from the U.S. list of state sponsors of terrorism. Although the United States redesignated the DPRK on that list May 1, North Korea remains set on removing itself, thereby opening the door for financial assistance from international lenders.

The United States announced its intent to follow-through on the lifting of sanctions against North Korea in the wake of the inter-Korean summit. Notice of the formal easing of sanctions appeared in the June 19 *U.S. Federal Register*, and President Clinton announced the move the following day. North Korea responded with a promise to maintain its moratorium on long-range missile testing, but urged the U.S. to lift sanctions completely. The DPRK also announced its intent to send nominal head of state Kim Young-nam to New York for the autumn United Nations Millennium summit. Of particular note in the diplomatic wordage surrounding U.S.-DPRK relations, U.S. Secretary of State Madeleine Albright announced in mid-June that the United States government was abandoning the term “rogue state” in referring to the DPRK and other “states of concern.”

The U.S. and North Korea also registered forward progress in cooperation on the return of U.S. remains from the Korean War. In mid-May, North Korea agreed to resume talks on the excavation of remains. A five-day meeting between the United States and North Korea took place in Kuala Lumpur and led to the departure of a team of U.S. investigators to the DPRK June 27.

The United States provided positive momentum toward engaging North Korea through multilateral initiatives such as the Trilateral Coordination and Oversight Group (TCOG), whose representatives met in Japan in mid-May and in Hawaii in late June. In this setting, the United States, South Korea, and Japan expressed support for inter-Korean dialogue and common approaches toward North Korea.

Ambassadorial meetings at the Korean Peninsula Energy Development Organization (KEDO) took place in late June, addressing General Electric’s turbine-supply and labor expense concerns. GE’s earlier request for the United States to provide for legal claims involving the North Korean light-water reactors (LWRs) represented a potential stumbling block. The U.S. State Department Special Envoy for North Korea described the indemnification demand as unusual. U.S. officials considered applying Title 85, Section 84, a law indemnifying companies taking part in nuclear clean up to protect firms participating in the LWR project.

U.S. House Resolution 4251, the Congressional Oversight of Nuclear Transfers to North Korea Act of 2000, mandates congressional approval for any nuclear equipment or technology transfer,

further complicating the KEDO effort. In mid-April, the U.S. announced sanctions against DPRK and Iranian entities involved in Scud missile technology transfer. That and a lack of North Korean transparency on the amount of pre-1994 harvested plutonium led South Korean observers to note potential “hurdles” in improved U.S.-DPRK relations. On a more positive note, U.S. inspectors returned to North Korea in May to reinspect the underground site at Kumchang-ri.

On the broader multilateral front, the United States and South Korea provided support for North Korea’s bid to join the ASEAN Regional Forum (ARF). In May, ARF representatives agreed in principle to North Korean admission. Forward progress occurred on non-governmental fronts as well, with the May 19 visit of Reverend Franklin Graham to Pyongyang evidence of enhanced informal contacts. Elsewhere on the aid front, the United States pledged 50,000 tons of wheat for North Korea to the World Food Program (WFP), an addition to the 400,000 metric tons of food aid pledged since last July. On a less positive note, the U.S.-based relief organization CARE announced in April that it would withdraw from the North Korea aid consortium by the end of June.

Inter-Korean Summit Support and the Evolving Troop Issue

From the time of its announcement, the United States voiced “full” support for the historic inter-Korean summit. President Clinton described the announcement as “testimony to the wisdom and long-term vision of President Kim Dae-jung’s engagement policy,” congratulating “both leaders on the decision to meet.” He later lauded the summit as testimony of U.S. success at continually insisting on inter-Korean dialogue. Secretary Albright “warmly” welcomed the announcement. U.S. State Department analyst John Merrill, in a personal capacity, expressed hope that the summit marked “the start of continual high-level inter-Korean contact.” A United States Forces Korea (USFK) Command spokesman announced the suspension of live strafing and bombing exercises in South Korea “to contribute to peace initiatives” during the summit.

South Korean President Kim Dae-jung and North Korean leader Kim Jong-il agreed to ease the conflict and to eventual reunification through 1) independently solving the reunification problem; 2) a federation or confederation scheme; 3) joint efforts on humanitarian issues, including family visitations and return of prisoners; 4) economic cooperation; and 5) future dialogue. Suggestions of a Seoul-Pyongyang hotline, a notable confidence and security-building measure, followed the summit. In offering bipartisan support for the summit process, Grand National Party (GNP) head Lee Hoi-chang and President Kim Dae-jung agreed to reciprocity from North Korea and parliamentary oversight. Questions surrounding U.S. influence, the placement of security issues on future agendas, and rationale for U.S. theater or national missile defense will mount as North and South Korea move forward in their dialogue.

During the summit, President Kim Dae-jung reportedly advised North Korean leader Kim Jong-il of the necessity for a continued U.S. troop presence, not only for stability on the Peninsula but in Northeast Asia at large. ROK Ambassador to the United States Lee Hong-koo described discussions of U.S. troops as a “long way off.” U.S. officials also were quick to defend the necessity for continued presence. Visiting Seoul in late June, Secretary of State Albright

described U.S. troops as “evidence of American interest.” However, Senator Jesse Helms and others raised the question of how long U.S. troops might stay, and South Korea witnessed several protests against U.S. troops.

On June 6, some two thousand villagers and activists clashed with riot police, demanding closure of the U.S. military’s Kooni range near Mae Hyang, southwest of Seoul. Protests of the range have continued. May protests surrounding the 20th Anniversary of the Kwangju massacres saw distribution of anti-American leaflets. Also in late May, South Korean autoworkers and students protested the U.S. troop presence and possible U.S. carmaker takeover of ailing Daewoo Motor Company.

The controversy over the Nogun-ri War massacres during the early days of the Korean War increased over the quarter, with the South Korean government in early April demanding full U.S. cooperation in the probe of reported atrocities. Declassified U.S. military documents and witnesses revealed that ROK soldiers and police executed two thousand political prisoners without trial in the early weeks of the Korean War, leading some Korean observers to describe the U.S. as having condoned the killings. In early May, South Korean experts visited the U.S. Defense Department and counterparts, securing a U.S. commitment to make available veterans’ testimonies surrounding the shootings at Nogun-ri. Mid-May saw the *U.S. News and World Report* and *Stripes.com* question the authenticity of Associated Press (AP) Pulitzer-winning reports on Nogun-ri, leading to an AP rebuttal, reaffirmation by the Pulitzer committee, and angry reactions from South Korea’s Nogun-ri Massacre Incident Committee. A principle in the story recanted his claim in late May, leading to further confusion. June 6 reports of Air Force strafing approved just prior to the events prompted further questions about the actions of U.S. forces during the early stage of the conflict.

In early June, the U.S. Joint Chiefs of Staff released Joint Vision 2020, which posited fundamental shifts in strategic thinking from the Atlantic to the Asia-Pacific region and suggesting a dilution of the current Status of Forces Agreements (SOFA) among the United States and Japan and the United States and South Korea. SOFA remains a point of contention in current U.S.-ROK relations, and several incidents involving U.S. military personnel on the Peninsula have led to increased public outcry.

A former ROK vice unification minister stated in mid-May that the DPRK and ROK were close to war in 1994. Former South Korean President Kim Young-sam elevated concerns about the near outbreak of hostilities in his late May contention that he had stopped President Clinton from launching June 1994 air strikes against North Korea, criticizing the United States for “planning to stage a war with the North on our land.”

Policy Implications

Popular memory and perceptions play key roles in the conduct of international relations. Early in the quarter, ROK Unification Minister Park Jae-kyu described the summit as marking “an end to the Cold War confrontation and a starting point to create a new history of reconciliation and

cooperation.” As the inter-Korean dialogue progresses and the Peninsula commits to a new security architecture, South Korea and the United States will reexamine and re-justify fundamental aspects of the U.S.-Korean relationship.

The impact of new realities on policymaking is visible, with confusion over the state of the U.S.-ROK missile talks evidence of new challenges confronting the alliance. At the conclusion of the quarter, U.S. press reports stated that the United States had approved South Korea extending missile ranges to 300 kilometers, but that the ROK had opted not to pursue this program at present in order to not offend North Korea. According to South Korean press accounts, however, Seoul categorically denied this, stating that negotiations were still underway and that complications existed over U.S. technical demands.

In sum, the inter-Korean summit speaks to opportunities for the United States and South Korea to advance relations with North Korea and to contribute to a more stable and prosperous Northeast Asia. The summit marks an evolution toward reaching a Korean détente and at long last dismantling the infrastructure of national division. Yet, that path is fraught with new, extensive, and expensive challenges. To better address those challenges, the United States and South Korea must work toward true partnership, with each nation mindful of the intricacies of and demands upon policymaking in the other. As a new, more fully independent, and ultimately enlarged Korea emerges, Seoul and Washington must strive if not always toward agreement, at least toward understanding and acceptance of differences.

Chronology of U.S.-Korea Relations **April-June 2000**

Apr. 4, 2000: U.S.-based CARE announces withdrawal from North Korea aid consortium.

Apr. 10, 2000: ROK and DPRK announce June summit meeting in Pyongyang.

Apr. 12, 2000: General Electric asks U.S. for indemnification for light water reactors in North Korea.

Apr. 13, 2000: ROK Parliamentary elections leave the Grand National Party 133 seats and the ruling Millennium Democratic Party with 115 seats in new, smaller 273-seat National Assembly.

Apr. 13, 2000: U.S. Coordinator for Counterterrorism Michael Sheehan announces DPRK is “likeliest candidate for removal” from U.S. list of state-sponsors of terrorism if certain conditions met.

Apr. 20, 2000: American Chamber of Commerce and Federation of Korean Industries announce joint investment committee for North Korea to facilitate business operations and investment.

Apr. 22, 2000: ROK and DPRK initiate summit preparatory talks at Panmunjom

Apr. 24, 2000: ROK Foreign Affairs and Trade Minister Lee Joung-Binn, Defense Minister Cho Seong-tae, U.S. ambassador Stephen Bosworth, and General Thomas A. Schwartz meet to coordinate their stance on the inter-Korea summit.

May 1, 2000: South Korean experts begin six-day visit to United States on Nogun-ri War massacre.

May 8, 2000: Australia restores full diplomatic ties with North Korea.

May 12, 2000: U.S.-ROK-Japan trilateral consultations in Japan offer “unqualified support” for inter-Korean summit.

May 15, 2000: *U.S. News and World Report* and *Stripes.com* question accuracy of the Associated Press Nogun-ri reports, prompting controversy in United States and South Korea.

May 15, 2000: U.S. House of Representatives pass Congressional Oversight on Nuclear Transfers to North Korea Act of 2000 (HR 4251).

May 24, 2000: U.S. and DPRK meet in Rome to discuss DPRK nuclear and missile programs.

May 24, 2000: Former ROK President Kim Young-sam contends that he stopped President Clinton from launching June 1994 airstrikes against North Korea.

Jun. 7, 2000: U.S. and DPRK begin five-day meeting in Kuala Lumpur on U.S. War remains.

Jun. 8, 2000: President Clinton and ROK President Kim meet in Japan following late Japanese Prime Minister Obuchi’s memorial service.

Jun. 13-15, 2000: Historic inter-Korean summit occurs between ROK President Kim Dae-Jung and DPRK leader Kim Jong-il in Pyongyang.

Jun. 16, 2000: ROK National Security Advisor Hwang Won-tak visits Secretary of State Albright and DPRK policy team.

Jun. 20, 2000: President Clinton announces lifting of DPRK sanctions. North Korea calls for complete lifting and promises to maintain moratorium on long-range missile tests.

Jun. 23-25, 2000: Secretary of State Albright visits South Korea.

Jun. 25, 2000: Commemoration ceremonies in the United States and South Korea on 50th Anniversary of the beginning of the Korean War.

Jun. 27, 2000: Twenty U.S. investigators visit DPRK to conduct war remains searches.

Jun 28, 2000: U.S.-ROK Security Consultative Subcommittee meets in Washington.

Jun, 29, 2000: President Kim Dae-jung reaffirms the importance of the ROK-U.S. alliance and role of U.S. forces in South Korea in deterring war on the Korean Peninsula.

Jun. 29-30, 2000: U.S.-ROK-Japan Trilateral Coordination Oversight Group (TCOG) meets in Honolulu.

**U.S.-Russia Relations:
President Putin: The First Ninety Days**

**by Toby Trister Gati,* Senior International Advisor,
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Following his election as President of the Russian Federation, Vladimir Putin moved swiftly to consolidate power at home and to project an image of a revitalized Russia abroad. His team of economic advisors put together far-reaching proposals to reform the economy, while the presidential administration presented the Duma with a reorganization plan aimed at reigning in the power of the governors. Ratification by the Duma of START II and the Comprehensive Test Ban Treaty, followed in quick succession by a series of well publicized foreign visits and a summit with President Clinton in Moscow, conveyed the image of a can-do, energetic new leader. That image was undermined by the raid on Media Most in May, the June arrest of media mogul Vladimir Gusinsky, and the storm of negative publicity that followed.

After two months in office, Russia's new president is still working to gain control of the levers of power in the Kremlin, to rein in the regions, and to get the Duma to pass the laws necessary to put Russia's fragile economy on a sustainable path of growth. Without these steps, Russia is unlikely to sustain the desired growth rates or to play the role it would like to in international affairs. Yet Putin's effort to "separate business from politics" by weakening the oligarchs and strengthening control over the mass media (in order to, as Mikhail Lesin, his representative on press matters said, "protect the state from the media") have drawn loud criticism from a wide swath of society fearful of a return to past authoritarian ways.

Although support for Putin remains strong among the Russian public, there is mounting alarm among some Russian and foreign observers alike that Putin's vision of Russia is incompatible with democratic norms and that a resurgent central Russian state will put unbearable pressure on Russian's fragile democratic institutions, particularly what remains of its free press.

Against the background of political maneuvering in Moscow and the regions looms the ongoing war in Chechnya. Terrorist attacks on Russian troops, continued guerilla activity throughout the breakaway republic, and mounting Russian deaths remind the Russian public daily that their country's leaders have not been able to reestablish control over Russian territory and cannot even guarantee the security of its own troops. Promises to crush the Chechen rebels propelled Putin to

* The author gratefully acknowledges the assistance of Tapio Christiansen on this project.

power; he must be acutely aware that disillusionment with the course of the war could over time turn the Russian public against him.

Ratification of START II and the Comprehensive Test Ban Treaty

Just weeks after his election, President Putin took advantage of his decisive win to achieve what his predecessor had promised so often and failed to accomplish--Duma ratification of the U.S.-Russian START II treaty limiting offensive nuclear weapons and the multilateral Comprehensive Test Ban Treaty (CTBT). Putin's ability to get the votes of long-time opponents of the treaty underscored the desire of both the Russian executive and legislative branch to forge a more cooperative relationship, as well as Moscow's intention of playing a more active international role in future arms control policy debates affecting Russia's vital interests. It also signaled to U.S. policymakers that the discord and disarray characteristic of the Yeltsin era--when promises made were only occasionally kept--was over.

Choosing to ignore the evident one-upmanship behind the maneuver (President Clinton had suffered a stinging defeat when the U.S. Senate failed to ratify the CTBT treaty and implementation of the START II treaty is stalled barring Senate ratification of two protocols agreed upon by the U.S. and Russia), Washington publicly hailed the ratification as a positive step. Hopes were raised that there might now be real progress toward resolving the thorniest issue on the arms control agenda--the future of the 1972 Anti-Ballistic Missile (ABM) treaty and the U.S. desire to deploy a limited national missile defense (NMD) system.

U.S.-Russian Summitry and National Missile Defense

In late April, President Clinton announced he would visit Moscow as part of his farewell European tour. The announcement came amid renewed investor interest in the Russian economy and initial optimism regarding President Putin's plans for the country. The Clinton administration clearly viewed the June summit as an opportunity to begin a dialogue with the new Russian president, to put aside some of the rancor of the past few years, and to encourage the Russians to adopt policies which would jumpstart Western investment in the Russian economy and facilitate Russia's democratic transition.

President Putin saw the summit as an opportunity to highlight the new ways of doing things in Moscow and to underscore the Russian desire for cooperation with the West, but on more equal terms. Gone were the familiar Boris-Bill embraces. Gone too were the concerns that the Russian president might not have the stamina to make it through the meeting.

The initial focus of the summit was to find a compromise on NMD acceptable to both sides. It was hoped that this would clear the way for negotiations on a START III agreement and, on the U.S. side, take the heat off the Clinton administration to back the more robust plan for national missile defense put forward by the Republicans. Clinton's room for maneuver was severely constrained, however, when the Chairman of the Senate Foreign Relations Committee, Jesse

Helms, let it be known that any agreement reached in Moscow on NMD would be “dead on arrival” in Congress.

Russian opposition to the program also became more vocal, with Russian political and military leaders focusing on the threat the system posed to Russia’s retaliatory capabilities and predicting dire consequences for the entire strategic arms control regime so laboriously agreed upon during the past 30 years. Clinton used the summit to explain the U.S. position to Putin in great detail, and both leaders agreed on a sixteen point statement of principles to guide the negotiations on strategic arms. In the statement, Moscow agreed to examine the nature of the threat posed by missile proliferation, but it accepted neither the assessment of the threat posed by North Korea (and others) nor the proposed American solution to the problem. Russia insisted that the elimination of any presumed threat focus first on political, economic, and diplomatic instruments of policy. Only then might some sort of cooperative U.S.-European-Russian system be developed.

Immediately after the summit, Moscow put forward a proposal of its own, to develop precisely this type of cooperative program with the Europeans--a proposal Washington viewed as politically mischievous and strategically flawed. The Russians were thus able to play on the growing fears of America’s European allies that the planned missile defense program would be destabilizing and leave them vulnerable to missile attack. Javier Solana, the European Union’s foreign policy chief, noted European concerns that the proposed U.S. cure might be “worse than the threat” if, by going ahead with NMD, the U.S. were to spur Russia or China to bolster their own nuclear arsenals or take as yet unspecified defensive countermeasures. German Foreign Minister Joschka Fischer summed up these European concerns, noting, “for us, it’s a very key element whether this will lead to a confrontation between the United States and Russia.”

As each side continued to float proposals and counterproposals, to make statements, and to seek political support for its position, it became clear that the critical decisions on what kind of system might be built will await a new administration in Washington. The possibility for a breakthrough on the issue of ballistic missile defense in the next few months is minimal. The hard bargaining over a compromise solution, if there is to be one, will be conducted by the new U.S. president after January 2001.

Instead, the summit produced several important, but not headline making, agreements: to establish a permanent joint early-warning center in Moscow to prevent miscalculations about missile launches and to reduce stockpiles of military-grade plutonium by 34 tons each.

Media Most Under Attack

On May 11, armed men wearing camouflage garb and black ski masks raided the offices of Russian media magnate Vladimir Gusinsky. Initially, Moscow said the raid was aimed at curtailing the activities of Gusinsky’s private security service. However, after conflicting explanations emerged about who carried out the raids and why, executives at Media Most, the holding company for Gusinsky’s media empire, charged that the raid was retaliation for their

lack of support during the presidential race and for critical reporting about the government and the war in Chechnya by NTV and the newspaper *Sevodnya*, each a part of the Media Most group.

Igor Malashenko, second to Gusinsky at Media Most, claimed that the raid was “vengeance, punishment for already published materials and...an act of intimidation.” It had been clear for some time that the presidential administration, in particular Alexander Voloshin, Yeltsin’s and now Putin’s Chief of Staff, had been trying to exert control over NTV--the only important independent media outlet in Russia and one that has traditionally been critical of the Kremlin. Amid claims that Media Most had engaged in some corrupt business dealings was the clear intention that, by intimidating Gusinsky, the rest of the Russia media (and the oligarchs that own them) would toe the line.

The importance of a free press was underscored when NTV coverage of the first Chechen campaign was a major factor in turning public sentiment against that war, and later, in the 1996 presidential election, when the major media outlets owned by the oligarchs banded together to ensure the reelection of President Yeltsin. There have been numerous other examples where the media has been used to pursue political goals and smear one’s opponents. The hypersensitivity to critical coverage extends not only to news shows, but even to comedy and satire.

Gusinsky’s network runs a hugely popular weekly program, “Kukli,” in which leading politicians and national figures are represented as puppets. The show satirizes current events and caricaturizes national leaders. The Putin puppet, often presenting the president in a most unflattering light, was no exception. After a particularly nasty episode, in which Putin was shown in search of some prostitutes (all of whom resembled Russia’s other leading political figures), the administration let it be known that NTV would be well advised to remove the Putin puppet from its program. On May 29, NTV anchorman Yevgeny Kiselev announced that NTV had indeed reached an agreement with the Kremlin to withdraw the puppet from the program. Kiselev went on to say that, according to the agreement, the “authorities would now leave NTV and Media Most in peace.” Perhaps the fact that Putin was not “shown” on the next program, but was instead represented as the voice of God, contributed to the breakdown of this gentlemen’s agreement and the events that culminated in the arrest of Vladimir Gusinsky on June 13 on suspicion of fraud in connection with his business dealings.

In any case, the international outcry over the raid was immediate and intense. Even Boris Berezovsky, an oligarch close to the Kremlin with large media holdings of his own, chided Putin in the press, warning of the danger of dictatorship. President Clinton used the summit in Moscow to show his support for Media Most, appearing on a radio call-in program on Ekho-Moskvy, a station owned by Media Most.

Supporters of Putin have claimed that the raid was authorized by those in the government that may want to undermine or weaken the President’s authority. Whatever the real reasons, the arrest of Gusinsky, the efforts by Putin to deny responsibility or knowledge for the specific actions taken by his Prosecutor General, and the continued intimidation of Media Most personnel leave little doubt that President Putin’s vision of a stronger Russia does not include much room

for dissent or criticism. One of the first casualties of the tougher Russian policy was the postponement of a high-level U.S. business delegation scheduled to meet with President Putin to discuss ways to encourage renewed Western investment in Russia, announced by President Clinton at the June summit.

After three nights in Butyrka prison, one of Russia's worst, Gusinsky's lawyers were able to obtain his release, although he is not allowed to leave Moscow and still faces charges of fraud. This highly visible campaign of intimidation and the subsequent opening of an investigation of the privatization of Norilsk Nickel, has sent shockwaves through the Russian body politic and given foreign investors the jitters. A letter signed by most of Russia's leading businessmen expressing support for Gusinsky began with these words: "Until yesterday, we used to think we live in a democratic country. Today, we started to doubt it seriously. A precedent was established that appears to be the execution of a political opponent by the authorities, and all of us could be listed as opponents--practically the whole business community."

Internal Restructuring

President Putin has initiated the most far-reaching changes to Russia's governmental structure since the fall of the Soviet Union. He has appointed seven regional representatives with authority to oversee specific regional zones. This is the first step in creating what Putin refers to as a "working vertical structure of power"

In addition, under a bill now working its way through the Duma, the President would have the right to sack local governors and mayors and dismiss regional parliaments on the basis of a court decision. Putin clearly intends to rein in those local authorities that have defied Moscow's authority and put the others on notice that directives from the Kremlin can not be ignored in the future. However, having jumped at former President Yeltsin's earlier suggestion that local officials take all the power they want from the center, Russia's 89 regional leaders are not going to give up their autonomy without a struggle. The governors, who now automatically sit in the Federation Council (the upper house of the Parliament), have vowed to veto any legislation that would strip them of their powers in either the national or local arenas. Although the Duma has the votes to override any upper house veto, given Russia's huge size, there are many means available to local rulers and the elites that support them to oppose commands from the center. For that reason, President Putin is likely to try to put together a compromise package which will impose a more uniform application of national laws and norms and reassert both political and financial controls from the center, while at the same time leaving the governors much latitude on issues of local concern.

Putin's Journeys

While Yeltsin made Russia's relationship with the United States a priority, Putin has made it clear that good bilateral ties are to be only one element of Russian foreign policy. Under no illusions about Russia's weakness, Russia will not seek confrontation with the U.S., but it will not go the extra mile to take into account American sensibilities. Instead, Russia will seek to

build coalitions of regional powers--in Asia with China, in Europe with Germany and Great Britain--in support of Russian economic interests and shared foreign policy goals. High on the list of priorities is countering U.S. plans to build a limited national missile defense shield.

Since taking office, President Putin has also reaffirmed relationship with countries actively opposing U.S. interests. He continues an active economic and political relationship with Iran and recently extended a large loan to Yugoslav President Slobodan Milosevic. He has dispatched delegations to Iraq and expressed Russia's support for the lifting of UN sanctions against Baghdad.

It is in the countries of the former Soviet Union that the changed focus of Russian foreign policy may become most pronounced. At a recent meeting of Commonwealth of Independent States (CIS) leaders, Russia made clear that it would not ignore events in its backyard, especially when geopolitics and oil come together, as they do in the Caspian basin. When the Kremlin published its new foreign policy doctrine, a main point was the need to defend Russian economic interests abroad and to address the plight of ethnic Russian in all parts of the post-Soviet space, in particular in the Baltic.

Russia, like China and other regional powers, is increasingly frustrated by a unipolar world in which U.S. interests dominate. Seeking to advance Russia's interests while limiting the U.S. ability to project its influence worldwide portends a more activist Russia on the world stage--one that is not afraid to step on U.S. toes. Putin will undoubtedly be doing much more traveling in order to achieve his broader objectives.

Chechnya

In recent weeks, the Chechens have stepped up their campaign of hit-and-run attacks and devastating suicide bombings. Russian casualties are again on the rise as is the sense that, despite government claims, the end of the war is nowhere in sight. Yet, on the international front, the vocal condemnation of Chechnya by Western governments of Russian behavior has abated. The European Council decided not to sanction Moscow and few in Washington are calling for reduced contacts because of Russian behavior. The real cost to Russia is less tangible but perhaps more long term: a lingering sense of shock in the West over how the war is being conducted and a growing unease in Moscow that the war which brought Putin to power could, at some point, be his undoing.

A New Economic Reform Plan

President Putin has spent much rhetoric on the need for Russia to overhaul its economy. Leading up to his election and during the past three months, a Putin team, led by German Gref, has been busy drawing up an ambitious eighteen month agenda to reform the Russian economy. At its heart lie generally liberal economic principles, such as reducing the public sector share in the economy with tight fiscal discipline; reforming state agencies to make it easier for businesses to start and function; modernizing the banking system; simplifying the tax code; and increasing

competition among the big natural gas, railway, and electricity monopolies. Although the plan has been adopted by the Putin cabinet, there is still a great deal of doubt over the government's ability to implement the scheme, let alone its feasibility.

However, unlike the economic plans of the past ten years, which were mainly drawn up in order to satisfy the International Monetary Fund and the World Bank, this latest plan was developed indigenously with little Western interference. Gref's plan seems to be directed at the heart of Russia's economic difficulties, and could be a positive indication of where the Russian economy is headed. However, politics, as it always does in Russia, still carries the upper hand and could interfere with any grand plans aimed at fundamental Russian reforms. Regardless, for President Putin, it would seem that the best of both worlds include a liberal economy combined with an authoritarian state.

Corruption

While President Putin is seeking to jumpstart a new, different round of economic reform, reports of scandals involving high level officials in the Yeltsin government serve as a sticky reminder that the old ways of doing business have not gone away. In June, Swiss authorities said they planned to charge several Russians with money laundering in connection with the Mabetex bribery allegation. Although the Swiss have yet to issue a full report, there is speculation that former Prime Minister Viktor Chernomyrdin and Yeltsin's daughter, Tatyana Dyachenko, are also targets of these ongoing investigations.

More damaging to the Putin presidency is the fact that corruption remains an integral part of economic and political life in Russia and that few high level officials have been punished for misuse of state funds. Calls for renewing the fight against corruption are still not taken seriously, with the result that political influence, rather than business ability, remains the key to economic success. Unless a clear signal emerges from the top, it will be difficult to implement any kind of clean up or change in the way business is done.

Conclusion

President Putin may be attempting to do the impossible--develop a 21st century economy while imposing a system of controls more suited to a 20th century authoritarian state. In time, one model or the other will win out. Those who still hope that Russia is committed to opening itself up to the global economy and allowing for the development of a more pluralistic state structure have to square how Putin has used the organs of state power since becoming president, and where the talent and incentives will come from to run a complex economy.

Russian history always gives an edge to those who are willing to use power to silence opponents, whether in the media or the political realm. If past experience is any guide to the future, then the features of the system the new Kremlin rulers are creating are quite worrisome. The past quarter has witnessed efforts to strengthen the role of the state security and power ministries and to use the legal system as an instrument of intimidation. The West had hoped a new Russian president

would commit himself to transparency in government, stronger democratic institutions, and a more vibrant civil society. Time is running out if Putin wants to convince the skeptics that there is still a chance for the triumph of hope over experience.

Chronology of U.S.-Russia Relations

April – June 2000

Apr. 1, 2000: Putin states that the West has misinterpreted his previous statements about building a strong state in Russia to mean that an increasing role will be played by law enforcement agencies and security services. Instead, he said, he means “an effective state capable of guaranteeing the rules of the game translated into laws for everyone.”

Apr. 5, 2000: Russian Federal Security Service (FSB) detains a U.S. citizen on charges of espionage.

Apr. 7, 2000: A U.S. Navy ship belonging to the Multinational Interception Force (MIF) in the Persian Gulf halts the Russian oil tanker “Akademik Pustovoit.”

Apr. 14, 2000: The Russian State Duma ratifies the START II treaty.

Apr. 18, 2000: While in Britain, Putin appears to offer an opening for compromise on the ABM issue, commenting that, while “our legislation strictly links” maintenance of the ABM treaty with START II, “we have drawn a line between strategic and non-strategic defense. In this context, we are ready to conduct a dialogue.”

Apr. 21, 2000: State Duma deputies approve the Comprehensive Test Ban Treaty.

Apr. 23, 2000: Fifty Chechen fighters attack a Russian convoy near the southern village of Serzhen-Yurt, killing 13 Russians and wounding six.

Apr. 26, 2000: U.S. Representative James Leach calls on Russia and the U.S. to coordinate their efforts to combat money laundering.

Apr. 27, 2000: U.S. Senator Jesse Helms announces that the Clinton administration should not pursue any national missile defense deals.

Apr. 29, 2000: President-elect Putin states that industrial production expanded by ten percent in 1999 and that the country’s GDP increased 7.2 percent during the same period.

May 3, 2000: First Deputy Prime Minister Kasyanov says that the current presidential role is now much larger than previously.

May 7, 2000: Vladimir Putin takes the oath of office as Russian president.

May 10, 2000: President Putin formally nominates Mikhail Kasyanov as prime minister.

May 11, 2000: The Russian tax police, armed with machine guns and wearing black ski masks, raid the offices of Media Most.

May 13, 2000: Putin issues a decree putting Russia's 89 federation subjects into seven administrative districts, dismisses the current presidential representatives to each region.

May 22, 2000: President Putin abolishes Russia's lone agency for environmental protection.

May 24, 2000: NATO Secretary-General Lord Robertson endorses potential Russian participation the Atlantic alliance.

May 29, 2000: NTV anchorman Yevgenii Kiselev announces that NTV reached an agreement with the Kremlin to withdraw the puppet caricature of President Putin from popular satirical show.

May 31, 2000: Influential business tycoon Boris Berezovsky publishes an open letter to President Putin harshly criticizing Putin's plans to reorganize the administration of the Russian Federation.

May 31, 2000: Duma passes a law that would enable the president to remove elected regional heads if a court determines their actions violate federal law and a law giving governors a similar right to dismiss lower level local elected officials.

Jun. 1, 2000: Putin suggests that Russia and the U.S. jointly develop a missile shield to ward off attacks by so-called "rogue states."

Jun. 1, 2000: U.S. Deputy Secretary of State Strobe Talbott and Deputy Foreign Minister Georgii Mamedov meet in Moscow to prepare for President Clinton's visit.

Jun. 4, 2000: Presidents Clinton and Putin indicate that little headway had been made toward removing differences on the ABM issue.

Jun. 4, 2000: Presidents Clinton and Putin sign two agreements aimed at reducing the global nuclear threat, one reduces each country's weapons-grade plutonium reserves by 34 tons over 20 years, the other provides for the establishment by fall 2001 of an early warning center in Moscow.

Jun. 5, 2000: For the first time in history, a U.S. President addressed the Russian Duma, as Clinton calls on Russia to "make an all-out effort to take the needed steps to join the WTO."

Jun. 13, 2000: Vladimir Gusinsky is arrested by Federal Prosecutors.

Jun. 16, 2000: Vladimir Gusinsky is released from prison, but is charged with massive financial fraud.

Jun. 16, 2000: President Putin and German Chancellor Gerhard Schroeder meet in Germany.

Jun. 27, 2000: President Putin declares his support for the Russian army.

Jun. 29, 2000: The cabinet of Prime Minister Mikhail Kasyanov approves the main parameters of its 10-year socio-economic policy as well as its 18-month economic program.

Jun. 30, 2000: State Duma deputies approve a bill giving the Russian president the right to dismiss governors or regional leaders who violate federal laws more than once.

U.S.-ASEAN Relations:

Lingering Concerns Amidst Some Promising Developments

**by Samantha F. Ravich, Fellow, Asia Program
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Despite continuing public criticism of the Indonesian military's conduct in East Timor, the U.S. quietly resumed limited military-to-military contact with Indonesia during the last quarter. Indonesia also was invited as an observer to the COBRA GOLD 2000 military exercises, which were expanded from the traditional Thai-U.S. bilateral format to include the participation of Singapore as well. In the Philippines, the U.S. FBI became frustrated with the lack of a legal framework for prosecuting cybercrime during the "Love Bug" incident, while President Estrada was also called to task over Manila's inability or unwillingness to settle its hostage crisis. This latter incident has raised further questions regarding ASEAN's cohesion as well. The 15th Annual U.S.-ASEAN Dialogue was convened in Kuala Lumpur, while ASEAN also sent a delegation to promote trade and investment to several U.S. cities. As the quarter closed, there were hopeful signs that a U.S.-Vietnam trade agreement would be concluded.

Indonesia: The Quiet Resumption of Military Ties

Developments in U.S.-Indonesian relations during the last quarter illustrate an attempt by Washington to balance concern over human rights issues against the need to have a stable political and military relationship with Jakarta. In late April, UN Ambassador Richard Holbrooke and U.S. Ambassador to Indonesia Robert Gelbard spoke out strongly against suspected complicity by the Indonesian military in the recruiting of militia members in West Timorese refugee camps. The swelling of the ranks of the pro-Indonesian militias is causing concern within the human rights community, which fears that retaliation may be sought against East Timorese who voted for independence.

Nonetheless, the United States quietly resumed its relationship with the Indonesian military in May, eight months after severing ties in protest of the military involvement in the East Timor massacres following the province's vote for independence. The resumed ties began with the invitation to a small contingent of Indonesians to observe COBRA GOLD 2000 U.S.-Thai military exercises. To avoid re-engagement with those who may yet be indicted by the Indonesian human rights commission, the invitation to COBRA GOLD was extended only to members of the Indonesian air force and navy. Joint exercises concentrating on humanitarian assistance and disaster relief are being scheduled this summer with the Indonesian marines. Contact with the army has not yet resumed.

Indonesia has pressed the United States for a resumption of the military relationship for the past few months but congressional concerns prevented the U.S. administration from taking action. Officials from Tentara Nasional Indonesia (TNI), Indonesia's armed forces, voiced concern that words of support alone to the Wahid administration cannot assist in the stabilization of the country. They maintain that the ban against military-to-military contacts has been cited by Wahid's political opponents as an American vote of no confidence for the Indonesian administration. A high ranking Indonesian military officer told a group of visiting Americans in May that the TNI rank and file, already demoralized by their loss of prestige in the society and clout within the government, viewed their isolation by the U.S. as a further condemnation. The official pointed out that TNI is looking for U.S. leadership in helping to professionalize the corps but may, if there is no other option, seek advice from others (China included). The official remarked that the Indonesians are particularly interested in learning how the U.S. Army, demoralized in the wake of Vietnam, recreated itself to become the formidable force it was during the Gulf War.

Aside from the more psychological aspects of renewed contact, the Indonesian military is desperately in need of a resumption of military sales from the U.S. Spare parts and materials are in severe shortage. This has led to the docking of ships and the grounding of planes. Yet, given the vocal opposition of Senator Russell Feingold (D-WI) and Representatives McGovern (D-MA) and Smith (R-NJ) in May, a resumption of military sales may not occur in the near future. Legislation has been introduced in both the House and Senate to forbid the resumption of such sales until certification that those responsible for the massacres in East Timor are being held accountable.

The Active Promotion of Ties with Thailand and Singapore--COBRA GOLD 2000

The 19th annual COBRA GOLD exercises took place between May 9-23 in Thailand. The traditional military exercises held between the United States and Thailand were augmented with the inclusion of 30 Singaporean service personnel. Observers from the Philippines, Australia, Malaysia, and Indonesia were also in attendance. COBRA GOLD involves nearly 13,000 U.S. and 7,000 Thai service personnel.

In prior years, the exercises focused exclusively on simulating an attack on the Thai homeland. This year, in addition to the more traditional simulations, COBRA GOLD included a theoretical peacekeeping operation attendant with the planning and execution of a noncombatant evacuation. COBRA GOLD involves joint and combined land and air operations, combined naval operations and amphibious operations, and medical and civil affairs projects. With the inclusion of Singapore, the exercises took on a decidedly multilateral nature, with focus given to interoperability and command and control issues. Broadening the focus away from its bilateral roots, the COBRA GOLD exercises were designed to enhance existing security relations and strengthen appreciation among the nations of Southeast Asia that the United States remains committed to playing an important strategic role within the region. The expanded nature of the exercises dovetailed with the June release of the Defense Department's "Joint Vision 2020" which places a greater emphasis on the Asia Pacific and on the role of peacekeeping operations.

The participation of Singapore signals the growing resolve of this small nation to play a more active role in regional defense and strengthen its relationship with the United States. Singapore is currently building a blue-water pier capable of meeting the docking needs of a nuclear-powered U.S. aircraft carrier. Singapore's participation was also designed as a comment on its concern over growing instability of the region and the potential rise of a hegemonistic China.

The invitation to the Philippines to participate as observers in the exercises comes almost ten years after the U.S. withdrew from its bases. The renewed cooperation was the latest step in a strengthening relationship that has, over the past year, witnessed the settling of a Visiting Forces Agreement and the planning of the U.S.-Philippine joint exercise, "Balikatan 2000." Like the Singaporeans, those in the Philippines recognize that the continued military presence of the United States within the region is the best hedge against instability within Southeast Asia as well as a balance to a more powerful China.

U.S.-Philippines Relations--The "Love Bug"

On May 4, millions of computer users around the world were hit with the "Love Bug" virus. Estimates of the damage range up to \$10 billion. Within a day of the attack, computer experts had pinpointed a Filipino former computer programming student as the creator of the virus. The FBI, working with their Philippine counterparts, put the apartment of the suspect under surveillance on May 5. Unfortunately, it took another three days for Philippine authorities to find a competent judge who understood the complexities of the case to issue a warrant. In the interim, valuable evidence was destroyed. On June 30, formal charges were finally filed against the young man.

Although the FBI officially praised its Philippine counterpart, unofficially Washington was extremely disappointed that Manila did not place a greater sense of urgency on harmonizing laws worldwide on cybercrime. While in early June the Philippine legislature adopted a new e-commerce law, it is highly unlikely that the country will be willing or able to put the necessary resources into law enforcement to make the deterrent viable. There have also been scattered reports that the FBI met with obstruction, mostly unofficial, during their investigation by Philippine nationals not altogether unhappy that a young Filipino could bring down some of the most sophisticated computer systems in the world and wreak havoc among U.S. corporations.

Doubts on the Cohesion of ASEAN

In a series of meetings held in Bangkok between a delegation of key U.S. Senate staff and Thai policymakers in early June, there was a great deal of discussion about the changing nature of ASEAN. In the words of a senior Thai official, "while Thailand wishes to keep non-interference as the basis of ASEAN, the lines between foreign and domestic issues are blurring." Thailand hopes that, in the future, ASEAN will be capable of "flexible engagement or enhanced interaction"--the ability within ASEAN to engage in a dialogue on internal events. The new doctrine took shape after the East Timor crisis and the inability of ASEAN, as an institution, to

handle the situation. Although the idea was not greeted warmly (it was met with an “uproar” said one Thai official), events during this past quarter have shown that the extent of interdependence among the ASEAN nations is changing the shape of the organization as well as its broader relationship with the United States. Cyberthreats, cross-border terrorism, and religious extremism have all highlighted these blurred lines.

While there is pressure upon the institution of ASEAN to engage in more “enhanced interaction” in order to confront the new challenges of a more globalized world, the transnational threats illustrated by the recent hostage situation in the Philippines may place an insurmountable obstacle to greater cooperation among the member states.

On April 23, a group of Muslim extremists known as the Abu Sayyaf group infiltrated the Malaysian diving resort of Sipadan, kidnapping 20 tourists. The hostages were then ferried back to the Philippine island of Jolo. Within days of the kidnapping, the terrorists issued their formal demands, which included the release of the World Trade Center bomber Ramzi Yousef from a U.S. jail; a demand the U.S. rejected.

The Philippine government has refused to consider the demands but has engaged the rebel group in negotiations. However, Manila has clearly not ruled out a military solution to the crisis. President Estrada has placed the kidnappings within a broader framework--there exists a concerted threat to undermine the country and the Philippines is at risk of becoming a “safe haven” for international Islamic guerilla groups.

The recent spate of Muslim extremist activities within the region has also quietly begun a debate over how, and if, ASEAN (and its member states) can play a positive role in defusing existing situations and minimizing the likelihood of future ones. Malaysian Prime Minister Mahathir flirts with weighing in on the situation but, given his thorny relationship with President Estrada on the one hand and the fact that he is under tight surveillance by his more Muslim-oriented opposition, the Pan Malaysian Islamic Party (PAS), on the other, he has done little.

Late in June, a Malaysian cabinet minister accused Manila of dragging its feet in talks with Abu Sayyaf and condemned the Philippine government for politicizing the situation through the suggestion that the Malaysian government had paid a ransom to the kidnappers in order to win the release of one of the Malaysian hostages. Officials in the Philippines have also suggested that the terrorists have received arms and supplies through Malaysian channels. Kuala Lumpur has reacted quickly in denouncing that suggestion but, along with a number of other ASEAN countries, has warned Estrada against using force to resolve the crisis. Estrada has steadfastly reaffirmed that the use of force remains a sovereign right of the Philippine government.

Economic Relations**

The 15th Annual U.S.-ASEAN Dialogue was convened on May 24-25 in Kuala Lumpur. Co-chaired by Datuk Abdul Kadir Mohamad, Malaysian Secretary General of the Ministry of Foreign Affairs, and Mr. Ralph L. Boyce, U.S. Deputy Assistant Secretary of State for East Asia and Pacific Affairs, the dialogue included issues relating to economic cooperation, regional and international security, as well as social and environmental issues. ASEAN stressed that trade matters should not be linked to labor and other non-trade related issues, and urged the World Trade Organization (WTO) to work to develop the confidence of developing countries in the benefits of globalization and trade liberalization.

A positive sign of private sector activity was the U.S.-ASEAN Business Council's coordination of a senior level delegation of economic trade officials from all ten ASEAN countries for a five-day visit to the U.S. in mid-May to promote trade and investment. (ASEAN also sent investments missions to Europe and Japan this quarter, reflecting the broad need for increased investment in the region.)

Washington, as well as U.S. multinationals, remain concerned about backsliding on ASEAN's commitment to implement the ASEAN Free Trade Agreement (AFTA). ASEAN trade ministers have agreed, for example, to Malaysia's request for a minimum two-year exemption from AFTA for its car industry and some agricultural products, which is due to come into effect in 2003. U.S. car manufactures are particularly eager to see liberalization of the automobile sector to fulfill their strategy of selling cars manufactured in Thailand region-wide. Excluding Malaysia, ASEAN is committed to reducing tariffs on cars and parts to a ceiling of five percent by 2003, which is low enough to allow development of a genuine pan-regional market place. Perhaps reflecting concern over Malaysia's exemption, U.S. Trade Representative Charlene Barshefsky opined, "...it is important [AFTA] proceed on the ground as rapidly as it has on paper, and that individual ASEAN governments not selectively opt out of more sensitive industries if it is to have the credibility and effect it should."

As the quarter closed, mid-level officials from Vietnam were in Washington, D.C. hoping to conclude a bilateral trade agreement that has been through four years of negotiations. In July 1999, the two countries initialed a preliminary draft of the agreement (see Sheldon Simon, "Relations with Vietnam and the East Timor Tragedy," *Comparative Connections*, Vol. 1, No. 2 http://www.csis.org/pacfor/cc/993Qus_asean.html), but as the document became more widely disseminated in Hanoi, officials became nervous about the degree of opening that would be required. Since then, U.S. officials speculate that China's entry into the WTO may have had some bearing on official sentiment. In any case, it was unclear at quarter's end whether the agreement would be ready for signing in early July by U.S. Trade Representative Charlene Barshefsky and Vietnamese Trade Minister Vu Khoan. Stay tuned: if such as agreement is signed, it will require Congressional approval, which will encounter some resistance.

Policy Implications

The limited resumption of military contacts with Indonesia is an excellent start, but the relationship has to be broadened and deepened. There are many people in the U.S. Congress and the Clinton administration that believe the Indonesian military remains the brutal, repressive organization it was during the Suharto years. For those that hold that view, nothing short of the completion of full-scale military restructuring will suffice before more comprehensive dialogue can resume. Such a strategy is foolhardy. The Indonesian military has made significant strides in ending its political role, arranging to place itself under the control of the civilian-led Ministry of Defense, and withdrawing all military personnel posted in villages (a vestige of the Suharto years when the military would spy on political activities that could threaten the regime). Undoubtedly, the progress of reform has only begun. But it *has* begun and the U.S., as a friend of the new democratic Republic of Indonesia, should applaud these steps and lend the necessary support to assist in the creation of a professionalized corps.

While the United States, over the last three months, has strengthened its military relationships with Thailand, Singapore, the Philippines, and Indonesia, ASEAN's ability to cooperate on transnational issues of significance has weakened. If the rise in tensions between Malaysia and the Philippines is more than just heat generated by an isolated incident, it may have significant repercussions on the broader U.S.-ASEAN relationship. Within Southeast Asia, problems of cybercrime, cross-border terrorism, religious extremism, and drugs and weapons trafficking first affect the states within the region. But given the vested interests of the United States within Southeast Asia, such transnational issues quickly affect the U.S.

An ASEAN that can work together toward a goal of "enhanced interaction" will be a more able partner for the U.S. in confronting these issues. Alternatively, an ASEAN that is unwilling to recognize the blurred lines between internal and external problems and unable to craft policies for confronting these issues, will force the international community to pick up the slack.

***Economic analysis for U.S.-ASEAN relations was provided by Jane Skanderup, Assistant Director of Programs and Development of the Pacific Forum CSIS.*

Chronology of U.S.-ASEAN Relations April-June 2000

Apr. 2000: Vietnam requests a meeting to reopen dialogue on a draft U.S.-Vietnam trade agreement.

Apr. 21, 2000: Malaysian Prime Minister Mahathir remarks that electronic commerce is being used by rich nations to impoverish developing countries.

Apr. 23, 2000: Six Philippine Abu Sayyaf terrorists kidnap 20 hostages from the Malaysian resort island of Sipadan and transport them to the Southern Philippines.

Apr. 25, 2000: USAID budget for East Timor in 2001 is reported at \$10 million, \$15 million less than FY2000.

Apr. 26, 2000: A senior Indonesian official reports that Indonesia has asked the U.S. to help trace assets held by former President Suharto.

Apr. 27, 2000: UN Ambassador Richard Holbrooke remarks that, “my government remains deeply disturbed...concerning the relationship between elements of the Indonesian military and the militia operating in the refugee camps in West Timor... the Indonesian military must...stop all military activities in areas under their control.”

Apr. 27, 2000: State Department expresses deep concern about continuing violence in the Indonesian province of Aceh and urges the Free Aceh Movement to renounce violence and enter into dialogue.

Apr. 28, 2000: While visiting Vietnam to commemorate the 25th anniversary of the end of the Vietnam war, former prisoner of war U.S. Senator John McCain tells local journalists, “the wrong guys won the war.”

Apr. 28, 2000: U.S. environmental and labor rights groups protest U.S. Ambassador to Indonesia Gelbard’s pressure to cut funding for an Indonesian environmental organization working to hold an American mining company accountable for environmental and human rights abuses.

Apr. 28, 2000: U.S. Senator John Kerry visits Phnom Penh and hammers out agreement for Hun Sen to cooperate with foreign jurists to create a tribunal to prosecute Khmer Rouge leaders for genocide.

May 2000: Human rights organizations petition the Secretary of State not to resume military engagement with Indonesia.

May 1, 2000: The U.S. is “deeply concerned” over the April 29 decision of Malaysia’s Appeals Court to reject former Deputy Prime Minister Anwar Ibrahim’s appeal, amid “widespread concerns about the lack of due process.”

May 1, 2000: The U.S. begins enforcement proceedings at the World Trade Organization (WTO) against the Philippines’ local content requirements for motorcycles, automobiles, and commercial vehicles.

May 2, 2000: The U.S. moves Indonesia down to Watch List from the Special 301 Priority Watch list with regards to Intellectual Property Rights (IPR) protection; Malaysia remains on the Priority Watch List for IPR infringement.

May 3, 2000: Representatives McGovern (D-MA) and Smith (R-NJ) introduce a bill that would forbid U.S. military cooperation with the Indonesian military while East Timorese continue to be hindered from returning to their homeland.

May 3, 2000: U.S. House of Representatives calls on the President to “restate and make clear to [Vietnam] that the American people are firmly committed to political, religious, and economic freedom for the citizens of [Vietnam].”

May 4, 2000: The *Far Eastern Economic Review* reports that U.S. Ambassador Gelbard has “earned the ire of Amien Rais, chairman of the People’s Consultative Assembly, for appearing to interfere in issues such as the leadership of the Indonesian Bank Restructuring Agency.”

May 5, 2000: Admiral Dennis Blair, U.S. Commander-in-Chief in the Pacific, visits Indonesia and remarks that military links won’t fully resume until the crisis in West Timor is resolved.

May 6, 2000: The U.S. “cautiously welcomes” an ASEAN+3 (Japan, China, and South Korea) currency operation agreement to handle future financial crises and voices support for the Chiang Mai Initiative.

May 9, 2000: COBRA GOLD exercises among the U.S., Thailand and Singapore begin. Observers from the Philippines, Australia, Malaysia, and Indonesia attend.

May 11, 2000: U.S. House of Representatives holds hearings on human rights abuses in Indonesia and East Timor.

May 12, 2000: The Indonesian government and the leadership of the Free Aceh Movement agree in Geneva to embark on an “humanitarian pause” beginning on June 2.

May 15, 2000: Secretary Albright hails the truce agreement between the Indonesian government and Aceh separatists and pledges humanitarian aid.

May 16, 2000: Secretary Albright reaffirms Washington’s call for the establishment of democracy in Burma and lauds opposition leader Aung San Suu Kyi. The Burmese government releases a statement accusing the U.S. of misunderstanding the process of democratization in Burma.

May 18, 2000: U.S. Trade Representative Charlene Barshefsky announces that Cambodia’s apparel quota has been raised by 5%, recognition that Phnom Penh is progressing in enforcing internationally recognized core labor standards. The U.S.-Cambodia textile agreement is the first bilateral textile trade agreement containing a labor provision.

May 19, 2000: Air industry executives and U.S. officials press ASEAN countries on open-skies issues and customs practices that they fear needlessly slow international transportation.

May 23, 2000: Senator Russell Feingold (D-WI) introduces a resolution calling on Laos to “respect the basic human rights of all of its citizens” and ratify the Universal Declaration of Human Rights.

May 23, 2000: *The Washington Times* reports that FBI has placed Vietnam among a list of 10 countries deemed “a hostile intelligence threat to the U.S.”

May 25, 2000: ASEAN officials meeting in Kuala Lumpur call upon the U.S. to dismantle trade practices that “create barriers and discriminate against ASEAN exports.”

May 24-25, 2000: The 15th ASEAN-U.S. Dialogue is held in Malaysia.

May 24, 2000: Malaysian Prime Minister Mahathir tells delegates at an Asia-Africa forum that Western governments are “encouraging the formation of cartels and oligopolies to dominate the world... the U.S. is even opposing the setting up of an Asian Monetary Fund for fear it might undermine the IMF and therefore U.S. hegemony.”

May 25, 2000: The Thai Air Force reaches an agreement with the U.S. to buy 18 used F-16 fighters with advanced medium range air-to-air missiles.

May 26, 2000: U.S. Senate staffers visit Jakarta, meet with President Wahid, Foreign Minister Shihab, Attorney General Marzuki Darusman, and Speaker of the Parliament Akbar Tandjung.

Jun. 1, 2000: Abu Sayyaf rebels meet Philippine government negotiators for talks.

Jun. 1, 2000: U.S. Senate staffers visit Bangkok, travel to refugee camps on the Thai-Burmese border.

Jun. 2, 2000: President Clinton recommends a continuation of the waiver of the Trade Act of 1974 for Vietnam for a 12-month period.

Jun. 4, 2000: A massive earthquake measuring 7.9 on the Richter Scale devastates parts of southern Sumatra in Indonesia. Washington pledges \$25,000 in immediate assistance.

Jun. 7, 2000: Thai Foreign Minister Surin Pitsuwan warns of Laotian instability, a rare occurrence given the non-interference policy of ASEAN.

Jun. 8, 2000: U.S. State Department hosts its eighth round of human rights dialogue with Vietnam.

Jun. 13, 2000: Akbar Tandjung, Speaker of the Indonesian House of Representatives, strongly rejects President Wahid’s plans to seek assistance from U.S. authorities to carry out corruption investigations.

Jun. 13, 2000: Indonesian President Wahid meets with President Clinton to outline Indonesian economic and military reforms.

Jun. 21, 2000: The U.S. Supreme Court invalidates a Massachusetts law prohibiting State agencies from dealing with companies that do business in Burma.

Jun. 26, 2000: Demonstrators gathered outside U.S. Embassy in Jakarta to demand that Washington take action to halt the religiously motivated violence in the Moluccas.

Jun. 27, 2000: Vietnam leaders begin a series of meetings that will focus on economic reforms and integration into the world economy.

**China-ASEAN Relations:
China Consolidates Its Long-term Bilateral Relations
with Southeast Asia**

**by Carlyle A. Thayer,*
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During the second quarter, China further consolidated its bilateral relations with Southeast Asia by signing four new long-term cooperation agreements with Myanmar, Indonesia, the Philippines, and Singapore. China also reinforced bilateral relations by exchanging high-level delegations with Singapore, the Philippines, and Myanmar, and several regional states joined with China to celebrate milestone anniversaries marking the establishment of diplomatic relations. Discussions on territorial disputes in the South China Sea continued without resolution, while Chinese and Vietnamese leaders expressed concern over the slow pace of negotiations over delineation of the Gulf of Tonkin. A new dimension was added to China's relations with ASEAN states--the inauguration for the first time of direct party-to-party ties between the Chinese Communist Party (CCP) and governing parties in non-socialist states. China also reinforced its ideological relations with Vietnam and Laos, its military ties with Thailand, and reportedly increased its military support for Myanmar.

Long-term Cooperation Agreements

In 1999, China negotiated long-term agreements on cooperation with Vietnam, Thailand, Brunei, and Malaysia. During the second quarter of 2000, China expanded this list to eight with the inclusion of Singapore, Indonesia, the Philippines, and Myanmar. Only Cambodia and Laos have yet to reach similar agreements with Beijing.

The four long-term agreements are joint statements signed by respective foreign ministers. These statements affirm that bilateral relations will be based on the basic norms found in the UN Charter, Five Principles of Peaceful Coexistence, ASEAN Treaty of Amity and Cooperation, and international law. The PRC-Singapore statement omits any reference to the Treaty of Amity and Cooperation and the basic norms of international law, while the PRC-Indonesia statement includes a reference to the ten principles of the Bandung Conference.

All four documents, while reflecting the specific nature of bilateral relations, also contain several areas of similarity. For example, all four call for frequent high-level exchanges and regular consultations between foreign ministries. The PRC-Singapore and PRC-Philippines statements make provision for annual consultations between foreign ministries. The PRC-Myanmar joint statement is less specific, while the PRC-Indonesia joint statement calls for regular consultations between foreign ministers. All four joint statements call for "high-level exchanges" (Indonesia

and the Philippines) or exchanges by “top leaders” (Singapore and Myanmar). All four joint statements also contain a paragraph acknowledging support for a “one-China” policy, although the wording in each varies slightly. If note, the PRC-Myanmar statement reads “The Chinese side reaffirms its respect for the independence, sovereignty, and territorial integrity of Myanmar.” The PRC-Indonesia joint statement contains the further elaboration: “The Chinese side holds that Indonesia’s stability, integrity, and prosperity are conducive to peace and development in the region, and supports the Indonesian Government in its efforts to maintain national unity and territorial integrity and to facilitate ethnic reconciliation and promote harmony in the country on the basis of equality.”

All four joint statements include the pledge to consult and cooperate in various multilateral forums including ASEAN, the ASEAN Regional Forum (ARF), ASEAN+3, and the United Nations. With the exception of the PRC-Myanmar joint statement, the other three include Asia Pacific Economic Cooperation (APEC), the Asia-Europe Meeting (ASEM), and the World Trade Organization (WTO). Only the PRC-Indonesia joint statement includes the Non-Aligned Movement, while the PRC-Myanmar statement includes quadrangular cooperation (China, Laos, Myanmar, and Thailand) and cooperation among the Mekong states (Cambodia, China, Laos, Myanmar, Thailand, and Vietnam).

The four joint statements differ in some significant aspects. For example, both the PRC-Singapore and PRC-Philippines joint statements include a major paragraph on defense cooperation. The former states: “Both sides will promote security cooperation by facilitating exchange of high-level visits, dialogue between defense institutions, cooperation between their strategic security research institutes, [and] exchanges between professional groups of their armed forces and exchange of port calls.” The latter declares: “The two sides agree to make further exchanges and cooperation in the defense and military fields, strengthen consultations between their military and defense personnel and diplomatic officials on security issues, to include exchanges between their military establishments on matters relating to humanitarian rescue and assistance, disaster relief and mitigation, and enhance cooperation between their respective strategic and security research institutes.” Prior to General Maung Aye’s visit to Beijing, Myanmar TV reported that military cooperation would be discussed yet no reference was made to such cooperation in the official commentary of his visit or in the PRC-Myanmar joint statement.

The subject of human rights was raised in joint statements between the PRC and Indonesia and the PRC and the Philippines. The PRC-Indonesia declaration read: “The two sides reaffirm their position that both the principle of universality of human rights and the national particularities of each country, including its cultural background, should be respected... They maintain that human rights issues must not be solved at the expense of the principles of state sovereignty and sovereign equality among nations or in contravention or violation of the principles on which the United Nations itself was founded.” The PRC-Philippines joint statement also included recognition of “the universality of human rights taking into account their distinct culture, tradition, and practices.”

The PRC-Indonesia joint statement was the only one to mention weapons of mass destruction. Point 13 declared: “The two sides agree that the Anti-Ballistic Missiles (ABM) treaty and the Treaty on the Southeast Asia Nuclear-Weapon-Free Zone play an important role in maintaining international peace, security, and strategic stability. The two sides support the endeavors of forging a universal and effective compliance with the implementation of the provisions of bilateral as well as multilateral agreements on disarmament, disarmament of weapons of mass destruction in particular. Failure to comply with these treaties will only threaten regional and global peace and stability.” The PRC-Philippines joint statement was the only one to include mention of territorial disputes in the South China Sea. Each joint statement spelled out specific areas of cooperation based on the state of bilateral relations.

High-Level Visits

Singapore. Prime Minister Goh Chok Tong paid an official visit to China at the invitation of Premier Zhu Rongji from April 9-20. In Beijing, Goh held talks with Premier Zhu, President Jiang Zemin, Vice President Hu Jintao, and Li Ruihuan, Chairman of the Chinese People’s Political Consultative Conference (CPPCC). On April 11, Foreign Ministers Jayakumar and Tang Jiaxuan signed the Joint Statement of Bilateral Cooperation between their two governments.

Discussions between Prime Minister Goh and Premier Zhu focused on potential new areas of cooperation including trade, finance, information technology, and telecommunications. They also discussed the reform of state owned enterprises and housing. Singapore’s involvement in the development of China’s western provinces was a prominent theme in Goh’s discussions with Premier Zhu and other Chinese leaders. President Jiang stated that Singapore was a major component of China’s relations with Southeast Asia and that bilateral relations were characterized by “sound momentum, close contacts, mutually beneficial cooperation.”

Goh’s visit was nearly a month after the election of Chen Shui-bian as President of Taiwan. Chinese officials used the occasion of every high-level visit during this period to spell out China’s policy toward Taiwan and to elicit a reaffirmation of support for the “one-China” policy from visiting guests. Goh stated that Singapore viewed the Taiwan issue as a Chinese domestic matter.

Philippines. President Joseph Estrada made a state visit to China from May 16-20, despite an increase in Moro Islamic Liberation Front violence in Mindanao and a hostage crisis triggered by Abu Sayyaf rebels on the eve of his departure. Estrada was accompanied by 120 businessmen. In Beijing, Estrada held talks with President Jiang, Premier Zhu, Vice President Hu, and Li Peng, Chairman of the National People’s Congress. In meetings with Jiang and Zhu, Estrada reaffirmed the Philippines’ commitment to the one-China policy.

According to President Estrada, Manila received reassurances never given before by China to Filipino leaders, adding that “President Jiang Zemin assured me that China does not pose a threat to the Philippines.” According to Estrada, the Spratly Islands were recognized as “the only

existing difficult question between our two countries.” He also stated, “Importantly, I received Chinese reassurance that the matter should be resolved peacefully and in accordance with international law. We agreed not to take actions that might complicate or escalate the situation.”

Myanmar. The second quarter was marked by two Chinese ministerial visits to Myanmar and the official visit of General Maung Aye, Vice Chairman of the SPDC, to China at the invitation of PRC Vice President Hu Jintao to mark the fiftieth anniversary of the establishment of diplomatic relations on June 8, 1950. Vice President Hu told his guest that the further promotion of good-neighborly and cooperative relations between China and Myanmar is an important part of China’s diplomacy concerning its surrounding areas. “We are satisfied with the smooth development of Sino-Myanmarese relations,” Hu said. Maung Aye replied that Myanmar is willing to work with China to develop their relations in the 21st century. Myanmar hoped to maintain high-level visits, expand economic and trade cooperation, implement a border management agreement, and intensify anti-drug cooperation. Maung Aye also reiterated Myanmar’s support for the “one-China” policy. Premier Zhu raised the issue of combating drug smuggling along their common border. Maung Aye stated that Myanmar wanted to follow China’s lead over reforms and opening up to the outside world.

Territorial Disputes

South China Sea. During the second quarter, the Philippines continued to press China on a Code of Conduct for the South China Sea. In mid-April, for example, Philippine Foreign Affairs Secretary Domingo Siazon raised the South China Sea dispute at the meeting of Non-Aligned Movement (NAM) Foreign Ministers in Cartagena, Colombia. The NAM endorsed the establishment of a Code of Conduct and the resolution of sovereignty and territorial disputes in the South China Sea by peaceful means without resorting to force and/or threat of force. It also endorsed on-going bilateral and multilateral consultations among the parties concerned at the inter-governmental level, the ASEAN-China dialogue, regular exchanges in the ARF, and the informal Workshop on Managing Potential Conflicts in the South China Sea.

The South China Sea Code of Conduct was discussed at the sixth China-ASEAN Senior Officials Meeting in Kuching, Malaysia from April 25-26. This meeting agreed to speed up the drafting of the code. On May 26, a drafting committee for a Code of Conduct for the South China Sea, comprised of Chinese and Thai officials, met in Kuala Lumpur with no discernable progress.

Territorial disputes in the South China Sea also featured in discussions during President Estrada’s state visit to China in May. On May 16, China’s Foreign Minister Tang Jiaxuan and Philippine Secretary of Foreign Affairs Domingo Siazon agreed in a joint statement on bilateral relations to promote the peaceful settlement of disputes through bilateral friendly consultations and negotiations under international law, including the 1982 UN Convention on the Law of the Sea (UNCLOS). They also reaffirmed their adherence to the 1995 joint statement on the South China Sea and agreed not to take actions that might complicate or escalate the situation. Finally, they reiterated their commitment to the formulation and adoption of a regional South China Sea Code of Conduct.

The upbeat tenor of Chinese-Philippines discussions on the South China Sea was marred on May 26, immediately after President Estrada's visit to China, when a Philippines' naval vessel fired upon and killed the captain of a Chinese fishing boat. The boat was spotted poaching turtles eight kilometers from Palawan island in Philippine territorial waters. Philippines officials claimed that they had been fired upon by the Chinese crew first. The Chinese Ambassador Fu Ying reported to the contrary and delivered a *note verbale* to the Philippines' Foreign Ministry demanding the release of the crew and their vessel, the body of the slain captain, and compensation. The Philippines complied with all requests except the claim for compensation. On May 30, Chinese Foreign Ministry warned that bilateral ties could suffer if the Philippines did not agree to compensation.

China then downplayed the incident as an isolated one. The Chinese Embassy acknowledged that its fishermen were clearly encroaching on Philippine waters. Ambassador Fu was quoted as stating that "(turtle poaching) needs to be verified. If indeed they fish turtle, they will face punishment in China, too." The Chinese fishermen were released and arrived back in China on June 4. In the meantime, the Chinese Foreign Ministry announced that it would make further representations on their claim for compensation.

Meanwhile, Sino-Vietnamese negotiations on maritime issues in the South China Sea bogged down. On May 11, at the conclusion of the thirteenth round of talks, Vietnam announced that no progress had been achieved. Both sides expressed concern at the slow pace of talks and agreed to continue discussions on the possibility of cooperation in hydrology and meteorology.

Tonkin Gulf. Nong Duc Manh, Chairman of Vietnam's National Assembly, paid an official visit to China from April 4-10. Discussions centered on the 1999 Land Border Treaty and current negotiations on the delineation of territory in the Gulf of Tonkin. Manh also met with President Jiang. On April 29, China's National People's Congress Standing Committee ratified the border treaty. Vietnam's National Assembly followed suit in June. As for the territorial dispute in the Tonkin Gulf, Manh told President Jiang: "We believe that with the continued efforts of both sides, the issue of delimiting a boundary line in [the Gulf of Tonkin] can surely be settled properly [in 2000]." Jiang agreed.

The following month Deputy Prime Minister Nguyen Manh Cam attended a conference in Shanghai and used the occasion to hold discussions with Premier Zhu Rongji on territorial disputes. On May 10, Zhu expressed the hope that both sides would exchange documents as quickly as possible to permit the start of demarcation work along the land border. Zhu called for the two countries to speed up negotiations to sign an agreement on delineation of the Gulf of Tonkin before the end of the year. Cam promised that Vietnam would do its best to accelerate negotiations. A similar note was sounded at the conclusion of the fourteenth meeting of the joint working group on the delineation of the Gulf of Tonkin that met in Beijing from June 26-29.

Party-to-Party Relations

During the second quarter, in a new development, delegations representing the Chinese Communist Party (CCP) visited Thailand, Malaysia, Indonesia, and Singapore to establish formal party-to-party ties with political parties in these countries. According to the CCP, such party-to-party ties will be based on four principles: independence, complete equality, mutual respect, and non-interference in each other's internal affairs.

A CCP delegation led by Dai Bingguo, a member of the CCP Central Committee and head of the Central Committee's International Department, paid a five-day visit to Thailand from April 3-7 at the invitation of Foreign Minister Surin Pitsuwan. Press reports indicated that this was the first official visit by a CCP delegation to Thailand. The Chinese party delegation met with Prime Minister Chuan Likphai and leaders of the Chart Thai, Democratic, Chart Pattana, New Aspiration, and Thai Rak Thai parties. In May, Ma Wenpu, the deputy head of the CCP Central Committee's International Department, attended the 54th General Assembly of the United Malays National Organization in Kuala Lumpur.

Contact between the CCP and political parties in Indonesia was inaugurated in May with the visit to China by a delegation of the Indonesian Democratic Party of Struggle, led by former General Secretary Alexander Litaay. Litaay discussed cooperation and an exchange program with Wei Jianxing, a member of the Standing Committee of the CCP Politburo. Wei received a delegation of Indonesia's Party of Functional Groups (GOLKAR) in late May and a delegation of leaders of Indonesian Islamic parties in June. Discussion also focused on cooperation and exchange visits. Finally, contact between the CCP and Singapore's People's Action Party (PAP) was inaugurated with the visit to Beijing of a PAP delegation from May 19-26. The PAP delegation met with Wei to discuss contacts and exchanges.

Chinese Support for Laos and Vietnam

During this quarter, Laos continued to experience civil unrest by armed Hmong ethnic minorities. In addition, unknown perpetrators set off five or more explosions in Vientiane and Pakse. According to press reports, Lao hardliners sought and received Chinese military and economic assistance. According to the *Far Eastern Economic Review*, China supports the political status quo in Laos because it faces the same pressures for political change. It is in this context that the following visits by party and military delegations takes on significance. A CCP "goodwill delegation," led by Politburo member Huang Ju, visited Laos from May 26-29 for an exchange of views with the Lao People's Revolutionary Party on party affairs, government management, and socio-economic development. On June 30, Duang Chai, the Chief of the Lao People's Army General Staff, visited Beijing to hold discussions with Fu Quanyou, Chief of the People's Liberation Army (PLA) General Staff. Duang Chai also met with Defense Minister Chi Haotian.

During the second quarter China and Vietnam firmed up their already close bilateral political and ideological relations. For example, one of the purposes of Nong Duc Manh's April visit to Beijing was "to promote exchanges and to learn from each other's experiences." The ideological affinity between the two socialist states became more apparent in June when the Chinese

Academy of Social Sciences hosted a theoretical seminar in Beijing on economic reform. The meeting was reportedly held at the request of Le Kha Phieu, General Secretary of the Vietnam Communist Party (VCP). The seminar was attended by a sixteen person delegation from Vietnam led by VCP Politburo member Nguyen Duc Binh, who also held separate discussions with Vice President Hu.

Chinese Military Relations with the Region

Thailand. During this quarter Thailand dispatched two high-level delegations to China. The first was led by General Surayut Chulanont, Thai Army Commander-in-Chief, who visited China in May at the invitation of the PLA General Staff Headquarters. Talks were held between General Surayut and Qian Shugen, Deputy Chief of the PLA General Staff, on “international and regional issues as well as on bilateral ties.” Surayut also met with Fu Quanyou, Chief of the PLA General Staff and member of the Central Military Commission, and with Zhang Wannian, Vice Chairman of the Central Military Commission. At both meetings the subject of Taiwan and Chinese threats to use force were raised. In late May, General Mongkon Ampornpisit, Supreme Commander of the Thai Armed Forces, visited Beijing. He held separate talks with Fu Quanyou and Defense Minister Chi Haotian. Both discussions featured bilateral military exchanges and the Taiwan issue.

Myanmar. During May there were several unconfirmed reports that China had stepped up its military assistance to Myanmar. Lt. General Tin Oo, Myanmar’s Army Chief of Staff, reportedly made an unpublicized visit to China to arrange new arms purchases. The Democratic Voice of Myanmar (Oslo) reported that two PLA delegations visited the Coastal Regional Command from May 2-5. According to this source, China agreed to provide technical assistance and military equipment to move the Mawyawadi Naval Base from Moulmein to Heinle, and to construct field maritime surveillance stations along the Tenasserim coast. A subsequent Democratic Voice of Myanmar broadcast reported that Chinese experts will install a maritime surveillance radar station and advanced radar systems (Global Positioning System and Global Information System) in the Tenasserim Division.

Chronology of China-ASEAN Relations April-June 2000

Apr. 1, 2000: Secretary General of the Thailand’s House of Representatives visits China.

Apr. 3-7, 2000: A delegation of the Chinese Communist Party (CCP) pays a five-day visit to Thailand at the invitation of Foreign Minister Surin.

Apr. 4-6, 2000: Chinese Minister of Agriculture pays a goodwill visit to Myanmar, signs two Memorandums of Understanding (MOU) dealing with cooperation in the agricultural sector and the exchange of technology.

Apr. 4-10, 2000: Nong Duc Manh, Chairman of Vietnam's National Assembly, pays an official visit to China.

Apr. 6, 2000: Prime Minister Go Chok Tong reiterates Singapore's commitment to a "one-China" policy.

Apr. 9-20, 2000: Prime Minister Go Chok Tong visits China, signs Joint Statement of Bilateral Cooperation.

Apr. 11, 2000: Malaysia and China sign an agreement concluding negotiations on bilateral market access in the context of China's accession to the World Trade Organization.

Apr. 11-13, 2000: General Fu Quanyou, PLA Chief of the General Staff, make a two-day stopover in Bangkok.

Apr. 12, 2000: Second ASEAN Business Summit is held in Kuala Lumpur. China's Foreign Trade Minister attends.

Apr. 13, 2000: Indonesia's President Abdurrahman Wahid and China's President Jiang Zemin exchange congratulatory messages on the fiftieth anniversary of the establishment of diplomatic relations.

Apr. 13, 2000: China's Vice Premier Li Lanqing, attending the South Summit in Havana, meets separately with Vietnamese President Tran Duc Luong and Malaysian Prime Minister Mahathir.

Apr. 15, 2000: Philippine Foreign Affairs Secretary Domingo Siazon raises the South China Sea dispute at the meeting of Non-Aligned Movement Foreign Ministers in Cartagena, Colombia.

Apr. 17-26, 2000: Vietnam's Minister of Education and Training visits China and signs a cooperation agreement for 2002-2004 with China's Minister of Education.

Apr. 19, 2000: Tran Van Tuan, Chairman of the Hanoi People's Council, visits China.

Apr. 19-20, 2000: Governments of China, Laos, Myanmar, and Thailand sign an agreement on commercial navigation on the Lancang-Mekong River that will come into force in 2001. Fourteen ports (four in China, six in Laos, 2 each in Myanmar and Thailand) will be opened.

Apr. 20-21, 2000: The Seventh China-ASEAN Dialogue is held in Beijing.

Apr. 21-27, 2000: Cambodian Minister for Information Lu Laysreng visits China.

Apr. 22-29, 2000: Singapore's Trade and Industry Minister George Yeo visits China.

Apr. 25, 2000: Cambodia's Prince Norodom Sirivudh, Senior Advisor to the King, visits China.

Apr. 25-26, 2000: The Sixth China-ASEAN Senior Officials Meeting is held in Kuching, Malaysia.

Apr. 26, 2000: Philippine Air Force reconnaissance plane spots a Chinese fishing boat anchored five nautical miles southwest of Panata Reef.

Apr. 29, 2000: China's National People's Congress Standing Committee ratifies the 1999 Land Border Treaty with Vietnam.

May 1, 2000: Meeting of the ASEAN Economic Ministers and the Trade Ministers of China, Japan, and South Korea held in Yangon.

May 2, 2000: President Jiang Zemin and Primer Minister Zhu Rongji offer condolences to Vietnam on the death of former Prime Minister Pham Van Dong.

May 3-5, 2000: China's Minister for Foreign Trade and Economic Cooperation makes three-day official visit to Myanmar.

May 8-11, 2000: Indonesia's Foreign Minister Alwi Shihab pays an official visit to China, signs a Joint Statement on the Future Direction of Bilateral Cooperation.

May 8-12, 2000: Lin Hsiang-neng, Chairman of Taiwan's Council of Agriculture, visits Vietnam to promote agricultural exchanges.

May 9-24, 2000: Philippine reconnaissance aircraft periodically spot Chinese fishing vessels anchored near Philippine-claimed islands in South China Sea.

May 9-10, 2000: The Vietnam-China joint working group on maritime issues holds the 5th round of talks in Hanoi.

May 9-11, 2000: Philippine Foreign Minister Domingo Siazon pays working visit to China to prepare for the visit of President Estrada.

May 10, 2000: Vietnam's Deputy Prime Minister attends Corporate Conference of the Asia Society in Shanghai, meets with Premier Zhu.

May 11, 2000: Senior Officials representing the Asia-Europe Meeting (ASEM) meet in Seoul to plan for the Third ASEM Summit scheduled for October 20-21.

May 11, 2000: Chinese and Vietnamese experts meeting in Hanoi hold the 13th round of talks on maritime issues.

May 16-20, 2000: Philippine President Estrada visits China, signs Joint Statement on the Framework of Bilateral Cooperation in the Twenty-first Century.

May 17, 2000: General Surayut Chulanont, Thai Army Commander-in-Chief, visits China.

May 19, 2000: Vietnam's Ministry of Foreign Affairs declares Vietnam has repeatedly affirmed its unquestionable sovereignty over the Spratly and Paracel archipelagoes, and calls for efforts to adopt a Code of Conduct for the South China Sea.

May 19-26, 2000: People's Action Party delegation from Singapore visits China.

May 23, 2000: Lt. Gen. Tin Oo, Myanmar's Army Chief of Staff, reportedly makes an unpublicized visit to China to arrange new arms purchases.

May 25, 2000: *Moneakseka Khmer*, a newspaper which reflects the views of the Sam Rainsy Party, criticizes China for its policy on the international tribunal to try Khmer Rouge leaders and calls China's policy interference in Cambodia's internal affairs.

May 26, 2000: The captain of a Chinese fishing boat in Philippine territorial waters is killed in a gunfight with pursuing Philippines' Coast Guard and maritime police eight kilometers from Rizal town, Palawan island.

May 26, 2000: Drafting Committee on Code of Conduct for South China Sea, comprised of Thai and Chinese officials, meets in Kuala Lumpur.

May 29, 2000: A delegation of Indonesia's Party of Functional Groups (GOLKAR) visits China.

May 30, 2000: Chinese Foreign Ministry expresses "shock" at shooting of a Chinese fishing boat captain on May 26th and demands compensation.

May 30, 2000: General Mongkon Ampornpisit, Supreme Commander of the Armed Forces of Thailand, visits China.

Jun. 2, 2000: Chinese Embassy Counselor visits the Thai Foreign Ministry to discuss the invitation to former Taiwan President Lee Teng-hui to visit Thailand.

Jun. 5, 2000: The Cambodian National Assembly ratifies an extradition treaty with China.

Jun. 5-12, 2000: Myanmar General Maung Aye pays official visit to China to mark the fiftieth anniversary of the establishment of diplomatic relations on June 8, 1950. Foreign Ministers sign a joint statement on the Framework of Future Bilateral Relations and Cooperation.

Jun. 9, 2000: 25th anniversary of the establishment of diplomatic relations between China and the Philippines.

Jun. 9, 2000: Vietnam's National Assembly ratifies the Sino-Vietnamese Land Border Treaty signed in 1999.

Jun. 9, 2000: In response to the declaration of independence issued by the Papua National Congress, the Chinese government reiterates its support of efforts made by the Indonesian government to safeguard sovereignty, territorial integrity, and national unification.

Jun. 11-14, 2000: Singapore's Senior Minister Lee Kuan Yew makes a working visit to China.

Jun. 12, 2000: An agreement on economic and technological cooperation between Vietnam and China is signed in Beijing.

Jun. 12, 2000: An Indonesian delegation of leaders of Islamic parties visits China.

Jun. 19, 2000: Singapore's Deputy Prime Minister and Defense Minister Tony Tan Keng Yam visits Taiwan.

Jun. 26-29, 2000: Former Thai Prime Minister Anand Panyarachun visits China to commemorate the 25th anniversary of the establishment of diplomatic relations.

Jun. 26-29, 2000: The Vietnamese-Chinese joint working group on demarcation of the Tonkin Gulf holds its 14th round in Beijing.

Jun. 27-30, 2000: Vice Chairman of the Standing Committee of China's National People's Congress, pays an official friendly visit to Cambodia.

Jun. 30, 2000: The Chief of the Lao People's Army General Staff visits China.

Jun. 30, 2000: Philippines' Armed Forces Western Command reports that seven Chinese fishing boats have been spotted near Second Thomas Shoal and three others near Pagasa, Lawak, and Patag Islands.

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

China-Taiwan Relations: Groping for a Formula for Cross-Strait Talks

**by David Brown
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The tensions that followed Chen Shui-bian's election in March have eased. Since President Chen's remarkably conciliatory comments on cross-Strait relations in his inaugural address, both Taipei and Beijing appear to be groping, thus far unsuccessfully, for a formula for reopening talks. Apparently inconsistent actions and statements from China imply considerable disagreement in Beijing on how to handle the new regime in Taipei; no decisions are expected until the summer leadership meetings in Beidaihe. In Taipei, Chen has been in a honeymoon period where his positions have enjoyed wide support. Despite its initial fears last March, Washington now sees Chen as a pragmatic conciliator. The Democratic Progressive Party, for its part, has undergone a remarkable transformation from its past fear of U.S. pressure to a new desire to elicit American help in initiating cross-Strait talks on terms acceptable to Taipei. A lot is riding on the effort because, if a mutually acceptable formula is not found, the debate in Beijing is likely to shift toward a more confrontational approach. This, in turn, will constrain Chen's room for compromise.

Post-Election Maneuvering

Chen's election victory was a watershed for Taiwan politics, for cross-Strait relations, and for the international community. In March, for the first time a Kuomintang (KMT) president was voted out of office, and the first peaceful and democratic transfer of government in Chinese history was begun. With its worst fears realized and its threats against the Taiwan people a failure, Beijing swallowed hard and announced that it would pursue a "wait and see" policy toward Chen Shui-bian. The palpable anxiety in Washington, Tokyo, and other world capitals reflected deep uncertainties about Chen and his policies.

In the two months leading up to his May 20 inauguration, Chen faced three major challenges: assembling a government that would enjoy broad support, preserving peace in the Strait by signaling a wary Beijing about the direction of his cross-Strait policy, and reassuring Washington and others that his government would not provoke trouble in the Taiwan Strait. Despite widespread concern about his lack of national and international experience, Chen showed considerable skill and sophistication in meeting these challenges. After initial signals that he would avoid provocations, Chen began floating ideas on cross-Strait relations in preparation for

his coming inauguration. Chen's most significant actions, however, were his government appointments. Most important was the surprise choice of the mainlander KMT Defense Minister Tang Fei as his premier. While Tang was not his first choice, the decision served several purposes, including reassurance to the PRC. When completed, his cabinet was a *de facto* coalition including 15 from the KMT, 20 independents, and only 7 from his own Democratic Progressive Party (DPP).

Across the Strait, Beijing moved beyond its initial wait and see policy and launched a high stakes campaign to pressure Chen into accepting Beijing's definition of the one-China principle. This appeared to have been prompted in part by conciliatory DPP statements that one-China was not a principle Taipei could accept but an issue that could be discussed in talks with Beijing. Through April and early May, the PRC kept up a steady barrage on the one-China principle as the precondition for any talks. There were nuances of difference in the formulations from military, party, government, and media spokesmen, but Beijing's key condition was clear. Against the backdrop of some domestic criticism of past counterproductive threats against Taiwan, there appears to have been debate about how much to threaten Chen on the consequences of not accepting the one-China principle. For example, Tang Shubei, the Vice Secretary General of the Association for Relations Across the Taiwan Strait (ARATS), in remarks made on April 27 at a conference in Guangzhou, reportedly said failure to accept the one-China principle would lead to "war." This was modified in subsequent media versions to read not war but "disaster."

In April, some commentators said that the May 20 inaugural address would be the deadline for Chen's willingness to accept one-China. Informed researchers knew that this was establishing a benchmark that Chen would not reach, and gradually the policy pressure softened. On the eve of the inaugural, a *People's Daily* editorial was more cautiously calling for Chen "to work in the direction of accepting the one-China principle."

Chen's Inaugural and Beijing's Response

In Taipei, hints of the line to be taken at the inauguration were coming out. In April, Chen told a Presbyterian group known for its support of independence that he would be President of all Taiwanese, not just his DPP supporters. In early May, Mainland Affairs Council (MAC) Chairwoman designate Tsai Ying-wen said the government would stop talking about Lee Teng-hui's "state-to-state relations" theory and that achieving the "three links" would be a priority for the administration. A few days before the inaugural, Chen characterized cross-Strait ties as "relations between brothers in a family."

In his inaugural address, President Chen appealed to his constituents as a loyal son of the soil of Taiwan but also expressed his desire for reconciliation with China. He enunciated "four no's" designed to reassure Beijing. Based on the premise that Beijing did not intend to use force, Taipei would not a) declare independence, b) hold a referendum, c) write Lee Teng-hui's state-to-state theory into the constitution, or d) change the name of the Republic of China. In addition, Chen said that he would not abolish the National Unification Council or the National Unification Guidelines. While he neither accepted nor rejected the one-China principle, he went

so far as to express confidence that leaders on both sides would have the wisdom and creativity to deal jointly with the question of a “future one-China.”

Chen’s pursuit of dialogue and reconciliation is driven by his desire to demonstrate to his constituents that he can not merely avoid provoking Beijing but can actually enhance Taiwan’s security through dialogue with Beijing as equal parties. Chen aims to use eventual cross-Strait talks to open the direct trade and travel with the Mainland that his business supporters want. What Chen has said Taiwan cannot do is accept Beijing’s view of one-China that defines Taiwan as a part of the PRC.

Within hours of Chen’s speech, the Taiwan Affairs Office in Beijing issued a statement that criticized Chen for avoiding the one-China principle but indicated that Beijing was prepared to talk with the new administration. The statement said that on the premises that Lee’s “two states” theory would not be made policy and that both sides would return to the 1992 consensus concerning one-China, talks could be resumed between ARATS and its Taiwan counterpart, the Strait Exchange Foundation (SEF). Beijing had apparently softened its rigid demand by hinting at a possible compromise on one-China. However, Beijing had not clearly defined what it meant by the 1992 compromise. That day a senior official instructed the press in Beijing to highlight the fact that Beijing was prepared to be patient and to deal with Chen.

Chen’s willingness to discuss one-China and Beijing’s suggestion of the 1992 consensus indicate that both sides are groping for a formula for reopening talks. But subsequent developments indicate how difficult the task of resuming talks will be. On May 29, MAC Chairwoman Tsai questioned whether there had really been an agreement to accept differing interpretations of one-China in 1992. On June 11, *Xinhua* criticized Taiwan for denying the 1992 consensus. These exchanges are not surprising because Taipei and Beijing have not agreed about what the 1992 consensus meant, beyond the fact that it cleared the way for the 1993 Koo-Wang meeting.

In his first formal news conference on June 20, following the historic inter-Korean summit in Pyongyang, President Chen called for a reconciliation summit between himself and PRC President Jiang Zemin. In doing so, Chen noted that the two sides had “agreed to disagree” in 1992 and indicated his confidence that if the two sides met, they could reach agreement on a mutually acceptable definition of one-China. Then on June 27, Chen made the implications of these comments explicit when he told a visiting American delegation that he could accept the 1992 consensus for “one China, with respective interpretations” but not Beijing’s view of one-China that defines Taiwan as part of the PRC. Reflecting their different understandings of the 1992 consensus, Beijing then attacked Taipei for misinterpreting the 1992 consensus. While Beijing repeated its May 20 proposal, the Foreign Ministry spokesman said it had been agreed in 1992 that both sides would orally express their adherence to the one-China principle.

Thus, there has been considerable megaphone diplomacy which appears, at times, to be narrowing differences. However, this does not mean that talks will occur. There is no indication that significant private contacts are going on behind the scenes to lay the groundwork for resuming formal talks. Consistent with its demand that Taipei first accept the one-China

principle, ARATS has publicly avoided any communication with SEF. Behind the scene contacts are needed.

Confusing Signals from Beijing

Beijing has been quite unified in conveying the message that acceptance of the one-China principle is the key precondition for talks. However, a variety of often contradictory actions and statements indicate that there is little consensus in Beijing on policy toward Taipei beyond the focus on the one-China principle. Recent visitors to Beijing report recognition by many researchers that past policy toward Taiwan has been counterproductive and even criticism of the leadership for adopting overly threatening tactics that are alienating Taiwan. Whether these criticisms have had any impact on leadership views is unclear.

ARATS and the Taiwan Affairs Office can be identified with the effort to reopen talks on the basis of the 1992 consensus. Meanwhile, other officials, presumably from the propaganda system, have announced a bizarre ban on popular Taiwan star Chang Hwei-mei (known to her fans as A-mei) for having sung at Chen's inauguration -- an action that has been ridiculed in Taipei.

While many of Beijing's day-to-day actions toward Taiwan appear to be on auto-pilot, the major new policy since Chen's election has been threats toward Taiwanese business, a constituency that Beijing has previously viewed as supporting its effort to open direct trade. In April, Beijing issued a threat to Taiwanese investors that they would not be permitted to do business on the Mainland if they supported independence for Taiwan. Since then, at least one prominent Taiwan investor has been subject to a variety of regulatory inspections. The Chi Mei Group, whose President is close to Chen Shui-bian, has said that the unusual inspections could well lead the company to reconsider its investment plans. However, when President Jiang met a delegation of Taiwan industrialists on June 27, he eschewed threats and spoke of "joining hands for prosperity." In Hong Kong, PRC officials have chastised local media for publishing "pro-independence" stories and warned Hong Kong firms not to do business with Taiwan firms that support independence.

Domestic Pressures on Chen

Chen has been in a honeymoon period enjoying wide support. However, the strains of policy making within a *de facto* coalition cabinet that does not enjoy majority support in the Legislature are becoming more apparent. They have begun to surface on two major domestic issues facing Chen -- whether to cancel the construction of Taiwan's fourth nuclear power plant and how to pursue a campaign against money politics and corruption in government.

Chen is also subject to conflicting advice and pressures on cross-Strait issues. The administration has shown signs of imperfect coordination, which is to be expected in the initial period. Vice President Annette Lu, with a reputation for outspoken criticism of the PRC, often is out of step with Chen's more pragmatic approach. Chen's most recent statement accepting the

1992 consensus has produced significant editorial criticism in pro-DPP media that he has gone too far to accommodate the PRC. Chen's honeymoon may be ending.

Chen is committed to cautiously opening up direct trade and travel across the Strait. His administration is taking the position that this can only be accomplished through direct talks with Beijing, not unilaterally by Taipei. This approach has subjected the administration to criticism for failing to move quickly to approve some minor steps in that direction. Proponents of starting direct cross-Strait trade by legalizing trade between the Taiwan-held offshore islands and neighboring Fujian Province have criticized the administration's caution. Unauthorized small scale trade has been occurring between the two for some time. On June 12, under pressure from the KMT and Peoples First Party (PFP), the Legislative Yuan passed a resolution urging the government to accelerate preparations to legalize direct trade for the offshore islands. Separately, pilgrims from at least two Matsu temples in Taiwan applied for approval to travel directly and legally to the head Matsu temple in Meizhou on the Chinese coast for its annual festival on July 16. The administration, again, was criticized for not promptly approving the request. Then Beijing announced conditions that were interpreted as effectively precluding the planned trips.

Differing approaches to opposition parties' involvement in cross-Strait relations reflect the pressures on Chen. Chen wants to move forward with the formation of a broadly representative special advisory task force to be chaired by Academia Sinica President Li Yuan-tseh. The KMT and PFP have indicated they do not plan to nominate representatives to participate in this task force. In the Legislative Yuan, the KMT and PFP have launched plans for a special committee to oversee the government's conduct of cross-Strait relations.

New Thinking in Taipei on the U.S. Role

Washington's initial concerns about Chen eased as observers in and out of government became impressed with his conciliatory statements on cross-Strait issues. In contrast with the past, when the Clinton administration saw former President Lee Teng-hui as a creator of problems in cross-Strait relations, Chen is now seen as a cautious pragmatist seeking reconciliation. Winning the public relations contest for Washington's understanding is a high priority in the Chen administration. For the moment, they are succeeding.

In tandem with this shift in Washington's attitude toward Chen, Taipei has undergone a radical change in its thinking about the U.S. role on cross-Strait issues. A year ago, Taipei was intensely concerned about Assistant Secretary of State Stanley Roth's comments on interim agreements, which were interpreted as unwanted pressure on Taiwan to negotiate. In mid-May this year, indications began to appear in the press that the new administration wanted the U.S. to "mediate" cross-Strait issues. The U.S. government immediately reiterated its long-standing policy that cross-Strait issues should be resolved peacefully by those on both sides of the Strait and that Washington would not become involved as a mediator.

Since then, MAC Chairwoman Tsai has said that Taiwan wants the U.S. to play a role in facilitating or jumpstarting cross-Strait dialogue. On June 15, President Chen told visiting U.S. Secretary of Transportation Slater that the U.S. should be more active in promoting cross-Strait dialogue. On that same day, former Secretary of Defense William Perry was in Taipei on another of his personal trips to encourage dialogue. In contrast to a year earlier when his efforts were politely tolerated by Taipei, Perry's visit this year was at the invitation of Foreign Minister Tien Hung-mao. Secretary of State Madeleine Albright visited Beijing on June 22 and took the occasion to urge China to seize the opportunity for talks. Taipei welcomed her efforts; Beijing privately reminded her that it did not want the U.S. to become involved in this internal affair.

A confidence that Washington is sympathetic to democratic Taiwan and to Taipei's current approach to cross-Strait relations lies behind Taipei's changed attitude. The effort to enlist U.S. help is designed both to appeal to the U.S. and to advance Chen's strong interest in engaging Beijing in talks on terms acceptable to Taipei.

Implications for Policy

A great deal is at stake in the Taiwan Strait. While both sides seem to be groping for a formula for talks, there is no certainty that talks will occur in the near future. Practically speaking, serious preparations for talks are not likely to begin until after the summer leadership meetings in Beidaihe. It is even less certain, if talks do occur, that they will be productive and lower tensions. The more attention that is focused on the divisive issue of sovereignty, as Beijing's policy is now, the less likely progress can be made in areas where common interests exist, most importantly in the economic sphere. During all of this political maneuvering, cross-Strait trade has set new records this spring.

For the time being, the PRC seems less concerned that Chen will undertake dangerous actions. Beijing may sense that Chen's desire for talks gives it some leverage. However, the risks inherent in a prolonged failure to resume talks are real. Though differences do exist, the inner dynamics of Chinese leadership decision-making concerning Taiwan are unclear. The February White Paper made the threat that Beijing would feel compelled to use force if talks are indefinitely delayed, and it is easily possible for Beijing to convince itself that Taipei is the cause of any delay. Some Chinese researchers may question unsuccessful approaches and understand the complexities of the issue. However, if talks are long stymied, the politically popular position in Beijing will be a nationalistic defense of China's territorial integrity. Jingoistic rhetoric could have a greater influence on policy than realistic assessments. Management of Beijing's policy will become more difficult as the fall 2002 16th Party Congress approaches. In Taipei, if Chen's conciliatory positions are rebuffed, pressures will build for him to reject what would be described as unreasonable demands from Beijing. The future is very uncertain.

Chronology of China-Taiwan Relations April-June 2000

Apr. 1, 2000: President-elect Chen Shui-bian urges U.S. to proceed with arms sales.

Apr. 6, 2000: Premier-designate Tang says cross-Strait issues are his highest priority.

Apr. 7, 2000: *People's Liberation Army Daily* reports that if Taiwan continues to deny the one-China principle, it would end peace.

Apr. 8, 2000: *Xinhua* editorial attacks Vice President-elect Annette Lu.

Apr. 10, 2000: PRC official warns Taiwanese investors not to support independence.

Apr. 17, 2000: U.S. government announces new arms sales to Taiwan; defers selling Aegis-equipped destroyers.

Apr. 24, 2000: Chen tells visitors Taiwan cannot accept China's definition of one-China.

Apr. 27, 2000: Citing Chen's views, U.S. Senate Republicans defer action on Taiwan Security Enhancement Act (TSEA).

Apr. 27, 2000: In Guangzhou, Tang Shubei states that denying one-China will bring war.

Apr. 28, 2000: Outgoing Mainland Affairs Commission (MAC) Chairman urges return to 1992 consensus.

May 4, 2000: Democratic Progressive Party (DPP) Chairman Lin says new cabinet must not promote reunification.

May 5, 2000: MAC-designee Tsai states that Taipei will no longer talk of "state-to-state" relations.

May 9, 2000: Beijing welcomes Tsai's statement, but calls for Chen to commit to the one-China principle.

May 12, 2000: *Washington Post* reports MAC-designee Tsai wants U.S. to mediate cross-Strait dialogues.

May 12, 2000: U.S. spokesman reiterates that Washington will not mediate.

May 12, 2000: PRC tries to block DPP participation in Jakarta meeting of Conference of Asian Liberal Democrats.

May 15, 2000: Under PRC pressure, World Health Organization sets aside proposal to invite Taiwan as observer.

May 17, 2000: Chen characterizes cross-Strait relations as “between brothers in one family.”

May 18, 2000: *People’s Daily* editorial urges Chen “to work toward one-China.”

May 20, 2000: President Chen’s inaugural address mentions the “four no’s” of his policy toward Beijing and talks of a “future one-China.”

May 20, 2000: PRC’s Taiwan Affairs Office criticizes Chen’s speech, calls for talks based, in part, on return to the 1992 consensus.

May 21, 2000: In Quemoy, Chen calls for talks on direct trade.

May 22, 2000: Beijing blacklists Chang Huei-mei for singing at Chen’s inaugural.

May 29, 2000: MAC Chairwoman Tsai questions whether there was agreement on 1992 consensus.

May 31, 2000: Chen says “three links” can only be achieved through negotiations.

Jun. 1, 2000: Under PRC pressure, UN forces Taiwan to close its booth at UN Conference on international rescue operations.

Jun. 6, 2000: Foreign Minister Tien Hung-mao proposes diplomatic truce with Beijing.

Jun. 6, 2000: MAC Chairwoman Tsai asks the U.S. to help “jumpstart” cross-Strait talks.

Jun. 7, 2000: Chi Mei CEO Shi says PRC’s unusual inspections may force him to reconsider investment plans on Mainland.

Jun. 9, 2000: MAC says no legal basis for direct pilgrimage travel.

Jun. 11, 2000: *Xinhua* article criticizes Taipei for questioning 1992 consensus.

Jun. 12, 2000: Legislative Yuan adopts consensus resolution urging Taipei to accelerate the “mini three links.”

Jun. 13, 2000: Acer announces substantial new investments in Mainland.

Jun. 13, 2000:MAC's Lin praises inter-Korea summit as model, PRC spokesman says China's circumstances are different.

Jun. 15, 2000:Former Defense Secretary William Perry visits Taiwan at Foreign Minister Tien's invitation; then goes to Beijing.

Jun. 15, 2000:Chen Chao-nan, deputy convener of the DPP Legislative Caucus, again proposes DPP change its independence plank.

Jun. 16, 2000:PRC sets four principles for direct pilgrimage travel.

Jun. 20, 2000:Chen proposes a reconciliation meeting without preconditions; PRC says talks are only possible on the basis of one-China.

Jun. 21, 2000:*People's Daily* commentary says DPP willingness to remove Taiwan independence plank from its charter is a test of DPP sincerity.

Jun. 22, 2000:State Secretary Madeleine Albright in Beijing urges resumption of cross-Strait dialogue.

Jun. 22, 2000:Annual Department of Defense report on PRC military is released.

Jun. 27, 2000: Former Taiwan President Lee Teng-hui arrives in London for a one week "private visit by a private citizen" amid strong Chinese protests.

Jun. 27, 2000:President Jiang holds friendly meeting with Taiwan trade delegation.

Jun. 27, 2000:President Chen tells American visitor he can accept 1992 consensus.

Jun. 29, 2000:MAC clarifies that Chen did not accept Beijing's view of one-China.

Jun. 29, 2000: Beijing accuses Taipei of intentionally misinterpreting one-China.

Jun. 30, 2000:Legislative Yuan prepares special committee to oversee cross-Strait relations.

China-Korea Relations: Beijing at Center Stage or Upstaged By the Two Kims?

**by Scott Snyder
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Beijing was the venue for many secret visits in the second quarter of the year 2000. ROK Minister of Culture Park Jie-won visited Beijing secretly on April 8, not to meet with his Chinese counterpart, but to make an agreement with the DPRK Asia Pacific Peace Committee's Song Ho-Gyong in preparation for the inter-Korean summit held in June in Pyongyang. Even more dramatically, the DPRK National Defense Commission Chairman Kim Jong-il stepped onto the world's diplomatic stage with a secret visit to Beijing at the end of May, where he was received by all the top members of the Chinese Communist Party (CCP). Supporting these developments, ROK Foreign Minister Lee Joung-binn visited Beijing for pre-summit consultations; Seoul played host to two senior PRC officials, CCP Politburo member Huang Ju and vice chairman of the National Committee of the Chinese People's Political Consultative Conference (CPPCC) Zhao Nanqi, the highest ranking ethnic Korean in the Chinese leadership. Former ROK presidents Roh Tae-woo and Kim Young-sam visited China in June. Additionally, Seoul and Beijing staged their first major trade spat since official relations were established in 1991, with hundreds of millions of dollars worth of garlic, mobile phone, and polyethylene sales frozen by retaliatory tariffs on both sides, threatening an otherwise banner year for the Sino-South Korean economic relationship.

Inter-Korean Summit, Kim Jong-il's Secret Visit, and Beijing's Role

Was Beijing at center stage in shaping events on the Korean Peninsula or has Beijing been bypassed with an unprecedented first direct flight to Pyongyang by ROK President Kim Dae-jung? The level of traffic through Beijing in preparation for the inter-Korean summit has suggested to some that the PRC government was a broker rather than a by-stander in the run-up to the inter-Korean summit, but others suggest that Beijing was just a sideshow to the main event in Pyongyang. That dramatic meeting has caused all governments in the region to step back and reassess the likely future of inter-Korean affairs and its implications for the region, including the future of China's influence on both Koreas.

¹ Scott Snyder is the Asia Foundation's Representative in Korea. The views expressed here are his personal views, and may not represent those of The Asia Foundation. I would like to thank Mr. Chun Sang Moon of Columbia University for providing research assistance in preparation of this article.

ROK Minister of Culture Park Jie-won's own secret visits, to Shanghai in March and to Beijing on April 8 for meetings with Ambassador Song Ho-gyong of the Asia Pacific Peace Committee, paved the way for the dramatic April 10 announcement of a first-ever inter-Korean summit between top leaders Kim Dae-jung and Kim Jong-il, then set for June 12-14 (and subsequently delayed by one day). In addition, there were rumors of many informal inter-Korean meetings in Beijing in parallel with inter-Korean negotiations in Panmunjom over procedural issues prior to the summit. Beijing was presumably aware of these meetings, but some Korean press have speculated that Chinese intermediaries played a more active brokering role, in the process summoning Kim Jong-il to Beijing to give him instructions on how to manage summit preparations. These interpretations probably overstate China's contribution and influence. However, PRC Foreign Minister Tang Jiaxuan welcomed the announcement of the summit, suggesting that direct inter-Korean dialogue should serve to lessen the role of the United States on the Korean Peninsula. Dramatic development of inter-Korean ties would likely weaken the U.S. rationale for pursuing the national missile defense (NMD) program, which China opposes.

The clearest opportunity for the PRC to exert influence on the inter-Korean summit came as a result of National Defense Commission Chairman Kim Jong-il's secret visit to Beijing during May 29-31. Rumors that such a visit might occur had circulated among high-level ROK officials since late 1999. Kim's unprecedented March visit to the PRC Embassy in Pyongyang and the cancellation in early May of National People's Congress Chairman Li Peng's planned visit to Pyongyang were clear precursors to the late May visit. However, the DPRK demand for secrecy and the sensitive party-to-party nature of the arrangements kept even many Chinese foreign ministry officials out of the loop in advance of Kim Jong-il's arrival in Beijing. Reporters in Beijing were reduced to searching for special train cars at the Beijing train station and noting that special tidying efforts had taken place at the DPRK Embassy in Beijing only a few days prior to Kim Jong-il's arrival. Even a Japanese Diet group staying at the same Daoyutai complex where Kim was hosted in Beijing failed to confirm the visit until after Kim had returned to North Korea. Perhaps most striking is that Kim Il-sung's secret visits to Beijing remained concealed for months, while the announcement regarding this meeting occurred only hours after Kim junior returned home.

The DPRK leader's Beijing visit itself gave several reasons for optimism regarding the inter-Korean relationship and prospects for more pragmatic North Korean economic approaches to reviving its moribund economy. First, Kim Jong-il made positive comments regarding China's own economic success, while indicating that the DPRK would pursue economic policies in accordance with its own characteristics. Second, he visited the Chinese Legend Computer company and was reportedly impressed with what he saw. Third, the Chinese leadership had the opportunity to provide direct explanations of the Chinese reform model, presumably emphasizing that economic reforms can be carried out in a gradual manner without creating massive pressure for accompanying political reforms. Kim Jong-il's "coming out" to Beijing itself was a powerful articulation of what the Dear Leader himself can not say without dishonoring his father's legacy: the DPRK has no choice but to rely on economic interactions with the outside world in order to survive.

The political atmosphere and messages accompanying Kim Jong-il's visit to Beijing were both nostalgic and realistic. Kim's welcome by all the top members of the CCP Politburo was of the highest order, but it also accentuated many differences between the two countries. Most visibly, fashions have changed since the last DPRK leader's visit to Beijing, with Kim's Mao suit an anachronism in contrast to PRC President Jiang Zemin's Western suit and tie. Kim Jong-il heard directly from the Chinese leadership its priority on stability and the avoidance of military confrontation as a prerequisite for achieving economic growth. The two sides probably found a measure of agreement on the need to thwart U.S. hegemony and plans for NMD, as well as the desirability of U.S. troop reductions and eventual withdrawals from the Korean Peninsula.

The meeting gave Kim Jong-il an opportunity in the run-up to Kim Dae-jung's arrival in Pyongyang to suggest that North Korea, too, still has friends and alternatives to dependency on a South Korea whose diplomacy is backed by Japan and the United States. Kim Jong-il also received promises of stepped up Chinese economic assistance, including a major PRC trade delegation that visited Pyongyang at the end of June. And there is a strong likelihood of a follow-on visit to Pyongyang by either President Jiang Zemin or Li Peng before the end of the year. Such a visit would consummate the normalization of ties that have been frayed somewhat since Kim Il-sung's death.

The PRC leadership must be pleased to have finally re-opened a direct channel with Kim Jong-il after having been rebuffed repeatedly in past attempts to do so. The resumption of inter-Korean ties following the summit in Pyongyang most likely benefits Chinese interests in stability while also lessening the perceived need for U.S. troops in South Korea or the need for NMD in response to former "rogue states" (now known in U.S. State Department parlance as "states of concern"). However, the PRC's political ties with Pyongyang remain fragile and probably somewhat expensive, in the form of stepped up economic assistance which may be affordable as long as the Jilin Province continues to produce bumper crops of grain in excess of Chinese storage capacity in that region. It is not clear that Beijing will necessarily get what it wants regarding U.S. policies toward the Korean Peninsula given ROK President Kim Dae-jung's recent assurances that even with the prospect of reduced tension, U.S. troops will still have a balancing role to play on the Peninsula even after Korea's reunification.

Sino-ROK Trends: New Relationships, New Tensions

Although overshadowed this quarter by the BIG visit, Sino-South Korean diplomatic exchanges remained active, with ROK Foreign Minister Lee Jung-binn's consultations in Beijing at the end of April fitting nicely as part of active ROK-PRC consultations prior to the inter-Korean summit. In addition to conveying ROK views in preparation for the inter-Korean summit, the foreign minister's visit was used to support ongoing negotiations between Beijing and Seoul over a fisheries treaty scheduled to be signed later in the year, to discuss the likelihood that the ROK government would have to allow the Dalai Lama to visit Seoul this year for the first time in response to growing public pressure from South Korean religious leaders, and to encourage the PRC government to give favorable treatment to ROK firms advancing in the Chinese market. The foreign ministers also agreed to establish a hotline between their two offices and Beijing

responded favorably to Seoul's request to establish a new consulate general in Guangzhou province. (Separately, there should also be some momentum in favor of restoring direct air links between Seoul and Taipei, particularly since Taiwan's new President Chen Shui-bian is the holder of several honorary degrees from Korean universities.)

The ROK gave a strong symbolic nod to Beijing's increasing importance as part of Seoul's own strategic thinking by tapping former Foreign Minister Hong Soon-young as Seoul's next envoy to Beijing. Former Foreign Minister Hong lost his job in January ostensibly to take responsibility for his failure to stop the repatriation of seven North Korean refugees from China. This appointment also may be seen as a partial vindication of Hong's past performance and recognition that his removal over that incident was an overreaction by the Blue House--or rather that there were other more "provincial" reasons behind Foreign Minister Hong's removal. The opposition party in Seoul criticized Hong's appointment by contrasting it with the choice of Seoul's next envoy to Washington, former lawmaker and university professor Yang Sung-chul.

CPPCC Vice Chairman Zhao Nanqi, China's highest-ranking ethnic Korean leader, made a "return visit" to South Korea after having been "exiled" in 1938 to China by the Japanese colonial authorities. Zhao subsequently rose to become a highly regarded Chinese provincial leader and has been one of the highest-ranking minority members of the CCP's Central Committee since 1982. The Korean National Defense University also hosted its first exchange with eighteen students of China's National Defense University for a ten-day visit in late May. Senior CCP Politburo member Huang Ju's visit to Seoul during the first week of June was strategically timed to follow Kim Jong-il's secret visit to Beijing, and Huang gave strong support in his public comments to the summit process.

National Policy Agency Chief Lee Moo-young's visited Beijing in late April to consult with Chinese counterpart Jia Chun Wang regarding joint judicial cooperation and police investigations, with a special focus on cooperation to resolve nine cases of kidnapping of South Koreans in China since late last year. This visit and the sharp rise in abductions of South Korean citizens in China is a stark reminder of the dark side of the steadily advancing interchanges between South Korea and China's ethnic Korean minority through tourism and illegal immigration, marriages (particularly between Chinese ethnic Korean women and Korean male farmers), and even human trafficking.

Sino-South Korean Hardball Trade Tactics over Garlic Dumping

The year 2000 looked to be another banner year for Sino-South Korean trade, with total volume exceeding \$10 billion in the first four months of the year and the likelihood of another ten percent year-on-year increase to over \$30 billion. However, a dispute over the statistically insignificant \$9 million per year garlic trade may jeopardize that record pace.

The dispute arose with a complaint from South Korea's National Agricultural Cooperative Federation to the Ministry of Finance and Economy regarding possible Chinese dumping of garlic on the South Korean market. The resulting investigation showed that Chinese garlic

exports to the ROK had risen from less than 10,000 tons in 1996 to over 36,000 tons in 1998 at a price of one-third to one-fourth that of Korean garlic. Based on this information, the Ministry of Finance and Economy extended a provisional punitive import duty on garlic imports from China from 30 percent to 315 percent, and the tariff was officially imposed on June 1.

One week later, the Chinese government gave an unequivocally hard-line response, announcing that it provisionally banned import of South Korean-made cellular phones and polyethylene products, sectors worth \$41 million and \$471 million respectively in 1999. The harsh response stunned ROK mobile phone and especially polyethylene manufacturers, which relied on China as their leading high-growth market and the buyer for one-half of Korea's total polyethylene production last year. Within days of the Chinese announcement, Korean polyethylene makers were dropping production by 10-15 percent as a result of increasing inventories, and the Korean government quietly requested the PRC government to allow receipt of products that had already been shipped to China prior to the June 8 announcement.

Korean analysts argue that China's response is not consistent with World Trade Organization (WTO) standards, but the PRC has not yet acceded to WTO membership and thus WTO dispute-settlement procedures cannot be applied. The issue must therefore be negotiated directly between the two parties, neither of which will want to be seen as backing down. There has been criticism of South Korea's internal bureaucratic coordination in response to the dumping issue, with complaints that none of the relevant ministries has shown itself willing to take the lead in developing a coherent approach to the issue that takes into account the ROK's overall national interests. Another complicating factor is that there are anti-dumping complaints regarding Chinese products in other sectors, including sodium carbonate products and alkali manganese batteries. On the other hand, the Chinese side is suffering a chronic trade deficit with the ROK that is a consistent irritant in the overall economic relationship.

It appears that the relevant South Korean ministries have ruled out further escalation of the dispute and are engaging in informal contacts with Chinese counterparts to explore whether punitive tariffs may be restructured or other agricultural imports may be increased in compensation for duties on imports of Chinese garlic. In addition, the Korean Chamber of Commerce and Industry and other private sector voices have lobbied for a rapid resolution of the matter.

Aside from the garlic dispute and anti-dumping issues, the Sino-ROK economic relationship remains bright. Many Korean information technology and electronics companies are pursuing that market, and LG, in particular, has become a leading producer of a wide variety of household goods for Chinese domestic sale. Korea also continues to actively pursue a major role in China's mobile telecommunications market. Information and Communication Minister Ahn Byung-yub and China's Information Industry Minister Wu Jichuan agreed to form a code division multiple access (CDMA) expert panel in June to discuss the transfer and joint development of wireless communications technology. PRC policy choices regarding which wireless infrastructures to promote will remain determining factors for the level of opportunity that may exist for South Korean firms. In other sectors, Hyosung Company has announced that it will build a spandex

factory in Jiaxing City, Zhejiang Province to help meet a projected 15 percent per year growth in Chinese spandex demand, and Asiana Airlines launched its new weekly service from Seoul to Chongqing at the end of June.

Conclusion

The main event in the region during the last three months occurred between the two Kims in Pyongyang, and the aftermath of the inter-Korean summit is likely to be a significant driver for adjustments in the bilateral relationships surrounding the Korean Peninsula for some time to come. It is premature to assess all of the implications of the historic handshake between Kim Dae-jung and Kim Jong-il, but it is quite clear that many decisions in the region in the coming months will be made with an eye to developments between the two Koreas. The importance of economic relationships as a vehicle for shaping the context for political developments will be underscored by this process, and China will seek ways to maximize its economic and political advantages as a geographically, historically, and culturally close neighbor to both Koreas. In fact, if North Korea can be rehabilitated economically while remaining distinct politically, such an outcome would serve both China's strategic interests and the interests of local northern Chinese entrepreneurs who are eagerly seeking vibrant partners with whom to trade. The economic and political stakes that may result from North Korea's economic rehabilitation and inter-Korean reconciliation cannot be underestimated from Beijing's perspective. To the extent possible, China will continue to invest both political and economic capital in its relationships with the two Koreas in order to remain an active player in peninsular affairs.

Chronology of China-Korea Relations April-June 2000

Apr. 8, 2000: Secret meeting held between ROK Minister of Culture and Tourism Park Jie-won and DPRK Asia Pacific Peace Committee Ambassador Song Ho-gyong. Both sides agree to hold inter-Korean summit on June 12-14 in Pyongyang.

Apr. 19, 2000: Reverend Kim Dong-wan, director of the National Council of Churches in Korea, calls on the ROK government to allow the visit of the Dalai Lama.

Apr. 24-28, 2000: Lee Moo-young, commissioner-general of the National Police Association, visits Beijing at the invitation of China's Public Security Ministry to discuss joint cooperation in fighting crime.

Apr. 24-May 3, 2000: Vice Chairman of the National Committee of the Chinese People's Political Consultative Conference Zhao Nanqi, the highest-ranking ethnic Korean in the PRC leadership, visits South Korea for the first time in 62-years.

Apr. 25-27, 2000: Foreign Minister Lee Joung-binn meets with PRC Foreign Minister Tang Jiaxuan in Beijing to discuss preparations for the inter-Korean summit and other matters.

May 14, 2000: Chinese National People's Congress Chairman Li Peng's visit to North Korea postponed.

May 28-Jun. 6, 2000: Eighteen Chinese students of the PRC National Defense College visit the Korea National Defense University.

May 29-31, 2000: DPRK leader Kim Jong-il makes a secret visit to Beijing and is welcomed by top leaders of the Chinese Communist Party.

Jun. 1-25, 2000: China-DPRK border is closed in preparation for inter-Korean summit.

Jun. 1, 2000: ROK Ministry of Finance and Economy announces that the temporary punitive tariff on Chinese garlic imports will remain at 315 percent instead of the usual 30 percent as a measure to prevent Chinese dumping of garlic in South Korea.

Jun. 2-8, 2000: Chinese Communist Politburo member Huang Ju visits South Korea.

Jun. 6-18, 2000: Former ROK President Kim Young-sam visits China at the invitation of Harbin University.

Jun. 7-19, 2000: Former ROK President Roh Tae-woo visits China at the invitation of the China People's Institute for Foreign Affairs to address a conference on the future of China-Korea relations.

Jun. 7, 2000: PRC government bans import of South Korean mobile phones and polyethylene in retaliation for discriminatory anti-dumping tariffs on exports of garlic to South Korea.

Jun. 13-15, 2000: Kim Dae-jung and Kim Jong-il hold historic summit in Pyongyang.

Jun. 13, 2000: China rejects the two Koreas' summit diplomacy as a model for rapprochement with rival Taiwan, saying Beijing alone will dictate terms for talks with the island.

Jun. 18, 2000: Ninth round of ministerial talks held in Beijing between Minister of Information and Communications Ahn Byung-yub and China's Information Industry Minister Wu Jichuan.

Jun. 21, 2000: A bipartisan group of lawmakers calls on the ROK government to allow the visit to South Korea of the Dalai Lama.

Japan-China Relations: Old Issues ... And New Approaches ?

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After a first quarter that featured a diplomatic flare-up over the Osaka conference on the Nanjing massacre, tensions over the March elections on Taiwan, and Chinese protests over missile defenses, the political leadership in both Tokyo and Beijing appeared intent on putting the bilateral relationship on a more even keel this quarter.

Foreign Ministers met to review outstanding political, economic, and security issues affecting the relationship. The agenda was familiar and the dialogue generally a reiteration of well-rehearsed talking points. The one new departure came when Foreign Minister Yohei Kono raised the possibility of Japan's taking a new tack on the issue of China's military modernization, suggesting that Japan's future levels of development assistance could be linked to China's military spending. Japan also voiced increasing interest in, and concern with, the activities of PLA navy ships and research vessels in Japan's Special Economic Zone.

At the political level, efforts to stabilize the relationship were most evident. An exchange of high-level visits by key political insiders continued throughout the quarter, and Beijing evidenced a marked shift on "history" related issues. In contrast to Jiang Zemin's November 1998 lectures and the strong protests over the Nanjing conference, Beijing's reaction to Prime Minister Yoshiro Mori's remarks about Japan as a "Divine Country" and about "*Kokutai*," its national structure, was markedly low-key. This shift was recognized in Tokyo, where analysts speculated over its significance.

At the same time, Japanese speculation over the implications of Beijing's role in advancing the historic North-South Summit turned quickly to recognition of China's growing influence on the Peninsula and to the future of U.S. forward-deployed forces both in South Korea and in Japan.

The Diplomatic Track--Old Issues...and a New Approach?

The major diplomatic event in Japan's relations with China came on May 10 with the Tokyo visit of China's Foreign Minister Tang Jiaxuan. Japan's Foreign Minister Yohei Kono met with Tang for almost three hours and covered a wide range of issues affecting the bilateral relationship. The key issues--trade and economic relations, cross-Strait relations, China's defense spending, the activities of China's research ships, the Senkakus, and the Korean Peninsula--represented a

familiar and well traveled agenda. With the one exception discussed below, the dialogue represented a repetition of well-worn talking points.

Shortly before the inauguration of Taiwan's new President Chen Shui-bian, Tang again emphasized Taiwan's acceptance of "one-China" as the pre-requisite for resumption of cross-Strait dialogue. Kono, in turn, made clear that Japan's position toward Taiwan was unchanging. As expressed in the 1972 Japan-China Joint Communiqué, Japan continued to respect Beijing's view that Taiwan was an indivisible part of China. Recognizing that Beijing had not abandoned the use of force as an instrument in effecting reunification, Kono called for the earliest possible resumption of cross-Strait dialogue. Tang expressed his appreciation for Japan's position with respect to Taiwan.

Both Foreign Ministers expressed satisfaction with the overall positive development of trade and economic relations. China appreciated Japan's support for its entry into the World Trade Organization (WTO) and its expectations that outstanding negotiations would soon be completed. (On May 19, the European Union announced agreement with China on a WTO accession protocol.) Kono, however, raised the need for China to improve its investment climate, noting that the failure of the Guangdong International Trust and Investment Corporation had adversely affected Japanese investors. (See "No Escaping the History-or the Future" *Comparative Connections* January-March 2000 http://www.csis.org/pacfor/cc/001Qjapan_china.html.) Improving the investment climate was essential to attracting Japanese investment to western China.

Exchanges over the Senkakus and the activities of China's research ships in Japan's Exclusive Economic Zone (EEZ) were short and sterile. Both sides claimed sovereignty over the islands, with Tang expressing concern about the shrine-building activities of Japanese political organizations (previous Chinese diplomatic protests were reported in the April 29 and May 1 *Sankei Shimbun*) and insisting that China's research ships were engaged in legitimate activities. Both sides hoped for progress in the development of Japan's relations with North Korea.

The one new departure came on issues related to money--China's military spending and Japan's official development assistance (ODA) support for China. Kono observed that the combination of China's increased military spending and high rate of economic growth was causing Japan to consider reviewing its ODA policy with respect to China. Given Japan's own financial picture, this was a matter of intense debate among the political parties, in particular within the Liberal Democratic Party (LDP), where voices for a review of Japan's ODA policy were rising. When Kono echoed Ambassador Tanino's March 27 remarks on the need for the Chinese government to inform its citizens of the content and effectiveness of Japan's ODA, Tang committed to do so. Kono also highlighted the importance of increased transparency with respect to China's military spending. An *Asahi Shimbun* report noted that this meeting was the first time that the Japanese government had linked concerns with China's military spending to a reconsideration of Japan's ODA.

At the conclusion of the meeting, the two governments announced that China's Premier Zhu Rongji would visit Japan in October. On May 11, Tang met with Japanese Prime Minister Mori and the leaders of the governing coalition, where the issues of China's military spending and Japan's ODA again were raised. Tang reportedly told LDP General Secretary Nonaka that the linking of military spending and ODA was "truly unexpected." At the same time, one LDP official stated that it was very difficult to gain public understanding for large-scale economic assistance prior to the coming election.

At the end of May, Japanese Vice Minister for Foreign Affairs Tetsuma Esaki traveled to China and Mongolia. In Beijing, Esaki met with Foreign Minister Tang to discuss issues related to regional peace and stability. High-level diplomacy continued at the June memorial ceremony for Japan's former Prime Minister Keizo Obuchi, with China's Vice Premier Qian Qichen meeting with Japan's Prime Minister Mori. At the working-level, the Seventh Japan-China Security Dialogue, with representatives from Foreign and Defense Ministries, met in Beijing at the end of June.

Economic Relations

Foreign Minister Kono, in his meeting with his Chinese counterpart, called on Beijing to take steps to improve investor confidence. Attracting Japanese investment to China's western interior is critical to the Western Development plan announced by Premier Zhu at the National People's Congress earlier this year.

In a May 10 interview with the *Asahi Shimbun*, Chinese officials from the interior recognized that the lack of foreign firms operating there was the result of below-standard investment and living conditions. To advance the growth of traditional industries and to develop a high-tech component, foreign investment was essential. It was also recognized as important to advancing environmental protection and raising standards of living. Likewise, the successful development of natural resources, hydroelectric power, chemical fertilizer, oil, and natural gas was tied to foreign direct investment. In May, Yamazakimazakku entered a joint venture with the Great Wall Industries Group (25%-75% basis) to produce numerical control devices in the Ning Xia Islamic Autonomous Region. The joint venture plans to produce 450 devices on a yearly basis. Local officials welcomed the announcement as a pump-priming instrument.

On May 30, Toyota announced that it had received final approval from Beijing for a joint venture with the Taijin Automobile Xiali Corporation. The joint venture will begin production in 2002, with a target of 30,000 automobiles annually.

There were also bumps in the road. On April 13, China's Ministry of Foreign Trade and Economic Cooperation handed down a preliminary dumping finding on stainless steel rods imported from South Korea and Japan. The finding affected nine Japanese and six South Korean companies. An appeal process is allowed under the finding.

At the same time, the struggling Japanese textile industry found itself confronted with a 16% increase (1999 over 1998) in the import of Chinese poplin and broadcloth, reaching a market penetration of 85%. Although the Japanese textile industry had, in 1995 and 1996, sought safeguard protection against such surges, China insisted on self-imposed restraint. On April 3, the Minister of International Trade and Industry addressed a note to his Chinese counterpart suggesting that Japan should recognize the import surge protection that exists in the bilateral U.S.-China textile agreement. At the same time, MITI proposed the formation of a government-industry joint commission to study the import problem.

Finally, Toshiba found itself embroiled in a heated dispute with Chinese users of its personal computers arising from compensation its U.S. subsidiary paid to settle a lawsuit in the U.S. dealing with potential loss of data stored on Toshiba floppy disks. In mid-May, Toshiba Vice President Seiichi Koga flew to China to try to put out the fire. At a Beijing press conference, he tried to explain why compensation was paid to American users and not Chinese. Citing U.S. legalism and the fact that, under normal operating conditions, problems had not occurred, he asked for understanding. Chinese media reported growing intensity and China's Consumer Cooperatives showed signs of getting involved.

Chinese Naval Activity

On April 22, Japan's Maritime Self Defense Force (JMSDF) informed the public of the stepped-up activity of Chinese warships or research vessels operating without prior notification in Japan's EEZ during the previous year. Thirty-one naval ships and 23 research ships were identified. Although the activity of foreign navies in Exclusive Economic Zones is not prohibited, the Japanese government views the operations of Chinese research vessels, without prior notification, as a violation of Japanese rights recognized by the Law of the Sea Treaty. One Defense Agency official viewed the increase as an attempt to increase China's influence.

Two days later, on April 24, the JMSDF reported 4 Chinese ships, including three missile frigates, were operating within Japan's Special Economic Zone in the East China Sea and suggested the possibility of some form of exercises being conducted. On May 16, Foreign Minister Kono testified before the Upper House Foreign Affairs and Defense Committee on the operation of Chinese research ships in Japan's Special Economic Zone in the vicinity of the Senkaku Islands. Kono indicated the area as falling within the "Far East" as defined by the U.S.-Japan Security Treaty and stated that both the U.S. and Japan shared this interpretation. (A Special Economic Zone was created by China to refer to areas that receive special treatment from Beijing and are market based. This differs from an Exclusive Economic Zone, which operates under the Law of the Sea Treaty.)

The following week, the Japan Defense Agency (JDA) submitted a draft of the 2000 Defense White Paper to the Defense Section of the LDP. The draft noted both a marked increase in People's Liberation Army (PLA) navy operations in the East China Sea as well as an expansion of its operational area. On May 25, the *Asahi Shimbun* reported that former Vice Minister for Foreign Affairs Takemi Keizo stated that a sense of danger could not help being felt as the PLA

navy had entered upon a new level of activity. He argued that, if warning actions are necessary, the public should be informed. At a June 9 meeting in Tokyo with the Chairman of China's State Council Press Office, LDP General Secretary Nonaka made clear that the continuing incursions of Chinese research ships into Japan's EEZ were not beneficial to China-Japan relations. JDA Vice Minister Sato suggested that the increasing activity of Chinese ships in the seas near Japan should be taken up at the Japan-China Security Dialogue that would resume in Beijing later in the month.

On May 25, the JDA confirmed that a Chinese intelligence ship operating in the Sea of Japan had transited the Tsugaru Strait between Honshu and Hokkaido and continued on to circumnavigate Japan. The passage marked the first transit of the Strait by a Chinese naval vessel. The *Sankei Shimbun* reported that JDA officials viewed the passage as an expansion of the PLA Navy's area of operations, from the South China Sea to the Pacific Ocean.

New Approaches: History Lite and the Search for the Go-to-Guy

Even as PLA naval activities continued to complicate relations, Chinese leaders appeared intent on showing a new face to Japan and Japanese leaders appeared bent on building bridges with Beijing. The dynamic began in April with the visits to Japan of Zeng Qinghong, Alternate Politburo Member and intimate of President Jiang Zemin, and General Fu Quanyou, Chief of the General Staff Department of the PLA. Included was restrained Chinese press reaction to a series of statements by Japan's new Prime Minister Yoshiro Mori; and culminated with Jiang Zemin hosting a dinner for 5,000 visiting Japanese delegates at a Culture and Tourism exchange conference.

At the invitation of the Japanese government and the LDP, Zeng arrived in Japan on April 4. In Tokyo, the lack of a political go-to-guy in Beijing familiar with Japan had become a matter of concern. Zeng's visit was widely viewed as a first step in filling the void. Furthermore, Zeng's handling and appointment schedule underscored the importance attached to the visit by Japan's political leaders.

Despite the political crisis occasioned by the sudden hospitalization of then-Prime Minister Obuchi, Zeng was met at the airport by LDP heavyweight Hirumi Nonaka. At both his departure from and return to Beijing on April 8, the Japanese Ambassador to China Sakutaro Tanino was present at the airport. During his visit, Zeng was accompanied by the Japanese Minister to China Yuji Miyamoto. In Tokyo, Zeng met twice with Nonaka and twice with Mori, first as LDP President and then after Mori had assumed the office of Prime Minister. This happenstance made Zeng the first foreign official to meet with the new Prime Minister.

Zeng had previously visited Japan in 1979, when he served as a member of China's National Planning Commission. Both the Foreign Ministry and the LDP took note of his interest in Japan. According to Japanese sources familiar with present-day Japan-China relations, Zeng remarked that his reception and treatment in Japan made him well aware of the importance with which Japan views China. And even where differences existed, such as on Taiwan, although he

expressed himself forcefully, Zeng was not perceived as overbearing. The bottom line was that Zeng left a good impression with his Japanese hosts who judged the attempt to find an effective go-to-guy in Beijing as “200% successful.”

Also in April, the Chief of the General Staff Department of the PLA, General Fu Quanyou arrived in Osaka--the site of the controversial February conference on the Nanjing Massacre--to begin a six-day visit to Japan. Although Beijing had strongly protested the Nanjing conference, General Fu did not raise the matter. Fu did not neglect history, but his references were few and, as judged by the Japanese officials with whom he interacted, voiced with sincerity in an atmosphere of friendship. Overall, his attitude was judged to be positive and future-oriented with respect to the development of the China-Japan defense relationship.

While Fu did refer to the U.S.- Japan Security Alliance--recognizing Japan's sovereign right to defend itself but expressing the view that the security guarantees should operate only on a bilateral basis--he did not raise issues related to the Defense Guidelines or ballistic missile defense, generally pet rocks of Chinese officials. In meetings at the Defense Agency, Director General Kawara and General Fu agreed to an early exchange of visits of Defense Ministers and to develop cooperation at the Vice Ministerial level. (Fu's Japanese counterpart, General Fujiwara, paid a return visit to China beginning on June 19.)

General Fu's restraint on history extended also to Beijing's handling of a series of statements by Japan's new Prime Minister Yoshiro Mori, remarks that in the past would have drawn the ire of the Chinese leadership and media. On April 26, in speaking before the Lower House Budget Committee, Mori addressed the issue of the war with China--whether or not it was a war of aggression. The Prime Minister stated that the issue had to be looked at within the context of the times and thus, whether it was a war of aggression or not, should be judged from the content of history. In Beijing, the Foreign Ministry spokesman briefly commented that speaking in vague terms about the nature of the war wounded the sensitivities of the Chinese people. Such misstatements were remembered with feelings of surprise and regret. (On May 22, Mori revised his remarks, acknowledging the war as a war of aggression.)

On May 15, in remarks to a Shinto political organization, Mori referred to Japan as a “divine country with the emperor at its center.” The remark set off a political and media fire-storm in Japan. Comments in Beijing, however, took an indirect approach. The Foreign Ministry expressed its regret and the hope that Japan would deal sincerely with the problems of history and in a way that is conscious of the sensitivities of the Chinese people and other Asian neighbors. In an interview with TV Asahi President Michisada Hirose, Foreign Minister Tang found that “such pronouncements, if frequently repeated, are not able to produce good effects.”

Mori, however, continued to raise troubling issues. On June 5, Mori raised the possibility that the coming election could produce a Democratic-Communist Party coalition and asked how, if this were to happen, Japan's “*Kokutai*” or national structure could be defended. His remarks produced a second firestorm in Japan. Editorial comment in the *Asahi Shimbun* recognized that the Prime Minister might be trying to energize the LDP's conservative supporters, but argued

that the reference to “*Kokutai*” could not be divorced from a past that is linked to external aggression and internal repression. In China, the *People’s Daily* simply observed that Mori’s remarks were drawing fierce criticism from the Japanese public and political opposition.

Reporting from Beijing, *Sankei Shimbun* correspondent Yoshihiza Komori observed that the Chinese media’s handling of the “Divine Country” and “*Kokutai*” remarks was strangely restrained in contrast to the past. The media confined itself to reporting on the debate inside Japan and completely refrained from an anti-Japan history campaign. Likewise, both China’s Communist party and government refrained from taking on Mori’s pronouncements.

At the end of May, LDP General Secretary Nonaka together with his ruling coalition counterparts, Tetsuzo Fuyushiba and Takeshi Noda, visited Beijing and met with Jiang Zemin and other members of the Chinese leadership. On June 7, the *Sankei Shimbun*’s Komori noted that foreign travel by three such political heavyweights together was unprecedented. In their meetings, China’s leaders refrained from raising Mori’s “Divine Country” remarks. Taking a positive note, Premier Zhu Rongji expressed China’s appreciation for Japan’s policy with respect to Taiwan and President Chen Shui-bian. He favorably contrasted Japan’s lack of government representation at the inauguration with the attitude of the United States. Nonaka reiterated Japan’s unwavering support for “one-China” and expressed his hope for a peaceful resolution between China and Taiwan. The only time the “Divine Country” issue came up in Beijing was at a Foreign Ministry press conference, where it was raised twice by a correspondent from Japan’s Communist paper, *Akahata*. Each time, the Chinese response was that China hopes that “Japan has learned lessons from its history and will follow the path of peaceful development.” Criticism of Mori was absent.

On May 20, 5,000 Japanese delegates at a Culture and Tourism exchange conference in Beijing, led by Minister of Transportation Toshihiro Nikai, were unexpectedly welcomed at dinner in the Great Hall of the People by President Jiang Zemin. Previously, Jiang and Vice Premier Hu Jintao had met for an hour with Nikai and, after a thirty-minute official ceremony, Jiang went down into the Great Hall to shake hands with the Japanese visitors to whom he animatedly explained the importance of Japan-China friendship. In his formal remarks, in contrast to his November 1998 lectures about “history” during his visit to Japan, Jiang focused on the future, making only two passing references to the past. That evening Jiang’s welcome and remarks were widely broadcasted in the Chinese media. The next day, China’s Vice Minister for Foreign Affairs Wang Wenqiang told his visiting Japanese counterpart, Testuma Esaki, that Jiang Zemin highly regarded the visit of the 5,000 Japanese delegates and made clear that he personally wanted to attend the meeting. As *Sankei*’s Komori observed, having both a President and Vice Premier meet with a single Minister and attend an assembly of foreign visitors is out of the ordinary--with respect to Japan, unprecedented.

As the quarter ends, a debate over the significance of this series of events is underway in Tokyo. Does it represent a fundamental reassessment and revision in China’s approach to Japan--an acceptance of the U.S.-Japan alliance and willingness to work China-Japan relations within that framework? Or is it merely a tactical adjustment, driven by a realization of growing anti-China

sentiment in Japan, by the implications of such sentiments for Japan's ODA support for China, by the deadlock in U.S.-China relations and improvement in U.S.-Japan ties, and the evolving situation on Taiwan?

Sunshine on the Korean Peninsula: China and Japan

No event of the past three months holds greater significance for Japan's strategic position in Northeast Asia, and its relations with China, than the June 13-15 North-South summit in Pyongyang. Over the three-month period, China's influence on North Korea was clearly manifested. This began with a March visit to the Chinese embassy in Pyongyang by North Korean leader Kim Jong-il. In early April, the head of the International Liaison Department of China's Communist Party visited Pyongyang, the first such visit in six years and a clear sign of warming relations. At the end of May, two weeks before the Pyongyang North-South Summit, Kim Jong-il made a secret visit to Beijing. Although the three Chief Secretaries of Japan's ruling coalition were in Beijing at the time, their Chinese hosts, according to a Japanese Foreign Ministry source, did not inform them that Kim was there also.

An *Asahi Shimbun* analysis of Kim's visit speculated about the amount of aid China might have extended to the North, recognizing that a significant amount would weaken Japan's own aid card in normalization negotiations with Pyongyang. China actions underscored its clout on the Peninsula, its intent to preserve its influence on the Peninsula, and to compete there with the United States. Beijing's assistance gave Pyongyang a "China card" with which to maneuver against Tokyo, Seoul, and Washington. At the same time, the Chinese leadership made clear its support for Japan's efforts to move ahead with North Korea. This message was communicated to Nonaka and his coalition counterparts during a dinner conversation with China's Vice Premier Qian Qichen and again to Prime Minister Mori on after the Obuchi funeral.

The security implications of the inter-Korean summit soon surfaced in the Japanese press. However, on June 15, the *Asahi Shimbun* published an article by Tian Zhongching of the Shanghai Institute of International Relations. Tian argued that the U.S. security structure in East Asia, including the presence of U.S. forces on the Peninsula and the new U.S.-Japan Defense Guidelines, could complicate a process of unification both on the Peninsula and with respect to Taiwan. The complete and immediate withdrawal of U.S. forces from the Peninsula would be difficult and thus, a gradual reduction was the realistic option. While China did not want to interfere with the deployment of U.S. forces, it did not believe such a presence was desired by the Korean people

In an op-ed piece in the *Sankei Shimbun*, Tiekyo University professor Shikata Toshihisa welcomed the beginnings of North-South dialogue. However, he cautioned against assuming that real change had occurred in Japan's security environment and took issue with the views which now argued that theater missile defense was no longer necessary, that the U.S. presence in Japan could be reduced, and that the alliance itself should be reconsidered. In terms of Japan's interest in stability on the Peninsula, either the withdrawal or reduction of U.S. forces stationed there would allow China's political and military influence to become overwhelming. This was

something he did not want to contemplate. An *Asahi Shimbun* analysis saw the first ripple effects to reach Japan being manifest in negotiations now underway with respect to Japanese host nation support for U.S. forces in Japan.

Implications for the United States

Efforts by both Japan and China to stabilize their bilateral relationship advance U.S. economic and security interests toward both countries. Over the long term, the implications of what appears to be a new Chinese approach to Japan will unfold. At present, analysts in Washington and Tokyo remain uncertain as to whether developments over the past quarter represent a fundamental shift in Beijing's attitude toward Japan or simply a tactical adjustment to secure more effectively China's objectives. Efforts to use a less strident approach to Tokyo to attenuate Japan's alliance with the United States would become a matter of concern in Washington.

Chronology of Japan-China Relations April-June 2000

Apr. 1-6, 2000: General Fu Quanyou, Chief of the General Staff Department of the PLA, visits Japan.

Apr. 4-8, 2000: Zeng Qinghong, Alternate Politburo Member visits Japan, meets with high-level Japanese political leaders.

Apr. 13, 2000: China's Ministry of Foreign Trade and Economic Cooperation issues preliminary dumping finding on stainless steel rods against six Japanese and six South Korean companies.

Apr. 22, 2000: Japan's Maritime Self Defense Force cites increased Chinese activity in Japan's Special Economic Zones.

Apr. 29, 2000: The *Sankei Shimbun* reports diplomatic protests about the shrine-building activities of Japanese political organization.

May 10, 2000: PRC Foreign minister Tang Jiaxuan meets with his Japanese counterpart, Yohei Kono, in Tokyo.

May 11, 2000: Chinese Foreign Minister Tang meets with Prime Minister Mori.

May 16, 2000: Foreign Minister Kono testifies in Diet on activities of Chinese ships in the Senkakus.

May 21-24, 2000: Vice Minister of Foreign Affairs Esaki travels to China and Mongolia.

May 23, 2000: Chinese naval vessel transits the Tsugaru Strait between Honshu and Hokkaido, a first for the PLA navy.

May 30, 2000: Banquet hosted by Alternate Politburo member Zeng Qinghong for visiting LDP Secretary Nonaka and counterparts from ruling coalition.

May 30, 2000: Toyota-Taijin Automobile Xiali Corporation joint venture receives final approval from Beijing.

Jun. 8, 2000: Vice Premier Qian Qichen meets Prime Minister Mori at Obuchi funeral.

Jun. 19, 2000: Seventh Round of Japan-China Security Dialogue meets in Beijing.

Jun. 19, 2000: General Fujiwara, Chief of JDA General Staff visits China.

Japan-Korea Relations: The Roller Coaster of Expectations

**by Victor D. Cha, Professor,
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Disappointment, hope, and uncertainty. This roller coaster of expectations best describes Japan's attitudes toward events on the Korean Peninsula this quarter. The psychic low was a result of the inauspicious start to Japan-North Korea normalization talks, followed by the hopes, expectations, and uncertainty produced by the inter-Korean summit. The trilateral policy coordination precedent set by the Perry review faced and passed important tests this quarter related to the summit. On the Japan-South Korea bilateral front, noteworthy positive steps deserve highlighting especially because they were overshadowed by the focus on the summit. If real (rather than atmospheric) changes come to the security situation on the Peninsula pursuant to the summit, some larger questions regarding how to frame Japan-Korea relations deserve consideration.

Japan-South Korea Relations: Playing the Same Song (But a Good One)

The intense spotlight and media attention on the inter-Korean summit this quarter overshadowed noteworthy developments in Japan-Republic of Korea (ROK) bilateral relations. Despite minor friction (predictably over Tokto/Takeshima), Seoul-Tokyo relations saw overall improvement, staying in line with the Kim Dae-jung-Keizo Obuchi vision of a new era of cooperation enunciated in 1998. This assessment begins to sound like a broken record, given similar observations over the past two to three quarters, but from a U.S. perspective this is the sort of song one does not mind hearing repeatedly.

The highlight in formal terms was the half-day summit meeting between Kim Dae-jung and Japanese Premier Yoshiro Mori (May 29), but the substantive improvements took place at lower levels in the realms of military cooperation and culture exchanges. Meetings between ROK Defense Minister Cho Seong-tae and Japanese counterpart Tsutomu Kawara (May 20-24) produced important agreements to expand bilateral military exchanges. The two components of this are annual reciprocal visits by the chairs of the ROK Joint Chiefs of Staff (JCS) and Japan's Joint Staff Council. The other is a student exchange program, involving cadets from each branch of the South Korean and Japanese Academies for full programs of study beginning in 2001. The latter program, following the precedent of academy exchange programs in the U.S. (i.e., at West Point), builds for the future by facilitating familiarity and interchange among the best and brightest of future military leadership in the two countries. Regularization of JCS visits, while almost a formality given the recent frequency of dialogue (e.g., two different JCS chairs met last

quarter), is no small accomplishment as it rounds out the institutionalization of the whole range of bilateral defense dialogue over the past few years from working level officials up to the level of defense minister. Indeed, given the recent volume of leadership interaction and joint exercises, some argue that the military has been the most active in terms of fulfilling the Kim-Obuchi 21st century vision, ahead of the curve and more practiced in bilateral cooperation efforts than the politicians or general public.

This is not to say that politics and society have remained stagnant. Over the quarter, the ROK government completed the third phase of its import liberalization on Japanese cultural products; and major universities in the two countries (Seoul National University and Tokyo University) took the first steps toward developing area studies curriculum for each other's country--the irony of the military being more progressive and creative in seeking new directions in the bilateral relationship than academia is striking. In the economy, concerns surfaced during the period about heightened trade deficits as a result of projected U.S. interest rate hikes and its effect on the Japanese yen, but the overall trend was positive, highlighted by increasing discussion of economic integration plans involving China, Japan, and Korea.

Also this quarter, two governmental institutes completed a feasibility study of a bilateral free trade area (FTA), as discussed during the Kim/Obuchi summit in October 1998 in Tokyo and the Kim/Obuchi summit in March 1999 in Seoul. The two institutes--the Korea Institute for International Economic Policy and the Institute for Developing Economies of the Japan External Trade Organization (JETRO)--concluded that an FTA should not only remove tariff and non-tariff barriers still in existence, but should aim at a comprehensive framework of market-integration measures, including investment promotion, trade facilitation, and harmonized trade and investment rules and standards. The study notes that South Korea's average tariff rate on Japanese products is 7.9 percent, while Japan's average tariff rate on South Korean products is only 2.9 percent, so removal of these tariffs under an FTA would increase the ROK's trade deficit with Japan in goods. However, South Korea would enjoy a surplus in services trade and its overall trade balance would improve. This very thorough study, the first of its kind, makes an important contribution to setting out a pathway for the integration of the Japanese and South Korean economies, and describes the new competitiveness in each economy that could result.

In short, Japan-ROK interaction resembles more and more a relationship between two consolidated democracies. One dynamic to anticipate in this regard is the increasing importance of civil society in relations. The combination of democracy and the telecommunications revolution results in the growth of transnational links among civic groups, organizing around issues (rather than by sovereign borders) and pressing governments to address their grievances. In social science terms, civil society becomes a causal agent or a driver of outcomes in relations. This dynamic has already become somewhat apparent in Japan-ROK interaction. This was evident in the ROK's National Assembly elections (April) where civic action groups were very active and labor and environment issues resonated with voters. In addition, this past quarter saw environmentalists from South Korea and Japan (Korean Federation for Environmental Movement and Japan Wetlands Action Network) cooperating to block Seoul's plans to reclaim areas (Saemankeum tidal flat) that should be preserved as wetlands. As this type of dynamic

becomes more prominent, it will be increasingly difficult to think about Japan-South Korea relations in traditional terms as reified state actors.

Validating the Perry Process: Trilateral Coordination and the Inter-Korean Summit

The main event of the quarter was of course the North-South summit meeting in Pyongyang. While the DPRK's agreement to the meeting (announced in April) was seen by many as a validation of the Perry process and trilateral policy coordination among the U.S., Japan, and South Korea, the meeting itself was a critical test of the process. In the run-up to the summit, there were clear differences among the allies, with the U.S. and Japan on the one hand wanting Seoul to press Pyongyang on the missile moratorium and nuclear issues, and Kim Dae-jung on the other hand agreeing, but not to the extent that it would jeopardize his historic and golden opportunity to see an improvement in inter-Korean relations. These differences, although overplayed in the Korean press, were still not minor. That one U.S. official asserted on the eve of the summit how there was "no daylight" among the allies on these issues was testament to the fact that there once was. At the May 12 meeting of the Trilateral Coordination and Oversight Group (TCOG), the ROK admitted openly there were differences of opinion that required ironing out. Indeed, between May and June there were at least eight meetings at the chief executive level among the three allies to iron out the policy coordination details and de-brief on the summit (May 12 TCOG, May 23 Mori-Chong [ROK Defense minister] in Tokyo, May 29 Kim-Mori in Seoul, June 8 Clinton-Kim, Clinton-Mori, Mori-Kim [Obuchi funeral], June 17 Kim-Mori, June 29 TCOG, Kim-Albright in Seoul, and Clinton-Hwang).

In the end, however, tests successfully passed are the best way to strengthen a relationship and the summit marked another triumph for trilateral coordination. Kim Dae-jung managed to represent allied concerns well (including one curt exchange with Kim Jong-il, insisting he improve relations with Washington and Tokyo) without appearing like a puppet of the U.S. and keeping the focus on inter-Korean issues. In an implicit nod to the DPRK's agenda, President Kim managed to mention USFK (U.S. Forces Korea) without really discussing it, and overall secured his place in history with the unprecedented and cordial meeting. The U.S. got a subsequent DPRK reaffirmation of the moratorium on missile testing (concurrent with the U.S. lifting of some sanctions).

Success in policy coordination among the allies is important because it prepares them for future challenges they are likely to face. For example, some argue that improvements in North-South relations provide Seoul the luxury of de-coupling itself from Washington and Tokyo's concerns regarding DPRK ballistic missiles and weapons of mass destruction. However, such an argument fails for two reasons. First, de-coupling only makes sense if there is no value placed on trilateral policy coordination. A precedent has been set through TCOG and now the summit that makes it as inadvisable for Seoul to spurn an interest in Tokyo's concerns on DPRK missiles as it is for Tokyo to withhold support for Seoul's efforts at consummating family reunions with the North. Second, South Korean de-coupling would be destructive to the entire engagement process in that it would undercut any hope of DPRK access to economic aid provided by international financial institutions--which would require the support of Japan and especially the

U.S. The upshot is the tests passed in this quarter by Washington, Seoul, and Tokyo have significance beyond the summit itself. A normative precedent is being created for the value of trilateral coordination that can only be beneficial to the U.S.-Japan and U.S.-ROK alliances.

Japan-DPRK relations: Odd Man Out?

Perhaps the weakest link in the Japan-Korea-U.S. chain at the end of this quarter is that between Japan and North Korea. This contrasts starkly with the start of the quarter when there were buoyant expectations with the first round of formal normalization talks (April 4-8) in eight years. Any hopes were quickly dashed with an uneventful outcome to the talks, the DPRK delegation firmly entrenched in an immovable negotiating position demanding colonial apologies, \$5-\$10 billion in material compensation, and dismissing Japanese counter-demands for addressing of the ballistic missile threat and abduction issues. After this initial wrangle, both sides returned to their corners to prepare for another round of talks set for May 23 and the Japanese, as a goodwill gesture, delivered the first installment of a 100,000 ton commitment of humanitarian rice aid to the DPRK. Pyongyang responded on May 17 by postponing indefinitely further normalization dialogue. Welcome to the wonderful world of negotiating with North Korea.

In fairness to Japan, it was not oblivious to the fact that the discussions would be protracted and frustrating. Indeed, the postponement of the talks was a function not only of deadlock on the issues, but also domestic politics. For Tokyo, the abrupt moving up of the general elections to June (originally slated for some time in October) ensured that the Liberal Democratic Party would be both averse to any substantive and conciliatory changes in their positions and even welcoming of a postponement of talks. Pyongyang, at the same time, had its hands full with preparing for the North-South summit. Arguably, this mutually convenient need for a “low point” in talks may make the Japanese marginally less pessimistic about the future. After all, the Diet elections are over and the DPRK expressed its desires to resume normalization talks with Tokyo during the summit. In addition, the impending return of DPRK prisoners of conscience from Seoul and the return of a former Red Army member (Yoshimi Tanaka) from Southeast Asia to Japanese custody may set a precedent for some movement on terrorist and abduction issues in a Japan-DPRK context. The Japanese government has stated that it is patiently awaiting the positive spillover of the North-South summit on the restarting of normalization talks. This patience is commendable but might have to be accompanied by another material contribution to the North in a humanitarian vein (but we all knew *that*).

In spite of this new hope for renewed dialogue and the positive atmosphere generally created by the summit, one cannot help but think that some Japanese are a bit uneasy. While the DPRK propaganda machine has ground to a halt in the aftermath of the summit vis-a-vis the U.S. and ROK, it continues to spew out invectives against Japan. What conservative circles in Japan are most worried about is being entrapped in a position where the thaw on the Peninsula, while welcomed by Japan, gives rise to three negative dynamics: 1) greater DPRK obstinance in talks with Japan; 2) ROK aid that may bolster the North’s missile threat; and 3) ROK requests for Japanese assistance to North Korea. The third is the most problematic barring any movement on the missile issue as Japan cannot simply dismiss ROK requests given the priority placed on

maintaining trilateral policy coordination and avoiding de-coupling incentives. This complexity is reflected in Japanese government reports on the DPRK during the period from the prime minister's office, foreign ministry, and Japan Defense Agency all trying to reconcile competing imperatives of dialogue, deterrence, engagement, and support of allies.

Future Questions

If the positive atmospherics of the June inter-Korean summit presage a substantive change in the security situation on the Peninsula, this could have wide-ranging implications for the region. It is still too early to attempt such an analysis, but we can acknowledge some accepted facts and potential questions for Japan and the Korean Peninsula. There is no denying significant advancements in Japan-ROK relations in the past decade--in short, the relationship is about the best it has ever been since normalization in 1965. At the same time, a two-Korea peaceful coexistence solution (implied as the preferred outcome in principle by the two Kims in the joint declaration's ambiguous reference to commonalities in respective unification formulas) raises potential challenges to resiliency of the relationship. Two questions in particular emerge. First, how does a two-Korea solution affect Japan-ROK military cooperation? The accomplishments in this arena in the post-Cold War have been driven by and premised on contingencies regarding the continued viability of the northern regime. What rationale, if any, replaces this? And second, does inter-Korean détente inherently mean a rise in anti-Japanese sentiment potentially destructive to the painstaking efforts to put these colonial ghosts to bed? As reported during the summit, many Koreans faced psychological dislocation as anti-North Korean indoctrination and identities clashed with the positive images of Kim Jong-il on their television sets. One avenue for venting this "identity crisis" was through anti-Americanism (coinciding with the Koonn range protests and the Korean War anniversary), but the other potentially greater outlet is anti-Japanism. The decision to conduct North-South family reunions on August 15, for example, is practically an invitation for resurrecting anti-Japanese images. Can South Koreans separate the emotion of the moment from a regurgitation of past? Stay tuned.

Chronology for Japan-Korea Relations April-June, 2000²

Apr. 4, 2000: President Kim Dae-jung sends congratulatory telegram to Yoshiro Mori as the new Japanese Prime Minister.

Apr. 4-8, 2000: Japan-DPRK normalization talks are inconclusive.

Apr. 14, 2000: U.S. and Japan announce support for the inter-Korea summit.

Apr. 16, 2000: Annual trade consultations take place between ROK and Japan.

² Compiled with research assistance from Ah-Young Kim.

Apr. 19, 2000: Japan chief delegate to DPRK normalization talks meets ROK foreign minister and unification minister in Seoul to debrief on Japan-North Korea talks.

Apr. 24, 2000: ROK Ministry of Commerce proposes meeting of industry ministers from South Korea, Japan, and China with focus on industrial restructuring and cooperation in the industry, energy, and technology fields, and the establishment of an economic body in Northeast Asia.

Apr. 25, 2000: DPRK denounces the U.S. for designating it a terrorist state and vows to continue protecting Japanese Red Army fugitives.

Apr. 25, 2000: DPRK newspaper *Rodong Sinmun* calls for colonial apology from Japanese premier and Diet as the highest priority in normalization talks, taking precedence even over compensation.

May 1, 2000: Six Koreans file suit against Mitsubishi Heavy Industries, seeking compensation for labor conscription during World War II.

May 2, 2000: ROK foreign ministry protests Japan's approval of a mining concession on Tokto.

May 7, 2000: Korean Federation for Environmental Movement and Japan Wetlands Action Network demand ROK government take actions to preserve wetlands area on the Saemankeum tidal flat.

May 12, 2000: Trilateral Coordination Oversight Group meeting in Tokyo reaffirms trilateral coordination and "unqualified" support for South Korea in upcoming North-South summit.

May 16, 2000: Bank of Korea report finds that 67 percent of Korean exports compete directly with Japanese products, of which only 8 percent are considered superior.

May 17, 2000: DPRK postpones indefinitely the second round of normalization talks with Japan slated for May 23.

May 21-24, 2000: ROK Defense Minister Cho Seong-tae and Japanese counterpart Tsutomu Kawara agreed to expand bilateral military exchanges.

May 23, 2000: Korea Institute for International Economic Policy (KIEP) report argues that a free trade agreement between Korea and Japan would raise the bilateral trade deficit initially, but in the long term, would encourage Japanese businesses to increased investment and technology transfers in Korea.

May 23, 2000: Japan begins first installment of 100,000-ton rice shipment to DPRK to be completed by July

May 25, 2000: South Korean Ministry of Commerce, Industry, and Energy announce they will hold road shows June 10 in Japan and the U.S. in order to sell government-owned shares of Pohang Iron and Steel (POSCO) in the form of depository receipts.

May 29, 2000: Japanese Prime Minister Mori and Kim Dae-jung meet in Seoul, Kim promises to convey Japan's will to normalize diplomatic relations with North Korea during the North-South summit.

Jun. 1, 2000: Both Japanese and South Korean governments make statements approving of Kim Jong-il's secret trip to Beijing (May 29-31)

Jun. 6, 2000: Korea Development Bank announced that it would sell 6.84 percent of its 9.84 percent stake in Pohang Iron and Steel Co. in the U.S., Japan, and Europe. The bank plans to sell one percent of its stake in POSCO on the Tokyo Stock Exchange.

Jun. 7, 2000: Seoul National University and Tokyo University offer studies at programs of each other's country.

Jun. 8, 2000: U.S. President Bill Clinton and Japanese Prime Minister Mori consult individually with ROK President Kim Dae-jung after former Prime Minister Keizo Obuchi's memorial service.

Jun. 8, 2000: The Korea Chamber of Commerce and Industry announce plan in conjunction with U.S., Japan, EU, and others for a joint consultative body to promote bilateral economic cooperation between the Republic of Korea and other nations.

Jun. 15, 2000: Kim Dae-jung, upon return from summit in Pyongyang, says he urged North Korea to improve relations with Japan and the U.S.

Jun. 17, 2000: Prime Minister Mori consults with Kim Dae-jung and says Japan will seek support for the inter-Korean summit at the upcoming G-8 meetings in Okinawa in July.

Jun. 27, 2000: Korea's Ministry of Culture and Tourism announced its third phase of liberalization on Japanese mass cultural products including popular songs, movies, video games, and TV programs.

Jun. 28-29, 2000: Bell Ame Stage Create, a Tokyo-based leading dance troupe, and Seoul Ballet theater hold a collaborative dance performance in Seoul as a part of a series of Korea-Japan cultural exchange programs.

Jun. 29-30, 2000: Trilateral Coordination Oversight Group meets in Honolulu, Hawaii

Japan-Russia Relations: A Return to the Deep-Freeze?

**by Joseph Ferguson,
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Like Russia, Japan now finds itself with a new leader at the helm. However, in spite of the new blood at the top, political relations appear to be as stagnant as they were at the beginning of the year. It appears more and more unlikely that a peace treaty will be signed by the end of the year. The leaders of the two countries are not expected to discuss in-depth bilateral relations at the upcoming G-8 summit in Okinawa. Policymakers in Japan are instead setting their sights on the expected late summer visit (late August or early September) of Russian President Vladimir Putin to Tokyo. Until then, little progress can be expected in political relations. Contacts at the regional level will continue to be pushed by Tokyo, however. Now that one of the Sakhalin energy projects has come back on-line, energy and trade relations could see a resurgence. Nonetheless, the diplomatic platter of both nations will be full this summer, and it is unlikely that there will be the time and energy for either side to come up with creative diplomacy.

New leadership, but Little Progress

Prime Minister Yoshiro Mori was quickly thrust into the spotlight with the sudden incapacitation and passing away of Prime Minister Keizo Obuchi this spring. Obuchi had previously planned a trip to Russia and Mori followed through with this idea. In fact, Mori's trip to St. Petersburg went off better than Obuchi's visit might have been expected to. Whereas Obuchi and Putin were at least superficially acquainted, Mori was able to pass off what was essentially a meaningless trip as a "get-acquainted" visit. During the two-day visit, Putin and Mori discussed topically such issues as Japanese financial credits for Russia, Japan's potential participation along with the United States in the development of a new anti-ballistic missile (ABM) system, and Putin's promised visit to Japan at the end of the summer (late August/early September). The Japanese side studiously avoided any detailed discussion of a peace treaty.

Before Mori's visit, it had come to be known by the Japanese and Russian public that Mori had direct ties to Russia through his father, a former mayor of a town on the Japanese west coast who had been imprisoned in Siberia after the Second World War. The elder Mori had developed close ties between his town and the town near Lake Baikal where he had been a prisoner. One of the elder Mori's dying wishes was to have a portion of his remains buried there. The younger

Mori has visited the area several times and maintains a warm relationship with local politicians there. The press in both countries grabbed onto this story and gave it much play.

Unfortunately, this fact and the fact that Mori and Putin agreed to call one another by their respective first names did little to patch up what is once again developing into a frosty relationship. A recent article in *Izvestia* pointed to a rift within the Japanese political community over Russia policy. According to the article, a number of Japanese diplomats and politicians are ready to “open the sky” on the Russians and freeze relations if no progress is made on the territorial issue by the end of the year.

Mori’s Tenuous Position in Japan

Already both new leaders have found the going tough at the top. Mori’s domestic approval ratings are abysmal, thanks in large part to his continued gaffes, including his comment about Japan’s stature as a “Divine Nation,” which suggested some nostalgia for Japan’s imperialistic past. The only thing that perhaps saved Mori and the Liberal Democratic Party (LDP) from an outright defeat in the Diet elections on June 25 was the inability of any of the opposition parties to come up with an election issue worth turning the voters’ heads. (Editors’ note: For an assessment of that election, see *PacNet* 26 <http://www.csis.org/pacfor/pac0026.html>) If this lack of imagination and originality among the opposition is the only thing keeping Mori and the LDP in power, then the next few months will be rough sailing for the prime minister and his cabinet. With the Okinawa G-8 summit, the Korean Peninsula’s sudden peace movement, and the potential for trouble in the Taiwan Straits, Mori and his crew will have little time for creative diplomacy with Russia. Creative diplomacy is what the Japanese side desperately needs at this stage in order to avoid a further cooling of relations with Russia.

The Kremlin Power Struggle: Is Putin in Charge?

Much of the optimism in Tokyo earlier this year surrounding the accession to power of Vladimir Putin in the Kremlin was predicated on the fact that Putin had extremely high approval ratings among the Russian public. Indeed, many Japanese policymakers felt that Putin was (to echo Bill Clinton) a man with whom Tokyo could do business. These views seemed to be vindicated after Putin’s overwhelming victory in the presidential election in late March. It has been pointed out that Putin had more broad support in Russia than either Gorbachev or Yelstin had. Putin was able to push through legislation that had been stalled for years in the Duma (the START II Treaty) and other signs were evident that he had somehow brought the formerly non-compliant legislature to heel (including the communists).

But subtle signs slowly began to appear that all was not as smooth as would appear on the surface. First, Putin faced opposition within his own cabinet to the appointment of a new Prosecutor General. Putin then put forward his proposal to divide the country into seven administrative districts, which were to be governed by Putin appointees, who would be given the power to remove recalcitrant governors. This move is an attempt to bring corrupt and tyrannical governors to heel. This could be seen as a positive sign to policymakers in Tokyo who have seen

Japan's position over the territorial issue consistently attacked by the strong governors of Russia's Far Eastern regions. But there are indications that this plan could backfire, further damaging both Putin's popularity and his power base. The so-called Gusinsky affair served to highlight divisions not only within the government, but within the presidential administration itself. Reportedly three groups are vying for control over Putin, who is increasingly seen by some in Moscow as a political neophyte. One group is the so-called "family" of oligarchs and political insiders who controlled Yeltsin in his last years, and who were instrumental in having plucked Putin out of obscurity. Another group is the "Petersburg Chekists," some of Putin's old KGB/FSB cronies. A third force is the so-called "liberal" (in Russia it is a relative term) reformers that Putin knew while he worked for the "reformist" mayor of St. Petersburg, Anatoly Sobchak.

All of this suggests that Putin is still cutting his teeth and has nowhere near the authority that many had imagined he possessed just one month ago. Putin will undoubtedly firm up his command of the political and administrative issues, but this will take some time. In the meantime, when he travels to Tokyo late in the summer, he will probably be in no position to make a deal over the disputed Kurile Islands.

Meanwhile, in the foreign policy making realm, it looks as if former foreign and prime minister Yevgeny Primakov is making a political comeback. Once the largest opponent of Yeltsin and the Kremlin, Primakov and his political movement (Fatherland-All Russia) suffered a severe defeat in the parliamentary elections in December. It appeared that he was headed for a quiet pre-retirement term in the Duma. However, he recently accompanied Putin on his tour of Spain and Germany, and was asked by Putin to be Russia's special envoy to mediate a dispute with Moldavia. Primakov's political resuscitation could mean a new profile for him in the formulation of Putin's Asia policy. Keep in mind Primakov favors a balanced policy in East Asia, keeping equidistance between Beijing and Tokyo. It will be worth watching how Primakov's fortunes fare.

Northeast Asian strategic situation still in transition

The promising situation on the Korean Peninsula gives Russia a great opportunity to reengage itself politically in the region. President Putin will visit Pyongyang on his way to Okinawa, after a stop in Beijing. North Korea, always in search of partners, will hope to extract some sort of economic concessions from Russia (probably cheap oil) and at the same time restart the long-dormant political relationship that flourished during the Cold War. What might make this attractive to Russia is the chance to become politically active and to gain a role in the peace process on the Peninsula. Japanese leaders would probably prefer to see an active Russian role in the region to counter-balance China's growing role. Japan and Russia also share a desire to see the Peninsula four-party process (North and South Korea, U.S., China) develop into a six-party gathering with themselves included.

The potential U.S. deployment of a theatre missile defense (TMD) system in Northeast Asia could place a big strain on Japanese-Russian relations, particularly if constructed with Japanese

assistance. An article in April in the *Sankei Shimbun*, based on sources in the Russian military, warned that a unilateral decision by the U.S. to deploy such a system could lead to a Sino-Russian alliance and the development of a similar system by both countries. Japanese leaders must gauge how a deployment would affect not only relations with Beijing, but also with Moscow. And the atmosphere of détente on the Korean Peninsula does nothing to make the decision any easier for the Japanese. North Korea's former intransigence was a convenient reason to go ahead with the development. But now even some South Koreans are saying that such a system is no longer necessary.

It would be interesting to speculate whether a Putin-Primakov combination could push through a mega-deal with Japan over the islands (which would include large amounts of Japanese economic assistance to Russia), especially if Russia's relations with China deteriorate. But for the time being Putin's foreign policy priorities will rest first with Commonwealth of Independent States (CIS) members, then with the U.S. and Western Europe. In Asia most signs point to a strategy with less emphasis on China than the Yeltsin administration practiced. But Putin will be careful not to damage relations with Beijing. After all, China is not only Russia's "strategic partner," it is also a country which, by virtue of its appetite for advanced weapons systems, has become an important economic partner of Russia. For the foreseeable future, Japan will continue to occupy a position of lesser importance in Russia's Asia policy.

Chronology of Japan-Russia Relations April-June 2000

Apr. 2, 2000: Japanese Prime Minister Keizo Obuchi collapses and soon falls into a coma; within a few days LDP leaders announce that Yoshiro Mori has been appointed Prime Minister.

Apr. 4, 2000: Russian President-elect Vladimir Putin meets with the special envoy of Prime Minister Obuchi, Muneo Suzuki. They discuss the upcoming visit of the Japanese Prime Minister at the end of April. After hearing of Obuchi's deteriorating condition, Suzuki hustles back to Tokyo.

Apr. 5, 2000: Russian gas giant Gazprom is offered a \$600 million loan guarantee by Japanese export credit agency JBIC-MITI to build a pipeline to Turkey.

Apr. 13, 2000: An international consortium, created by Russian, American, and Japanese companies for the development of oil and gas fields, announces that it will resume exploratory drilling off Sakhalin Island with a view to starting commercial production by the end of next year.

Apr. 19, 2000: A delegation of the Japanese parliament members' Association for Friendship with Russia visits Moscow and discusses cooperation in the fields of investments, energy, transport, nuclear power engineering, and space research.

Apr. 21, 2000: Russia's coast guard fires on a Japanese fishing boat within Japan's northern waters and brings the boat back into Russian territorial seas.

Apr. 21, 2000: Japan's former Prime Minister Ryutaro Hashimoto in Moscow to meet with retired President Boris Yeltsin. Hashimoto, the foreign policy advisor to the Japanese Prime Minister, reportedly also feels out the Russian side on the upcoming informal visit of Prime Minister Mori to St. Petersburg.

Apr. 25, 2000: The Russian coast guard patrol vessel “*Yuzhno-Sakhalinsk*” visits the Japanese port of Yokohama, the first visit of a Russian border guard vessel in the promotion of contacts between the two border services.

Apr. 26, 2000: Russian Atomic Minister Yevgeny Adamov visits Tokyo to take part in the 33rd conference of the Atomic Industrial Forum. Adamov meets officials from the Japanese Foreign Ministry, the Ministry for Foreign Trade and Industry, and heads of the leading trade houses, Itochu, Sumitomo and Marubeni.

Apr. 28-30, 2000: Japanese Prime Minister Mori meets with Russian President Putin in St. Petersburg. Putin agrees to visit Japan in August/September. The two also discuss Japanese credits to Russia and the question of the possible deployment of an ABM system in Northeast Asia.

May 11, 2000: A delegation of the Japan Association for the Promotion of the Economic Development of Sakhalin Region to discuss matters concerning participation in oil and gas projects and the construction of a pipeline from Sakhalin to Hokkaido.

May, 12 2000: The head of the Russian Orthodox Christian Church visits Japan. This is the first-ever visit by a Russian head of church. While in Japan Patriarch Alexei announces that a peace treaty between the two nations should be signed.

May 18, 2000: Experts at a Russian-Japanese Center for High Technologies meeting in Moscow agree on three projects for implementing Russian technologies in Japan. The technologies relate to prevention of tunnel accidents, earthquake prediction, and human protection against harmful radiation.

May 26, 2000: The Japanese Daitoku Maru-7 vessel, which was fired upon and detained while poaching in the exclusive Russian economic zone near South Kuriles on April 21, is taken from the island of Shikotan to Sakhalin where a local court will decide its destiny. Such incidents have become so regular that they hardly garner attention.

Jun. 7, 2000: Russian Deputy Prime Minister Viktor Khristenko visits Tokyo to take part in a mourning ceremony for Obuchi. He meets with Japanese Foreign Minister Yohei Kono to discuss the two upcoming visits to Japan (Okinawa and Tokyo) of Russian President Vladimir Putin.

Jun. 20, 2000: Two Japanese fishing trawlers -- Daitoku Maru-11 and Seiju Maru-21-- which were under arrest in Petropavlovsk-Kamchatsky, are released under a guarantee of paying fines of 21 million rubles (about \$660, 000) and 14 million rubles (about \$500,000), respectively.

Jun. 22, 2000: Ryozo Kato, Japanese Deputy Foreign Minister in charge of political problems, and Russian Deputy Foreign Minister Alexander Losyukov meet in preparation of the forthcoming visits of President Vladimir Putin to Japan.

Jun. 22, 2000: Russia asks for Japanese “realism and patience” regarding disputed territories, signaling further backsliding from the Yeltsin/Hashimoto pledge to settle issue and sign a peace treaty by 2000.

China-Russian Relations: Strategic Distancing...or Else?

**by Yu Bin, Associate Professor
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From time to time in Sino-Soviet relations, young men in the Kremlin challenged older leaders in Beijing. Now, 45 years after Khrushchev's de-Stalinization and 15 years after Gorbachev's "new thinking," Russia's new president is reshaping his foreign policy in a remarkably realpolitik way, which may not be fully anticipated--or welcomed--by his older Chinese counterparts.

To be sure, much of Russo-Chinese relations in the second quarter was business as usual: Russian arms continued to flow to China; trade was up; vows of mutual commitment to territoriality were routinely uttered; bureaucrats frequented each other's capital. The chemistry between top leaders, however, did not seem to be an amicable mix.

Putin's "Long-March" to Beijing

It all started with a seemingly minor issue involving president-elect Putin's travel schedule. Shortly after Yeltsin's resignation at the end of last year, the Kremlin announced that Beijing would be the first trip abroad for Russia's new president. Once in charge, however, Putin turned down several of China's requests for an early summit, claiming that in accordance with the Russian Constitution, Putin could not make any trips abroad as both the head of state and prime minister. It soon became apparent that such a constitutional restriction applied only to trips to China. In the next few months, as Putin busied himself with many foreign trips, expectations for a Sino-Russian summit waxed and waned to the dismay of Beijing's leaders.

On April 12, Russian sources confirmed that Putin would meet PRC President Jiang Zemin before the G-8 summit in Japan in July. On April 25, a Russian Foreign Ministry official told the media that "there has been no official announcement of the timing of Putin's China visit yet." Apparently, in an effort to set the record straight, a Chinese spokesman quickly pointed out that the two would meet this year, when the Shanghai-5 summit held its fifth meeting in Dushanbe in May. Thus, Beijing seemed to lower its expectation of a Putin visit by securing a "mini-summit" for the two leaders in the pre-agreed Shanghai-5 gathering, but even this did not work out. The Dushanbe meeting was delayed for no apparent reason, though Putin did travel to Uzbekistan and Turkmenistan on May 18 and 19.

Meanwhile, reports from Moscow were inconsistent at best. One Russian diplomat stated that it would not be necessary for Putin to stop in China on the way to Okinawa "because the presidential plane needs no refueling for 12 hours," while another was quoted as saying, "in

effect, if the Russian president does land in China, this could be regarded as a full-fledged visit rather than a stopover.” By early June, it became clear that Putin’s much discussed China trip was reduced to a stopover or “working visit,” on his way to the G-8 summit in Japan. Arranging trips to Beijing was a problem not just for the presidential travel staff. Russian Prime Minister Mikhail Kasyanov also delayed his visit to China from June to an unspecified time in late fall.

For Beijing, these inconsistent messages coming from Moscow amounted to “a lot of thunder but no rain,” as a Chinese proverb goes. Although the Chinese appeared more tight lipped about the new Russian president, the official news agency *Xinhua* on April 12 noticed the “busy” overseas travels for Putin, and indicated that Putin had previously said he would not travel abroad until after his May 7 inauguration. Beijing finally confirmed Putin’s visit on June 29.

Putin the Metternich

The new Russian president may indeed have been squeezed by many of his overseas trips, or he may simply be playing a Russian version of Tom Sawyer’s “fence painting” to outsmart his erstwhile Chinese counterpart. Still another reason could be the different personalities of Putin and Yeltsin. Unlike his predecessor, who developed personal relations with foreign heads of state, the former KGB colonel just does not do shoulder-patting and first-name calling. One can certainly argue that Putin’s “neglect” of China was due to the Kremlin’s re-prioritization of its foreign policy in which the relationship with China was regarded as a “non-problem.” Attention, therefore, should be paid to other parts of the world. Last but not least, if Kosovo was over and NATO expansion a done deal, a more rational policy for Russia is to determine how to live with the reality of an ever-powerful West. While China is important for Russia’s Asia policy, it is also a fast-rising power and should be guarded at all the times, utilized when necessary, but never nurtured, particularly during Russia’s decline.

Perhaps only Putin himself knows the truth behind his “lack” of a China policy. One should not question, however, Putin’s ability to control events around himself and Russia. As part of the “cream” of the Russian elite, the Russian president perfected his skill through years of apprenticeship in the Russian intelligence apparatus. In sharp contrast to his sidelining China, Putin’s approach to the West proves that he is a remarkable impersonator of the 19th century Austrian von Metternich, who made himself the nerve center of post-Napoleon Europe. In a matter of a few months, the new Russian president has maneuvered himself, and a much-weakened Russia, back to the center of the trans-Atlantic world.

During his frequent encounters with foreign dignitaries both in and outside Russia, Putin’s attractive style proved more substantive, particularly in relations with European nations. In April, Putin clearly gained the moral high ground in the missile defense game with Washington by pushing the START II agreement and the 1997 antiballistic missile package through both houses of the Russian Duma. Later the Russian lower house also passed the Comprehensive Test Ban Treaty. These moves won the support of the Europeans, whose fear for strategic instability arising from U.S. missile defense plans played right into Putin’s hand. Putin even scheduled to meet “lame duck” President Bill Clinton on four different occasions. Thus, a few months of “de-Yeltsinization” has rid Russia of its trademark as either the West’s “yes-man” or a “rogue” nuclear power to be feared only because of its huge (but rusted) deadly arsenal. An influential

German commentator described Putin as doing “what Yeltsin and Gorbachev failed to do, and that is anchor Russia firmly in the European house.” For this, one needs only to recall how Putin described himself to U.S. Secretary of State Albright early this year, as a Russian with European essence (in thinking and value) and Asian superficiality (enjoying Chinese food and practicing Japanese Judo).

For these reasons, among others, the China factor has to be secondary. Indeed, becoming too close with Beijing may not be in Russia’s long-term interests. In the short run, a certain degree of ambiguity in dealing with China may be even desirable, precisely when China’s relations with both Taiwan and the U.S. remained tense and dangerous following the historic changing of the guard in Taiwan to the Democratic Progressive Party (DPP). The timing of Russia’s hesitations in high-level contact with Beijing in the second quarter paralleled, interestingly enough, China’s high-handed coercive diplomacy toward Taipei.

Bear’s Judo vs. Dragon’s Tai-chi: Continuity or Change?

While China’s preference for policy continuity can be seen in its desire to continue the Yeltsin legacy of habitual summitry and opposition to U.S. unilateralism, Beijing leaders were soon caught off guard by the Kremlin’s initiatives. On June 6 while visiting Italy, Putin offered to jointly develop a missile defense system for Europe with NATO and the U.S. Although Russia made it clear that such a joint effort should be based on the 1972 Anti-Ballistic Missile (ABM) treaty, the Chinese Foreign Ministry chose to emphasize the “integrity of the ABM treaty” and suggested China would also object to changes from the Russian side. “*Any efforts* to amend the ABM treaty or to withdraw from it would not only threaten the nuclear disarmament process but would also shake the basis for nuclear non-proliferation and would give rise to a new round of arms race, including an arms race in outer space [emphasis added],” a Foreign Ministry spokeswoman said. She also spoke about “the common interests of all countries,” a reminder to Russia not to neglect China in the missile defense issue.

It is unclear whether or not Russia informed China of such a major policy change. The Russian military did indicate in late April that Russia might cooperate with China in building an anti-missile system for the two countries, although nothing has been substantiated thus far. Putin’s bold proposal, although unspecified, was perhaps viewed as the first step toward a real compromise with the U.S. Beijing sensed the winds of change during the Putin-Clinton Moscow summit when the Russian president acknowledged the “missile threat.” Worse, Putin’s new proposal came just a few days after the Russian Security Council Secretary Sergey Ivanov assured the press on May 29 that a compromise with the U.S. was “unlikely.”

The rather intense diplomatic interactions between China and Russia after Putin’s proposal suggested that Beijing was not aware of Moscow’s initiative. Beijing was clearly taken back to see such a proposed system with no consideration for China’s interests or its inclusion. China thus took an extra step the next day (June 7) to voice its doubts regarding such a move by Russia. China’s foreign ministry stated that it “does not fully understand Putin’s proposal,” and reaffirmed China’s non-acceptance of any change or amendments in the ABM treaty. Some Chinese analysts went as far as to say that it was hard to imagine the development of a strategic

relationship between Beijing and Moscow against U.S. hegemony and a unipolar world if Russia decided to have a common defense system with Washington.

China's publicized misgivings about Russia's unilateral move perhaps prompted Putin to make his first hotline call to his Chinese counterpart on June 8. This "extensive" conversation seemed to reveal more disagreements. While Putin was quoted as saying to Jiang that relations with China are "very important," Chinese media reported that Jiang stated that it was "an unusual year" for Sino-Russian relations.

Putin's "virtual contact" with Jiang, though timely, did not dispel China's doubts. On June 11, Colonel-General Leonid Ivashov of the Russian Defense Ministry stated that China should have no reason to think that it was either "left out" or threatened by Putin's proposal for a European antiballistic missile defense system, since it was aimed at combating only non-strategic missiles. Actually, this step "is strengthening Russian and Chinese positions in respect to the U.S. attempts to quit the ABM treaty," according to the Russian general. China's official view of Russia's proposal appeared to soften at this point, when a Chinese Foreign Ministry spokesman described Russia's proposal as efforts to persuade the U.S. to give up its national missile defense (NMD) and was thus "worth studying."

The Chinese military, however, remained unconvinced. In an analysis on June 26, the *People's Liberation Army Daily* indirectly blamed Russia by stating that it was Russia's "understanding" with the U.S. proposed theater missile defense (TMD) system in March and September 1997 that eventually led to the much bigger and more ambitious U.S. NMD project. China's concern for any possible alteration of the ABM treaty is genuine because its much smaller strategic forces could more easily be neutralized by such a system. The Russian motivation to cooperate on TMD is clear. While viewing the U.S. plan for NMD as a threat, Moscow is now embracing TMD as an alternative. Such a slap to China's face could be a step toward a major cooling of bilateral relations.

The tug of war between continuity and change can also be seen in other areas. While Beijing remains engaged in the Korean Peninsula, Putin had no intention to be left out of the Korea game following the historic summit between the two Kims. On June 8, Russia announced Putin's visit to North Korea (July 19-20), the first by any Russian head of state in history. Two weeks later (June 20), Putin also accepted an invitation to visit the South.

Putin's scheduled visit to the Koreas may not be at China's expense, given the fact that Kim Jong-il just visited China at the end of May. Besides, the world's last "Stalinist" state itself is opening up with its own omnidirectional diplomacy, similar to that of Putin's. Nonetheless, Putin's sudden interest in the Koreas amounted to harvesting the fruits of others, at least to some in China. In the past decade, Russia had largely disappeared on the Korean Peninsula. Deliberately or not, Russia's absence deprived Pyongyang of its swing power between Moscow and Beijing, which partially contributed to the historic summit between the two Koreas. Russia's return may reintroduce that complexity into peninsular affairs.

Putin's initiative, however, is by no means symbolic. Russia will benefit concretely from an opening North and friendly South Korea. This is particularly true if North Korea opens itself

gradually, based on its existing infrastructure, much of which was installed by the Russians. Moscow thus can reap some tangible gains and assume a growing role in this strategically important Peninsula. Its reappearance, apparently with little or no cost to Russia, would curb the influence of both Washington and Beijing. Moreover, Russia's renewed interest and effort in six-way talks (U.S., Japan, China, Russia, and both Koreas) would also give Japan a bigger role, something Beijing would not like to see.

Half way around the world, some discord appeared between Moscow and Beijing over the usually closely coordinated issue of Yugoslavia. Russia's representatives in the UN still strongly defend Yugoslav interests. The Russians and the Chinese even managed a walkout in late June to protest a bill banning Yugoslav participation. Beyond that, however, their approaches to Belgrade have started to diverge. China's support for Belgrade remained unabated. In December 1999, Beijing extended a \$300 million credit to Belgrade for the latter's reconstruction. In June, Chinese leader Li Peng was in Yugoslavia, vowing his firm support for the Serbian state. Possibly because the NATO bombing of the Chinese embassy left too deep a scar, Beijing was not ready to give up on Belgrade. Moscow, nonetheless, seemed to have second thoughts. In May, the Russian Foreign Ministry criticized Belgrade's attacks on independent media, and Moscow even hosted a group of Serb opposition leaders. Although Serbian foreign and defense ministers also visited Russia in the second quarter, Moscow became evasive whenever the West criticized the visits. A cooling phase between Moscow and Belgrade seemed to set in, even as China's ties with Belgrade grow warmer.

“What is to be Done?”

When his presidential plane finally touches down in Beijing in July, Putin will probably have to wrestle with this famous century-old question, first asked by his countrymen Nikolai Chernyshevsky (the utopian) and later by Vladimir Lenin (the revolutionary)--“what is to be done?” The question will be relevant for the younger Russian president because his Chinese counterparts are not ready or willing to abandon the Yeltsin legacy. More important, the Chinese have also attempted the most daring Westernization experiment ever seen in Chinese history (WTO membership ahead of Russia). While Russian (Soviet) leaders have swayed between orthodox communism and democratic capitalism, the Chinese are mixing both. The result: today's Chinese are perhaps more Western-looking than most of Putin's fellow countrymen. But unlike their communist founding elite a century ago, Chinese today no longer perceive the West through a “Russian-lens.” If Putin really believes that Russo-Chinese relations are still “very important,” he will have to do some damage control during his brief stopover in Beijing. Ironically, what can be done there is perhaps quite limited.

On the one hand, it is perhaps best for Putin to avoid doing anything radical because the structure of the Sino-Russian strategic partnership is still there and is likely to remain if neither moves to take it apart. Even Khrushchev took four years (1956-1960) to completely sever Soviet military and economic ties with Mao's China. Right now, bilateral trade is up, thanks to the upswing of both economies. In military sales, China's orders need to be processed and they are essential for keeping Russian plants running and for funding the research and development of Russia's next generation weaponry. Threats from cross-border terrorism, separatism, drug trafficking, and illegal immigration all have to be dealt with, despite the cooling trend.

On the other hand, the erosion or lack of trust between the two sides cannot be fixed overnight. It took almost a decade for Beijing to nurture that special relationship with Yeltsin the democrat. It is amazing how quickly damage can be done to the Sino-Russian architecture. Without another immediate “push” from the West (either in the form of another NATO expansion or Balkan war), it probably will take some time for Moscow and Beijing to regain mutual trust.

Whatever the setting for the upcoming Putin-Jiang summit, its outcome will affect all major powers in the area. If Putin really intends to elevate Russia’s international status, a friendly Beijing is not only important, but crucial for his grand strategy to revive Russia and re-balance the world. The European-minded Kremlin wizard should not forget that the Russian Eagle on its crest has two heads; it looks both to the West and to the East. Working with the Chinese requires a delicate balance between patience and novelty, wisdom and smartness, long-term vision and short-term returns. Strategic marginalization of China, if not carefully executed, may carry a higher price tag than previously calculated.

For Beijing, patience, too, is needed to deal with this “best and brightest” of Russia. China perhaps will have to get used to the usual “irritants” coming from the Kremlin where handpicked successors always deviate from or even betray their mentors (as Khrushchev to Stalin and Gorbachev to Andropov/Chernenko). Beijing’s early and/or over-reaction to younger Russian leaders’ new initiatives, as in the case of Khrushchev, could prove to be disastrous, while a less reactive approach, as in the case of Gorbachev and Yeltsin, could benefit Beijing and be conducive to more stable bilateral relations.

The West, and especially Washington, should recognize that the only thing that would quickly mend the damaged Sino-Russian relationship would be to excite both by another round of U.S. unilateralism, such as NATO expansion, NMD deployment, and/or a Kosovo-style humanitarian intervention on the Russian periphery. Sometimes carrots or quiet diplomacy are more effective in dealing with a much weakened Russia. For this, the late 1990s are a useful reminder that NATO expansion and the Kosovo war actually drove Moscow and Beijing very close to a quasi-military alliance.

When Chernyshevsky and Lenin asked “what is to be done,” Russia was weak, disoriented, and in chaos. Now in the 21st century, Russia finds itself in a similar position and Putin perhaps has to answer this question himself. He certainly has accomplished much in the past few months. Regardless of what may be the outcome of his Beijing visit, the new Russian president deserves credit for unfolding this fresh round in the big-power game, for which no one, including Putin himself, may foresee the final phase.

Chronology of China-Russian Relations April-June 2000

Apr. 1, 2000: Defense Minister Chi Haotian returns to Beijing after attending the defense ministers’ meeting of the Shanghai-5 in Kazakhstan.

Apr. 8, 2000: China and Russia hold the 42nd regular meeting of the Joint Commission on Border River Shipping in Harbin.

Apr. 8, 2000: A second group of Chinese military experts complete training at the Russian Armed Forces Air Defense Forces training center in Orenburg.

Apr. 12, 2000: The Russian Foreign Ministry states that the first meeting between Russia and China leaders would take place in Dushanbe in May during the annual Shanghai-5 summit.

Apr. 12, 2000: The Russian government approves a draft inter-governmental agreement with China on cooperation in building and running an experimental fast-breeding reactor in China.

Apr. 13, 2000: Moscow and Beijing agree in principle that President-elect Putin would pay an official visit to China before the G-8 summit in Okinawa.

Apr. 13, 2000: Another railway line opens linking China's Jilin Province and Makhhalino in Russia, to boost the economy in the Tumen River Delta area.

Apr. 13, 2000: Russia bans the import of Chinese beef because of alleged foot-and-mouth disease in Chinese cattle.

Apr. 21, 2000: The Shanghai-5 police and security chiefs decide to develop a joint strategy for combating crime and terrorism.

Apr. 25, 2000: Buddhist organizations in Moscow and other Russian cities demonstrate, demanding "freedom for the Panchen Lama XI."

Apr. 25, 2000: Deputy Foreign Minister A. Losyukov states, "there has been no official announcement of the timing of Putin's China visit yet, but preparations are under way."

Apr. 25, 2000: Chinese and Russian representatives at the UN depart for Belgrade to listen to opinions on the Kosovo issue.

Apr. 26, 2000: Russian military sources tell *Sankei Shimbun* that Russia may ally with China to take countermeasures, including building their own missile defense, if the U.S. carried out its NMD program.

May 6, 2000: Russia offers Europe and China cooperation in building and running its Global Navigation Satellite System (GLONASS).

May 7, 2000: President Jiang Zemin sends a message of congratulations to Vladimir Putin after he is inaugurated as Russia's new president.

May 8, 2000: A 648-km-long land-water route linking China, Russia, and South Korea officially opens, providing the only direct passenger/cargo transportation line around the Sea of Japan.

May 15, 2000: A month-long operation by Russian border guards against poachers begins in the Russian Far East. In the first few days, 50 Chinese junks and 100 fishermen were found to have violated the Russian border on the Amur River.

May 15, 2000: China bans import of Russian meat and related products due to foot-and-mouth disease break out in Russia.

May 16, 2000: 24 Russian SSN-22 anti-ship missiles are shipped to China for China's new Sovremenny-class destroyer, specially designed to cope with the U.S. carriers. Another 24 missiles are due at year's end.

May 16-19, 2000: Russian and Chinese experts hold consultations in Moscow on the ABM issue.

May 20, 2000: The Russian Northern Fleet carrier-cruiser Kiev embarks on its last voyage, the 32,000-ton ship was sold to China for scrap.

May 21-24, 2000: Chinese Foreign Trade Minister visits Moscow to take part in the Economic and Trade Sub-Committee Meetings. Trade balance was one major issue. Although China's export to Russia grew 70% in the first four months, Russia had accumulated \$16 billion surplus in the previous decade.

May 23, 2000: East Line Airlines, Russia's biggest air cargo transport company, is approved to open four more regular air routes from Moscow to four Chinese cities. A total of nine Russian airlines are now running 32 Sino-Russian air routes to 10 Chinese destinations.

May 24, 2000: The Russian Foreign Ministry states that the change of leadership in Taiwan will not change Russia's one-China policy.

May 30, 2000: Russian Minister for Atomic Energy Yevgeny Adamov leads a delegation to Beijing to attend bilateral subcommittee meeting on cooperation in nuclear energy.

May 31, 2000: Russian Foreign Ministry confirms that President Putin will make an official visit to China on July 18 before the G-8 summit in Okinawa. The visit of Prime Minister Mikhail Kasyanov, initially timed for June, is put off until September-October.

Jun. 5, 2000: The Russian Defense Ministry claims it informed China about all the issues discussed between Putin and Clinton right after the Russo-American summit in Moscow.

June 6, 2000: Putin offers to jointly develop a missile defense system with NATO. Chinese Foreign Ministry states that China does not fully understand Putin's proposal.

Jun. 8, 2000: President Putin phones President Jiang Zemin to discuss Sino-Russian relations.

Jun. 8, 2000: The Russian Foreign Ministry announces that President Putin will visit North Korea on July 19-20. On June 20, Moscow also announces Putin will visit South Korea soon.

Jun. 8, 2000: A joint team of experts/officials of the Shanghai-5 meet in Beijing to discuss information exchange for combating international terrorism.

Jun. 9, 2000: Oleg Lobov, head of the Moscow-Taipei Economic and Cultural Coordination Commission, points out that Chen Shui-bian visited Moscow in 1995 to receive an honorary Ph.D. from Plekhanov Russian Academy of Economics.

Jun. 11, 2000: Russian military spokesman says China has no reason to think that it was “left out” in a European missile defense system proposed by Putin.

Jun. 12, 2000: President Jiang sends a message to Putin on Russia’s National Day, hailing the establishment and development of their strategic and cooperative partnership.

Jun. 17, 2000: *Jane’s Defense Weekly* reports that China will purchase 20 additional Su-27s, because its licensed production is unable to meet quality requirements and its annual capacity is far below PLA needs.

Jun. 20, 2000: The Russian Federal Border Guard denies knowledge of the transit across Russia by the group of Chinese found suffocated in a truck at the British port of Dover. In past five years, the number of illegal immigrants detained on the border with China has risen by a factor of 10.

Jun. 21, 2000: Sino-Russian trade for the first four months up 20.1% over the same period last year to \$2.055 billion.

Jun. 23, 2000: Russian and Chinese ambassadors to the UN walk out when the Security Council tries to exclude Yugoslavia’s UN envoy from a debate on the Balkans.

Jun. 24, 2000: PRC Foreign Ministry announces that President Jiang Zemin will attend the Shanghai-5 summit in Tajikistan on July 5.

Jun. 29, 2000: PRC Foreign Ministry confirms that President Putin will pay an official visit to China between July 18-19.

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