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Regional Overview: Six-Party Progress Helps Give Peace a Chance by Ralph A. Cossa

The quarter was highlighted by the successful conclusion of the long-delayed fourth round of Six-Party Talks. While the Sept. 19 Joint Statement was far from a breakthrough it did provide a framework for future cooperation by listing mutually agreed upon objectives, to include “the verifiable denuclearization of the Korean Peninsula in a peaceful manner.” In Southeast Asia, Jakarta and the Free Aceh Movement also decided to give peace a chance, while coverage of the annual round of ASEAN ministerial meetings focused on which ministers did not attend the ASEAN Regional Forum security dialogue and who would or would not assume the ASEAN chair in mid-2006. The Shanghai Cooperation Organization got Washington’s attention when it called for the U.S. to set a date for the withdrawal of its forces from Central Asia. Finally, World Health Organization officials continued to warn of a potential avian flu epidemic.

U.S.-Japan: Be Careful What You Wish For by Brad Glosserman

Japanese Prime Minister Koizumi Junichiro called a snap election in August after facing resistance to economic reform from his own party. The ballot produced a landslide victory that permitted him to steamroll his opposition. In theory, Koizumi’s new strength should help the alliance; his new mandate should cover security policies, too. In reality, voters were thinking less expansively and the political landscape has been so transformed that adjusting to it will take time. The delay hits two important U.S. concerns: redeploying U.S. forces in Japan and lifting the ban on U.S. beef imports. Failure to resolve these issues is ratcheting up pressure in Washington and may even prompt a public falling out. Congressional hearings that evoke the Japan bashing of old may be a harbinger of things to come.

U.S.-China: Katrina Wreaks Diplomatic Havoc, Too by Bonnie Glaser

The quarter opened with a 20-hour stopover in Beijing by Secretary of State Condoleezza Rice. Her deputy Robert Zoellick visited China to launch a senior-level dialogue on strategic issues. Due to Hurricane Katrina, Chinese President Hu Jintao’s long-planned visit to the U.S. was postponed. Instead, Presidents Hu and Bush met on the sidelines of the UN General Assembly meeting. U.S.-China military

exchanges picked up this quarter with an exchange of visit by ranking figures on both sides. The economic and trade picture was mixed. Progress was made on strengthening intellectual property rights in China. Three rounds of textile negotiations failed to produce an agreement. In July, China abandoned the yuan-dollar peg, which revalued the yuan by 2.1 percent.

U.S.-Korea: A Breakthrough at the Six-Party Talks by Donald G. Gross

The Six-Party Talks made significant progress this quarter on the nuclear issue with North Korea. In a joint statement of principles, Pyongyang committed itself to “abandoning all nuclear weapons and existing nuclear programs and returning at an early date to the treaty on the nonproliferation of nuclear weapons and to International Atomic Energy Agency safeguards.” In return, North Korea received security assurances, a U.S. and Japanese promise to take steps toward normalization of relations, a South Korean offer of 2 million kilowatts of electricity, and a commitment to implement the agreement sequentially on a reciprocal basis. The U.S. and North Korea further agreed to discuss Pyongyang’s right to develop peaceful nuclear energy and its demand for light-water reactors at a future meeting. Trade issues over Hollywood movie quota, U.S. beef, and U.S.-Korea FTA remained unresolved.

U.S.-Russia: Great Game Redux? by Joseph Ferguson

The strategic partnership between the U.S. and Russia still exists in the war on terror, and to a lesser extent in the battle to prevent the proliferation of nuclear material and weapons. But in Central Asia, the relationship between Moscow and Washington has clearly turned a corner, and turned acrimonious. The shift from strategic partner to strategic competitor was apparent at the Shanghai Cooperation Organization summit in July where SCO members called on the U.S. to announce a date for the withdrawal of U.S. forces from bases and facilities in Kyrgyzstan and Uzbekistan. Moscow and Washington continue to agree to disagree about Iran’s nuclear ambitions. In Northeast Asia, relations appear to be *status quo*, although Moscow appears to be continuing its slow creep toward China.

U.S.-Southeast Asia: Misses and Hits by Sheldon W. Simon

Secretary of State Condoleezza Rice’s decision to bypass the annual ASEAN and ARF meetings in her first year as secretary is seen as a snub by Southeast Asian leaders. Nevertheless, U.S. security cooperation seems to be increasing with the littoral states in the Strait of Malacca, through bilateral exercises with ASEAN states’ armed forces, military sales to Thailand, a new security agreement with Singapore, and continued anti-insurgency training for Philippine forces in Mindanao. Moreover, the multinational Proliferation Security Initiative held its first South China Sea exercise. Finally,

Vietnam was added to the list of Southeast Asian states participating in the U.S. International Military and Educational Training program.

China-Southeast Asia: Buidling Integration?

by Ronald Montaperto

China's relations with its Southeast Asian neighbors moved along at a steady pace during the third quarter of the year. The Aug. 20 meeting of the China-ASEAN Eminent Persons Group in Qingdao put the very ceremonial seal of approval on the growing relations between China and ASEAN. What could have been a major economic issue with significant negative impact on Chinese relations with ASEAN – regional concerns about Beijing's decision to change its policy of pegging the value of the yuan to the U.S. dollar in favor of allowing the yuan to float – failed to materialize in any meaningful way. In one sense Beijing merely deferred the time at which the issue of the value of the yuan relative to the dollar and regional currencies will have to be truly resolved; but the positive regional reaction augurs well for future economic relations between Beijing and Southeast Asia.

China-Taiwan: Beijing Prefer to Tango with the Opposition

by David G. Brown

The summer saw Beijing extending friendly gestures toward Taiwan. Beijing has worked to build on the visits by opposition party leaders in the spring, while seeking to marginalize President Chen Shui-bian. Initiatives that China could implement on its own have gone ahead, while those requiring cooperation from Taipei have languished. China conducted its first joint military exercise with Russia in August, and structured the exercise so that people in Taiwan would see it as threatening. Partisan wrangling in Taipei further delayed a decision on adoption of the supplemental arms budget. Cross-Strait trade continued to grow, but at a relatively slow pace. Beijing's strategy to marginalize Chen will limit progress on cross-Strait functional issues and not necessarily rebound to Beijing's long-term benefit.

North Korea-South Korea: Full Steam Ahead

by Aidan Foster-Carter

The past quarter saw a packed calendar of meetings. As ever, some of these encounters were more formalistic than substantive. Nor has North Korea yet delivered all that it has promised – much less than South Korea would like. Nonetheless, economic progress seems to be moving toward sustained cooperation. Security issues are more problematic: while Six-Party Talks on the nuclear issue finally agreed on principles in September, both the interpretation and realization of this accord promise to be thorny. Seoul's mediating role also raised questions about how far inter-Korean progress was being made at the expense of the ROK's strained alliance with the U.S. or its rocky relations with Japan.

China-Korea: Six-Party Success and China's Peninsular Diplomacy

by Scott Snyder

The Six-Party Talks reconvened and even made progress this quarter, concluding with a joint statement of principles that will serve as guidelines for a more specific agreement on how to resolve the North Korean nuclear crisis. China was the linchpin and host of the diplomatic effort to achieve an

agreement. Chinese diplomacy with North and South Korea was possibly the critical factor in shaping – and limiting – the parameters of a deal. The impact of China's yuan revaluation reverberated in South Korea with mixed effect. South Korean companies nervously watched the effect of the revaluation on exchange rate margins on their operations in China.

Japan-China: Summer Calm

by James J. Przystup

China observed a number of anniversaries in Sino-Japanese relations related to the Japanese military action in Asia. China's leadership took care that the anniversaries, aimed at strengthening Chinese patriotism and the legitimacy of the Chinese Communist Party, would not replicate the anti-Japanese sentiment loosed in April. And they were successful. In Japan, domestic politics took center stage as Prime Minister Koizumi Junichiro pushed postal reform legislation. Failure to secure its passage led him to dissolve the Diet and to go to the polls Sept. 11. Koizumi focused his campaign on the reform issue and avoided discussion of Aug. 15 and Yasukuni Shrine visits. With Japanese diplomacy absorbed by the Six-Party Talks, one issue did disturb the calm – the East China Sea territorial dispute. Talks were scheduled for the end of September to address this issue.

Japan-Korea: No Major Changes

by David Kang

Japan-Korea relations in the past quarter showed no major surprises, and no major changes. Although there was progress within the Six-Party Talks, the agreement in principle by Japan and North Korea to “normalize their relations in accordance with the Pyongyang Declaration, on the basis of the settlement of the unfortunate past and the outstanding issues of concern,” was both a step forward and yet also the mere reiteration of agreements already made. The real work will begin when the two sides begin discussing details of how to settle the abductee issue and move toward normalized ties. With the focus on Six-Party Talks, much of the heat between the ROK and Japan over disputed islands and textbooks faded.

China-Russia: The New World Order According to Moscow and Beijing

by Yu Bin

Moscow and Beijing pushed their bilateral relations, qualitatively and quantitatively, toward a more proactive and outward-looking posture. It began with the signing of the *Sino-Russian Joint Declaration on the International Order in the 21st Century* in the Moscow summit July 1. A few days later in the annual Shanghai Cooperative Organization (SCO) summit July 5, a significantly enlarged regional security forum – adding India, Iran, and Pakistan as “observers” – called on the U.S. and its coalition members in Afghanistan to set a deadline for U.S. withdrawal from military bases in the territories of the SCO member states. In late August, the first-ever Sino-Russian joint exercise, code-named *Peace Mission 2005*, further elevated the strategic partnership between the two continental powers. In the wake of the exercise, Russian military sales to China, too, apparently entered a new phase with new categories of weaponry being offered as well as technological transfers.