



The July 2006 Issue of *Comparative Connections* is now available online at <http://www.csis.org/pacfor/ccejournal.html>

**Regional Overview: New Insights into U.S. East Asia Strategy** by Ralph A. Cossa

Senior U.S. officials provided insight into administration strategic thinking this quarter. National Security Advisor Hadley explained “three basic insights” that guide East Asia policy; Assistant Secretary Hill provided the most comprehensive statement to date on East Asia community building; and Defense Secretary Rumsfeld made it clear that Washington prefers task-oriented multilateralism where “the mission defines the coalition.” One such “coalition of the willing,” the Proliferation Security Initiative, celebrated its third anniversary. A major PSI air interdiction exercise off Australia drew participants from six countries, with observers from 26 more, while another “PSI-like” exercise would have represented a historic first until China and South Korea became last-minute no-shows. Meanwhile, the Six-Party Talks remained a coalition of the unwilling. In Southeast Asia, ASEAN took a small step toward defense cooperation by convening the inaugural ASEAN Defense Ministers’ Meeting.

**U.S.-Japan Relations: A Dream of a Quarter**  
by Brad Glosserman

The quarter went about as well for U.S.-Japan relations as could be imagined. The two governments agreed on a plan to restructure their military alliance; the ban on U.S. beef exports to Japan was lifted (again); the two countries’ diplomacy appears to be well synched as they deal with vexing issues (Iran and North Korea); and the “Sayonara Summit” was a PR success. The foundation has been laid for a successful U.S.-Japan partnership that outlives the Bush-Koizumi “special relationship.” But, it is unlikely that there will be additional near-term progress on any issue in the bilateral relationship as Japan turns inward and prepares for the post-Koizumi era. That is unfortunate: Koizumi has put the pieces in place for the two countries to take their alliance to the next level.

**U.S.-China Relations: Pomp, Blunders, and Substance: Hu’s Visit to the U.S.** by Bonnie S. Glaser

Despite the bungled welcoming ceremony on the South Lawn and the absence of concrete deliverables, the Hu-Bush summit was a modest success. Progress was made on market access and intellectual property rights. In the wake of the summit, Beijing and Washington stepped up cooperation on both the Iranian and DPRK nuclear issues. Military exchanges were active this quarter, with a visit to China by Pacific Commander Adm. Fallon, the convening of the annual Defense Consultative Talks, ship visits by the U.S. Coast Guard cutter *Rush* and the *USS Blue Ridge*, and a 10-member PLA delegation observed *Valiant Shield-06* military exercises. In its report to Congress, the U.S. Treasury noted that it was

“extremely dissatisfied with the pace of reform for the Chinese exchange rate regime,” but refrained from citing China as a currency manipulator.

**U.S.-Korea Relations: To Test or Not to Test: Missile Politics** by Donald G. Gross

After the Six-Party Talks impasse deepened this quarter, North Korea shocked its neighbors by launching seven missiles July 4. The DPRK’s brinkmanship is reminiscent of another June in 1994, when subsequent diplomatic maneuvers led to the 1994 Agreed Framework, which kept North Korea from reprocessing spent nuclear fuel rods for a number of years. On the economic front, trade delegations from South Korea and the U.S. met in Washington for the first round of FTA negotiations. Opening of the ROK rice market and country of origin labels for Gaeseong Industrial Zone products are expected to be two of the more contentious issues. At a meeting in Singapore, the ROK defense minister and the U.S. defense secretary appeared to reach an understanding that wartime operational control of ROK armed forces would be transferred back to South Korea in five or six years.

**U.S.-Russia Relations: Awaiting the G-8**  
by Joseph Ferguson

U.S.-Russia relations continued on a tempestuous course during the spring. The relationship has been in a downward spiral since 2003. Vice President Cheney launched a broadside against the Russian government during a public appearance in Lithuania. The two nations appear to be circling one another in anticipation of the upcoming July G-8 summit in St. Petersburg. Although it is unlikely President Bush will take a confrontational stand as many in Washington are arguing he should, the summit could prove to be frosty. In Asia, Moscow and China continue to strengthen and formalize the Shanghai Cooperation Organization (SCO), which many see as a bulwark against the U.S. in Central Asia.

**U.S.-Southeast Asia Relations: U.S. Pushes Security and Trade Interests in Southeast Asia** by Sheldon W. Simon

In June visits to Singapore, Indonesia, and Vietnam, Rumsfeld emphasized the importance of a robust U.S. role in Asian security and security collaboration with its Asian partners. Arms smuggling and espionage scandals in Indonesia and the Philippines respectively revealed strains in U.S. relations but did not weaken mutual security activities. The U.S. – along with Japan, India, and China – offered the littoral states of Singapore, Malaysia, and Indonesia assistance for improving their anti-piracy capabilities. Washington has also begun to send equipment to Indonesia’s armed forces. However, the region remains concerned that the U.S. is inordinately focused on radical Islamist terrorism and perceives Southeast Asia to be of tertiary concern with the exception of terrorism.

## **China-Southeast Asia Relations: Military Diplomacy and China's Soft Power** by Robert Sutter and Chin-Hao Huang

In early April, Premier Wen Jiabao conducted a four-nation Asia-Pacific tour. China concluded 60 bilateral accords in energy, economic development, law enforcement, culture, and education. The SCO summit marked the highlight of China's diplomacy this quarter. China invited the ASEAN secretariat as its guest of honor to further discuss joint efforts between the SCO and ASEAN on transnational issues. In an effort to allay regional fears of China's economic, political, and military clout, Chinese leaders use the mantra of "do good to our neighbors, treat our neighbors as partners" (*yulin weishan, yilin weiban*) and "maintain friendly relations with our neighbors, make them feel secure, and help to make them rich" (*mulin, anlin, fulin*). But asymmetrical relations could lead to resentment and backlash from Southeast Asia.

## **China-Taiwan Relations: Despite Scandals, Some Small Steps** by David G. Brown

The political gridlock in Taiwan caused by the scandals swirling around President Chen's family has overshadowed cross-Strait relations in recent weeks. Nevertheless, some small pragmatic steps have been taken by both sides. In April, despite Chen's more restrictive policy on economic ties, Taipei finally approved investments in LCD production and computer-chip packaging and testing ventures. In May, a weakened Chen publicly reaffirmed his "four noes," a step that was welcomed by Washington and to a lesser extent Beijing. In June, Taipei and Beijing announced that agreement had been reached on holiday, humanitarian, and limited cargo charter flights across the Strait, beginning later this year. Relative calm and such small steps are the most that can be expected for cross-Strait relations in the coming months.

## **North Korea-South Korea Relations: The Worm Turns** by Aidan Foster-Carter

South Korea is fed up – and is not disguising this behind honeyed words, as so often, for fear of offending Northern sensibilities. Two factors have prompted this new mood. Seoul was furious when in late May the North, at a day's notice, cancelled a long-delayed test run on the reconnected crossborder rail tracks, which have been physically ready to roll since last year. Coming just a week before key local elections, in which the ruling Uri Party was duly hammered by the opposition Grand National Party, this was hardly a friendly gesture toward a government whose critics accuse it of being too generous toward Kim Jong-il. The result is an overdue outbreak of conditionality. The mood in Seoul hardened further, as fears grew that Dear Leader was preparing to test-fire a *Taepodong* long-range missile.

## **China-Korea Relations: A Quarter of False Starts** by Scott Snyder

False starts characterized Chinese efforts to reinvigorate diplomacy to address North Korea's nuclear weapons program this quarter. Chinese negotiator Wu Dawei failed in his efforts to jump-start six-party process through a nonofficial meeting in Tokyo. Then attention shifted to whether the Bush-Hu summit might catalyze a resumption of Six-Party Talks, but the summit produced no apparent agreement. The quarter

ended with another widely anticipated, but (as of the end of this quarter) nonevent: North Korea's widely anticipated and widely publicized launching of *Taepodong 2*, a multi-stage rocket. Meanwhile, South Korea has suffered strategic anxiety and political frustration as it observes China's growing economic and political influence on the Korean Peninsula while it is stiff-armed by the North in inter-Korean relations.

## **Japan-China Relations: Spring Thaw** by James J. Przystup

For the first time in over a year, the foreign ministers of Japan and China met May 23. Both ministers retreated to well-worn talking points on Yasukuni but agreed to move ahead in expanding exchange programs. Afterward, Foreign Minister Aso announced that Japan's relations with China were moving toward normalcy and in early June, to further warm the atmosphere, the Koizumi government removed the freeze on loans to China. In turn, China's President Hu suggested that under the proper conditions and at an appropriate time, he would like to visit Japan. In Japan, political leaders jockeyed for position in the post-Koizumi prime ministerial sweepstakes. Increasingly, foreign policy, Japan's relations with its Asian neighbors, and Yasukuni-related matters assume growing importance in the political debate. In meetings with Japanese political figures, China's leaders and diplomats worked to shape the post-Koizumi environment in Japan.

## **Japan-Korea Relations: More Squabbling, Little Progress** by David C. Kang and Ji-Young Lee

Japan-Korea relations continued to be tense. North Korea and Japan faced off over abductees, history, and the North's presumed preparations for a missile launch. South Korea and Japan came close to a skirmish over the Dokdo/Takeshima islands, and only intensive negotiations avoided a crisis. With Japan and both Koreas seemingly locked into their foreign policy approaches, it is no surprise that there was little progress and much squabbling. The increasingly integrated economies of Japan and South Korea continued to cooperate and compete. South Korean Samsung Electronics and Japanese Sony Corp. agreed to invest \$234.1 million for liquid crystal display panel production and about 2 billion won to jointly build an eighth-generation LCD production line. With a new Japanese prime minister expected in September, it remains to be seen how Japan's foreign policy will evolve.

## **China-Russia Relations: SCO Five Years On: Progress and Growing Pains** by Yu Bin

The SCO held its sixth summit meeting in Shanghai in mid-June to celebrate its growth as a "mature" regional security body. In many respects, the SCO is at a operational and philosophical crossroads: it must achieve internal cohesion without interfering in member states' internal affairs, and increase its international profile without appearing intrusive, at least in the eyes of the U.S. The key to SCO sustainability is a stable Sino-Russian "strategic" partnership. Moscow and Beijing also worked hard to coordinate their approaches to the Iranian nuclear issue, both inside and outside the SCO framework. The next few months will be crucial for Moscow, Beijing, and the SCO, as the Bush administration could tighten the screws for geostrategic and political considerations for U.S. November mid-term elections.