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### **Regional Overview: Renewed Hope in the Year of the Golden Pig** by Ralph A. Cossa and Brad Glosserman

The Year of the Golden Pig has gotten off to an auspicious beginning. The Six-Party Talks were miraculously revived, resulting in an “action for action” game plan for the phased implementation of the September 2005 joint denuclearization agreement. Neither weather nor terrorism concerns prevented the second East Asia Summit from taking place. ASEAN leaders took a step forward in examining their first formal Charter while agreeing with their Plus Three partners (China, Japan, and South Korea, again on speaking terms) to promote greater regional integration. Tokyo and Canberra moved to strengthen bilateral security cooperation, while the second “Armitage-Nye Report” was released, laying out a bipartisan vision for “getting Asia right.”

### **U.S.-Japan Relations: An Unexpected Rough Patch** by Michael J. Green and Shinjiro Koizumi

The first quarter turned out to be a rough patch not only for President Bush and Prime Minister Abe domestically, but also for the U.S.-Japan alliance. In the U.S., the shock came from comments made by Abe and other political leaders in response to Congressional hearings regarding “comfort women.” In Japan, the shock came from the sudden shift in U.S. policy toward North Korea with the Feb. 13 Six-Party Talks agreement. For the first time since the 1995 Okinawa rape incident, editorials in both countries raised questions of trust in the other. This quarter also saw an increased level of attention to Japan from the Bush administration. Meanwhile, Japan moved ahead with steps to strengthen its security policy institutions, elevating the Defense Agency to a ministry and introducing new legislation to establish a U.S.-style National Security Council.

### **U.S.-China Relations: Old and New Challenges: ASAT Test, Taiwan, and Trade** by Bonnie Glaser

China’s anti-satellite test Jan. 11 prompted concern and criticism around the world. A decision to allow Taiwan President Chen Shui-bian to make stopovers in the U.S. and notification to Congress of a possible arms sale to Taiwan led to Chinese protests. A Private Property Law and Corporate Tax Law were passed at the National People’s Congress. U.S. officials credited China with positive contributions toward strengthening the international system, notably in the Six-Party Talks, but urged China to do more. In a possible signal of toughening U.S. trade policy, the Commerce Department slapped duties on imports of coated paper, reversing a decades-old policy of not applying duties to subsidized goods from non-market economies. Sino-U.S. military ties advanced with visits by the deputy chief of General Staff of the PLA, and the chairman of the U.S. Joint Chiefs of Staff.

### **U.S.-Korea Relations: Unexpected Progress on All Fronts** by Donald G. Gross

North Korea promised to shut down and seal its nuclear facilities at Yongbyon in a deal that could lead to the implementation of the Six-Party Talks September 2005 Joint Statement. In return, the Bush administration agreed to transfer back to North Korea \$25 million in funds that were frozen since 2005 in a Macau bank for alleged laundering of U.S. money. “Technical issues” involving financial regulations prevented the funds from being transferred as scheduled, which contributed to the early adjournment of the sixth round of the nuclear talks. U.S. diplomats expected a quick resolution to the banking issues. The U.S. reached an historic free trade agreement (FTA) with South Korea, the largest since NAFTA and the first with a major Asian nation. The U.S. and South Korea also made progress on the relocation of U.S. bases and dissolution of the Joint Forces Command by 2012.

### **U.S.-Russia Relations: Coming Full Circle** by Joseph Ferguson

The opening of 2007 witnessed perhaps the nadir in bilateral relations between Moscow and Washington since the establishment of the “strategic partnership” in late 2001. In a highly publicized speech in Munich, Russian President Vladimir Putin launched a broadside against U.S. foreign policy, suggesting that the U.S. seemed to view force as the only policy option at its disposal. If relations did not return to the dark days of the Cold War, then events this quarter did resemble a return to the tumultuous days of the late 1990s. But, by late March it appeared that Moscow and Washington had agreed on the need to foil Iran’s bid to march down the road to uranium enrichment, thus hinting that the bilateral relationship had regained sounder footing.

### **U.S.-Southeast Asia Relations: Military Support and Political Concerns** by Sheldon W. Simon

U.S. military support for Philippine counterterrorism forces has led to significant gains against Abu Sayyaf, though Philippine complaints about the Visiting Forces Agreement continue in the aftermath of the rape conviction of a U.S. Marine. Manila passed long-awaited anti-terrorism legislation to Washington’s applause. The U.S.-sponsored UNSC resolution condemning Burma’s human rights violations was defeated by joint Chinese-Russian vetoes, though a majority of the UNSC members supported the resolution. Free Trade Agreement negotiations with Malaysia hit significant labor and service industry obstacles, while former Prime Minister Mahathir Mohammad convened a private tribunal to condemn the Bush administration’s actions in Iraq. Southeast Asia’s importance for U.S. security was emphasized by a visit from Gen. Peter Pace, chairman of the Joint Chiefs of Staff, and U.S. naval visits to Vietnam and Cambodia.

## **China-Southeast Asia Relations: Cebu Meetings, UN Veto on Myanmar** by Robert Sutter and Chin-Hao Huang

The highlight of this quarter's activities in China-Southeast Asia relations was the series of events surrounding the visit of Chinese Prime Minister Wen Jiabao to Cebu, Philippines Jan. 13-16. Beijing signed an accord to open key service sectors that would come into effect in July 2007. The deal would give Southeast Asian businesses an edge, help ASEAN members cut their looming trade deficits with China, and allay fears of the negative impacts of China's economic boom. China's veto of a U.S.-backed UN Security Council draft resolution on Myanmar and Chinese military advances, including a controversial anti-satellite test, occasioned little apparent negative reaction in the region.

## **China-Taiwan Relations: To Be Concerned or Not?**

by David G. Brown

Despite basic stability in cross-Strait relations, Beijing has been concerned that Taiwan's President Chen Shui-bian would take steps to realize his dream of a new Taiwan constitution. Washington has been more impressed by domestic constraints that make constitutional reform affecting Taiwan's sovereignty all but impossible. Chen has focused on heightening the public's sense of Taiwan's identity – steps that appeal to the DPP's core supporters and create realities his successor will have difficulty reversing. Treatment of Taiwan at the PRC's National People's Congress reflected the continuity of President Hu Jintao's approach to Taiwan. Talks on Chinese tourism to Taiwan and on expanding cross-Strait charter flights continued but no agreements were announced. China's anti-satellite test and another increase in its defense budget are concerns in Taipei, but the Legislative Yuan has not yet passed arms procurement legislation.

## **North Korea-South Korea Relations: Sunshine Regardless?** by Aidan Foster-Carter

When the new year began, and well into February, most official contacts remained suspended in the wake of last year's twin shocks: the DPRK's missile launches and its nuclear test. On Feb. 13, after appearing close to collapse over North Korea's large energy demands, the Six-Party Talks finally produced an agreement that – if imperfect – nonetheless looked more comprehensive and detailed than many observers had dared to hope after more than three years of getting nowhere much. The ROK moved swiftly to reinstate the formal channels of dialogue suspended for the past half-year, starting with ministerial talks held in Pyongyang Feb. 27 to March 2.

## **China-Korea Relations: A Dark Turn in Political Relations** by Scott Snyder

China played a key role in resurrecting the Six-Party Talks with a Feb. 13 agreement in which North Korea would shut down and disable its reactors in exchange for 1 million tons of heavy fuel oil or its equivalent. The deal stalled over the return of North Korean funds frozen at the Macau-based Banco Delta Asia. This glitch underscored North Korea's financial and political isolation from China. During bilateral working group meetings with the U.S., DPRK Vice Foreign Minister Kim Gye-gwan publicly vented frustrations about China, even while Kim Jong-il maintained the facade of Sino-DPRK friendship through a rare visit to the PRC Embassy in

Pyongyang. China-South Korean coordination in the nuclear talks and three-way dialogue with Japan on the sidelines of the ASEAN Plus Three Meetings continued to develop. South Korea proposed to institutionalize tripartite consultations among the three foreign ministers. China-ROK trade and investment grew to new highs amid a mounting list of irritations and obstacles.

## **Japan-China Relations: New Year, Old Problems, Hope for Wen** by James J. Przystup

Japanese and Chinese political leaders and diplomats, focusing on building a strategic mutually beneficial relationship, worked to lay the groundwork for a successful April visit to Japan by Premier Wen Jiabao. Dialogue, cooperation, and peaceful resolution were omnipresent bywords. In fact, little progress was made in addressing longstanding issues related to the East China Sea, North Korea, security, and China's Jan. 11 anti-satellite test – all hopefully deferred for resolution to the Wen visit. Meanwhile, Prime Minister Abe and the Liberal Democratic Party were caught up in a debate over history, comfort women, and Nanjing. Beijing's response was low key, suggesting a commitment on its part to progress with Japan.

## **Japan-Korea Relations: The Honeymoon's Over**

by David Kang and Ji-Young Lee

The first quarter saw new developments in the Japan-Korea relationship, while some very old issues resurfaced. Prime Minister Abe's honeymoon appears to be over, while ROK President Roh Moo-hyun is a lame duck with the December 2007 presidential election ahead. The Six-Party Talks progressed as a result of U.S. and DPRK initiatives. Japan's insistence on making the abductees issue central to its relationship with North Korea threatened to isolate Tokyo as the talks continued. Abe heightened suspicions about Japan's intentions when he seemed to cast doubt on both Tokyo's role in the World War II "comfort women" brothels and its 1993 apology. Still, economic relations between South Korea and Japan continued their slow integration, and the two governments continued to find new areas for cooperation.

## **China-Russia Relations: Russia Says "No" to the West, and "Sort of" to China** by Yu Bin

The Russia-China strategic partnership moved to high gear at quarter's end as Russia kicked off its "Year of China." This coincided with President Hu Jintao's state visit to Russia on March 26-28. The two heads of state apparently had a serious and satisfactory meeting that focused on regional and world affairs. During the Moscow Summit, both the Chinese media and President Hu called for the two states to "upgrade" bilateral ties. There was, however, a rather paradoxical mist in the festival air. Moscow decided to expel a million non-Russian "illegal" vendors, about 90 percent of who were ethnic Chinese. Meanwhile, the two Eurasian powers closely coordinated to soft-land the Korean nuclear crisis, as well as to postpone and prepare for the upcoming Iranian storm.

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