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### **Regional Overview: Multilateral Progress Pending on Multiple Fronts** by Ralph A. Cossa and Brad Glosserman

Multilateralism was the order of the day in the Asia-Pacific this quarter. Two sessions of the Six-Party Talks produced an agreement to disable North Korea's nuclear facilities at Yongbyon. The ASEAN Regional Forum and associated 10+X ministerial meetings aided steady progress on ASEAN's first Charter. The Asia Pacific Economic Cooperation Leaders Meeting yielded commitments to combat global warming and move the Doha trade talks forward. The failure of Secretary of State Rice to attend the ARF meeting and the cancellation of President Bush's visit to Singapore renewed concerns about the U.S. commitment to the region. Multilateral military cooperation included major exercises in the Indian Ocean and Central Asia by what some portray as emerging rival blocs. Democracy watchers kept a close eye on Bangkok's return to democracy and election dynamics in Seoul and Taipei, while expressing revulsion over the latest giant step backward by the military junta in Rangoon.

### **U.S.-Japan Relations: Fukuda Takes the Helm** by Michael J. Green and Nicholas Szechenyi

The LDP was defeated in the July 29 Upper House election and lost its majority to a coalition led by the DPJ. Abe vowed to stay on as prime minister despite calls for his resignation, reshuffling his Cabinet in late August and continuing diplomatic initiatives in meetings with President Bush and others at the APEC summit. However, Abe suddenly resigned a week after the summit. The quarter came to a close with Fukuda Yasuo succeeding Abe and vowing to forge ahead with economic reforms and strong support in the war against terror. But Fukuda only has three months to win back public support as the Diet could deadlock during contentious budget negotiations early next year, forcing an election for the more powerful Lower House by the spring.

### **U.S.-China Relations: Product Safety Plagues the Relationship** by Bonnie Glaser

Continued recalls of Chinese-made products prompted actions by both the U.S. and China to shore up consumer confidence and enhance bilateral cooperation on food and product safety. Presidents Bush and Hu discussed a broad range of economic and security issues on the sidelines of the APEC leaders meeting. Treasury Secretary Paulson traveled to China to prepare for the third round of the Strategic Economic Dialogue (SED) scheduled for December amid attempts by Congress to pass legislation that would punish China if it does not revalue its currency. Adm. Mike Mullen made a six-day visit to China during which he was given unprecedented access to China's navy.

### **U.S.-Korea Relations: Progress, North and South** by Donald G. Gross and Hannah Oh

North Korea committed to disabling its Yongbyon nuclear facilities and declaring all its nuclear programs by year's end in exchange for economic, energy, and humanitarian assistance. The U.S. agreed to move toward normalizing relations with Pyongyang. This laid the groundwork for a successful North-South summit, held Oct. 3-4 in Pyongyang where the two Koreas committed to implementing the Six-Party Talks agreement, pledged to work together on security, economic and humanitarian issues, and recognized the need to end the armistice regime and build a permanent peace regime. The ratification process for the KORUS FTA moved ahead in both capitals and the visa waiver bill for South Korea was passed and will become effective July 2008.

### **U.S.-Russia Relations: From Diplomatic Confrontation to Military Posturing** by Joseph Ferguson

Any casual observer of the U.S. and Russia recognizes the deterioration of relations since the beginning of the war in Iraq in 2003. Until recently, this entailed diplomatic lectures, energy nationalism, spying, Great Game politics in Central Asia, and a worsening opinion of one another among the publics of both nations. This past quarter saw the re-emergence of something not seen since the days of the Cold War: military posturing. This has taken the form of military exercises, increased military expenditures, a re-emphasis on arms exports, a race to claim territory, and "meetings" of armed personnel in the skies and in the sea lanes around the Eurasian periphery. The primary points of contention that have existed continue to harm relations (Iraq, Iran, the former Yugoslavia, and missile defense, among others), but now Moscow has taken the next step in reasserting itself as a global power: bolstering its long-beleaguered defense establishment.

### **U.S.-Southeast Asia Relations: Burma Heats Up and the U.S. Blows Hot and Cold** by Sheldon W. Simon

Asia's largest multilateral naval exercise in decades took place in the eastern Indian Ocean Sept. 4-9, involving ships and aircraft from the U.S., India, Japan, Australia, and Singapore. President Bush condemned the Burmese junta for its brutal suppression of anti-regime demonstrations. Secretary of State Rice bypassed the annual ARF gathering while President Bush postponed the U.S.-ASEAN summit and left the APEC summit a day early as Asia's importance continues to take second place in Washington. The Indochinese states were featured in several U.S. statements on trade and human rights in Vietnam, Hmong refugees from Laos, and counterterrorism training for Cambodia. Washington continued to press for the restoration of democracy in Thailand, looking forward to elections in December.

## **China-Southeast Asia Relations: Myanmar Challenges China's Successes** by Robert Sutter and Chin-Hao Huang

Hu Jintao toured Australian cities, engaged in summitry, and presided over the Chinese delegation at the APEC meeting. The events elicited positive publicity that underlined a good Chinese image and redounded to the benefit of Hu and the party leadership as they stressed stability and harmony at home and abroad in the lead up to the 17<sup>th</sup> Chinese Communist Party Congress in October. Regional harmony and China's international image were seriously challenged in late September when the military junta in Myanmar cracked down violently on swelling anti-government demonstrations led by thousands of Buddhist monks. China has long worked to block international pressure against the military regime, but faced strong pressure led by President Bush to support UN and other international efforts to stop the crackdown.

## **China-Taiwan Relations: In the Throes of Campaign Politics** by David G. Brown

Beijing is preparing for the 17<sup>th</sup> Party Congress, projecting an image of orderly authoritarian politics. In Taiwan, the volatile and unpredictable democratic politics of the presidential campaign is raising issues and prompting expressions of serious concern in Beijing and Washington. The focal points have been quixotic appeals to join the UN as "Taiwan," promotion of a referendum on UN membership under that name and a proposal for a new DPP resolution on making Taiwan a "normal country." Strong reaction to these maneuvers has not deterred the DPP from the referendum on UN membership that is driven by their domestic political calculations. However, the U.S. position did provoke debate and contributed to a decision to reject the most provocative aspects. Against this background, it is hardly surprising that limited cross-strait contacts have produced no results.

## **North Korea-South Korea Relations: Summit Success?** by Aidan Foster-Carter

The main event between the two Koreas was Roh Moo-hyun's visit to Pyongyang. This was the first North-South summit meeting in seven years, and only the second since two rival states were established in 1948. The fact that the summit coincided with further progress at the Six-Party Talks added an extra twist to what was a crucial moment in the tangled history of inter-Korean relations. Despite regrettable if predictable brevity on the nuclear issue, and a deafening silence on human rights, the new agreement, if implemented – always a big proviso with the DPRK – presages the start of serious, large-scale and wide-ranging inter-Korean economic cooperation. Time will tell, and we shall have a clearer idea by the year's end; or maybe not till early 2008, when a new and almost certainly more conservative leader emerges in Seoul.

## **China-Korea Relations: Teenage Angst: 15<sup>th</sup> Anniversary of Diplomatic Relations** by Scott Snyder

China and South Korea commemorated the 15<sup>th</sup> anniversary of diplomatic normalization. In contrast to the optimism and lure of mutual economic opportunity that characterized the 10<sup>th</sup> anniversary, this one was greeted with mixed feelings. China's relationship with North Korea, in contrast, remained estranged despite an important visit to

Pyongyang by Foreign Minister Yang Jiechi. Changes in the Sino-South Korean economic relationship were reinforced by the sudden death due to medical error of South Korea's number two diplomat in Beijing. South Korean caution regarding Chinese policies toward North Korea remained a focus of concern, as China's economic growth and influence continued to expand in both parts of the Korean Peninsula.

## **Japan-China Relations: Politics in Command** by James J. Przystup

As the quarter began, Japanese leadership focused on the Upper House election. Beset by political scandals and dogged by questions of competency, the LDP suffered a historic defeat. Following the election, Prime Minister Abe initially took initiatives to stay on, but eventually resigned. Both countries expect improved relations to continue with Fukuda Yasuo in charge. At the same time, the government was preoccupied with preparations for the Japan-North Korea dialogue as the Six-Party Talks appeared to gather momentum. Meanwhile, Beijing worked to accentuate the positive, the approaching anniversary of the normalization of Japan-China relations (1972) and to downplay history, the July anniversary of the Marco Polo Bridge Incident (1937).

## **Japan-Korea Relations: With a New Japanese Leader, New Opportunities?** by David Kang and Ji-Young Lee

If the previous quarter was marked with little movement in the stalemate between Tokyo and Pyongyang, this quarter appears to be transitional. North Korea shut down its nuclear reactor and agreed to disable other nuclear facilities by the year's end. In Japan, Abe stepped down as prime minister in September and his successor, Fukuda Yasuo, has hinted at softening Japan's stance toward the North. Abe's decision not to visit Yasukuni Shrine on Aug. 15 was welcomed by Seoul, keeping bilateral relations relatively cool compared to the wars of words that occurred under Koizumi. History issues continued to linger between Japan and South Korea, but the quarter also witnessed efforts aimed at strengthening bilateral cooperation. South Korea seemed reasonably happy with Fukuda as Japan's new prime minister while Tokyo expressed concerns over the timing of the inter-Korean summit.

## **China-Russia Relations: Between Cooperation and Competition** by Yu Bin

By any standard, the third quarter appeared to be the finest moment for the Shanghai Cooperation Organization: the seventh summit in Bishkek was the largest ever held by the regional organization, the SCO heads of state signed its first multilateral treaty, and it was the first time all member countries participated in a joint antiterrorism military exercise. A closer look at the chemistry between Russia and China, however, reveals a far more complex interactive mode of cooperation, competition, and compromise. While security cooperation moved forward, culminating in the *Peace-Mission 2007* military exercise, the game of petropolitik was heating up in Central Asia with Beijing gaining the upper hand, at least for the time being. The quarter ended with significant progress in energy cooperation as the long-awaited Eastern Siberia-Pacific Ocean oil pipeline was about to extend a branch line to China's energy-thirsty northeast region.