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**Regional Overview: Multilateral Approaches Prevail . . . For Now!** by Ralph A. Cossa

The United States turned multilateralist this quarter, sitting down in a six-party setting to discuss North Korea's nuclear program even as a U.S.-instigated 11-nation group was practicing how to prevent Pyongyang from exporting weapons elsewhere. More quietly, Australia's "coalition of the willing" is restoring some semblance of order in the Solomons. U.S. military restructuring plans in South Korea moved ahead slowly as did any progress in obtaining Aung San Suu Kyi's release in Burma, while a failed mutiny indicated that serving as a "second front" in the war on terrorism is not the only challenge facing President Arroyo's beleaguered government. Speaking of beleaguered, President Bush went back to the UN to seek international help in securing the peace in Iraq, while trade negotiators hope that next quarter's APEC Leaders' Meeting avoids being the disaster that this quarter's WTO gathering in Cancun proved to be.

**U.S.-Japan: The Primacy of Politics** by Brad Glosserman

It has been a quiet quarter for the U.S.-Japan relationship. The dispatch of troops to Iraq notwithstanding, there have been no serious, specific bilateral problems for the two governments to address. While they have diverged on some multilateral questions, the goodwill accumulated over the last two years has bridged those differences. In both countries, domestic politics dominated decision making. Prime Minister Koizumi focused on re-election as LDP president; having won that campaign he now turns to the general election expected in early November. President Bush has begun to concentrate on the 2004 campaign with U.S. voters increasingly concerned about their economic prospects. Attention now turns to the Oct. 17 summit. It should go well: U.S.-Japan relations are one of the few unquestioned successes for both administrations.

**U.S.-China: The Best since 1972 or the Best Ever?** by Bonnie S. Glaser

Continued cooperation on security matters, especially the challenge posed by North Korea's nuclear weapons programs, bolstered U.S.-China relations this quarter. Washington lauded China's vigorous diplomatic efforts that culminated in the six-party talks in Beijing at the end of August. China formally joined the Container Security Initiative, agreeing to permit U.S. Customs and Border Protection officials to work side-by-side with their Chinese counterparts to target and pre-screen cargo containers destined for the U.S. Washington publicly rebuked Beijing for not living up to promises made last December to make progress on specific human rights issues. Treasury Secretary John Snow failed to persuade Chinese officials to appreciate the RMB. The Department of Defense

released its annual report on July 30 on Chinese military power.

**U.S.-Korea: The Ups and Downs of Multilateral Diplomacy** by Donald G. Gross

China brokered the first round of six-party talks on the North Korean nuclear issue during this quarter. North Korea used the talks to rattle its nuclear saber and otherwise threaten the U.S. On the margins of the meeting, North Korean diplomats met bilaterally with U.S. officials, but their discussion did not foster any apparent progress. U.S. and South Korean military officials continued to fine-tune the redeployment of U.S. troops. The talks were characterized by mutual agreement on the redeployment plan and transfer of military missions to South Korea, but differences over its timing. Finally, South Korea challenged the U.S. decision to impose penalties on semiconductor exports. South Korea will appeal the decision to the WTO.

**U.S.-Russia: Energizing the Relationship** by Joseph Ferguson

If you must pick one event that is truly indicative of the tenor of U.S.-Russia relations, you need not look to Camp David or the palaces around St. Petersburg, the sites of the last two presidential summits. Instead, look to the gasoline station on the corner of 10<sup>th</sup> Avenue and 24<sup>th</sup> Street in NYC; the first Lukoil station to be opened in the United States. The U.S.-Russian effort to push energy ties is taking precedence over most other aspects of the relationship. The two sides continue to agree to disagree about Chechnya, Iran, and Iraq. NATO and Central Asia are still sore points. Trade issues and human rights to this day raise tensions. But the energy relationship is global and strategic and it continues to grease the squeaky spots of this post-Cold War "partnership."

**U.S.-Southeast Asia: Terrorism Perpetrated and Terrorists Apprehended** by Sheldon W. Simon

Acts of terrorism, arrests of terrorists, and judicial convictions dominated the Southeast Asian political scene this past quarter. The Jakarta Marriott bombing, the capture of Hambali – Jemaah Islamiyah's (JI) most notorious fugitive – and the conviction of several of the Bali bombers as well as JI's spiritual leader, Abu Bakar Bashir, capped a tumultuous three months during which the Philippine government put down an abortive military mutiny, ASEAN and U.S. relations with Burma further deteriorated, and new efforts to improve security collaboration within the region were made. U.S. intelligence played a significant role in terrorist apprehensions; however, Washington's unwillingness to give Southeast Asian authorities access to terrorists in U.S. custody somewhat soured relations with regional allies.

## **China-Southeast Asia: On the Inside Track**

by Lyall Breckon

China continues to consolidate the “insider” role it is assuming in Southeast Asia, and to foster economic and other forms of interdependence with members of ASEAN. China-ASEAN trade showed major gains, and China’s non-energy investments in Southeast Asia were on the rise. China called for follow up to last December’s Declaration on Conduct in the South China Sea, and renewed a proposal for joint development of disputed areas there. Beijing suggested linking counterterrorist efforts in Southeast Asia with those of the Shanghai Cooperation Organization. High-level visits advanced China’s cooperation with Malaysia and Thailand. Burma’s military junta, under international pressure to release imprisoned democracy leader Aung San Suu Kyi and institute political reforms, sought China’s blessings for its unresponsiveness, and got them.

## **China-Taiwan: Pernicious Presidential Politics**

by David G. Brown

The initiative on cross-Strait issues this quarter has been centered in Taiwan. Preoccupied with other issues, Beijing has taken no initiatives and concentrated on countering Taipei’s moves. Chen Shui-bian’s efforts to arrange referendums, to heighten Taiwan’s national consciousness, and to manipulate the cross-Strait transportation issue have all been shaped with an eye to the coming presidential election campaign. In these circumstances, there has been no breakthrough on either the political or economic aspects of cross-Strait relations and none is likely in the foreseeable future. While Beijing has been very restrained, Chen’s electioneering could well heighten tensions in the Strait.

## **North Korea-South Korea: Never Mind the Nukes?**

by Aidan Foster-Carter

The past quarter saw sustained and brisk exchanges on many fronts, seemingly regardless of the looming nuclear shadow. Between North and South Korea it is back to business as usual – or even full steam ahead. One can easily imagine scenarios in which this process may come into conflict with U.S. policy. Should the six-party process fail or break down, or if Pyongyang were to test a bomb or declare itself a nuclear power, then there would be strong pressure from Washington for sanctions in some form. Relinking of cross-border roads and railways, or the planned industrial park at Kaesong (with power and water from the South), are examples of initiatives which might founder, were the political weather around the Peninsula to turn seriously chilly.

## **China-Korea: Middle Kingdom Diplomacy and the North Korean Nuclear Crisis**

by Scott Snyder

The quarter started with the first ever meeting between ROK President Roh Moo-hyun and PRC President Hu Jintao, and unfolded with assertive Chinese mediating efforts to deal with North Korean nuclear tensions. The PRC utilized its long-standing relationships with Pyongyang to maximum effect to get North Korea to the negotiating table. The only thing more intense than China-Korean consultations over the nuclear issue is the boom in China-South Korean trade, which has averaged over 20 percent growth year-on-year. This

quarter may see the PRC emerge as South Korea’s number one trading partner, surpassing the trade volume of the U.S. for the first time. Still, as South Korean industry moves its manufacturing to China, the Roh administration’s initiative to turn South Korea into a regional economic hub appears to be ringing hollow.

## **Japan-China: Bridges to the Future, Reflections on the Past**

by James J. Przystup

In anticipation of the 25<sup>th</sup> anniversary of the Japan-China Friendship Treaty, both Tokyo and Beijing worked to normalize political relations. Japan’s chief Cabinet secretary and defense minister traveled to China, while China’s foreign minister and the chairman of the National People’s Congress visited Japan. Prime Minister Koizumi had yet to secure the invitation for an official visit to China. Aug. 15 brought the customary end of war remembrances as well as lectures about history. History intruded as the unearthing of chemical weapons abandoned by the Imperial Army led to the hospitalization of over 30 construction workers and the death of one. Tokyo dealt with the issue, offering “sympathy” compensation to the families. Economic relations continued to expand as two-way trade skyrocketed. At the same time, domestic economic pressures were building in Japan to seek a revaluation of China’s currency.

## **Japan-Korea: What a Difference a Year Makes....**

by Victor D. Cha

Last September, Japan-DPRK relations looked to have made a major breakthrough with the unprecedented visit of Japanese Prime Minister Koizumi Junichiro to Pyongyang. *Rodong Sinmun* marked the anniversary this year by warning about an “unavoidable” war between the DPRK and Japan. Tokyo’s insistence on bringing the abductee issue to the table at the six-party talks irritated Pyongyang, which has said it may push to exclude Japan during the next round. The Trilateral Coordination and Oversight Group (TCOG) remained active this quarter prior to and in the aftermath of the six-party talks over the DPRK’s nuclear weapons. Japan played a “starring role” in Proliferation Security Initiative (PSI) exercises in the Coral Sea.

## **China-Russia: The Russian-Chinese Oil Politik**

by Yu Bin

The specter of oil is haunting the world. Oil, or lack of it, is clogging the geo-strategic “pipeline” between the world’s second largest oil producer (Russia) and second largest oil importing state (China) as they haggle over the future destination of Siberia’s vast oil reserves. Russia’s energy realpolitik has led to such a psychological point that for the first time, a generally linear, decade-long emerging Russian-Chinese strategic partnership, or “honeymoon,” seems arrested and is being replaced by a routine, boring, or even jolting marriage of necessity in which quarrels and conflicts are part normal. Nonetheless, China-Russia relations during the third quarter were marked by dynamic interactions and close coordination over multilateral issues of postwar Iraq, the Korean nuclear crisis, and institution building for the Shanghai Cooperation Organization.