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### **Regional Overview: US Profile Rises, China Image Falls, North Korea Changes?**

by Ralph A. Cossa and Brad Glosserman

The US profile in Asia appears to be on the rise following Secretary of State Clinton's highly publicized presentation at the ASEAN Regional Forum ministerial in Hanoi in July and President Obama's New York meeting with ASEAN leaders at quarter's end. Meanwhile Beijing's image took a few hits as it tried to bully Japan (successfully), the US and ROK (unsuccessfully), and ASEAN (TBD) on maritime-related issues, while seemingly having nothing but kind words for the DPRK. New faces appeared in the North's general officer ranks but the prospects for Korean Peninsula denuclearization remained slim. Meanwhile, democracy marches on, one step forward in Japan and two backward in Burma/Myanmar, while Washington seeks greater economic integration in Asia with the "gold standard" Trans-Pacific Partnership.

### **US-Japan Relations: Hitting the Reset Button**

by Michael J. Green and Nicholas Szechenyi

The ruling Democratic Party of Japan suffered an embarrassing defeat in the Upper House election less than a year after assuming power. Prime Minister Kan subsequently took a beating in the polls but managed to withstand a challenge from former DPJ Secretary General Ozawa in a party presidential election. Political turmoil did not preclude active diplomacy and coordination between Washington and Tokyo on a range of issues including the relocation of Marine Corps Air Station Futenma, a collision between a Chinese fishing boat and Japanese Coast Guard vessels, and sanctions on Iran. The quarter closed with President Obama and Prime Minister Kan taking stock of a rapidly developing bilateral agenda during a brief yet productive meeting on the margins of the United Nations General Assembly, setting the stage for the president's trip to Japan in November.

### **US-China Relations: Tensions Rise and Fall, Once Again**

by Bonnie Glaser and Brittany Billingsley

Diplomatic confrontations over the Yellow Sea and the South China Sea were the source of new bilateral tensions this quarter. Beijing objected to the dispatch of a US aircraft carrier to the Yellow Sea, even before Washington had made a decision to deploy it and Secretary Clinton delivered a clear statement of US interests in the South China Sea at the ASEAN Regional Forum meeting that irritated Beijing. US frustration mounted over China's unwillingness to allow its currency to appreciate faster as the House of Representatives passed legislation that would allow the US to impose import duties on countries that have undervalued currencies. The Pentagon finally submitted its annual report assessing Chinese

military capabilities to Congress. President Obama met Premier Wen on the margins of the UN General Assembly.

### **US-Korea Relations: Smooth Sailing in the Wake of *Cheonan***

by Victor Cha and Ellen Kim

The sinking of the *Cheonan* remained the predominant issue in the US-ROK relationship as both countries spent the quarter coordinating and undertaking punitive measures against North Korea. The UN Security Council adopted a Presidential Statement condemning the attack but did not directly blame North Korea. The US and the ROK held their first "Two-plus-Two" meeting in Seoul. While countries reopened their dialogue channels in the hope of resuming the Six-Party Talks, there remain many challenges that make the future direction of the Talks unclear. Several issues remain to be resolved on the KORUS FTA as negotiators are expected to hold a ministerial meeting soon to strike a deal. A report on US attitudes toward South Korea showed that public support for trade agreements like the KORUS FTA is lukewarm.

### **US-Southeast Asia Relations: Growing Enmeshment in Regional Affairs**

by Sheldon Simon

The US significantly raised its profile in Southeast Asia this quarter, inserting itself in South China Sea disputes, announcing its plan to join the East Asia Summit, convening the second US-ASEAN summit, and creating an ambitious agenda for a variety of initiatives. Secretary Clinton proposed multilateral discussions under ASEAN auspices on the South China Sea issue and the US inaugurated naval exercises with Vietnam. Washington is considering new financial sanctions against Burma as engagement with the military regime has not yielded the expected results. As a sign of growing warmth in US-Malaysian relations, Kuala Lumpur is sending a small contingent of medical personnel to Afghanistan. The Indonesian-US Comprehensive Partnership was launched in September and Washington restored military-to-military relations with *Kopassus*, the Indonesian Special Forces.

### **China-Southeast Asia Relations: US Interventions Complicate China's Advances**

by Robert Sutter and Chin-Hao Huang

China was on the defensive this quarter, reacting to interventions by the US, including a notable statement by Secretary Clinton at the ASEAN Regional Forum regarding the South China Sea. The ARF meeting also saw a new US commitment, backed by ASEAN, to participate in the East Asian Summit, raising its profile over China's preference for Asian-only regional groups. The US also advanced relations with Vietnam as shown during anniversary celebrations in August. Initially, Chinese countered that the US actions were self-serving and destabilizing, which meshed with public Chinese attacks on US military exercises with South Korea. By the end of the quarter the criticism had subsided. For the

time being, it seems China will remain focused on trade and reassuring diplomacy in Southeast Asia, while defending its territorial claims and building military capabilities.

### **China-Taiwan Relations: Slow, Steady Improvements**

by David G. Brown

This has been a quiet but constructive quarter in cross-Strait relations. Taipei and Beijing were focused on ratifying and beginning implementation of the Economic Cooperation Framework Agreement (ECFA). With Beijing's agreement, Singapore and Taipei announced that they would consider negotiating a WTO-consistent economic cooperation agreement. This important flexibility by Beijing allows President Ma to show that ECFA has opened the door at least slightly to Taiwan's involvement in regional trade liberalization. Despite Washington's approval of small commercial arms sales, Beijing indicated a willingness to resume military exchanges with the US. Nevertheless, arms sales to Taiwan remain a threat to US-China relations.

### **North Korea-South Korea Relations: Picking up the Pieces**

by Aidan Foster-Carter

The past quarter in inter-Korean relations might be called the morning after the night before. Tensions over the sunken ROK corvette *Cheonan* by no means disappeared; the less so since North Korea still denied responsibility, while the South smarted at its failure to convince key powers – China and Russia above all – of Pyongyang's culpability. The *Cheonan* incident remains a crime and an obstacle. Yet hopeful signs are emerging that both sides realize they will have to get past this eventually and that they might as well start now. Among various small initiatives, including flood aid, the quarter ended on a hopeful note with an agreement to hold a fresh round of reunions of separated families in late October.

### **China-Korea Relations: China Consolidates Ties with New DPRK Leadership**

by Scott Snyder and See-won Byun

China reaffirmed its traditional friendship with a revamped leadership in Pyongyang that emerged from the Workers' Party of Korea (WPK) conference that re-elected Kim Jong-il as party and state leader. Kim Jong-il visited Northeast China, holding his second summit with President Hu Jintao this year. Immediately after Pyongyang's party conference, Secretary of the WPK Central Committee Choe Tae-bok led a senior party delegation to Beijing. Meanwhile, China-ROK relations remain strained following the *Cheonan* incident. Nevertheless, there was some progress as the third China-ROK high-level strategic dialogue and the first preliminary round of free trade agreement talks were held. Beijing promoted resumption of the Six-Party Talks, sending Special Representative for Korean Peninsula Affairs Wu Dawei to meet counterparts in Pyongyang and Seoul.

### **Japan-China Relations: Troubled Waters**

by James J. Przystup

The quarter started well with the Kan government, emphasizing efforts to strengthen economic ties with China. Talks were held to implement the June 2008 agreement on joint development of the East China Sea, Prime Minister Kan and all Cabinet members refrained from visiting Yasukuni Shrine, and Japan began destroying chemical weapons left

behind in China at the end of the war. The quarter, however, ended in controversy. Sparked by an incident in which a Chinese fishing boat collided with Japanese Coast Guard ships, relations quickly spiraled downward. Japan detained the captain and crew setting off a diplomatic row that led to the personal involvement of Premier Wen Jiabao before Japanese prosecutors released the ship's captain. China's call for compensation and an apology went unanswered as of the end of the quarter.

### **Japan-Korea Relations: Same Dance, Different Floor**

by David Kang and Ji-Young Lee

Highlights in Japan-Korea relations this quarter are Prime Minister Kan's apology to South Korea for Japan's colonial rule, and the appointment of Kim Jong-un, as vice chairman of the Workers' Party Central Military Commission and military general in the DPRK. While these developments could change the security landscape of Northeast Asia, Kan's first full quarter in office reveals that Japan's North Korea policy is likely to continue along the lines of previous Japanese administrations, at least for now. Pyongyang's attitude toward Tokyo, too, changed little and was rather predictable – it is all Japan's fault. Japan-South Korea relations appear to be moving closer, although whether Kan's apology will change things significantly remains to be seen.

### **China-Russia Relations: Peace Mission 2010 and Medvedev's China Visit**

by Yu Bin

For much of the third quarter, Russia and China were besieged by disasters. Leaders sent each other messages to express their sympathy and support while relief materials were delivered. Relations gathered momentum at the end of August when Prime Minister Putin attended the opening of the Russian-Chinese oil pipeline. In September, the Shanghai Cooperation Organization kicked off its *Peace Mission 2010* exercise followed by President Medvedev's visit to China in the name of "comprehensively deepening Russian-Chinese strategic partnership relations." All of this occurred against the backdrop of heightened tension in Korea after the sinking of the ROK Navy ship and the rapid deterioration of China-Japan relations after Japan's seizure of a Chinese fishing boat.

### **Australia-East Asia/US Relations: Australia Deposes a Leader and Hangs Parliament**

by Graeme Dobelle

In 2010, Australia saw a first-term-elected prime minister deposed by his own party and then a federal election that produced a hung Parliament. The removal of Prime Minister Kevin Rudd on June 24 ushered in Australia's first female prime minister, Julia Gillard, who waited only three weeks after replacing Rudd before calling a national election, seeking her own mandate from the voters. Instead, the election on Aug. 21 returned the first hung Parliament since World War II. Style changes between the Rudd and Gillard governments will be marked, but policy continuity will often be the norm, especially in foreign policy. Gillard assured that the US would remain the "bedrock" of Australia's defense and security. As foreign minister, Rudd will remain involved in shaping multilateral interaction in Asia even though his proposal to create an Asia-Pacific Community has been dismissed.