



Regional Overview:

Tests Postponed, Pending, Passed, and in Progress

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The quarter opened with Assistant Secretary of State Christopher Hill proclaiming that we were “a few days away” from overcoming the “technical issues” that were holding up the Korean Peninsula denuclearization process. Unfortunately, those few days did not take place until mid-June, postponing the long-awaited 60-day test of the Feb. 13 “action for action” agreement until next quarter. Also pending is a test of the willingness of the nations of Southeast Asia to develop a meaningful Charter in commemoration of ASEAN’s 40th birthday, following this quarter’s review of (and reported revisions to) the groundbreaking draft provided last quarter by its Eminent Persons Group. The commitment of Thailand’s military leaders to restore democracy is also being tested, as is Beijing’s commitment to Hong Kong’s Basic Law on the 10th anniversary of reversion. Meanwhile, new U.S. Secretary of Defense Robert Gates and China’s new PLA Deputy Chief of the General Staff Zhang Qinsheng passed their initial diplomatic tests this quarter while making their first appearance at the Shangri-La Dialogue in Singapore. Finally, East Asia’s economy, 10 years after the Asian financial crisis, appears to have nicely survived the test of time.

Korea: the test (finally) begins

Last quarter ended with Pyongyang refusing to move forward on the implementation of the Six-Party Talks Feb. 13 denuclearization agreement until it was able to fully retrieve funds that had been frozen in Macao’s Banco Delta Asia (BDA) as a result of a U.S. Treasury Department finding against BDA for alleged involvement in DPRK money-laundering activities. (Of note, there is no reference in the Feb. 13 agreement to the BDA financial sanctions issue; the linkage apparently was created during a side agreement between Secretary Hill and his DPRK counterpart, Vice Foreign Minister Kim Gye-Gwan, when they met in Berlin in mid-January.) While proclaiming Pyongyang and BDA guilty in early February, the U.S. had nonetheless agreed to allow the funds to be released and transferred to the DPRK, with the understanding that the funds would be used “solely for the betterment of the North Korean people, including for humanitarian and educational purposes.” However, “technical issues” – the reluctance of any bank to involve itself in the transfer for fear of coming afoul of U.S. law – had made the transfer more difficult than anticipated by Assistant Secretary Hill.

As this quarter opened, the ever-optimistic Hill was asserting that the matter would be resolved in a few days and that all parties would be able to meet their initial 60-day requirements on schedule. April 13 came and went without much progress, however, (as did May 13) as a variety of options were pursued, all unsuccessfully. It wasn't until June 13, after Moscow offered to help, that the first withdrawals actually took place: according to the *Asahi Shinbun*, two unnamed businessmen each took out \$128,000 in cash, with the remaining funds reportedly converted into U.S. dollars and put into a single account. On June 18, Moscow reported that the transfer was finally underway, via the U.S. Federal Reserve Bank of New York (which ironically is not subject to U.S. Treasury Department rulings) and Dalkombank of Russia, to the Foreign Trade Bank of North Korea. Pyongyang announced on June 25 that it had its funds and was now prepared to proceed with the agreement.

Once the financial transfer process began, Hill made a trip to China, Japan, and South Korea to discuss next steps. To the surprise of many – reportedly including some of his interlocutors during the trip – he then made an unscheduled trip to Pyongyang on June 21-22, to “convey the importance of moving on to the next phase” directly to Kim Gye-Gwan and other North Korean leaders (although he did not see the “Dear Leader” himself).

It's not exactly clear what he told (or promised) North Korean officials during his first-ever visit to the North – or if the mere visit and demonstration of the Bush administration's commitment to continue one-on-one direct dialogue (within the context of the Six-Party Talks) was sufficient – but, as the quarter drew to a close, Pyongyang finally allowed an International Atomic Energy Agency (IAEA) team to visit its nuclear facilities at Yongbyon. It remains unclear just how long it will take to shut down and seal the North's 5-megawatt reactor and reprocessing facility. The most optimistic estimates see it happening by mid-July, opening the door for the next round of Six-Party Talks in Beijing sometime in July, followed by a ministerial-level session, as promised in the Feb. 13 agreement, “once the initial actions are implemented.”

The agreement, lest we forget

To remind our readers, the 60-day action plan called on the DPRK to: shut down and seal for the purpose of eventual abandonment the Yongbyon nuclear facility, including the reprocessing facility; invite back IAEA personnel to conduct all necessary monitoring and verifications as agreed between IAEA and the DPRK; discuss with other parties a list of all its nuclear programs; and start bilateral talks respectively with the U.S. and Japan aimed at normalizing relations. In return, the parties would provide “emergency energy assistance” to Pyongyang, with the equivalent of 50,000 tons of heavy fuel oil to be provided during the initial phase. The next stage includes “provision by the DPRK of a complete declaration of all nuclear programs and disablement of all existing nuclear facilities” in return for “economic, energy, and humanitarian assistance up to the equivalent of 1 million tons of heavy fuel oil.” No time frame was established but Secretary Hill continues to hope this can be accomplished by year's end. The Feb. 13 statement also established five working groups; all were to (and did) meet within 30 days.

The promised ministerial – involving Secretary of State Condoleezza Rice and her DPRK, ROK, Chinese, Japanese, and Russian counterparts – to “confirm implementation of the Joint Statement and explore ways and means for promoting security cooperation in Northeast Asia,” will most likely coincide with the ASEAN Regional Forum meeting scheduled for Manila on Aug. 2.

The road, and tests, ahead

While the transfer of BDA funds to North Korea appears sufficient to allow Pyongyang to proceed with its phase one commitments, it is doubtful we have heard the last of the financial sanctions issue. Overall U.S. warnings against doing business with Pyongyang reportedly remain in place and it is full access to the international banking system, not just the \$25 million, that Pyongyang really seeks, as partial proof that the Bush administration is willing to drop its “hostile policy” toward the DPRK. Getting past the “hostile policy” hurdle is likely to take longer than the end of this calendar year (and likely to cost considerably more than the promised million tons of fuel oil or equivalent of total aid).

This is not to demean the significance of this first step, but only to warn, as Secretary Hill himself has noted, that we remain “burdened by the realization of the fact that we are going to have to spend a great deal of time, a great deal of effort, and a lot of work in achieving [our full objectives, that is, the complete denuclearization].” It is important to note also that, while the Feb. 13 agreement is touted as a denuclearization pact, there is no reference to the North’s presumed stockpile of actual weapons. It is not clear, at least from Pyongyang’s perspective, that this ultimate bargaining chip has yet been placed on the table.

Meanwhile, Secretary Hill’s visit to Pyongyang underscores the fact that the Bush administration is “serious about doing everything we can to move the process forward.” A failure by Pyongyang to reciprocate would undercut Hill’s credibility (in Washington and in Asia) and could bring the process to a halt. As State Department spokesman Sean McCormack rightly noted, we are now at “an important moment in the Six-Party Talks because we are testing the proposition that North Korea has made that strategic decision to abandon its nuclear weapons programs and to abandon its nuclear programs.” This next quarter will (hopefully, barring further delays) finally allow us to attach a “pass/fail” grade to phase one. The next big hurdle (and test of Pyongyang’s sincerity) will center around some acknowledgment of Pyongyang’s uranium enrichment program (or at least the purchase of centrifuges and associated equipment), keeping in mind that it was this issue that caused the current crisis to unwind.

ASEAN Charter review process underway

While the multilateral process in Northeast Asia remained stalled for most of the quarter, Southeast Asians pressed ahead with their most ambitious multilateral effort to date, the adoption of an ASEAN Charter to commemorate that organization’s 40th anniversary. The High Level Task Force (HLTF) on the Drafting of the ASEAN Charter and its

companion HLTF Assistant's Group met frequently during the quarter in hopes of having a solid draft ready for review by their foreign ministers at the 40th ASEAN Ministerial Meeting in Manila on July 30. Little has been revealed publicly about the review process, beyond the admission (reported last quarter) that some of the more controversial recommendations – the use of sanctions, including expulsion by non-compliant members, greater emphasis on human rights and democracy, and a relaxation of the full consensus method of decision-making – are likely to be toned down.

Senior ASEAN leaders continue to praise the process and its potential significance and some key recommendations on “improving ASEAN’s structure, giving ASEAN a legal standing, strengthening the Secretariat, and increasing ASEAN’s engagement with all stakeholders” (as highlighted in an ASEAN Fact Sheet) are likely to be sustained. At the June World Economic Forum in Asia meeting in Singapore, a senior ASEAN official, speaking on a not-for-attribution basis, acknowledged that the drafting process has been contentious, in large part due to the concerns of some of ASEAN’s “newer members.” A “meaningful” Charter was predicted, nonetheless, that would allow ASEAN to more effectively play its role as the designated driver of the broader East Asia community building process. Reports that former Thai Foreign Minister Surin Pitsuwan would become the new ASEAN secretary general coincident with the Charter’s adoption at the November ASEAN Summit in Singapore, were seen as a hopeful sign that ASEAN is serious about becoming more proactive and forward leaning as it approaches middle age.

Democracy delayed: Thailand’s slow return to constitutional democracy

Nine months after Prime Minister Thaksin Shinawatra was ousted by a military coup, Thailand’s military shows little sign of preparing to relinquish power. On May 30, the Constitutional Court outlawed the former prime minister’s Thai Rak Thai party and banned 111 party leaders (Thaksin among them) from elections for five years. The day after the ruling, Gen. Sonthi Boonyaratglin, leader of the coup, said he backed an amnesty for Thaksin and party leaders. Three days later, Prime Minister Surayud Chulanont lifted the freeze on political activities that had been in place since the coup, effectively allowing new parties to form once the measure is approved by the legislature.

On June 12, the Assets Examination Commission (a body established after the coup) froze more than 50 billion baht (about \$1.6 billion) of Thaksin’s assets pending the outcome of court cases related to corruption and abuse of power charges. That did not deter the former prime minister, who a week later put in a bid to buy the British Premier League football (soccer, to U.S. readers) team Manchester City for an estimated 100 million pounds (about \$197 million). While prime minister, Thaksin mooted the idea of buying a team with state money. Now, he seems determined to do it on his own, a shrewd move given the Thai craze for soccer. (Previous bids for the Fulham and Liverpool teams failed.)

The Thai government was not impressed. Shortly after he made the bid, the government filed corruption charges against Thaksin. In early July, the court ordered more assets frozen, bringing the total sequestered to exceed 73 billion baht. Thaksin has been warned that he has until the end of July to report to Thai police or face an arrest warrant.

Meanwhile, the 100-member Constitutional Drafting Assembly June 11 began debating the draft constitution. The group had a week to discuss and propose changes; a final version is to be unveiled July 6 and put to a vote by the entire country on Aug. 19. With public sentiment reportedly running against the document, Surayud ordered government officials to help promote the new constitution. Former members of the Thai Rak Thai have said they would campaign against the new constitution.

On June 19, the Cabinet proposed an internal security law that will allow the head of the army, acting as head of the Internal Security Operations Command, or ISOC, to overrule civilian authorities. The draft would let him ban public assemblies, detain suspects for up to 30 days without charge, carry out searches without warrants, control possession of weapons, and “suppress” people or groups whose actions are considered harmful to national security. More troubling, the bill exempts all officials acting under its provisions from being punished by civil, criminal, or disciplinary actions. In short, all the quarter’s activities point to a determined effort to marginalize the former PM and his old party, and ensure that the military keeps a firm hand on political developments in Thailand.

Democracy (still) denied: Hong Kong after 10

The quarter ended marking the 10th anniversary of the return of Hong Kong to the Chinese mainland. In what has become an annual ritual, thousands of demonstrators – 20,000 according to police, three times that said organizers – marched through the streets demanding more democracy. Don’t hold your breath.

The former British colony continues to be ruled by the formula set by the Basic Law, a mini-constitution agreed by the UK and the Chinese government over a decade ago. Universal suffrage is promised in the document “after 2007,” but no exact timetable was established. Chief Executive Donald Tsang has promised to “develop a system that is more democratic,” but he has pledged only progress toward, rather than the realization of, that goal.

Chinese President Hu Jintao made his first visit to the Special Administrative Region (or SAR, as Hong Kong is formally known) for handover celebrations, but he made no such commitments. During ceremonies to swear in Tsang and other ministers, and open a new bridge to Shenzhen, he merely noted that “democracy is growing in an orderly way” and commended “social harmony and stability” as essential for economic success. He urged citizens to show loyalty to China. Hu, along with other dignitaries, commended Hong Kong’s recovery and resilience after the 1997 Asian financial crisis and various difficulties, such as SARS, encountered since then. Hu left in time to ensure that he would not see any of the demonstrations.

While Hong Kong has bounced back, the “one country, two systems” model that it was supposed to advertise still rates a failing grade in Taiwan. Beijing has rarely overtly interfered with local governance – locals have for the most part, tried to anticipate Chinese complaints – but the growing demand for more democracy undermines Beijing’s claim that the model offers a tempting choice for Taiwan.

If the crowd at this year’s march was smaller than in the past – hundreds of thousands took to the streets when Tung Chee-hwa, Tsang’s predecessor was in office – there was a notable addition this year: breaking with tradition, Cardinal Joseph Zen Ze-kiun, the Roman Catholic bishop of Hong Kong, joined and carried a large flag in the front row of marchers. That move is likely to set back efforts to normalize relations between the Vatican and Beijing.

Shangri-La: Gates and Zhang get passing grades

U.S. Secretary of Defense Robert Gates and PLA Deputy Chief of the General Staff Lt. Gen. Zhang Qinsheng had their Asia diplomatic coming out parties at this year’s Shangri-La Dialogue, organized by the London-based International Institute of Strategic Studies in Singapore at the beginning of June. Both were warmly received and generally praised for their performances. In Zhang’s case, he represents the senior-most Chinese official ever to attend the annual meeting of senior defense officials. Previously, Beijing had balked at sending senior representatives (at one point boycotting the event entirely), given the presence in the audience of academics from Taiwan. Taiwan government officials are not invited and the Taiwan scholars do not participate in the “government officials only” side meetings, but Beijing apparently wanted them excluded completely. IISS held firm and Beijing has now seen the benefit to being seriously represented at this premier gathering of defense officials and international security specialists. All told, a record 25 countries were represented at this sixth annual defense dialogue.

Gates: the U.S. is not neglecting Asia

Like his predecessor Donald Rumsfeld did twice before him, Gates kicked off the first plenary session, speaking on “The United State and Asia-Pacific Security” and arguing that “far from neglecting Asia, the United States is more engaged than ever before.” He highlighted America’s Asia alliances and key bilateral relationships and U.S.-Asia cooperation in countering terrorism, stemming proliferation, and responding to natural disasters. He stressed the importance of success in Afghanistan, citing the contributions of Japan, India, South Korea, Australia, New Zealand, and Mongolia, and urging others to “step forward . . . in the areas of governance, reconstruction, and counter-narcotics.”

Gates spent more time talking about Central Asia and the need to provide assistance there than he did on Iraq, briefly noting that “whatever your view on how we got to this point in Iraq, it is clear that a failed state in that part of the world would destabilize the region and embolden violent extremists everywhere.” While Gates avoided the infamous “you’re either with us or with the terrorists” stark choice once made by his commander-in-chief, he did note in discussing assistance to Afghanistan and Iraq (and with apparent

specific reference to Europe), that “the only division that matters today, when it comes to dealing with these kinds of problems, are those countries that live up to their commitments and those who do not.”

North Korea and Iran were identified as threats, Russia as a prospective partner: “one Cold War was enough.” He saved his comments on China to the very end and kept them brief (even if they featured prominently in news reporting on the speech and in the Q&A session). He noted that the U.S. “shares common interests” with China but remains “concerned about the opaqueness of Beijing’s military spending and modernization programs,” while concluding that “there is reason to be optimistic about the U.S.-China relationship.” His responses to the audience’s questions were direct, to the point, and on the whole well-received.

Zhang: China is not a threat

Gen. Zhang gave his presentation on “Strengthen Dialogue and Cooperation, Maintain Peace and Prosperity” during the second plenary session, speaking after his co-panelist, Indian Defense Minister A.K. Antony. He stressed that “China is different from the rising powers in history, as it chooses the path of peaceful development.” China, Zhang said, “all along adheres to a defense policy which is defensive in nature,” with the following four characteristics: it is for self-defense, it aims for independent defense, it is aimed to achieve limited military power, and it is a peace policy. He also pointed out that “it is obvious to all that China is gradually making progress in ‘military transparency,’ in light of the principles of trust, responsibility, security, and equality.” He called for “mutual confidence on the strategic level,” greater security cooperation, and “open multilateralism.”

Zhang’s remarks drew half a dozen or more relatively “softball” questions (compared to one question directed jointly at him and Minister Antony), and he seemed to search for prepared notes in responding. He saw progress in establishing a Beijing-Washington military hotline and expressed China’s commitment to UN peacekeeping operations. Time constraints prohibited him from answering all questions. Surprisingly, no one asked Zhang about China’s anti-satellite test.

Of interest was his answer, from the floor during the next session, to a question not publicly asked. After raising his hand from the audience, Zhang mentioned that he had been asked during the break about this year’s Pentagon China Report. It was, according to Zhang, “unreliable,” “not to be believed,” “a product of the Cold War mind set,” and “detrimental” to China-U.S. relations. It is interesting to note that the DoD report was not so offensive as to make it into Zhang’s prepared remarks, but that he felt compelled, nonetheless, not to ignore the report completely. Likewise, during a visit by a U.S. delegation in mid-May, Zhang also made no direct reference to the DoD China report but did, at the end of the session, hand out English versions of China’s most recent White Paper, noting “this contains the truth about the PLA, unlike the Pentagon’s report.” As one Chinese Foreign Ministry official noted privately about the Pentagon report: “it could have been a lot worse.”

Ten years after the Asian financial crisis

The quarter also ended with the usual encomiums to Asia's continuing economic growth. The Asian Development Bank noted that the region is still the fastest-growing in the world. The head of the International Monetary Fund's Asia and Pacific department enthused that "Asia shines in the global economic landscape and its vitality stands out as a remarkable achievement." This praise is even more glowing since it reflects the remarkable comeback from the Asian financial crisis that began a decade ago and scorched Asia Pacific economies.

The meltdown began July 2, 1997 when the Thai government conceded to attacks by foreign speculators and devalued the baht. That retreat encouraged speculators to look elsewhere for targets, and found plenty in overheated economies of Indonesia, the Philippines, Malaysia and South Korea. Real estate and stock market bubbles burst, billions of dollars of wealth were lost, along with millions of jobs. One government fell.

A decade later, Asia has recouped the economic losses. In a recent report, the World Bank concluded "the region is far wealthier, has fewer poor people and a larger global role than ever before ... Emerging East Asia now has an aggregate output of over \$5 trillion, double the dollar value just before the crisis. Real per capital incomes in the previously crisis affected economies (Indonesia, Korea, Malaysia, Philippines, and Thailand) have significantly exceeded pre-crisis levels. For Emerging East Asia as a whole, they are some 75 percent higher." Kuroda Haruhiko, president of the ADB, noted in a speech commemorating the crisis that regional economies have learned lessons from the debacle, embraced reform, worked on economic fundamentals, and expanded regional economic cooperation.

Of course, not all has been put right. The political instability that followed has not been completely eradicated. Indonesia still founders, although it is making important progress. ASEAN has been rattled and lacks the strong leadership that Jakarta provided before 1997. Growth, while impressive, is still lower than pre-crisis levels. Confidence is lower than before – which may not be a bad thing if it prevents the hubris that allowed the crisis to take root.

New mechanisms have been developed to deal with another shock, such as the Chiang Mai initiative, but Kuroda (and he isn't alone) is worried. Capital flows into and out of the region have reached 8 percent of the GDP of Asia's largest emerging economies (China, Indonesia, Malaysia, the Philippines, South Korea, and Thailand), a historic high. China's stock markets have been rising at breakneck rates, despite attempts to slow their blistering pace. Some analysts worry that a shock in Shanghai could make "bahtulism" look like a summer cold.

At a July 2 forum sponsored by the ADB, speakers (former and serving economic officials) called for the creation of a regional fund to help safeguard against future shocks. The idea is not new – it was originally proposed by Japan during the 1997 crisis and was rejected by Washington and Beijing – and is gathering support. The region has ample

capital to use: today, Asia Pacific foreign exchange reserves top \$1.2 trillion and are growing at a rate of \$40 billion a month.

Those funds can provide a cushion, but working out the details of a workable reserve arrangement will be difficult. They are, after all, national reserves, and making them available to the region requires a readiness to share precious national assets and could create moral hazard issues. More worrisome is the degree to which those huge reserves are problematic on their own: they reflect huge global imbalances, an excess of savings over consumption that contributes to potential volatility. More balanced economic activity – a better match between regional production and consumption – would make such crises less likely in the first place and lessen the need for large shock absorbers.

In case you missed it: Asia Cooperation Dialogue

Foreign ministers and chief delegates from 30 nations met in Seoul for the sixth Asia Cooperation Dialogue, a forum set up by former Thai Prime Minister Thaksin Shinawatra to encourage discussion and collaboration among foreign ministers across a broadly defined “Asia” – Bahrain, Iran, Oman, Qatar, and several Central Asian states are included in the mix. When established, some argued it was merely a platform for Thaksin’s international ambitions. It has survived him.

This year’s meeting focused on information technology and “bridging the digital divide.” Participants discussed 19 projects, including those in IT, energy, and regional security. As in most such large gatherings, a lot of the real work occurs in the hallways and in side meetings, some of which are covered in other chapters of this volume.

Future tests

As noted, next quarter should provide a moment of truth for the six-party process. Will Pyongyang finally acknowledge its uranium enrichment efforts? Will Secretary Rice participate in a ministerial six-way dialogue absent such an acknowledgment (we would argue she should not, although she should most definitely not miss the ARF ministerial itself)? Even if phase one is declared complete, there will still be a long way to go in accomplishing all the tasks specified in the Feb. 13 agreement, much less in achieving the ultimate goal of complete denuclearization of the Korean Peninsula.

Next quarter should also provide some insights into their progress (or lack thereof) when the HLTF reports to the ASEAN foreign ministers on their efforts to finalize the ASEAN Charter draft, while Thai voters will go to the polls to approve or reject the draft constitution that will presumably open the door for the restoration of democracy in Thailand. If the voters reject the version put forth by the military’s drafting committee, the government is then supposed to choose from one of the previous Thai constitutions, in order to let the democratic process proceed. Test results here are still pending.

Next quarter will also feature the annual Asia Pacific Economic Cooperation (APEC) Leaders Meeting, this year in Sydney, Australia. President Bush was scheduled to make a side trip to Singapore to hold his first full ASEAN Summit. He has twice met with with the seven ASEAN APEC members (less Cambodia, Laos, and Myanmar), but not the full group. It appears this meeting may be “rescheduled,” however, and another “ASEAN Seven” will take place instead. If so, the White House should try to plan a Bush Asia trip by the end of the year. Perhaps to coincide with the third East Asia Summit in Singapore in November.

Regional Chronology **April-June 2007**

April 1, 2007: U.S. and South Korea conclude free trade agreement negotiations.

April 2-5, 2007: U.S. Commerce Secretary Carlos Gutierrez visits Moscow, Russia and Kyiv, Ukraine to meet senior government officials, business leaders, and civic groups to discuss economic reforms, World Trade Organization accession efforts, and bilateral trade ties.

April 3, 2007: U.S. President George W. Bush and Japan Prime Minister Abe Shinzo have a 20-minute conference call to discuss Abe’s upcoming U.S. visit, North Korea, Iraq, and “comfort women.”

April 3-4, 2007: 14th South Asian Association for Regional Cooperation is held in New Delhi, India. Sideline meeting is held between the ROK and China.

April 4, 2007: The U.S. asks China to join a global effort to maintain international maritime security during Beijing’s navy chief Vice Adm. Wu Shengli visit to Washington. Wu expresses interest in the 1,000-ship Navy plan.

April 4, 2007: First U.S. Peace Corps Volunteer program to Cambodia begins with 28 U.S. volunteers who will be teaching English in villages across six provinces.

April 8-9, 2007: Fourth meeting of the High Level Task Force on the Drafting of the ASEAN Charter is held in Yangon, Myanmar.

April 9-18, 2007: Malaysia and the Philippines hold annual naval drill *MALPHI LAUT 10-2007*.

April 10, 2007: The U.S. Treasury Department announces the complete lifting of a freeze on \$25 million in DPRK assets being held by Banco Delta Asia (BDA) in Macao.

April 10-13, 2007: Chinese Premier Wen Jiabao visits South Korea and Japan. Seoul and Beijing agree to open a military hotline between naval and air forces and regular Seoul-Shanghai shuttle flights are to be created. A Japan-China joint statement was issued during Wen's visit to Japan.

April 13-15, 2007: Assistant Secretary of State Christopher Hill travels to Beijing to discuss issues related to the Six-Party Talks with Chinese and North Korean counterparts. North Korea misses April 14 deadline for closing its Yongbyon nuclear reactor.

April 16, 2007: India-Japan-U.S. Joint Naval Exercises are conducted in Guam.

April 18, 2007: About 80 U.S. soldiers are in Indonesia for *Garuda Shield 2007*, a joint exercise with Indonesian forces that signifies the resumption of brigade-level, army-to-army exercises that had been terminated in 1999. Washington restored full military relations with Indonesia in 2005.

April 18-19, 2007: The fifth Indonesia-U.S. Security Dialogue is held in Jakarta.

April 19-20, 2007: Fifth meeting of the High Level Task Force on the Drafting of the ASEAN Charter is held in Hanoi, Vietnam.

April 20, 2007: China and India hold 10th round of border talks in India to pin down a framework agreement to define the 2,000 km boundary between China and India.

April 21-22, 2007: Bo'ao Forum for Asia is held in Bo'ao, Hainan Province. Chairman Wu Bangguo of the Standing Committee of the NPC delivers the keynote speech.

April 22-24, 2007: The 2007 APEC Senior Officials' Meeting II held in Adelaide, Australia; on the agenda is the Free Trade Area of the Asia-Pacific, energy and climate change, and APEC reform.

April 24-25, 2007: Russia and Japan hold their 13th meeting of the Japan-Russia Agreement on Incidents Prevention at Sea in Moscow. An October 2006 search-and-rescue operations exercise by Japan's Maritime Defense Force and the Russian Navy is evaluated to be enhancing communications and operability.

April 25, 2007: Asst. Secretary of State Christopher Hill, meeting with Cambodian National Police Commissioner Gen. Hok Lundy, urges the Cambodian police to combat trafficking in persons, a serious problem in Cambodia.

April 26, 2007: Lt. Gen. Daniel Leaf, Deputy Commander of PACOM, visits Hanoi to discuss cooperation potential with Vietnamese military officials.

April 26, 2007: The DPRK and Myanmar normalize diplomatic ties; the agreement is signed during the second day of a three-day visit to Myanmar by North Korean Vice FM Kim Yong-il. Myanmar was the last ASEAN country to recognize the DPRK.

April 26, 2007: The second ROK-U.S. Consultations on Reconstruction and Stabilization is held to share experiences with providing emergency relief and reconstruction assistance for countries hit by natural disasters.

April 26, 2007: Japan and Russia conclude the first round of negotiations for the Cooperation in the Peaceful Uses of Nuclear Energy agreement.

April 26-27, 2007: Japanese PM Abe visits the U.S. at the invitation of President Bush.

April 27, 2007: Chinese Vice FM Yang Jiechi is appointed new foreign minister.

April 27, 2007: Singapore and Indonesia sign an extradition pact and military cooperation agreement in Bali.

April 27, 2007: Japan and the ROK hold first chairperson's meeting on the Second Phase of the Japan-ROK Joint History Research Meeting.

May 1, 2007: Japan-U.S. Security Consultative Committee (2+2) held in Washington, D.C. The 2+2 Joint Statement calls for greater Chinese military transparency, but does not mention Taiwan.

May 2-8, 2007: Prime Minister Lee Hsien Loong makes an official visit to the U.S. to meet President Bush, Commerce Secretary Carlos Gutierrez, Treasury Secretary Henry Paulson, among others.

May 8, 2007: Japanese Chief Cabinet Secretary Shiozaki Yasuhisa announces that PM Abe sent an offering to Tokyo's Yasukuni Shrine in late April in his "private capacity."

May 8-11, 2007: Fifth inter-Korean general-level military talks are held at Panmunjom.

May 8-18, 2007: Annual Thai-U.S. *Cobra Gold* exercises begin in the Thai resort town of Pattaya. Of a total of almost 5,000 personnel, 1,900 are from the United States with smaller contingents from Singapore, Japan, and Indonesia. *Cobra Gold* is the largest U.S.-led multilateral exercise in Asia.

May 9, 2007: Presidents Bush and Hu in a telephone call exchange views on climate change and North Korean nuclear issue.

May 9, 2007: Some 108 U.S. House of Representative members write to President Hu Jintao asking China to stop aiding the Sudanese government and stop the deterioration of the situation in Darfur. The letter says that if China's position remains unchanged, they would call for a boycott of the 2008 Olympics in Beijing.

May 9, 2007: Nobel Peace Prize laureate Jose Ramos-Horta elected president of Timor Leste.

May 10, 2007: Washington announces new trade policy that incorporates labor, the environment, and intellectual property rights protection.

May 10, 2007: The sixth Japan-ROK Politico-Military Talks are held in Tokyo to exchange views of the two countries on the emerging security environment, the security policies of the two countries, and shared common understandings.

May 10-15, 2007: Adm. Timothy Keating, commander of Pacific Command, visits China to meet senior Chinese military and civilian leaders. He visits China's eastern regional command in Nanjing, which has responsibility over the area of China directly across from Taiwan.

May 12, 2007: Chinese cargo ship *Jinsheng* collides with ROK cargo ship *Golden Rose* and does not render aid. All 16 crewmembers are lost on the *Golden Rose*.

May 15-18, 2007: Vietnamese President Nguyen Minh Triet makes a state visit to China at the invitation of Chinese President Hu Jintao.

May 16-19, 2007: Sixth meeting of the High Level Task Force on the Drafting of the ASEAN Charter is held in Penang, Malaysia.

May 16, 2007: The State Department expresses concern over a Russian deal to provide a nuclear research reactor for Burma which has "neither the regulatory nor the legal framework or safeguard provisions" to handle a nuclear program.

May 17, 2007: North and South Korea do a one time test-run of linked railroad tracks. To do the test-run, South Korea agreed to supply the North with \$80 million of aid to develop light industry.

May 17, 2007: Japanese Assistant to the Prime Minister Nakayama Kyoko in charge of the abductions issue meets Chinese Vice Foreign Ministers Wu Dawei and Dai Bingguo to discuss China-Japan relations and the North Korea nuclear issue.

May 19, 2007: First round of consultations, as prescribed by the seventh annual meeting of leaders of China, Japan, and the ROK held in January, is held in Beijing. Chinese Assistant Minister Cui Tiankai, Japanese Deputy Foreign Minister Yabunaka Mitoji, and ROK Deputy Minister of Foreign Affairs and Trade Shim Yoon-joe attend.

May 19, 2007: The Chinese government announces that it has invested \$3 billion with the Blackstone Group, a U.S.-based private equity firm.

May 20, 2007: A DPRK merchant ship *Kangsong* docks in Busan for the first time since the Korean War.

May 22, 2007: Assistant Secretary Hill on a Southeast Asia visit urges Burma to free Nobel laureate and opposition leader Aung San Suu Kyi. However, the Burmese junta extended her house arrest for another year.

May 22-23, 2007: U.S.-China strategic economic dialogue is held in Washington. U.S. Secretary of Treasury Paulson and Chinese Vice Premier Wu Yi head the delegations.

May 24, 2007: U.S. and Japan hold a plenary session in Washington to discuss the civil use of the Global Positioning System and its augmentations.

May 24, 2007: Japanese Foreign Ministry announces establishment of the International Manga Award. Foreign Minister Aso Taro will be on the selection committee.

May 24, 2007: India cancels a training program visit by government officials to China over China's refusal to issue a visa to an official from the Arunachal Pradesh region. China's reason is that the official is a Chinese citizen, therefore no visa need be given.

May 24-25, 2007: On the sidelines of the ASEAN Regional Forum's security policy dialogue, U.S., Japan, Australia, and India meet for the first "exploratory meeting" to discuss security issues.

May 24-29, 2007: The U.S. and Australia conduct the first-phase of the two-phased *Talisman Sabre 2007* biannual joint and combined exercise in Alaska. June 12-July 2 is the second half of the exercise to be held in Australia.

May 25, 2007: Pentagon releases annual report to Congress on China's military power. Chinese Foreign Ministry expresses "strong dissatisfaction and resolute objection."

May 25, 2007: The full text of the U.S.-Korea FTA is released.

May 25, 2007: Japan and China hold the eighth round of East China Sea talks in Beijing.

May 26-29, 2007: Assistant Secretary Hill visits Indonesia to discuss bilateral and global issues, as well as progress on the Six-Party Talks.

May 28-29, 2007: The eighth Asia-Europe Meeting (ASEM) foreign minister's meeting is held in Hamburg, Germany.

May 29, 2007: Russian Strategic Rocket Forces states it has tested an intercontinental ballistic missile capable of carrying independent warheads.

May 29-June 6, 2007: Korean and U.S. FTA delegations meet in Washington to complete the legal review process of the FTA text.

May 30, 2007: Thai Constitutional Court outlaws the former prime minister's Thai Rak Thai party and bans 111 party leaders, including Thaksin Shinawatra, from politics.

May 30-31, 2007: Assistant Secretary Hill meets Vice FM Wu Dawei to discuss the progress of the Six-Party Talks and the DPRK-related DBA fund issues. Hill also meets Assistant FM He Yafei to discuss U.S.-China bilateral issues.

May 30-June 9, 2007: Former Taiwanese President Lee Teng-hui visits Japan.

May 31, 2007: U.S.-Philippine naval *Carat* exercise begins in the Muslim militant region of Basilan. 1400 U.S. forces are participating with a focus on anti-terrorism, counter-smuggling, and humanitarian activities.

June 1, 2007: Korea-ASEAN Free Trade Agreement in Goods enters into force. The agreement applies to Korea, Indonesia, Malaysia, Myanmar, Singapore, and Vietnam.

June 1, 2007: North Korea rejects implementing the Feb. 13 denuclearization agreement until the BDA dispute is resolved.

June 1, 2007: The second Japan-Russia Strategic Dialogue is held in Tokyo, Japan.

June 1-3, 2007: The sixth IISS Shangri-La Dialogue is held in Singapore. Defense Secretary Robert Gates and Chairman of the Joint Chiefs of Staff U.S. Marine Gen. Peter Pace attend the meeting.

June 2, 2007: Japan-U.S.-Australia Defense Ministerial Meeting is held on the sidelines of the Shangri-La Dialogue.

June 2, 2007: Japan-ROK defense ministers meet on sidelines of Shangri-La Dialogue.

June 2, 2007: Four North Korean defectors arrive in the port of Aomori Prefecture, Japan.

June 3, 2007: China, Japan, and ROK Foreign Ministers' meeting is held in Jeju, Korea. Bilateral meetings among the country were also held.

June 4-5, 2007: The sixth Asia Cooperation Dialogue is held in Seoul.

June 5, 2007: On the sidelines of the ACD meeting, FMs Song Min-soon and Sergei Lavrov discuss the North Korean nuclear issue and bilateral cooperation in the development of the Far East and the Siberian region.

June 6-7, 2007: Japan and Australia hold "2+2" meetings in Tokyo to boost security cooperation.

June 6-8, 2007: The 31st G-8 Summit is held in Heiligendamm, Germany. President Bush meets Japanese PM Abe on the sidelines of the meeting June 6 to discuss issues on North Korea, energy, and climate change.

June 6-10, 2007: Indonesian Vice President Jusuf Kalla makes an official visit to China at the invitation of Chinese Vice President Zeng Qinghong.

June 7, 2007: China announces establishment of diplomatic relations with Costa Rica.

June 7, 2007: North Korea conducts a short-range missile test off its western coast.

June 8, 2007: The Outreach G-8 Session is held in Heiligendamm following the summit to exchange views on innovation and intellectual property rights, investment liberalization, social responsibility, energy, climate change, and other developmental issues with China, India, Brazil, South Africa, and Mexico.

June 8-12, 2007: Vice Premier Wu Yi is in Russia to attend the 11th International Economic Forum and activities related to “China Year in Russia.”

June 11, 2007: The 100-member committee begins debate in drafting a Thai constitution.

June 11, 2007: State of Hawaii Gov. Linda Lingle and Indonesian Defense Minister Juwono Sudarsono announce a joint National Guard State Partnership Program (SPP) between Indonesia and Hawaii in coordination with U.S. Pacific Command.

June 11, 2007: The 14th Korea-China Working Level Trade Talks are held in Seoul to discuss ways to further promote and cooperate on trade issues between the two nations.

June 12, 2007: Thai Assets Examination Commission (AEC) freezes more than 50 billion baht (about \$1.6 billion) of former PM Thaksin Shinawatra’s assets.

June 12-July 2, 2007: U.S. and Australian defense forces conduct the second part of a two-part *Talisman Saber 2007* in Australia.

June 13, 2007: A Russian Finance Ministry spokesman states that Russia is preparing to help North Korea transfer funds from Banco Delta Asia; first withdrawals reportedly take place.

June 14, 2007: A full page advertisement in the *Washington Post* – running under the header “The Facts” – is taken out by Japanese Diet members and commentators, disputing claims that Japan engaged in “forceful coercion” of “comfort women.”

June 14-15, 2007: The sixth meeting of the U.S.-China Joint Liaison Group on law enforcement cooperation in the areas of anti-corruption, anti-terrorism, cyber crime, human trafficking, IPR, and legal assistance is held in Beijing.

June 14-15, 2007: The 12th meeting of the Korea-China Joint Committee on Environmental Cooperation is held in Huangshin, China over the issues of dust and sandstorm (DSS) response cooperation, Yellow Sea preservation, environmental industry cooperation, and environmental technology joint research.

June 17-18, 2007: Eighth round of negotiations over South Korean and Japanese exclusive economic zones are held in Seoul.

June 17-19, 2007: Philippines Secretary of Foreign Affairs Alberto Gatmaitan Romulo pays an official visit to China at the invitation of Foreign Minister Yang Jiechi.

June 18, 2007: Assistant Secretary Hill visits Beijing and meets Vice FM Wu Dawei to discuss the Six-Party Talks.

June 18, 2007: Assistant Secretary Hill and Special Representative for Korean Peninsula Peace and Security Affairs Chun Yung-woo meet in Beijing to discuss progress in the upcoming round of Six-Party Talks.

June 18-23, 2007: Vietnamese President Nguyen Minh Triet visits U.S. at the invitation of President Bush, the first time that a Vietnamese president has traveled to the U.S. since the end of the Vietnam War.

June 19, 2007: U.S. Congress passes International Nuclear Fuel for Peace and Nonproliferation Act of 2007. The bill establishes an international fuel bank to be set up under the IAEA and be available to countries cooperating with IAEA inspectors.

June 19, 2007: The Thai Cabinet proposes an internal security law that would allow the head of the army to overrule civilian authorities.

June 19, 2007: Ambassador Hill says BDA funds have been transferred to North Korea.

June 19, 2007: ROK FM Song Min-soon and Secretary Rice consult by phone over the North Korean nuclear issue and the KORUS FTA.

June 19-20, 2007: Assistant Secretary Christopher Hill visits Japan to exchange views on North Korean issues.

June 19-21, 2007: A U.S. Navy delegation led by Adm. Mike Mullen, Chief of Naval Operations, visits Vietnam for talks with the Vietnam Navy High Command.

June 20-21, 2007: The second U.S.-China Senior Dialogue is held in Washington.

June 20-21, 2007: The 20th ASEAN-U.S. Dialogue is held in Washington, D.C.

June 21, 2007: Thai prosecutors charge ousted Prime Minister Thaksin and his wife with corruption. The Supreme Court will decide July 10 whether to hear the case.

June 21, 2007: ROK FM Song Min-soon holds phone consultations with FMs Yang Jiechi and Aso Taro regarding developments in the North Korean nuclear issue.

June 21-22, 2007: Assistant Secretary Hill visits Pyongyang and has discussions on “all aspects of the six-party process” with DPRK Foreign Minister Pak Ui-chan and nuclear talks counterpart Kim Gye-gwan.

June 22, 2007: Amb. Hill announces in Seoul that North Korea has reaffirmed its willingness to shut down its nuclear reactor under the Feb. 13 agreement.

June 22, 2007: FMs Song Min-soon and Sergei Lavrov have phone consultations over the current progress of the North Korean nuclear issue.

June 22, 2007: Chinese Vice FM Dai Bingguo meets with Secretary Rice and National Security Advisor Stephen Hadley after the Senior Dialogue concludes.

June 23, 2007: First plenary meeting of second phase of the Korea-Japan Joint History Research Committee is held in Tokyo.

June 24-25, 2007: The World Economic Forum on East Asia 2007 is held in Singapore.

June 25, 2007: Chinese President Hu Jintao, in a speech to the Central Party School that lays out his vision of China, states that the Communist Party should retain control for the foreseeable future and economic reforms should continue.

June 25, 2007: North Korea announces that it has received funds from the once-frozen BDA accounts and is ready to fulfill its part of the Feb. 13 six-party agreement.

June 26-29, 2007: IAEA inspectors arrive in Pyongyang to inspect Yongbyon and a new facility under construction in Taechon.

June 26, 2007: The ninth Japan-China Consultations on the East China Sea and other matters is held in Tokyo.

June 26, 2007: The U.S. House of Representative Foreign Relations Committee passes a resolution condemning Japan’s sexual enslavement of women during World War II and the resolution urges Japan to acknowledge and apologize to the “comfort women.”

June 26, 2007: China arranges meeting between a U.S. delegation led by Deputy Assistant Secretary of State for East Asian and Pacific Affairs Eric John and a Myanmar delegation led by Information Minister Kyaw San and Foreign Minister Nyan Win in Beijing. They discuss human rights issues including the detention of Aung San Suu Kyi.

June 26-28, 2007: Chief of the U.S. Pacific Command Adm. Timothy Keating visits the Philippines for high level military and political discussions.

June 27, 2007: A White House spokesman says the U.S. is “deeply troubled” by repeated North Korean short-range missile tests, which occurred on May 25, June 7, and June 27.

June 28, 2007: Russia successfully tests new sea-based ballistic missile *Bulava*, which was designed to have a range of 6,200 miles and to carry six individually targeted nuclear warheads. It flew across the country and hit its target in Kampuchea.

June 29, 2007: The U.S. and Russian governments sign a Section 123 Agreement opening the road for further civilian nuclear cooperation.

June 29, 2007: President Hu Jintao visits Hong Kong to swear in Hong Kong Chief Executive Donald Tsang and to attend the “Handover” festivities.

June 30, 2007: National Assembly election is held in Timor Leste.

June 30, 2007: U.S. and South Korean officials sign the FTA in Washington despite threat from Democratic Congressional leaders to oppose ratification of the agreement.

June 30-July 5, 2007: Chinese FM Yang Jiechi visits Mongolia, North Korea, and Indonesia.

July 1, 2007: Former U.S. Deputy Secretary of State Robert Zoellick begins term as the 11th president of the World Bank.

July 1, 2007: Tenth anniversary of the handover of Hong Kong by the British to China.

July 1, 2007: Protestors march in Hong Kong asking for more democracy and for the first time a Roman Catholic bishop of Hong Kong participated.

July 1-2, 2007: Vladimir Putin visits George Bush at the Bush family home in Kennebunkport, Maine.

July 2, 2007: The 10th anniversary of the Asian Financial Crisis.

July 2, 2007: At a forum in Seoul, Gen. Burwell Bell, commander of U.S. Forces Korea, says that North Korea remains a threat despite its move toward dismantling their nuclear program.

July 4, 2007: International Olympic Committee awards 2014 Winter Games to Sochi, Russia.