

# Comparative Connections

A Quarterly E-Journal on East Asian Bilateral Relations



## Regional Overview: From Bad to Worse

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Things generally went from bad to worse in the Asia-Pacific this past quarter. The Six-Party Talks began on a low note and went steadily downhill from there as Pyongyang stonewalled against even a moderately intrusive verification regime. Crippling demonstrations in Bangkok not only dealt a severe blow to Thailand's economy (and image) but forced ASEAN to postpone both its annual round of summitry (including ASEAN Plus Three and the East Asia Summit) and its planned celebration of its Charter ratification. The Plus Three (China, Japan, and South Korea) did manage to hold their first non-ASEAN-affiliated summit and the Asia Pacific Economic Cooperation (APEC) Leaders Meeting did go off without a hitch, but neither had much impact on growing regional (and global) economic woes as economic forecasts kept being revised downward. Many in Asia saw a possible light at the end of one tunnel with the election of Barack Obama as the next U.S. president, although elite opinion, especially in Northeast Asia, remained mixed as they kept a watchful eye out for Asia policy pronouncements and the names of those who will be chosen to implement them.

### **Six-Party Talks: one (U.S.) step forward, two (DPRK) steps back**

The quarter began with the primary U.S. Six-Party Talks negotiator, the seemingly indefatigable Assistant Secretary of State Christopher Hill, once again traveling to Pyongyang to try to jumpstart the stalled Korean Peninsula denuclearization talks. Readers will recall last quarter's description of the game of "chicken" being played between Washington and Pyongyang and our prediction that Washington would ultimately have to blink – i.e., remove North Korea from the State Sponsors of Terrorism List and Trading with the Enemy Act restrictions – to avoid a head-on collision. This message was no doubt delivered to Hill in person in Pyongyang. Hill's attempts to choreograph a face-saving next step were seemingly undermined by an announcement from Pyongyang a few days after his visit that it was preparing to restart its nuclear facilities at Yongbyon and that International Atomic Energy Agency (IAEA) monitoring "would no longer be appropriate."

Whether this was the catalyst for what came next or merely Pyongyang's own version of a face-saving device remains unclear. At any rate, on Oct. 11, the Bush administration announced that it had "rescinded the designation of the DPRK as a state sponsor of terrorism, effective immediately." It also laid out a list of the verification measures that Pyongyang had reportedly agreed upon in return. According to a State Department Fact Sheet, Pyongyang agreed that experts from all six parties would have access to all declared North Korean facilities and, "based on mutual consent," to undeclared sites. Agreement was reportedly reached on the use of

scientific procedures, including sampling and forensic activities, and on access to additional documentation. A U.S. spokesman asserted that the samples would be allowed to be taken out of the DPRK for further testing and added that all measures contained in the Verification Protocol would apply not only to the North's plutonium-based program but to any uranium enrichment and proliferation activities as well. According to a State Department spokesman, "every element of verification that we sought is included in this package."

The reported "U.S.-North Korea Joint Document on Verification" (which was not released and was later revealed to be only an oral agreement) was to be reviewed at the next Six-Party Talks meeting where it would be finalized and formally adopted. Once it was "Six-Partyized," it was presumably going to be released to the general public. (One says "presumably" since the June 2008 original North Korean "complete and correct" declaration of all its nuclear activities, which has been written down, has yet to be publicly released.)

While the verification protocol, as described, still contained some shortfalls – the requirement for "mutual consent" to examine undeclared suspect sites virtually guaranteed future stand-offs – and a lot of vagueness that would ensure further deliberation, it nonetheless provided a level of intrusiveness that few expected would ever be permitted by Pyongyang. This appeared, for the moment, to be the breakthrough the administration had hoped for, especially when, two days after the delisting, North Korea lifted its ban on IAEA inspections and announced that it would resume disablement of its Yongbyon nuclear facilities.

Even in October, all the news was not good however. Serious questions remained about the scope and accuracy of the 2008 North Korean declaration; it reportedly did not even list all plutonium-related facilities. Meanwhile, Pyongyang's earlier threat to reverse the Yongbyon disablement process also cast doubt on the extent of this effort. While disablement was supposed to have already been "more than 90 percent complete" and U.S. officials had been boasting that a resumption of activity at Yongbyon would take "at least a year," North Korean claims that it could reactive the reprocessing facility at Yongbyon in short order (expert assessments said a few weeks to a month or so) undercut Secretary Hill's credibility and led to demands for greater oversight and transparency regarding the disablement process.

The reported "progress" with North Korea also strained U.S. relations with its alliance partners. Japanese Prime Minister Aso Taro was dismayed by the move, considering it a betrayal of the U.S. promise to champion the abductee issue in the Six-Party Talks and not move forward on delisting without some satisfaction for Tokyo. In response, Aso publicly criticized the decision and announced that Japan would stand by its earlier refusal to provide any economic aid to the North absent progress on this touchy domestic issue. There were also growing sounds of concern from Seoul, where a conservative government feared that the Bush administration was desperate for progress – a legacy? – and was prepared to sacrifice complete dismantlement of North Korea's nuclear program for "managing" it. Bluntly put, Koreans fear that the U.S. was prepared to accept a nuclear North Korea if Pyongyang pledged not to proliferate. Even in China, there were rumblings of discontent as Beijing found itself increasingly peripheral to the negotiations process and forced to hear from U.S. negotiators what had been decided in bilateral discussions with Pyongyang.

What is especially remarkable is that the quarter was punctuated by bilateral and trilateral meetings among representatives from the U.S. and the other countries to the talks, yet these consultations did little to reduce tensions and frictions. Meanwhile those who had cheered the agreement as being better than could be expected discovered that, bad as others claimed it to have been, it was still too good to be true.

From the start, North Korea refused to validate Hill's claims about the nature and extent of the verification agreement. A U.S. version of the joint agreement was reportedly prepared in writing and delivered to the DPRK mission in New York. While it was not publicly refuted (and, depending on various unconfirmed reports, may have even been privately acknowledged to be accurate), all agreed that whatever agreement had been reached bilaterally was not really "official" until all six parties signed off on it.

When the six parties finally convened in Beijing in December (following yet another bilateral U.S.-DPRK session, this time in Singapore), Pyongyang further pulled the rug out from under Secretary Hill by proclaiming publicly and emphatically that it had never agreed upon the most contentious (and essential) aspect of the verification protocol, the taking of samples, which Pyongyang described as "an infringement upon sovereignty as it is little short of seeking a house search." The understatement of the day came from Hill, who lamented that "the North Koreans don't want to put in writing what they are willing to put into words." By now, this should come as a surprise to no one, but serves as a useful reminder to whoever picks up the North Korea negotiator portfolio for President Obama and Secretary of State Clinton. Who would eventually be stuck with this unenviable task was not yet clear, but it did seem that it would become the job of a special envoy, as opposed to the all-consuming job of the assistant secretary of state for East Asia and Pacific affairs, who all too often seemed (and was seen) to be assistant secretary for North Korea.

*What's next?* The Obama administration inherits a multilateral process that has stalled and a U.S. diplomatic approach that has alienated allies in Tokyo and Seoul. U.S.-Japan relations in particular have been soured by this entire episode; polls in Japan show a plunge in positive sentiment toward the alliance. The Seoul government is worried about an Obama administration attempt to break the logjam that is overly conciliatory. And there appears to be no agreement on the appropriate response to North Korean intransigence.

After the talks broke down, the U.S. said it would suspend energy aid to the North absent a verification protocol. Japan has not sent aid, arguing that Pyongyang's refusal to engage Tokyo bilaterally justifies its own refusal to send energy assistance. Meanwhile, Russia's chief negotiator said that it would supply its third batch of fuel oil, completing its obligations, and China said it would continue with aid and assistance as well. ROK officials say that such decisions should be made individually among the nations at the talks.

For its part, North Korea says it will adjust the speed of disablement to reflect the provision of aid and has repeated its demand that Tokyo must pay its share or be expelled from the Talks. Pyongyang may be expecting the new government in Washington to offer it a better deal than the one that is on the table. If so, the North will have most likely misread U.S. politics once again

and a face-off, if not a crisis, will soon test President Obama, who is on record supporting tougher sanctions against the North if it refuses to accept an intrusive verification regime.

### **Thai democracy: what goes around ...**

The situation in Thailand also went from bad to worse this quarter before seemingly being “resolved” with the installation of a new government at quarter’s end. The People’s Alliance for Democracy (PAD), which helped force the resignation of one prime minister (Samak Sundarvej) last quarter, made it two for two this quarter when it escalated its protests against the new ruling coalition. According to the PAD, the new prime minister, Somchai Wongsawat, was too closely associated with the previously deposed (via a military coup in September 2006) Prime Minister Thaksin Shinawatra to be acceptable. Somchai is, in fact, Thaksin’s brother-in-law, but had nonetheless been selected in accordance with constitutional procedures.

To demonstrate their discontent, PAD yellow-shirted demonstrators seized the country’s two airports and brought the economy to a virtual standstill, stranding several hundred thousand travelers. This clearly illegal action, toward which the sympathetic military and police forces largely turned a blind eye, caused billions in lost commerce and tourism dollars and significant damage to the Kingdom’s reputation as a stable and economically prosperous country that welcomes tourists, businessmen, and students.

At the end of the day, Somchai was removed not as a result of the demonstrations directly, but through a Constitutional Court decision to ban his People Power Party (PPP) and its senior leadership from politics due to voter fraud allegations. After the court decision, the PAD ended the airport occupations but warned that if “anti-democratic” forces continue in power it will return to the streets. The misnamed PAD, which has rejected the concept of one man, one vote as the basis of parliamentary government, thus threatened to continue mass demonstrations to advance its political aims.

Members of the PPP who were not banned from politics tried to regroup under the banner of the Puea Thai Party but were unable to form a new government. Instead, the opposition Democratic Party, with PPP and other defectors, named Oxford-educated Abhisit Vejjajiva prime minister on Dec. 17. Not surprisingly, Abhisit was greeted by protests from Thaksin’s red-shirted supporters, who tried to block the delivery of the prime minister’s initial policy speech. They failed – the venue was switched – but vowed to continue to encircle the Parliament until a new election is called. What goes around, comes around!

The new government has said that political reconciliation and economic recovery are its key tasks, but both are unlikely in the poisonous political air that befouls Bangkok. The government’s term is supposed to run until 2011, but there is little likelihood of that given the divisions in Thailand and the economy’s weakness. Since an election could easily once again return a pro-Thaksin government, there is little cause for optimism about Thailand’s political stability in the near future.

## **ASEAN summits postponed**

The seizure of the airport was also an embarrassment to ASEAN, since Thailand was supposed to host the annual series of ASEAN-related summits in December, including the ASEAN Plus Three summit with China, Japan, and South Korea and the broader East Asia Summit (EAS), which adds Australia, New Zealand, and India to this mix. The ASEAN leaders themselves were also going to use the occasion to celebrate the ratification of the first ASEAN Charter. Rather than embarrass Bangkok by rescheduling the meetings elsewhere, the gathering of ASEAN leaders was postponed until Feb. 27 - March 1 in Hua Hin, Thailand. The summits with the Plus Three and EAS leaders will now be held separately “around the end of April,” thus giving the red shirts two protest targets of opportunity.

## **ASEAN Charter enters into force**

Summit or not, the ASEAN charter finally came into force after the Philippines and Indonesia signed the document in early October. The reluctance of those governments – two of ASEAN’s original five members and among its most vibrant democracies – cast doubts about the viability or utility of the document. Nonetheless, on Dec. 15, ASEAN foreign ministers convened in Jakarta to mark the charter’s coming into force.

The Charter is heralded by some as a critical moment in ASEAN’s growth, transforming it from an association into a legal entity. ASEAN Secretary General Surin Pitsuwan led the cheerleading, opining that “Regional cooperation and economic integration to build the ASEAN Community will actually shift into higher gear after the ASEAN Charter enters into force today.” For them, the Charter helps push ASEAN toward a more formal entity, perhaps like the European Union. For others, the Charter is a second-, if not third-best compromise that does not address the real issues and problems that have dogged ASEAN. Consensus is still the norm for decision making and there are no ways to punish noncompliance with previous decisions. The planned human rights mechanism will be relatively toothless. And the organization still shies away from substantive issues. Look hard to find any real contribution to the human rights problems dogging Burma, the border conflict between Thailand and Cambodia, or the unrest in Bangkok. If discretion is the better part of valor, then ASEAN is reaching Herculean heights.

## **Progress for the ‘Plus Three,’ sans ASEAN**

In another piece of history, the leaders of China, Japan, and South Korea held their first trilateral summit in early December in Dazaifu, Japan, in Fukuoka Prefecture. The leaders had met before on the fringes of other multilateral get-togethers – there have been eight summits along the sidelines of ASEAN Plus Three meetings – but this was the first time they got together for their own meeting. The summit was originally scheduled for September but was delayed when Japan’s prime minister resigned.

The one-day meeting was originally designed to work on age-old historical animosities that dominate regional dynamics. The global financial crisis obliged them to shift their focus to a joint response to the mess. The three leaders – Chinese Prime Minister Wen Jiabao, Japanese Prime Minister Taro Aso, and ROK President Lee Myung-bak – promised to turn the region into

an engine of growth, pledging to stimulate their economies and Japan and China offered to open lines of currency credit – \$20 and \$26 billion, respectively – for South Korea, which has been battered by the economic turmoil. They also discussed political issues such as North Korea’s nuclear weapons program and made the usual promises to increase social and cultural ties. They also promised to hold trilateral summits on a regular basis; the next meeting will take place next year in China and South Korea will host the third.

It is tempting to dismiss this as another round of meaningless Asian summitry. But this meeting is different. Taking the initiative to meet without ASEAN providing a context (or a pretext) signals Northeast Asia’s desire to be more assertive in the management of regional problems. This is no longer the “plus three” but a stand-alone group that takes ASEAN out of its much-heralded “driver’s seat.” This process is new, but it could herald a significant development in regional multilateralism.

### **APEC Leaders Meeting**

The annual Asia Pacific Economic Cooperation (APEC) Leaders Meeting, which met in Lima, Peru Nov. 21-22, was most notable for the fact that it occurred in the midst of the global economic crisis. The final declaration called it “one of the most serious economic challenges we have ever faced” and the 21 assembled leaders pledged to work together and “take all necessary economic and financial measures to resolve this crisis.” Among them was a promise to revive the Doha Round of trade talks, deadlocked after seven years of negotiations, and a pledge to avoid protectionist measures for a year. In addition, the declaration called for better regulation of the financial industry and backed overhauls of the International Monetary Fund and World Bank.

Those promises echoed those of the summit of G20 nations that President Bush hosted days before in Washington. Equally important, the attempt to breathe new life into the global trade talks failed the very next month when representatives could not bridge their differences.

Other items on the APEC agenda included food security and the usual array of regional concerns, such as deepening regional integration, implementing previously endorsed action plans, fighting corruption, and building capacity. On security issues, the group again backed trade security measures, promoting human security, preparing for natural disasters and humanitarian relief, fighting terrorism, combating climate change, etc. In addition to the Leaders Meeting, APEC provided a chance for bilateral and trilateral sit-downs for the various attendees.

### **Regional economic outlook**

In a word: shaky. In December, the World Bank forecast 5.3 percent growth for the Asia Pacific in 2009; respectable, but a drop from the 7.0 percent recorded in 2008. This contrasts with a 0.9 percent growth forecast for global growth. The bank concluded that the region’s shakeout from the previous financial crisis, its recent strong performance, and strong foreign currency reserves provide a solid base for the next year. It conceded, however, that the recession in developed economies that are markets for regional goods, in particular the U.S., means that “in the near term, downside risks are substantial.” In its forecast, the Asian Development Bank (ADB) is a

little more optimistic, anticipating the aggregate GDP of East Asia will grow 6.2 percent in 2009, down from 7.4 percent expected in 2008.

Key to the region's prospects is China. Its double-digit growth has powered its neighbors. But the World Bank sees China slowing to 7.5 percent in 2009, down from 9.4 percent the year before and the lowest level in decades. The ADB again has slightly higher numbers; its experts predict 8.2 percent growth in 2009. Much depends on the Beijing government's two-year \$586 billion stimulus package. If that much money is in fact delivered, it may sustain China's momentum. But it is unclear where that money will come from, and how much of it is new spending. Given the widespread belief that China has to maintain at least 8 percent growth to maintain social stability, the government has every reason to see that the package is implemented. The problem is whether Beijing will succumb to the temptation to boost exports as a stimulus. That would generate frictions with trading partners, who would see it as an attempt to export its problems – and it is unlikely to be successful if demand in those markets collapses.

The outlook for Japan is grim. The country registered -0.1 GDP growth, the first negative performance since 2002. Just about every sector of the economy is in decline, with industrial production, exports, and retail sales all in the tank. And as those numbers swoon, the yen is reaching new heights against the dollar. Confidence is plummeting and economists fear deflation will occur again in 2009. Prime Minister Aso is pushing a new stimulus plan, but a divided Diet is holding up action and, as in China, there are questions about whether it will be big enough. The determination of fiscal hawks to cut the ballooning government deficit is another obstacle to quick action to stimulate the economy.

Koreans are equally dismayed by developments. The Bank of Korea estimates that 2009 will register 2 percent growth, down from 3.6 percent in 2008. The Ministry of Strategy and Finance is a little more optimistic, forecasting growth next year of “more or less 3 percent.” Some private investment banks have suggested the economy could contract next year, the first such decline since the 1998 financial crisis. This follows the worst slump in industrial production – a 10.7 percent monthly drop – in more than two decades. Exports in December fell around 15 percent and the manufacturing business survey has hit record lows, understandable after seven straight months of decline. The stock market lost 41 percent of its value in 2008, and the won lost a quarter of its value. This contributed to the first current account deficit in Korea in over a decade.

The ADB expects Southeast Asia to record 3.5 percent growth next year, down from 4.8 percent in '08. In its updated projections, the IMF anticipates 5.4 percent growth from the ASEAN 5 (Indonesia, Malaysia, Philippines, Thailand, and Vietnam) in 2008 and 4.2 percent expansion in 2009; these numbers are drops of 0.1 percent and 0.7 percent, respectively, from its forecast of a month earlier. (The 2008 figure is almost a percentage point lower than that of 2007.)

The slowdown in Asia has ended talk about Asian economies decoupling from that of the West. Asia has not and cannot insulate itself from headwinds in the rest of the world. Their banks suffered from the toxic debt that originated in the U.S, but the impact was considerably milder than that experienced in the West. The 1997 financial crisis helped developing Asian economies better prepare for this shock, but they still do not have sufficient domestic demand to compensate

for slowdowns in their export markets of final demand. The current pessimistic economic forecasts could very well prove to have been too optimistic; the worst may yet be to come.

### **Obama's divided reception**

Reversing the “from bad to worse” trend in the eyes of many (but not all) in Asia was the election of Barack Obama as 44th president of the United States. His win was greeted with enthusiasm by publics worldwide. In informal “elections” by guests at U.S. Embassies and Consulates around the region, Obama won by huge margins. We've seen Obama t-shirts in markets and airport gift shops throughout Asia. Indonesians have hailed him as a “native son” – a distinction we in Hawaii (and Illinois) also proclaim. There is near universal anticipation of his administration among university students in the region as well. Indeed, one of President Obama's greatest challenges may be meeting unrealistically high expectations at home and abroad.

Elites seem less optimistic, however. Crudely put, they worry that the new U.S. administration is a stereotypical “Democratic” government: soft or naive on security issues and prone to protectionism. In Seoul and Tokyo, concern is magnified by the weakness of their own governments and the fear the U.S. will demand things they cannot deliver. Chinese too worry that an Obama presidency will have different priorities and change a relationship with which they have become comfortable.

We anticipate more continuity than change in U.S. foreign policy in Asia. Relations with allies are good and, in Northeast Asia at least, the parties recognize potential problems and are trying to avoid them. Alliance modernization and recalibration will move forward. A real spoiler is the Korea-U.S. Free Trade Agreement (KORUS FTA). Obama has voiced a desire to renegotiate the deal, but Koreans have warned that would be a mistake. Failure to pass the agreement would be a blow to the alliance. Relations with China are strong and top-level dialogues will continue, although names and players may change. A continued, if not enhanced contribution, to regional multilateralism is also anticipated.

In one important change, we are hopeful that this administration will develop and articulate a comprehensive Asia strategy. During the 1990s, four East Asia Strategy Reports were released; the last such report was issued in 1998. Much has changed since then and a strategy document that specifically outlines U.S. policy toward Asia is long overdue. The Pacific Forum CSIS joined with four other think tanks to offer such a strategy. The report, “The United States and the Asia-Pacific Region: A Security Strategy for the Obama Administration,” will be issued in late January under the co-chairmanship of James Kelly and Kurt Campbell. We end this quarter's overview with a sneak preview of some of the key recommendations contained in this Security Strategy report:

*Reassert Strategic Presence:* articulate a clear Asia-Pacific vision and security strategy; sustain military engagement and forward presence.

*Reaffirm/Reinvigorate Alliances:* reaffirm extended deterrence; follow through on transformation commitments; develop/implement joint visions through genuine consultation; broaden and deepen security relationships, including in nontraditional security areas.

*Articulate a Clear, Pragmatic China Policy:* reaffirm “responsible stakeholder” approach; promote cooperative, constructive Sino-U.S. and cross-Strait relations; avoid “zero-sum” approaches; support Taiwan democracy while maintaining “one-China” policy.

*Prevent Nuclear Proliferation:* sustain Six-Party Talks, employing a special envoy; promote nuclear stability and disarmament; pursue strategic dialogues; develop an effective regional export control regime; focus on the 2010 NPT review conference; provide security assurances to non-nuclear weapons states.

*Support Regional Multilateral Efforts:* show up (APEC, ARF); revalidate/expand U.S.-ASEAN Enhanced Partnership; expand cooperation on nontraditional security challenges; sign the ASEAN Treaty of Amity and Cooperation; support East Asia community building and the East Asia Summit; promote trilateral cooperation (reinvigorate U.S.-Japan-ROK talks; institute China, Japan, U.S. dialogue).

*Promote Open and Free Trade:* encourage free trade agreements and similar frameworks that ensure greater interdependency and economic growth; avoid protectionism; pass the Korea-U.S. Free Trade Agreement.

*Strengthen American Soft Power:* broaden and deepen diplomatic, economic, and cultural engagement; invest in professional competence/capacity building; provide leadership in addressing climate change and energy security; rebuild public diplomacy capabilities.

*Counter Radical Islam:* provide intelligence and law enforcement assistance; develop regional information sharing technologies and networks; strengthen legal systems; train counterterrorism forces.

## **Regional Chronology**

### **October-December 2008**

**Oct 1, 2008:** U.S. Senate approves agreement permitting civilian nuclear trade with India, allowing the U.S. to sell nuclear fuel, technology, and reactors to India for peaceful energy use; India opens 14 civilian nuclear facilities to international inspection, but continues to shield eight military reactors from outside scrutiny.

**Oct. 1-2, 2008:** Christopher Hill, chief U.S. negotiator for the Six-Party Talks, visits Pyongyang for talks on nuclear disarmament.

**Oct. 2, 2008:** Military officers from the two Koreas meet in Panmunjom, the first official contact between the nations since Lee Myung-bak became president in February.

**Oct. 3, 2008:** The Bush administration notifies Congress of a \$6.5 billion Taiwan arms package.

**Oct. 3, 2008:** Assistant Secretary of State Hill meets South Korean counterpart Kim Sook to discuss Hill’s visit to Pyongyang for discussions concerning a verification protocol for North

Korean denuclearization under the Six-Party Talks. Later, he meets his Japanese counterpart Saiki Akitaka for similar discussions.

**Oct. 4, 2008:** Secretary Hill meets Chinese Vice Minister of Foreign Affairs Wu Dawei in Beijing to discuss the outcome of his negotiations with North Korean officials.

**Oct. 6, 2008:** Pentagon reports that China has postponed various military-to-military activities to protest U.S. arms sales to Taiwan.

**Oct. 6, 2008:** Vietnam and the U.S. conduct their first ever strategic dialogue in Hanoi, addressing political, security, defense, and humanitarian cooperation.

**Oct. 7, 2008:** The Philippines signs the ASEAN Charter.

**Oct. 7, 2008:** North Korea tests two short-range missiles off its west coast.

**Oct. 7-9, 2008:** South Korea conducts an international fleet review in the waters off Busan involving over 50 warships from the South Korean Navy and 12 other nations.

**Oct. 8, 2008:** The Philippine Senate ratifies the Japan-Philippine Free Trade Agreement that was originally signed in 2006.

**Oct. 8, 2008:** President George W. Bush signs legislation to enact the U.S.-India civilian nuclear agreement.

**Oct. 9, 2008:** North Korea threatens to restart its nuclear facilities and bars IAEA inspectors from all facilities at the Yongbyon nuclear complex, although they reportedly are still in their guesthouses on the premises.

**Oct. 9, 2008:** China's Health Ministry issues new safety standards for dairy foods after melamine-contaminated milk products sickened thousands of babies.

**Oct. 10, 2008:** Secretary of State Condoleezza Rice and Foreign Minister Pranab Mukherjee sign the U.S.-Indian civilian nuclear cooperation agreement.

**Oct. 10, 2008:** Japan extends sanctions against North Korea for another six months.

**Oct. 11, 2008:** The U.S. announces that it has removed North Korea from State Sponsors of Terrorism List.

**Oct. 13, 2008:** North Korea announces that it welcomes its removal from the U.S. terrorism sponsor list and that it would allow U.S. and UN monitors back into the Yongbyon nuclear complex as it resumes disabling its nuclear facilities.

**Oct. 14, 2008:** Japanese Prime Minister Aso Taro criticizes the U.S. removal of North Korea from a terrorist blacklist and says Japan will not give aid to Pyongyang.

**Oct. 14, 2008:** Vice ministerial-level diplomats from the U.S., South Korea, and Japan hold talks in Washington to “discuss ways of bolstering cooperation on Northeast Asia and major international issues beyond the TCOG’s [Trilateral Coordination and Oversight Group] agenda.”

**Oct. 15, 2008:** China announces a nationwide recall of all dairy products more than a month old in its latest effort to end a scandal over contaminated milk.

**Oct. 15, 2008:** Thai and Cambodian soldiers exchange rocket and rifle fire in a confrontation at their border over the disputed Preah Vihear temple. At least two Cambodian soldiers are killed, and several soldiers from both sides are wounded.

**Oct. 15, 2008:** North Korean Foreign Minister Pak Ui-chon meets Russian counterpart Sergey Lavrov in Moscow.

**Oct. 15-24, 2008:** *Malabar 2008*, a bilateral U.S.-Indian naval exercise, is conducted off India’s west coast.

**Oct 15, 2008:** China’s State Council issues a directive for the Coast Guard and the fishery authorities to ban Chinese fishing vessels from entering “key sensitive maritime areas” along China’s eastern coast to prevent disputes with North and South Korea, Japan, Vietnam, and the Philippines over maritime boundaries from escalating further.

**Oct. 16, 2008:** Generals from Thailand and Cambodia hold talks in an attempt to resolve the border dispute near the ancient Preah Vihear temple.

**Oct. 17, 2008:** Japan is elected to a nonpermanent seat at the UN Security Council for 2009-2010.

**Oct. 17, 2008:** 48-member Diet delegation visits Yasukuni Shrine, but no members of Aso Cabinet participate.

**Oct. 17, 2008:** President Bush announces South Korea’s entry into the Visa Waiver Program, which allows Korean citizens to stay in the U.S. for up to 90 days without visas.

**Oct. 19, 2008:** Zhang Mingqing, vice chairman of China’s Association for Relations Across the Taiwan Strait (ARATS), arrives for a visit to Taiwan.

**Oct. 20, 2008:** China announces a broad land reform plan that in theory will allow farmers to transfer or lease their land.

**Oct. 21, 2008:** North Korea newspaper says that Japan should be removed from the Six-Party Talks since it impedes the denuclearization process.

**Oct. 21, 2008:** Cambodia postpones scheduled talks with Thailand to address recent clashes near the Preah Vihear Temple.

**Oct. 21, 2008:** Adm. Mike Mullen, chairman of the U.S. Joint Chiefs of Staff, meets his Russian counterpart, Gen. Nikolai Makarov in Helsinki in an effort to move bilateral relations back on track.

**Oct. 21, 2008:** Thailand's Supreme Court finds former Prime Minister Thaksin Shinawatra guilty of a conflict of interest and dismisses the case against his wife involving a land deal she arranged. Thai prosecutors say they will ask for Thaksin's extradition from Britain.

**Oct. 21, 2008:** Protesters in Taiwan assault ARATS Vice Chairman Zhang Mingqing, drawing an apology from President Ma Ying-jeou and condemnation from Beijing.

**Oct. 21, 2008:** Indonesia becomes the final member of ASEAN to ratify the ASEAN Charter clearing the way for its formal adoption.

**Oct. 21-23, 2008:** Prime Minister Manmohan Singh visits Japan and meets Prime Minister Aso. They sign a Japan-India Joint Declaration on Security Cooperation.

**Oct. 23, 2008:** China and Singapore sign a free trade agreement (FTA).

**Oct. 24, 2008:** The foreign ministers of Thailand and Cambodia announce their countries' border dispute has been peacefully resolved following a meeting between Prime Ministers Hun Sen and Somchai Wongsawat at the ASEM summit.

**Oct. 24-25, 2008:** The Asia-Europe Meeting (ASEM) summit is held in Beijing with more than 30 heads of state in attendance.

**Oct. 25, 2008:** Vietnamese Prime Minister Nguyen Tan Dung and Chinese Premier Wen Jiabao sign an agreement to turn contentious border areas into economic growth zones and jointly explore oil-rich offshore areas in the future.

**Oct. 26-29, 2008:** Vietnamese President Nguyen Minh Triet visits Russia and meets President Dimitry Medvedev on Oct. 27.

**Oct. 28, 2008:** Japan agrees to a U.S. position that other countries can shoulder Japan's share of energy assistance to North Korea.

**Oct. 28, 2008:** Secretary of Defense Robert Gates says he would advise the next president to seek a new nuclear arms agreement with Russia that provides for further reductions in nuclear warheads.

**Oct. 30-31, 2008:** The seventh annual Council of the SCO Heads of Government (prime ministers) meets in Astana, Kazakhstan.

**Oct. 31, 2008:** Japan Air Self Defense Forces Chief of Staff Gen. Tamogami is dismissed following publication of his award winning essay "Was Japan an Aggressor Nation?"

**Nov. 3-7, 2008:** Chen Yunlin, chairman of China's ARATS, visits Taiwan.

**Nov. 4, 2008:** Barack Obama is elected president of the United States.

**Nov. 7-9, 2008:** At a meeting in Sao Paulo, the Group of 20 finance ministers issue a statement that its members would continue to take "all necessary actions" to restore stability."

**Nov. 8, 2008:** John Key is elected prime minister as the National Party gains control of Parliament in New Zealand.

**Nov. 9, 2008:** China announces an estimated \$586 billion economic stimulus plan over the next two years aimed at bolstering its weakening economy.

**Nov. 11-13, 2008:** Military commanders from 26 Asia Pacific countries meet in Bali for the 11th Chiefs of Defense Conference, which is co-hosted by the Indonesian Military (TNI) and the U.S. Pacific Command.

**Nov. 12, 2008:** U.S. ships 50,000 metric tons of heavy fuel oil to North Korea as part of the nuclear disarmament deal.

**Nov. 14-15:** The leaders of the Group of 20 (G20) nations – an international grouping of the world's 19 largest national economies and the European Union – meet in Washington to discuss the global financial crisis.

**Nov. 22, 2008:** China announces its interest in participating in the third ASEAN Defense Ministers' Meeting (ADMM) in Thailand in March 2009. China, India, and Japan have all submitted formal requests to be new members of the ADMM.

**Nov. 22-23, 2008:** Asia Pacific Economic Cooperation (APEC) Leaders Meeting is held in Lima, Peru.

**Nov. 25, 2008:** Thai protesters, from the People's Alliance for Democracy (PAD), occupy Bangkok's Suvarnabhumi international airport saying they will not leave until Prime Minister Somchai Wongsawat resigns.

**Nov. 26, 2008:** Gunmen in Mumbai launch a series of attacks at two hotels and a Jewish outreach center.

**Nov. 26, 2008:** China postpones a summit with the European Union, which was planned for Dec. 1 in Lyon France, because of European contacts with the Dalai Lama.

**Nov. 28, 2008:** Train service connecting North and South Korea is suspended in a further sign of deteriorating relations.

**Nov. 28, 2008:** China executes a scientist accused of passing information to Taiwan, triggering condemnation from several countries including the United States.

**Dec. 1, 2008:** South Korea officially ends its four-year military mission to Iraq.

**Dec. 2, 2008:** Thailand's Constitutional Court orders the country's governing political parties to dissolve over elections fraud. In addition, their leaders are prohibited from involvement in politics for a period of five years.

**Dec. 2-3, 2008:** Chief negotiators from Japan, South Korea, and the U.S. meet in Tokyo to discuss the upcoming Six-Party Talks on denuclearizing North Korea.

**Dec. 4, 2008:** Assistant Secretary of State Hill and North Korean Vice Foreign Minister Kim Kye Gwan meet in Singapore in advance of the upcoming Six-Party Talks meeting.

**Dec. 4-5, 2008:** The 5<sup>th</sup> round of the U.S.-China Strategic Economic Dialogue led by Treasury Secretary Henry Paulson and Vice Premier Wang Qishan is held in Beijing.

**Dec. 5, 2008:** Prime Minister Manmohan Singh and visiting President Dmitry Medvedev sign a civilian nuclear deal that includes Russia building four nuclear reactors in India.

**Dec. 8-11, 2008:** Six-Party Talks are held in Beijing. The parties fail to agree on a protocol to verify North Korea's declaration regarding its nuclear activities.

**Dec. 9, 2008:** A Pentagon spokesman states that a DOD report that characterizes North Korea as a nuclear power "does not reflect official U.S. government policy regarding the status of North Korea."

**Dec. 12, 2008:** North Korea threatens to slow disablement of its Yongbyon nuclear facility after the U.S. announces it will suspend fuel aid due to North Korea's refusal to accept a nuclear disarmament verification plan.

**Dec. 12, 2008:** Japan's Diet approves a one-year extension of the Maritime Self-Defense Force refueling mission in the Indian Ocean.

**Dec. 12, 2008:** Japan's Air Self-Defense Force completes its last airlift mission to Iraq.

**Dec. 13 2008:** President Lee Myung-bak, Prime Minister Aso Taro, and Premier Wen Jiabao hold a summit in Dazaifu, Japan.

**Dec. 14-15, 2008:** Regularly scheduled direct air and sea routes and direct mail service begins between China and Taiwan for the first time since 1949.

**Dec. 15, 2008:** Abhisit Vejjajiva is elected prime minister of Thailand.

**Dec. 15, 2008:** ASEAN foreign ministers bring into force the ASEAN Charter at a ceremony at the ASEAN Secretariat in Jakarta.

**Dec. 15, 2008:** State Councilor Dai Bingguo and Deputy Secretary of State Negroponte co-chair the 6<sup>th</sup> Senior Dialogue between the U.S. and China, agreeing that high-level dialogue and cooperation must be maintained and that the U.S. will continue to adhere to its one China policy.

**Dec. 16, 2008:** The Asia-Pacific Space Cooperation Organization (APSCO), headquartered in Beijing, formally begins its operations. The organization, composed of Bangladesh, China, Iran, Mongolia, Pakistan, Peru, and Thailand, seeks to enhance multilateral cooperation on space science and technology.

**Dec. 18, 2008:** Adm. Timothy Keating of U.S. Pacific Command states that North Korea possesses intercontinental ballistic missiles capable of reaching the U.S., including Hawaii and territories of the U.S. in the Pacific.

**Dec. 19, 2008:** Indonesia launches a 3-day counterterrorism exercise in several cities and in the Malacca Strait.

**Dec. 23, 2008:** New Zealand and Fiji announce the expulsion of each other's ambassadors.

**Dec. 24, 2008:** Burma signs a 30-year contract with four firms from South Korea and India to pipe natural gas to China from fields off Burma's northwest coast.

**Dec. 25, 2008:** Japan and Vietnam sign a trade deal to cut tariffs on about 90 percent of the goods and services traded between them.

**Dec. 26, 2008:** Three Chinese naval ships set sail for waters off Somalia to protect Chinese vessels from pirate attacks.

**Dec. 26, 2008:** Russia announces the delivery of first two of six *Sukhoi SU30MK2* fighter jets to Indonesia as part of a deal agreed when then President Vladimir Putin visited Jakarta in 2007.

**Dec. 29, 2008:** Protesters in Bangkok block access to the Parliament building, forcing a one-day delay and a change of venue to the Foreign Ministry building for the legislature's opening session under Thailand's new government.

**Dec. 30, 2008:** *Asahi Shimbun* reports China will begin construction of two aircraft carriers in 2009 with completion date of 2015.