



## Regional Overview: Storm Clouds on the Horizon?

by Ralph A. Cossa

The region's two premier annual multilateral events took place during the last quarter--on the security side, there was the ministerial-level ASEAN Regional Forum and, in the economic arena, the Asia Pacific Economic Cooperation (APEC) Leaders' Meeting. Each served to underscore the central importance of the region's key bilateral relationships, even as they demonstrated some modest, limited progress in developing broader-based cooperation.

The 5th annual ASEAN Regional Forum (ARF) took place on July 27 in Singapore and brought together the foreign ministers from 21 Asia-Pacific nations, along with representatives from the European Union. The ministers had generally constructive discussions on some of the key security issues of the day, to include the potentially volatile South China Sea region, where the ASEAN states continue to explore a regional Code of Conduct. The Ministers also expressed concern over North Korean missile-related activities that could have "serious consequences for stability in the Korean Peninsula and the region."

Nonetheless, the lion's share of international attention in Singapore was focused on the side meeting between U.S. Secretary of State Madeleine Albright and Chinese Foreign Minister Tang Jiaxuan. The signals were mixed: China appeared in no rush to forgive and forget the accidental American bombing of their Embassy in Belgrade but did loosen some (but not all) of the restrictions on Sino-U.S. contacts imposed after the bombing. Most importantly, the two ministers announced that their respective bosses would hold a face-to-face meeting when both traveled to Auckland, New Zealand for the late September APEC Leaders' Meeting.

The Clinton-Jiang Summit was clearly the lead story coming out of Auckland, overshadowing what limited progress was made during the actual APEC "gathering of economies." The APEC Leaders' Meeting involves the heads of state of 19 of APEC's 21 member economies (although there were several no-shows--most understandably including Indonesian Prime Minister B.J. Habibie), plus the chief executive of Hong Kong and a senior representative from Taiwan (whose chief executive is excluded from participation).

The APEC "Leaders' Declaration" provided the usual assurances to work toward "open, transparent, and well-governed financial markets" and a commitment to support success for the new WTO round (to commence in November in Seattle). Reading between the lines, the statement provided advanced warning of the kinds of coalitions and divisions that will be played out in Seattle when WTO members decide what is to be negotiated and how. For example, the Declaration endorsed the abolition of agricultural export subsidies (at the behest of the U.S. and others), which South Korea and Japan (teaming with Europe) will actively work against in November. It also endorsed negotiating a broad-based "full package" within three years, an approach favored by Tokyo--Washington wants to conclude "sector by sector" negotiations on mainly agriculture and services. Given this rather bland if not confusing potpourri, APEC once

again came under criticism as too meek to produce practical results that have a weight in the global system.

While security issues are, by design, not part of the official APEC agenda, security issues dominated the side discussions and the talk in the corridors. Not the least of these was growing (and well-founded) concern over the deteriorating security situation in East Timor. The Auckland meeting was fortuitous in that it provided an opportunity for regional leaders, including President Clinton and Australian Prime Minister Howard, to work out arrangements for the Australian-led multinational peacekeeping mission that was subsequently sent to East Timor.

However, no APEC-associated event was more anxiously awaited and more thoroughly reported upon and analyzed than the meeting between Clinton and Jiang. All seemingly cheered the decision by Clinton and Jiang to get this key bilateral relationship “back on track” although it was clear that, while the steady downward slide in relations appears to have been halted, much work still needs to be done to get the relationship back to where it was in the heady days following the exchange summits in Washington and Beijing in 1997 and 1998. Jiang gave the green light for WTO deliberations to proceed in earnest and, at quarter’s end, there was still hope that the U.S. and China would come to terms on China’s entry this year. However, Jiang is still waiting for a comprehensive explanation of the Belgrade bombing (preferably including identification of the “guilty parties”), even as the Clinton Administration is trying to pretend the problem has been settled. I would argue that an eventual public acceptance by Jiang of Clinton’s assurances that the bombing was inadvertent is a prerequisite to a genuine improvement in Sino-U.S. relations; a failure of China to make such a statement (or a failure of the Clinton Administration to insist that it do so), will have long-lasting ramifications.

Another bilateral meeting that stole the show during the APEC Leaders’ Meeting was the first face-to-face meeting between President Clinton and Russia’s latest Prime Minister du jour, Vladimir Putin. Clinton’s lecture about American concerns over Russian money laundering and the misuse of IMF dollars provided new strains in the U.S.-Russian relationship, even as Russia continues to lick its wounds over NATO expansion and the Kosovo War and its aftermath. Such tensions continue to fuel the Sino-Russian strategic partnership, witness Russian President Boris Yeltsin’s reference to his readiness to do battle with “Westernizers” just prior to his personal summit with Jiang Zemin in late August (during a meeting with other Central Asian heads of state in Bishkek, Kyrgystan). Jiang and Yeltsin once again joined together in warning against a unipolar world and especially against the “destabilizing” nature of theater missile defense.

While the Sino-Russian relationship has experienced its own setbacks, especially in light of Moscow cutting its own deal with the West to bring the Kosovo war to a halt without much input from Beijing, their common irritation with American actions and arrogance, combined with suspicions over American intentions, continue to keep this marriage of convenience intact. Jiang and Putin reaffirmed the strength of their relationship during their own bilateral meeting in Auckland.

On the positive side (from a U.S. perspective), the three sets of bilateral relationships that make up the U.S.-Japan-Korea triangle all saw steady progress in the past quarter, as evidenced by the three-way summit in Auckland involving President Clinton, Japan’s Prime Minister Obuchi, and South Korean President Kim Dae-jung. Thanks to the efforts of former

U.S. Defense Secretary William Perry and the Trilateral Coordination and Oversight Group (TCOG) that he helped to establish, the three countries have successfully managed their respective, somewhat differing views on the potentially contentious issue of how best to deal with North Korea. In Auckland, the three leaders continued to wave olive branches (and the promise of economic incentives) toward Pyongyang if, as the then just-concluded bilateral U.S.-DPRK talks in Berlin seemed to indicate, North Korea chooses to cooperate.

This firm, unified carrot-and-stick approach contributed greatly to North Korea's willingness to agree to refrain from destabilizing actions (i.e., no missile tests) in return for a long overdue partial lifting of U.S. economic sanctions. North Korea had previously argued, not without some justification, that the American refusal to lift sanctions put the U.S. in violation of the bilateral U.S.-DPRK Agreed Framework. Its agreement not to conduct new missile tests has, at least for the time being, saved the Agreed Framework, since the U.S. Congress had tied future funding for the Agreed Framework's implementing mechanism--the multinational Korean Peninsula Energy Development Organization or KEDO--to progress in the missile deliberations. Japan, whose financial support to KEDO is critical, had also stated it would cut off such funding in the event of another missile launch. Whatever Pyongyang's motivation, its decision to cooperate on the missile front makes further progress in its bilateral relations with both Washington and Tokyo possible. It also removes a potential irritant in U.S.-ROK and U.S.-Japan relations, while keeping South Korea's "Sunshine Policy" of increased engagement with the North alive.

Another bilateral relationship that has greatly affected regional stability during the past quarter has been cross-Strait relations between Beijing and Taipei. Taiwan President Lee Teng-hui's dramatic announcement on July 9 that future cross-Strait interaction should be based on the premise of "special state-to-state" relations drew a predictably negative reaction from Beijing, which has accused Taiwan of pursuing a "splitist" course and demanded a full explanation or retraction. Lee back-stepped slightly by assuring Beijing (and Washington) that "special state-to-state" does not equal a "two states" policy and, more importantly, has chosen not to cross the red line clearly drawn in the sand by Beijing over this incident--namely, no change in Taiwan's Constitution to embody this new interpretation. While this has not satisfied Beijing, it appears highly unlikely that Taipei will back down further. This is sure to keep cross-Strait tensions high between now and Taiwan's March 2000 Presidential elections, if not longer.

Ironically, Lee's statement had the unintended consequence of helping to move Sino-U.S. relations in a positive direction. While President Jiang was hesitant to accept President Clinton's phone call in May to explain the Belgrade bombing, he eagerly accepted Clinton's July call to re-endorse America's "one China" policy and was no doubt thrilled by Clinton's admission in Auckland that Lee's remarks "had made things more difficult." While Beijing would like to see the U.S. put greater pressure on Lee to retract his "special state-to-state" pronouncement--somehow such U.S. pressure does not constitute "interference in one's internal affairs"--the quick, unequivocal response by Washington (and others) supporting the "one China" principle has clearly pleased Beijing and reminded it of the larger stakes involved in maintaining cordial bilateral relations with the U.S.

One (perhaps intended) consequence of Lee's remarks has been to put future high-level cross-Strait dialogue at risk. The planned fall visit to Taiwan of Wang Daohan, the head of the PRC's Association for Relations Across the Taiwan Strait, will almost certainly not occur.

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(Even without Lee's remarks, the prospects for a meaningful meeting had been slim and the timing, as Taiwan's presidential election campaign is heating up, was terrible.) Beijing's preconditions--retraction of the "state-to-state" comment and a Wang meeting with Lee only in the latter's capacity as head of the KMT--are unacceptable to Taipei. One option that Beijing should consider would be to call for another meeting between Wang and his Taiwan counterpart, Strait's Exchange Foundation chief Koo Chen-fu, in neutral territory (i.e., Hong Kong, Singapore) to discuss the meaning of Lee's comments and their implications for cross-Strait relations. This would demonstrate Beijing's commitment to keep the dialogue process alive without accepting Lee's position.

No discussion of regional security developments over the past quarter would be complete without mention of the situation in East Timor and its impact on key bilateral relationships and regional security in general. Australia's long-standing, deep concern for East Timor has manifested itself in Canberra's willingness to lead the international peacekeeping effort to bring stability back to this strife-ridden territory (which officially remains a part of Indonesia until such time as the Indonesian legislature officially validates the outcome of the August 30 UN referendum, under which over 78 percent of East Timor's voters opted for independence). But Australia's leadership role in this effort threatens to undermine years of bilateral cooperation in building closer ties with neighboring Indonesia (which has since canceled the 1995 security pact between Canberra and Jakarta). Anti-Australian (and anti-Western) sentiment is reportedly growing throughout Indonesia and will likely worsen as clashes continue between Aussie-led INTERFET forces and Indonesia-backed militias and even Indonesian regular army and police forces --hence the addition of a guest commentary on Australia-Indonesia relations to our regular list of commentaries in this issue of *Comparative Connections*.

As the world remains fixated over the plight of East Timor's 800,000 inhabitants, a much less heralded but considerably more important political process is playing itself out in Jakarta. The ability of Indonesia's current and emerging leadership to successfully manage the embryonic (and fragile) democratic process in the world's fourth largest nation will not only affect the lives of Indonesia's 180 million residents but also profoundly impact security and stability throughout Southeast Asia and beyond. Without stable leadership in and from Jakarta, ASEAN unity will continue to suffer and this important grouping of Southeast Asian nations, which lies at the core of the broader regional security effort underway through the ARF, will not be able to live up to its full potential.

All things considered, this quarter has seen some improvement over the last as far as U.S. national interests and policy in Asia are concerned. Relations with America's key regional allies--Japan and South Korea in Northeast Asia and Australia to the south--remained solid despite the potential for trouble caused by North Korea's unpredictability and the troubles in Timor. The Kosovo-inspired significant downturn in American relations with both China and Russia evident last quarter ameliorated somewhat although tensions remain in both fronts. Meanwhile, U.S.-DPRK relations can actually be said to have improved, although it is too soon to call North Korea's willingness to cooperate on the missile issue a break-through or turning point. The U.S. has also seen both a modest improvement in Sino-Japanese relations (which helps to further promote regional stability), and some (albeit limited) semblance of ASEAN unity at the ARF meeting. And, while improved Sino-ROK ties could prove problematic for the U.S.

in the future, they are seen today as furthering regional stability, especially as they help temper North Korean behavior.

Storm clouds remain on the horizon however, including how well both Washington and Canberra handle relations with Jakarta and the rest of ASEAN as all observe and try to influence the emerging democratic processes in Jakarta and Dili. Meanwhile, election politics in Taiwan keep alive the possibility of another political surprise from Taipei or more serious saber-rattling from Beijing. Even if the U.S. and China successfully come to terms over WTO accession for China and fully resolve the Embassy bombing incident to both parties' satisfaction, many other issues remain and will become more difficult to address, much less resolve, as the U.S. presidential campaign swings into higher gear.

## **Regional Chronology**

### **July-September 1999**

**July 5, 1999:** ROK President Kim Dae-jung begins a three-day state visit to the U.S.

**July 8-11, 1999:** Japanese Prime Minister Obuchi visits Beijing and Mongolia. While in China, Obuchi agrees to support China's WTO membership.

**July 9, 1999:** President Lee Teng-hui of Taiwan states that Taiwan would treat contacts with China as "special state-to-state" relations.

**July 19-21, 1999:** DPRK delegation visits New Zealand to discuss normalizing diplomatic relations.

**July 20, 1999:** The U.S. Senate votes to reject a motion to open debate on President Clinton's June extension of China's "Normal Trade Relations."

**July 22, 1999:** WTO members agree on Director-General succession: Mike Moore of New Zealand to serve for three years, followed by Supachai Panitchpakdi of Thailand for three years.

**July 25, 1999:** U.S. Secretary of State Albright meets with Chinese Foreign Minister Tang on the sidelines of the ASEAN Regional Forum meeting in Singapore.

**July 27, 1999:** ASEAN Regional Forum meets in Singapore.

**July 27, 1999:** Secretary Albright, ROK Foreign Minister Hong, and Japanese Foreign Minister Kouchi meet in Singapore to coordinate policies on the DPRK.

**July 27, 1999:** U.S. Vice President Gore and Russian Prime Minister Stepashin convene the U.S.-Russian Joint Commission on Economic and Technological Cooperation in Washington.

**July 27, 1999:** U.S.-PRC trade talks resume.

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**July 29, 1999:** U.S. Secretary of Defense Cohen meets with South Korean Defense Minister Cho and President Kim and announces that any North Korean missile launch will be met with greater U.S. military presence on the Peninsula.

**Aug 2, 1999:** China tests new long-range missile, the DF-31.

**Aug 2, 1999:** Indonesian President B. J. Habibie announces the validation of the election results in which he received 22 percent of the vote and rival Megawati Sukarnoputri garnered 34 percent.

**Aug 4, 1999:** Senate hearings on the Taiwan Security Enhancement Act open in Washington.

**Aug 5, 1999:** Japan and the ROK conduct their first ever joint naval exercise, a joint search and rescue 'mission.'

**Aug 5, 1999:** The Four Party Talks, involving the North and South Korea, the U.S., and China, occur in Geneva.

**Aug 6, 1999:** Japanese and Russian diplomats open talks regarding the four Kuril islands claimed by both nations.

**Aug 6, 1999:** Two ROK destroyers make first goodwill visit to Japan by ROK combat ships.

**Aug 9, 1999:** Russian President Yeltsin fires Prime Minister Stepashin and quickly names as his replacement Vladimir Putin, a former intelligence officer.

**Aug 16, 1999:** For the first time since the bombing of the Chinese Embassy in Belgrade, the PRC grants permission for a U.S. Navy vessel to visit Hong Kong: The USNS Tippecanoe in September.

**Aug 17, 1999:** U.S. and Russia begin preliminary talks on a possible START III treaty to cut each country's nuclear arsenal to 2,000-2,500 warheads each.

**Aug 18, 1999:** Japan and the U.S. sign a commitment to joint research on a seaborne Theater Missile Defense system.

**Aug 19, 1999:** Russia and Japan agree to establish a military hotline.

**Aug 22-24, 1999:** ROK Foreign Affairs and Trade Minister Hong visits Japan to discuss joint strategies to counter missile threats from the DPRK.

**Aug 23-29, 1999:** ROK Defense Minister Cho visits the PRC, marking the first high-level military defense meeting since normalization of relations in 1992.

**Aug 24, 1999:** Russian President Yeltsin meets with PRC President Jiang in Kyrgyzstan prior to the "Shanghai Five" meeting including Kazakhstan, Kyrgyzstan, and Tajikistan.

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**Aug 30, 1999:** After two postponements, East Timor referendum is held, monitored by UN Assistance Mission for East Timor (UNAMET).

**Aug 31-Sept 5:** ROK Prime Minister Kim Jong-pil pays official visit to Japan, meeting with Prime Minister Obuchi and Emperor Akihito.

**Sept 2, 1999:** Russian Defense Minister Sergeyev visits his ROK counterpart, Cho Sung-tae, and agrees to hold a joint naval drill next year.

**Sept 2, 1999:** Japan and Russia agree to free visits to the Northern Territory by former residents of the territory and their spouses.

**Sept 4, 1999:** UN announces the result of the East Timor referendum – 78.5 percent for independence; pro-Indonesian militias begin rampage of violence.

**Sept 6, 1999:** USNS Tippecanoe docks in Hong Kong.

**Sept 6-8, 1999:** Inaugural Pacific Armies Chiefs Conference meets in Singapore, drawing together army chiefs from 23 Pacific countries.

**Sept 7-12, 1999:** U.S. and North Korea meet in Berlin to discuss the possible North Korean missile launch and other topics.

**Sept 9, 1999:** Russian Prime Minister Putin and Chinese President Jiang hold talks in New Zealand during the APEC meeting.

**Sept 10-13, 1999:** Leaders of 21 Pacific Rim nations gather at the APEC summit in Auckland, New Zealand.

**Sept 11, 1999:** Korean President Kim and Chinese President Jiang hold a summit on the sidelines of the APEC meeting.

**Sept 11, 1999:** Presidents Clinton and Jiang meet for the first time since the bombing of the Chinese Embassy in Belgrade.

**Sept 12, 1999:** President Clinton, ROK President Kim, and Japanese Prime Minister Obuchi meet in Auckland.

**Sept. 12, 1999:** President Clinton meets with Russia Prime Minister Putin.

**Sept 13, 1999:** U.S. Secretary of Defense Cohen and Russian Defense Minister Sergeyev discuss military relations.

**Sept 13, 1999:** DPRK officials commit to at least a temporary freeze on long-range ballistic missile testing.

**Sept 14, 1999:** ROK President Kim meets with New Zealand Prime Minister Shipley.

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**Sept 15, 1999:** The U.S., UK, and France tell a UN committee they do not support putting UN membership for Taiwan on the General Assembly's agenda.

**Sept 15, 1999:** UN Security Council authorizes the establishment of an interim multinational force in East Timor, preparatory to a formal UN peacekeeping mission and UN transitional administration.

**Sept 15, 1999:** The Perry review on DPRK policy is presented to President Clinton.

**Sept. 16, 1999:** ROK President Kim meets with Australian Prime Minister Howard.

**Sept. 17, 1999:** President Clinton announces the easing of some sanctions against North Korea in response to the DPRK's commitment to refrain from further missile testing.

**Sept 21, 1999:** A powerful earthquake, registering richter scale 7.6, hits Taiwan. China's Red Cross donates \$100,000 to victims. UN and World Bank say it is difficult to help Taiwan because they do not recognize Taipei.

**Sept. 26, 1999:** Pyongyang formally announces a hold in missile tests at least during the duration of its talks with the U.S.