

Regional Overview:

## Global Posture Review: Is Washington Marching Out?

Ralph A. Cossa  
Pacific Forum CSIS

The quarter began on a high note when along the sidelines of the region's foremost institutionalized multilateral security dialogue – the ASEAN Regional Forum (ARF) – a meeting between Secretary of State Colin Powell and his DPRK counterpart, Foreign Minister Paek Nam Sun, raised hopes of progress at the region's most critical ad hoc multilateral gathering, the six-party talks. Alas, the “agreement in principle” reached at last quarter's end – to engage in serious dialogue – this quarter deteriorated into name calling amid “complicating” revelations about earlier ROK nuclear experimentation, providing Pyongyang with yet another excuse to boycott the talks, presumably (goes the conventional wisdom) in hopes that regime change in Washington will work to its advantage. The first U.S. presidential debate, while focused on foreign policy (read: Iraq), did little to disabuse Pyongyang of this notion as neither candidate seemed fully conversant with his own policy statements on the Korean nuclear crisis, even while agreeing that the threat posed by nuclear weapons proliferation represented the greatest future threat to U.S. security.

The Korean Peninsula also fits prominently in the Pentagon's force realignment plans, although the greatest impact will be felt in Europe. President Bush, in a campaign speech before an influential veterans' group, revealed that, worldwide, some 60-70,000 U.S. forces currently based overseas would be brought home over the next decade as part of his administration's Global Posture Review (GPR). While few new details were released, it seemed clear that South Korea would bear the brunt of the changes in Asia (with no reduction in capabilities or commitment, the Pentagon was quick to add). Other Asian changes were forecast to be “not very dramatic,” regional headlines (“Marching Out Of Asia”) and Japanese anxieties (and, in some instances, high expectations) notwithstanding.

Elsewhere in Asia, democracy continued to march on, especially in Indonesia where the run-off election between incumbent President Megawati Sukarnoputri and challenger Gen. Susilo Bambang Yudhoyono resulted in another peaceful transition of power in the world's largest Muslim country. Meanwhile, the assembled ARF ministers confirmed their intentions to further institutionalize the ARF process, while repeating pledges to fight terrorism and the proliferation of weapons of mass destruction (WMD). In the

economic arena, preparations continued for this November's Asia-Pacific Economic Cooperation (APEC) Leaders' Meeting in Santiago, Chile.

### **Six-party talks: so much for 'Agreements in Principle'**

Last quarter ended on a relatively optimistic note regarding the prospects for six-party talks following the tabling by the U.S. of a detailed proposal at the third plenary session in Beijing on June 23-26. It laid out the steps North Korea needed to take to dismantle its nuclear weapons program and, most significantly, what Washington and its allies were prepared to do in return. While all agreed "in principle" to hold a series of working group meetings and another plenary session during this quarter, Pyongyang once again demonstrated that agreements in principle were only as good as the principles of those doing the agreeing.

While the Chairman's Statement at the June meeting stressed support by all six parties – China, Japan, North and South Korea, Russia, and the United States – for "a step-by-step process of 'words for words' and 'action for action,'" Washington and Pyongyang seemed to have trouble getting past the "words for words" part this quarter. During a campaign speech in mid-August in Wisconsin, President Bush – never one for diplomatic nuance or niceties – made passing reference to North Korean "tyrant" Kim Jong-il. While few have earned this label more than North Korea's "Dear Leader," Pyongyang was quick to release an unprecedented (even from North Korea) stream of invectives in return, describing President Bush as an "imbecile," "political idiot," and "human trash," not to mention "a thrice-cursed fascist tyrant and man-killer" who "puts Hitler into the shade." The State Department allowed as how such terminology was "obviously inappropriate" but remained hopeful that the talks would not be derailed.

North Korea obviously thought otherwise, claiming the Bush insult "deprived [the DPRK] any elementary justification to sit at the negotiating table." Conventional wisdom argued that Pyongyang had already made up its mind to wait for the outcome of the November U.S. presidential elections before proceeding with any talks, given the Bush administration's continued insistence on CVID: the complete, verifiable, irreversible dismantlement of all North Korea's nuclear weapons programs, including their clandestine uranium enrichment program (an effort Pyongyang allegedly admitted in October 2002 but now denies).

Washington had refrained from uttering this acronym at the June talks, but Assistant Secretary of State James Kelly, the senior U.S. representative at the talks, made it clear in early July testimony before the U.S. Congress that CVID remained the ultimate U.S. goal. (President Bush's main challenger, Sen. John Kerry, is also on record supporting a "comprehensive agreement that will completely, irreversibly, and verifiably end North Korea's nuclear weapons program.")

**"Complicating" ROK Nuclear Revelations.** If Pyongyang was looking for more excuses to put off coming back to the negotiating table, Seoul provided them with revelations this quarter that a few ROK scientists, operating without government

approval, had done some uranium enrichment experimentation of their own four years ago. In a commendable effort to demonstrate (admittedly belated) nuclear transparency, Seoul also acknowledged some limited plutonium-based experiments in 1982. The North subsequently announced that it could not proceed with the six-party talks since “the foundation for talks has been destroyed” as a result of Seoul’s secret nuclear experiments and Washington’s “double standards regarding the nuclear issue.”

China regrettably reinforced Pyongyang’s argument by noting that the South’s nuclear experiments were a “complicating factor.” In an attempt to get the talks back on track, however, Beijing then hinted that South Korea’s nuclear transgressions could be discussed at the next plenary session, an idea that Seoul promptly rejected. (In this author’s view, rather than dismiss these demands, Seoul would be better served by asking Beijing to schedule a round of talks as soon as possible to permit the ROK to present a full briefing on its clandestine programs, while also inviting a representative from the IAEA to come and share its findings as well . . . and then challenge Pyongyang to follow its example.)

Seoul’s embarrassing revelations could actually provide a way out of the crisis for North Korea if it so chooses. If renegade scientists can be blamed for Seoul’s transgressions, certainly a similar group of “renegades” could be discovered in the North as well; recall a similar excuse was used in 2002 when Pyongyang confessed to the abduction of Japanese citizens. Diplomatic niceties (and a desire by all sides to move forward) would result in acceptance of almost any North Korean excuse if the end result was full disclosure by Pyongyang of its uranium and plutonium-based programs.

Speaking of full disclosure, Pyongyang came one step closer to officially declaring a nuclear weapons capability at quarter’s end when DPRK Vice Foreign Minister Choe Su-hon told reporters at the annual UN General Assembly meeting that “we have already reprocessed 8,000 wasted fuel rods and transformed them into arms.” When pressed, he affirmed that the spent fuel had been “weaponized.” Spinmeisters in Seoul quickly proclaimed that Choe’s remarks were “merely repetitions of previous rhetoric,” making one wonder just what Pyongyang has to say (or do) to convince Seoul that it has gone down the path of no return.

**Bush-Kerry Debate: Clear on Iraq, Fuzzy on Korea.** The first presidential debate, on foreign policy and homeland security, was almost exclusively about Iraq. When the topic of Korea was finally touched upon, both tried to stress their differences, despite their common CVID objective.

In response to the question as to whether he supported bilateral or six-party talks with Pyongyang, Sen. Kerry stated “both.” He then proceeded to talk exclusively about the need for direct dialogue with North Korea, without once mentioning that – as clearly stated in his official pronouncements – this bilateral dialogue should occur within the context of the six-party talks, not as a separate initiative. Kerry dismissed President Bush’s repeated assertion that bilateral talks would drive the Chinese away from the table, saying “Just because the president says it can’t be done, that you’d lose China,

doesn't mean it can't be done . . . China has an interest in the outcome too." In fact, Beijing – like Seoul, Moscow, and even Tokyo – has long encouraged Washington to deal directly with Pyongyang; at the last round of talks, such a side discussion actually occurred between the U.S. and North Korea, much to China's (and everyone else's) delight.

By repeatedly pledging that his administration would not discuss the problem one-on-one with the North because "it's precisely what Kim Jong-il wants," President Bush seemed to contradict his own negotiators. The key question, avoided by the president and barely touched upon by Sen. Kerry, is: would direct dialogue between Washington and Pyongyang, within the context of the six-party talks, enhance or detract from the accomplishment of the CVID objective? Before the debate, it seemed that the Bush administration's answer to this question had shifted to a cautious "yes." Now, those (especially in the ROK) suspicious of President Bush's commitment to a diplomatic solution, have new fuel for their fire.

(South Koreans are also upset that President Bush once again neglected to mention the ROK's contribution to the war in Iraq – the third largest foreign troop presence after the U.S. and UK. A similar oversight during President Bush's speech at the Republican Convention in early Sept. caused an uproar in Seoul. Live and learn?)

**Challenging the Conventional Wisdom.** Is all hope lost for another round of talks prior to the U.S. presidential elections? Perhaps, but history and logic (to the extent that logic is ever a factor on Korean-related issues) could argue otherwise. There are good reasons why both Washington and especially Pyongyang may be willing to cut a deal – or at least establish the framework for one – prior to Nov. 2. The U.S. reason is simple: a settlement that achieves the minimum U.S. objective – a verifiable end to North Korea's nuclear weapons programs – defuses a potential major campaign issue. But, Pyongyang can also best achieve its ultimate objective – regime survival – by moving forward before November.

North Korean leader Kim Jong-il is a master of brinkmanship politics. But he is not suicidal. With the U.S. bogged down in Iraq, Pyongyang has been given a free pass to misbehave and stonewall and continue its game of playing all sides against one another. But the pass is not open-ended, and what may be brinkmanship in October could become Russian roulette in November if President Bush wins a second term and regime change advocates in Washington gain the upper hand.

While the North may think (falsely, in my view) that it would get a better deal from a Kerry administration than from a Bush administration, it should also realize that it stands a better chance of getting Washington to take "yes" for an answer in October – when even the worst of the neocons would feel compelled to accept any halfway reasonable offer from Pyongyang – than after a successful reelection campaign. If a Bush victory appears likely, it would not be out of character for Pyongyang to suddenly become more responsive and to put forth at least a marginally acceptable counter-proposal in the weeks just prior to the Nov. 2 election. The pressure will then be on the Bush administration to

deal constructively with Pyongyang or to explain to a war-weary American electorate why it won't take "yes" for an answer.

### **U.S. military transformation: what it means for Asia**

Regardless of Pyongyang's intentions or actions, the Bush administration seems intent on moving ahead with its post-Cold War military transformation. In mid-August, President Bush announced significant planned cuts in the number of U.S. forces based overseas. Over the next 10 years, President Bush told the U.S. Veterans of Foreign Wars, 60-70,000 U.S. forces (and some 100,000 military family members and civilian Defense Department employees) currently based in Europe and Asia would be brought home. Increased U.S. mobility and force projection capabilities and dramatic changes in the nature of the post-Cold War threat would allow such reductions without any lessening of U.S. combat capability or Washington's commitment to its overseas allies. The force reductions, President Bush asserted, would make the U.S. military "more effective at projecting [its] strength and spreading freedom and peace." They would allow U.S. troops to "surge quickly to deal with unexpected threats."

Such assurances aside, the president's announcement has created undue anxiety in some corners (and perhaps unrealistic expectations in others). Despite its obvious domestic political motivation – presented during a heated presidential campaign to an influential veterans group – the announcement actually reflects the culmination of three years of careful analysis by a Pentagon team that continues to attach high priority to "military transformation." This was one of Defense Secretary Donald Rumsfeld's top objectives, before Sept. 11, 2001 and the self-inflicted distraction of the Iraq War and its messy aftermath caused Pentagon priorities to shift elsewhere. With President Bush's first term drawing to a close, there is a sense of urgency in the White House and Pentagon to get the new post-Cold War military framework firmly in place, even if its implementation is years away (and no doubt subject to further negotiation and adjustment).

While details regarding the planned reductions are still sketchy, White House and Pentagon officials have assured their overseas partners that the effort has been and will continue to be closely coordinated with "all affected countries": "This is something we're doing with allies, not that we're doing to allies," an administration spokesperson proclaimed. Based on information received thus far, the planned reductions appear to impact Europe much more than Asia. Two U.S. Army heavy divisions will be brought home from Germany' a move that was long overdue, according to one senior Pentagon spokesman. Keeping forces in place that were originally deployed to fight a nonexistent Soviet Union "would be a victory for inertia over strategic rationality," said one of the plan's chief architects, Under Secretary of Defense for Policy Douglas Feith.

Feith laid out the some basic principles underlying the Global Posture Review in Congressional testimony in late June, by describing what the GPR is not about:

- "We are not aiming at retrenchment, curtailing U.S. commitments, isolationism or unilateralism."

- “We are not focused on maintaining numbers of troops overseas. Instead we are focused on increasing the capabilities of our forces and those of our friends.”
- “We are not talking about fighting in place, but on our ability to move to the fight.”

Anticipated changes in Asia, beyond those already announced for the Korean Peninsula, would be “not very dramatic.” Feith argued (in an Aug. 19 *Washington Post* editorial) that there was a “compelling rationale” for some modest East Asia redeployments, focusing on the need to move ROK-based forces out of downtown Seoul – “plucking a thorn out of South Korea’s flesh” – and into more efficient “hubs” to allow them to better respond to threats “from North Korea or anyone else.”

As part of the GPR, some 12,500 troops (out of 37,500 Korea-based forces) are scheduled to depart the Peninsula over the next few years; 3,600 have already left for duty in Iraq. It should be noted that the ROK government is in agreement with the redeployments. Its current complaint is not over how many or where, but when – South Korean authorities have asked (repeatedly and publicly) that the timetable be extended until the security situation on the Peninsula is further clarified. While the need to look at a post-Cold War (and post-Sept. 11) military structure is readily apparent, it is important to remember that the Cold War has not yet ended on the Korean Peninsula; North Korea’s current nuclear saber-rattling provides an all too obvious reminder of this fact. At quarter’s end, the Pentagon was beginning to show some flexibility, indicating the redeployment of some key weapons systems and support troop could be delayed. Final details are expected when both sides meet in late October for their annual Defense Consultative Talks. [*Note: On Oct. 6, DoD agreed to stretch out the troop cuts over the next four years, rather than by the end of 2005, as originally planned.*]

President Bush noted that even after the redeployments, “we’ll still have a significant presence overseas.” Today, over 230,000 U.S. troops are stationed abroad, not counting the 150,000 additional troops “temporarily” deployed to Iraq (which are not included in or affected by the broader plan). Roughly 25,000 appear destined to remain on the Korean Peninsula, serving a vital “reassurance” mission – the term “tripwire” is no longer in vogue.

While not yet specified, only modest adjustments are expected in Japan, where more mobile U.S. forces (mostly naval, air, and marine) already have a regional response capability. In fact, most of the rumors associated with Japan troop realignment suggest mere shifting of forces from one location (Okinawa) to another (Japanese Self-Defense Force bases on the main islands) or headquarters’ swaps: there is talk of moving the Army’s I Corp Headquarters to Camp Zama from Washington State while the Fifth Air Force Headquarters at Yokota may be combined with the Thirteenth Air Force Headquarters in Guam. All this remains extremely tentative, however. Negotiations – not only between Washington and Tokyo, but also within the Pentagon and between the administration and the Congress – are far from completed.

**U.S. not “Marching Out of Asia.”** Alarmist headlines aside – the *Far Eastern Economic Review* headline read “Marching Out Of Asia” while its cover proclaimed “America Pulls Back its Troops”– it is the intrusive U.S. military footprint and not regional capability or commitment that is being reduced. Nor is the GPR intended to be the “beginnings of the end of the [U.S.-ROK] alliance,” as a recent IISS *Strategic Comments* analytical article speculated. The GPR’s overriding objective is to sustain, not devalue, existing alliances, in order to lay the groundwork for a sustained overseas military presence, albeit at reduced levels and with more flexible, rapid response forces.

While bases in Guam and Hawaii are likely to play an increasingly important role as the “hub” or “lily pad” strategy unfolds, so too will current bases in Asia. Okinawa is particularly important, for three reasons: location, location, location. While some efforts will no doubt be made to reduce the defensive burden of the Okinawan people – as noted, some modest relocations from Okinawa to existing Japan Self-Defense Force bases on mainland Japan are reportedly being considered and the move from Futenma Airbase to a less populated area on Okinawa has long been approved and (one hopes) will eventually occur – U.S. Japan-based forces (like those operating out of Singapore) are already better situated to support the new strategy than those located in Europe or the Korean Peninsula. This is why the changes in Korea will be aimed at creating a more flexible, less intrusive, more sustainable presence, and changes elsewhere in Asia will be “not very dramatic.”

### **Summer Pulse: rumor control needed**

In addition to planning for the future, the Pentagon seemed intent on testing (and displaying) the U.S. Navy’s ability to surge forces in response to a crisis in the here and now. Over the course of several months (early June through late August), in an exercise codenamed “Summer Pulse ‘04,” the navy put a total of seven aircraft carrier groups out to sea in various locations throughout the globe, to test its new operational construct, the Fleet Response Plan (FRP). According to the navy, the FRP is about “new ways of operating, training, manning, and maintaining the Fleet that result in increased force readiness and the ability to provide significant combat power to the President in response to a national emergency or crisis.” The objective was to “validate the maritime power that the U.S. can bring to bear throughout the world in short order, and highlight the inherent flexibility of our naval forces to adapt to the changing security environment.”

Impressive as this readiness exercise was, it would likely not have made the pages of *Comparative Connections* had it not been for a spate of irresponsible journalism. The rumors began, as they all too frequently do, in the Taiwan press where the exercise was described as seven carrier battle groups operating simultaneously off the coast of China “to send Beijing a message.” Other regional papers were quick to repeat the erroneous story. The icing on the cake was the (falsely) reported participation of Taiwan naval forces in the exercise, which (predictably) caused strong protests from Beijing.

The Chinese were not the only ones to overreact without checking the facts (readily available on the U.S. Navy’s website). Longtime Pentagon critic Chalmers Johnson choose to accept every unsubstantiated rumor as the gospel truth and wrote an

inflammatory op-ed article (published in the usually reputable *Los Angeles Times*), claiming that the Pentagon's "modern rerun of 19<sup>th</sup> century gunboat diplomacy" taking place "off the China coast near Taiwan" demonstrated that "our foreign policy is increasingly made by the Pentagon." "And why would DoD be doing this?" you might ask. Johnson had a simple answer: "These ideologues appear to be trying to precipitate a confrontation with China while they still have the chance."

In fact, the exercise was global in nature, spread across the seven seas (well, five of them anyway). An exasperated navy spokesman pointed out that the Eastern Pacific ships "aren't in range of anyone other than Canada and Mexico!" (One shudders to think what Johnson will make of this revelation.) Nor were Taiwan naval forces involved in any aspect of the exercise. Nonetheless, for most of the quarter, U.S. officials and security specialists were busy putting out brush fires caused by this irresponsible reporting. The fact that the reports, which strained credibility, were so readily believed in so many quarters in China (and elsewhere in Asia, not to mention being reported in many reputable newspapers) also demonstrates that while China-U.S. relations may be "the best ever," suspicions remain over Washington's (and especially the Pentagon's) intentions – suspicions that the bad reporting seemed intent on exacerbating.

### **Elsewhere in Asia, democracy marched on**

2004 has been an election year throughout Asia and several key elections took place this quarter, and a few more are pending. None was more closely watched and potentially significant than the exercise in democracy that took place twice this quarter in the world's fourth most populous nation, Indonesia.

**Peaceful Transition in Indonesia.** As anticipated, a run-off became necessary in Indonesia when none of the candidates in the July 6 presidential election garnered the necessary 50 percent of the votes. Democracy and the rule of law prevailed when former army chief of staff Wiranto – whose Golkar Party had won the most seats in the April parliamentary election – went quietly into the night (after mild protests) following his close third-place finish against the final two candidates, incumbent President Megawati Sukarnoputri and her former security chief Gen. Susilo Bambang Yudhoyono (SBY). While official certification of results from the Sept. 20 run-off election were not expected before Oct. 4, SBY (as he is commonly referred to) was the clear winner, with over 60 percent of the votes in what international observers proclaimed to be a fair, honest, surprisingly peaceful exercise of democracy. On Oct. 20, another peaceful transition of power should occur in the world's third largest democracy as SBY becomes Indonesia's first directly elected president.

Keeping with its long tradition, the world's largest Muslim country will again be led by a tolerant, secular government, although SBY's ability to govern will be contingent on building a coalition in an opposition-dominated People's Consultative Assembly, where SBY's new Democratic Party controls only 57 seats (compared to 109 for Megawati's Indonesian Democratic Party of Struggle Party (PDI-P) and 128 for Wiranto's Golkar Party). Rebuilding Indonesia's shattered economy will be high on SBY's priority list, as



he has pledged to battle corruption and attract foreign investment. The Sept. 9 bombing of the Australian Embassy in Jakarta reveals that much remains to be done in the antiterrorism field as well.

Relations between Washington and Jakarta are expected to improve under SBY, who is committed to restoring closer military-to-military ties, in various states of limbo for over a decade due to human rights concerns. The general is a walking advertisement for the program, having twice attended military schools in the U.S. (at Fort Benning in 1972 and at the Army Command and General Staff College at Fort Leavenworth in 1990, one of the last years during which such an opportunity existed for Indonesian military officers).

**Hong Kong: Something for everyone.** Another closely watched Asian election took place in Hong Kong, where an unprecedentedly high number of citizens (55.6 percent of registered voters) went to the polls to directly elect 30 members of the 60 seat Legislative Council (LEGCO); the other 30 seats were elected by smaller groups representing various professions and industries. While this was an improvement over the 24 seats open for direct election in 2000, democracy advocates have been pushing for direct election of all 60 seats, something seemingly promised for 2007 before Beijing choose to reinterpret the Basic Law (see last quarter's discussions).

Beijing came away from the elections generally happy (and relieved) as pro-Beijing parties won the majority of seats. The opposition Democratic Party won 18 of the direct seats and 7 of the seats selected by professional and industry groups, improvement over the 22 seats they previously held but well below their expectations (or at least hopes). Beijing and its Hong Kong allies ran a successful campaign, using a combination of patriotism (sending athletes fresh from their Olympic victories to put on demonstrations in Hong Kong), economic incentives (dangling the prospects of a free trade agreement), sensationalism (arresting several prominent Democrats for various financial and sexual improprieties), and intimidation (several military parades and pressures on prodemocracy radio talk show hosts).

The Democrats sent strong signals of their own, including a July 1 demonstration involving some 400,000 Hong Kong residents expressing dissatisfaction with the efforts by Beijing and the Special Administrative Region's Beijing-backed Chief Executive Tung Chee-Hwa to delay or derail the democratic process in Hong Kong. While Tung had made it clear that he reserved the right to reintroduce a highly-controversial stringent internal security law in the LEGCO – the source of even larger demonstrations a year ago – after the election he announced that there were no immediate plans to reintroduce this legislation, perhaps giving both sides a respite after an emotional campaign season.

**Japan: Koizumi Survives.** Upper house elections took place in Japan in early July. While largely symbolic – real power rests with the Diet's lower house – such elections frequently serve as referendums for the prime minister; in 1998, Prime Minister Hashimoto Ryutaro was forced to resign following a disastrous performance by his Liberal Democratic Party (LDP) in that year's upper house contest. While this year's election resulted in significant gains for the opposition Democratic Party of Japan – it

went from 38 to 50 seats, largely at the expense of minor parties (especially the Communist Party) – and the LDP fell short of its own predictions – a net loss of one seat rather than a gain of one seat as forecast – Prime Minister Koizumi said he saw no need to resign.

Iraq was a major issue in the campaign, with the Democrats firmly opposed to Koizumi's decision to put "boots on the ground" there, but domestic issues, to include the LDP's controversial national pension reform bill (pushed through the Diet in June) were the major factor behind the LDP's relatively poor showing.

**Mongolia: From Stalemate to Compromise.** After three months of stalemate following a close and contentious June election in which the opposition Democratic Coalition won 36 seats out of 76 in the Great Hural (Parliament) – as opposed to four seats before the election – a new coalition Cabinet was approved Sept. 27, with Democratic Coalition leader Tsakhiagiin Elbegdorj becoming prime minister and former prime minister and Mongolian People's Revolutionary Party chief Nambaryn Enkhbayar being named speaker of the Great Hural. How well the two parties will be able to cooperate and jointly govern remains to be seen.

**Malaysia: Anwar Returns, but Can He?** There were no elections in Malaysia this quarter but it is easy to make the case that Prime Minister Abdullah Badawi's landslide victory in March's national elections made possible this quarter's big news event in Malaysia – the surprise release from prison of former Deputy Prime Minister Anwar Ibrahim. Given the ruling United Malays National Organization's (UMNO) overwhelming mandate, Abdullah Badawi seemed confident enough in his own popularity and ability to govern to allow the judicial process to proceed unimpeded, resulting in an Aug. 31 decision by the Malaysian Federal Court to overturn Anwar's dubious August 2000 conviction for sodomy. The U.S. was quick to applaud the action as "a victory for the rule of law and the judicial process in Malaysia."

It was not all good news for Anwar, however. In a separate decision, the Court refused to hear an appeal of his April 1999 corruption conviction – he had already served his time for this offense – making him ineligible to run for public office before 2008. Anwar was quick to point out, however, that even if the law prevented him from holding public office, "you can be very active politically," expressing his intention to do just that. Whether he can regain his previous popularity remains a big unknown, however. The possibility also exists for a pardon from the king, but a spokesperson for the opposition Justice Party (led by Anwar's wife) said this was not likely since "asking for a pardon is an admission of guilt" and Anwar "has not done anything wrong." Of course, Anwar might accept a pardon "initiated by the government or royalty," but there were no signs that Abdullah Badawi was feeling that generous (or over-confident). (For an excellent analysis of this event and its implications, see Lena Kay, "Anwar is not the Answer," *PacNet* No. 41 [<http://www.csis.org/pacfor/pac0441.pdf>].

**Australia: Economy vs. Iraq.** The election season is still not over in the Asia-Pacific region. Next up is Australia's national elections, where three-time incumbent Liberal

Party leader John Howard, age 65, seeks a rare fourth term against a considerably younger (43), fiery, left-leaning Labor Party leader Mark Latham. Howard's ruling Liberal/National Party coalition only enjoys an eight-seat margin in the House of Representatives; the party that holds the majority here holds the government. The election, at quarter's end, was still too close to call, but the trend was clearly leaning in Howard's direction. With Australia enjoying solid economic growth and his challenger being a relative newcomer with no ministerial experience and a penchant for inflammatory comments, one would have thought the race would be much easier, but Latham has made Howard's unqualified support for the hugely unpopular war in Iraq a major campaign issue, promising to bring all Australian troops home by Christmas if he is elected.

### **Multilateralism also marches on, largely unnoticed**

The ASEAN Region Forum (ARF), the region's premier multilateral security forum, convened at the ministerial level at the beginning of the quarter, although press coverage focused more on the side meeting between Secretary Powell and Foreign Minister Paek than on the main event itself. The Shanghai Cooperation Organization (SCO) also held a largely ignored summit this quarter, and several Asia-Pacific Economic Cooperation (APEC) meetings were held in preparation for the annual APEC Leaders Meeting, which will be convened in Santiago, Chile in late November.

**Modest ARF Institutionalization Underway.** On July 2, the assembled ARF ministers confirmed their intentions to further institutionalize the ARF process, while repeating annual pledges to fight terrorism and the spread of weapons of mass destruction through ARF Statements on "Strengthening Transport Security Against International Terrorism" and a "Statement on Non-Proliferation." The ministers were "encouraged by and supported" the establishment of "an ARF Unit" within the ASEAN Secretariat to serve as a *de facto* ARF Secretariat. The new unit would "regularly update the ARF Register of CBMs and serve as the repository of ARF documents." The ARF Unit will also provide logistical, administrative, and other assistance to the rotating ARF Chair, to assist "in carrying out the mandates outlined in the paper on the Enhanced Role of the ARF Chair." The ministers also "appreciated" the publication of an updated Register of Experts/Eminent Persons" and agreed to adopt the Guidelines for the Operation of the ARF EEPs.

After several years of resisting expansion, Pakistan was officially welcomed as the ARF's 24th participant and second from South Asia (after India). Pakistan and Japan were also recognized for their accession to ASEAN's Treaty of Amity and Cooperation (TAC), following India and China's accession at their respective ASEAN Plus One summit meetings last October. The ministers also endorsed a Chinese proposal to establish a defense officials forum at the deputy minister level under ARF sponsorship. The first meeting, hosted by Indonesia, will take place in China this fall, with subsequent meetings being convened back-to-back with the annual ARF Senior Officials Meeting (SOM), hosted by the ARF Chair.

At last year's ministerial, a fairly strong (for ASEAN) statement was issued urging Burma "to resume its efforts of national reconciliation and dialogue among all the parties concerned leading to a peaceful transition to democracy," while also noting that the ministers "looked forward to the early lifting of restrictions placed on Daw Aung San Suu Kyi and the NLD members." This year, the ministers "recalled and emphasized the continued relevance" of last year's statement and "underlined the need for the involvement of all strata of Burmese society in the on-going National Convention," while urging Rangoon to "take every action that will add substance to the expression of its democratic aspiration." As noted previously in these pages, ASEAN faces a moment of truth in 2006 when Burma is scheduled to task over the ASEAN Chair, since several ARF members, specifically including the United States, have said they will not send senior officials to any meetings there unless significant steps have been taken to institute democratic reform (including, of course, the release of Aung San Suu Kyi and other National League for Democracy leaders).

**Other Meetings of Note.** Multilateral cooperation in Central Asia continued apace this quarter with Shanghai Cooperation Organization (SCO) heads of government meeting in late Sept in Bishkek, Kyrgyzstan for a summit meeting aimed at boosting economic cooperation and strengthening joint efforts to fight against terrorism, separatism, and extremism. The first SCO Defense Security Seminar was also held in Beijing in late July. In addition, the U.S., ROK, and Japan held another Trilateral Coordination and Oversight Group (TCOG) meeting in Tokyo Sept. 10-11 to help prepare joint positions in advance of what turned out to be a nonexistent round of six-party talks. APEC finance ministers also met in Santiago, Chile in early Sept, as did APEC senior officials later that month, to lay the groundwork for the Nov. 20-21 APEC Leaders' Meeting. Tackling corruption looks to be among the meeting's priorities following an APEC meeting of government anticorruption experts in Santiago on Sept. 25. Earlier in the quarter, the fourth APEC Counter-terrorism Task Force meeting was held in Singapore in July.

### **Steady economic progress; continuing concerns about overheating\***

Most East Asian countries saw steady progress in consolidating their economic recoveries this quarter, with 2004 GDP growth in the region forecast to reach 7 percent, on par with 2004, the best year after the financial crisis. The risks of overheating in China have not abated, however, and rising oil prices will scale back growth for 2005. The quarter closed with continued attention to China's currency liberalization, as senior Chinese officials prepared to meet their G-7 counterparts on Oct. 1 for the first time. Meanwhile, the IMF was openly urging China – and the rest of Asia – to adopt flexible currency regimes now.

**Economic Assessment and Forecast.** The bi-annual assessments by the Asian Development Bank (ABD) and International Monetary Fund issued in late September agree that economic growth rates will be higher in 2004 than in 2003, with a slowdown expected in 2005 due to higher oil prices. Growth rates have been raised by half a percentage point for Japan, Hong Kong, Malaysia, the Philippines, Singapore, and

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\* Pacific Forum Director of Programs Jane Skanderup was a major contributor to the economics section.

Taiwan, while growth in Cambodia, Indonesia, and South Korea continues to lag. The ADB notes that for the first time since the Asian financial crisis, business investment in most Southeast Asian countries shows a marked revival, reflecting improvement in nonperforming loans, low interest rates, and higher capacity utilization. With the expected slowdown in China yet to materialize, export growth has remained robust.

**“Afloat” in Currency Issues.** China is expected to receive increased pressure to move toward a floating currency when PRC officials attend their first G-7 Finance Ministers Meeting in Washington in early October. In the run-up to this meeting, Premier Wen Jiabao reiterated that China would move in a “steady and appropriate” manner toward a flexible currency regime. From a global standpoint – and U.S. elections aside – there are arguments for China to ease the yuan from its dollar peg sooner rather than later. On Sept. 30, IMF Managing Director Rodrigo Rato openly urged China for the first time to move to a more flexible exchange rate now, while its economic growth was strong. Rato argued that China does not need to wait to bolster its banking system or give up capital controls, and that exchange rate flexibility would help it to better fight inflation and prevent overheating. In fact, IMF economists argue, all Asian economies would benefit from greater exchange rate flexibility, since this would help correct global current account imbalances that many international economists believe are unsustainable.

### **New (bird) flu fears**

Finally, brief mention should be given to fears of another regional pandemic, this time caused by avian influenza, a fowl-borne disease that has killed or resulted in the preventive destruction of millions of chickens and other domesticated and wild fowl across wide areas of Asia this year. Some 30 people have also died from the H5N1 virus this year (out of 42 infected) in Vietnam and Thailand. Until late September, all cases were believed to involve individuals who had contracted the disease through direct handling of infected fowl. In late September, however, a 26-year old woman in Thailand who had cradled her dying 11-year old daughter in her arms, became infected and died in what is feared to be the region’s first case of human-to-human transmission this year. While Thai health officials have said “there is no evidence to suggest that the virus has mutated or re-assorted,” World Health Officials have expressed concern since this could indicate “the beginning of more widespread transmission, a so-called sustained transmission of an influenza virus in humans which could lead to the global spread of this virus.” Researchers at Hong Kong University also noted that the virus is more active at cooler temperatures, and with cooler winter weather approaching, “we should be prepared particularly for bigger problems in the months ahead.”

## **Regional Chronology**

### **July-September 2004**

**July 1-2, 2004:** ASEAN Regional Forum (ARF), ASEAN Plus Three, and various ASEAN Plus One ministerials take place in Jakarta, Indonesia; DPRK foreign minister meets separately with U.S. and ROK counterparts.

**July 1, 2004:** Hong Kong protesters mark one year anniversary of protests against the central government's proposed new security laws and demand more democracy.

**July 3, 2004:** Ralph Cossa and Louanne Petronio exchange wedding vows in Adirondacks ceremony.

**Jul. 3-4, 2004:** Russian FM Sergey Lavrov visits Seoul and Pyongyang.

**July 6, 2004:** Presidential elections in Indonesia inconclusive as no candidate gets 50 percent of vote; run-off scheduled for top two finishers on Sept. 20.

**July 7, 2004:** U.S. withdraws offer of \$30 million in aid to Mindanao development because of Moro Islamic Liberation Front (MILF) failure to cooperate in the peace process.

**July 7-9, 2004:** National Security Adviser Condoleezza Rice visits Japan, China, and South Korea; in Beijing, she rebuffs demands for an end to U.S. arms sales to Taiwan; explains the Bush administration is willing to help establish a dialogue between Beijing and Taipei.

**July 8, 2004:** 16<sup>th</sup> annual Australia-U.S. ministerial discussions in Washington, D.C.

**July 8, 2004:** President Bush signs legislation renewing import restrictions contained in the 2003 Burmese Freedom and Democracy Act.

**July 9, 2004:** U.S. journalist Paul Klebnikov is murdered in Moscow in front of the *Forbes Magazine* office.

**July 9, 2004:** Japanese DPRK abductee, Soga Hitomi, is reunited with husband, alleged U.S. Army defector Sgt. Charles Jenkins, and their two daughters in Jakarta.

**July 10, 2004:** Singapore's Deputy PM Lee Hsien Loong makes unofficial visit to Taiwan.

**July 11, 2004:** Japanese upper house election results in significant opposition party gains.

**July 11-16, 2004:** A 10<sup>th</sup> round of South-North Korea family reunions is held at Mt. Kumgang.

**July 14, 2004:** Philippine government formally announces early pullout of its 51-man humanitarian mission from Iraq following demands by the captors of Philippine hostage Angelo de la Cruz; State Department says U.S. is “disappointed.”

**July 16, 2004:** The U.S. and Mongolia conclude a bilateral Trade and Investment Framework Agreement (TIFA).

**July 16, 2004:** Former U.S. chess champion Bobby Fischer detained in Japan; awaits possible deportation to U.S. where he has been charged for playing 1992 chess match in Yugoslavia in violation of a U.S. ban.

**July 18, 2004:** Sgt. Jenkins and family arrive in Tokyo for medical treatment.

**July 18-29, 2004:** Approximately 250 U.S. military troops and 85 soldiers from the Singapore Armed Forces participated in “Tiger Balm 2004” exercise in Texas.

**July 19, 2004:** Malaysian PM Abdullah Badawi visits Washington, meets President Bush and Secretary Powell.

**July 19, 2004:** Philippines completes pullout of troops from Iraq, following hostage takers demands.

**July 19, 2004:** Tokyo announces 2006 as a deadline to quit the International Whaling Commission.

**July 19, 2004:** Chinese authorities release Jiang Yanyong, the military doctor who exposed China’s SARS cover-up, after seven weeks in custody.

**July 20, 2004:** Philippines hostage Angelo de la Cruz released in Iraq.

**July 20, 2004:** Indonesia, Malaysia, and Singapore sign agreement for joint patrols in the Malacca Strait to combat piracy.

**July 21, 2004:** U.S. House of Representatives approves North Korea Human Rights Act.

**July 21, 2004:** Under Secretary of State Bolton, in Seoul speech, cites Kim Jong-il’s decisions as “the primary obstacles to development and prosperity in North Korea.

**July 21** Chinese Vice FM Zhang Yesui says China has enacted regulations to control exports of nuclear, biological, chemical, and missile technologies, and is willing to join the Missile Technology Control Regime (MTCR).

**July 21-28, 2004:** Adm. Thomas Fargo, commander of the U.S. Pacific Command, visits China, Guam, Mongolia, and Japan.

**July 22, 2004:** PM Koizumi-President Roh hold one-day summit in Jeju, South Korea, and release statements calling for Seoul-Tokyo cooperation in resolving North Korea nuclear dispute.

**July 22-31, 2004:** Shanghai Cooperation Organization (SCO) holds first Defense Security Seminar in Beijing;

**July 23, 2004:** Seoul and Washington agree on transfer of troops and bases in South Korea, as part of the realignment of U.S. forces.

**July 23, 2004:** Under Secretary Bolton visits Tokyo, says, "A speedy dismantlement of North Korea's nuclear weapons program is possible if the Pyongyang regime makes the decision to do so."

**July 24, 2004:** U.S and China sign landmark air services agreement that doubles flights between the two countries.

**July 26, 2004:** U.S. and Indonesia sign "Open Skies" aviation agreement.

**July 27-28, 2004:** Over 460 North Korean refugees are flown to South Korea from an unnamed third country.

**July 28-Aug. 2, 2004:** The *USS Curtis Wilbur* Arleigh Burke-class destroyer visits Danang, Vietnam.

**July 30-31, 2004:** Fourth meeting of APEC Counter Terrorism Task Force in Singapore.

**Aug. 2, 2004:** 2nd Brigade of U.S. 2nd Infantry Division deploys from Seoul to Iraq.

**Aug. 3, 2004:** South Korea expresses regret at the DPRK's failure to participate in ministerial talks in Seoul and urges Pyongyang to reschedule the meetings. Pyongyang protested the arrival of 460 "kidnapped" North Korean refugees in the South.

**Aug. 3, 2004:** President Bush signs legislation implementing United States-Australia Free Trade Agreement (FTA).

**Aug. 5, 2004:** Japanese government approves distribution of 125,000 tons of food aid to the DPRK.

**Aug. 5, 2004:** Container Security Initiative expands operations in Japan, with customs officers to be deployed to ports of Nagoya and Kobe.

**Aug. 7, 2004:** Manila and Washington reaffirm alliance against global terrorism after disagreeing about the Philippines' early withdrawal of forces from Iraq.



**Aug. 7, 2004:** Chinese soccer fans create disturbance in Beijing following China's defeat to Japan in the Asia Cup final. Over 5,000 police are dispatched.

**Aug. 9, 2004:** Kansai Electric nuclear power plant cooling pipe bursts, killing four employees; no radiation leakage reported.

**Aug. 13, 2004:** Athletes from both Koreas march together in the opening ceremony of the Athens Olympic Games; as in Sydney in 2000, they compete separately.

**Aug. 13, 2004:** U.S. military helicopter crashes at university campus in Ginowan, Okinawa, no casualties.

**Aug. 14, 2004:** Secretary of Defense Rumsfeld visits Moscow.

**Aug. 15, 2004:** Four Japanese Cabinet ministers visit Yasukuni Shrine, China protests.

**Aug. 15, 2004:** In a Liberation Day speech, marking 59 years of ROK independence, President Roh issues call for DPRK to end its nuclear weapons program.

**Aug. 16, 2004:** In a speech before the Veterans of Foreign Wars in Ohio, President Bush announces that 60,000-70,000 troops will return to the U.S. from bases in Europe and Asia over the next 10 years.

**Aug. 17, 2004:** U.S. announces that customs officers will be deployed to the ports of Laem Chabang, Thailand and Tanjung Pelepas, Malaysia.

**Aug. 19, 2004:** ROK Uri party chairman Shin resigns following revelations that his father was a collaborator during Japan's 1910-1945 occupation of Korea.

**Aug. 20, 2004:** Secretary Rumsfeld says the U.S. expects to have a limited ability to defend against incoming long-range ballistic missiles by the end of 2004.

**Aug. 21, 2004:** ROK news agency *Yonhap* reports DPRK leader Kim Jong-il's wife died of a heart attack in early August.

**Aug. 23-25, 2004:** *KCNA* pronounces President Bush a "fascist tyrant" and "human trash," and says the DPRK "can no longer pin any hope on the six-party talks."

**Aug. 23-Sept. 3, 2004:** U.S. and ROK hold annual "Ulchi Focus Lens" exercises to test readiness for military emergencies on the Korean Peninsula; North protests.

**Aug. 24, 2004:** Tokyo agrees to deport Bobby Fischer to the U.S.

**Aug. 25, 2004:** Two Russian airliners crash within minutes of each following departure from the Moscow airport; explosives found amid wreckage.

**Aug. 29, 2004:** President Chen stops in Honolulu, Hawaii enroute to Latin America.

**Aug. 31, 2004:** At least 10 people are killed and more than 50 wounded in an explosion outside a Moscow subway station.

**Aug. 31, 2004:** DPRK recalls its ambassador to Vietnam to protest its role in the airlift of over 460 North Korean refugees to South Korea; Hanoi neither confirms nor denies its involvement.

**Aug. 31, 2004:** Malaysian high court calls evidence used to convict Former Malaysian Deputy PM Anwar of sodomy “unreliable,” orders his release (on Sept. 2) from jail after six years.

**Sept. 1, 2004:** Armed militants seize a school in Beslan, southern Russia.

**Sept. 1, 2004:** Seoul and Taipei sign an aviation agreement to reopen regular airline services for first time since 1992.

**Sept. 1, 2004:** Philippine President Gloria Macapagal-Arroyo arrives in China for a three-day state visit.

**Sept. 2, 2004:** ROK discloses to the IAEA that government scientists enriched a small amount of uranium four years ago.

**Sept. 3, 2004:** Asia-Pacific Economic Cooperation (APEC) finance ministers meet in Santiago, Chile.

**Sept. 3, 2004:** Siege of Russian school ends when Russian troops storm the school following a series of explosions; over 300 killed, 700 wounded.

**Sept. 3, 2004:** Taiwan President Chen has transit stop in Seattle on his return to Taipei.

**Sept. 7, 2004:** NATO and Russia agree to boost cooperation in the fight against terrorism following attacks in Russia.

**Sept. 8, 2004:** Gen. Baluevsky, chief of Russia’s general staff, says Russia is ready to attack terrorist bases anywhere in the world.

**Sept. 9, 2004:** South Korea admits to conducting plutonium research in the early 1980s.

**Sept. 9, 2004:** Bobby Fischer wins case allowing delay in deportation to the U.S.

**Sept. 9, 2004:** Car bomb explodes outside the Australian Embassy in Jakarta, kills 10 and injures 212.

**Sept. 10, 2004:** Under Secretary Bolton calls for a full international probe into Seoul's enrichment of nuclear material, "saying we will not allow a double standard in terms of how we treat the violations."

**Sept. 10, 2004:** Taiwanese investigators announce three are charged in connection with the shooting of President Chen following the discovery of homemade bullets similar to those used in the March assassination attempt.

**Sept. 10, 2004:** Under Secretary Bolton visits Geneva, says the Conference on Disarmament should continue negotiating a Fissile Material Cut-Off Treaty, but that verification should not be included in the treaty.

**Sept. 10, 2004:** A high-level delegation from China led by Li Changchun (member of the Party Standing Committee) visits Pyongyang. Separately, UK Foreign Office minister Rammell visits Pyongyang to propose a new dialogue on its nuclear weapons program and human rights record.

**Sept. 10-11, 2004:** TCOG meeting in Tokyo.

**Sept. 11, 2004:** South Korea confirms massive explosion in North Korea near Chinese border several days earlier but dismisses possibility it was a nuclear test.

**Sept. 11, 2004:** Alleged Korean War deserter, Sgt. Charles Jenkins, surrenders to U.S. authorities in Tokyo.

**Sept. 12, 2004:** Hong Kong LEGCO elections; pro-Beijing parties retain majority.

**Sept. 13, 2004:** President Putin orders changes to Russia's election rules limiting the number of political parties and taking full control over nominating regional leaders.

**Sept. 13-14, 2004:** Asst. Secretary of State Kelly stops in Beijing after TCOG talks in Tokyo in an attempt to firm up dates for the six-party talks.

**Sept. 14, 2004:** Department of State praises talks between the Dalai Lama's special envoy, Lodi Gyari, and the Chinese government.

**Sept. 15, 2004:** Taiwan loses its 12<sup>th</sup> bid for representation in the United Nations.

**Sept. 16, 2004:** North Korea says it will not attend new round of six-party talks until Seoul discloses details of its nuclear experiments.

**Sept. 16-20, 2004:** Chinese Communist Party Central Committee holds 16<sup>th</sup> plenary meeting. President Hu Jintao calls for Parliament to take a stronger watchdog role, while calling for transparency and official accountability; former President Jiang Zemin retires from post as chairman of the Central Military Commission.

**Sept. 17, 2004:** Marriage “virus” continues to spread. Scott Snyder and SoRhym Lee are married in Seoul; who’s next?

**Sept. 17, 2004:** FM Kawaguchi raises call for reform of the UNSC, including permanent seat for Japan.

**Sept. 17, 2004:** UN Secretary General Annan calls for Burma’s opposition leader Aung San Suu Kyi to be freed from house arrest, saying the regime’s reforms are not credible without involvement of the National League for Democracy and “substantive dialogue” between all parties.

**Sept. 18, 2004:** The U.S. lifts export restrictions on equipment for India’s commercial space program and nuclear power facilities.

**Sept. 19, 2004:** IAEA chief Elbaradei says explosion detected over the DPRK was probably not a nuclear blast.

**Sept. 19, 2004:** IAEA inspectors in Seoul to review ROK nuclear experiments.

**Sept. 19, 2004:** Taiwan FM Mark Chen visits Grenada to offer aid in wake of hurricane devastation; stops in U.S. for a private visit.

**Sept. 20, 2004:** Presidential elections in Indonesia; Gen. Susilo Bambang Yudhoyono appears to easily defeat incumbent President Megawati.

**Sept. 21, 2004:** President Bush and PM Koizumi hold meeting in New York City to discuss issues in the bilateral relationship.

**Sept. 21-24, 2004:** President Roh visits Russia, meets President Putin, says “South Korea sees no need to rush into a further round of talks on the North’s nuclear weapons ambitions.”

**Sept. 22, 2004:** ROK MOD announces deployment of 2,800 troops to Iraq has been completed.

**Sept. 23, 2004:** DPRK *Rodong Shinmun* states that the DPRK would turn Japan into a “nuclear sea of fire,” if the United States undertook a preemptive attack on the DPRK.

**Sept. 23, 2004:** Koizumi urges UNGA to give Tokyo a permanent seat on the UNSC.

**Sept. 23, 2004:** Shanghai Cooperation Organization summit. SCO launches its own website: *www.sco-ec.gov.cn*.

**Sept. 23-25, 2004:** Wen Jiabao pays first official visit to Russia as China's premier.

**Sept. 24, 2004:** U.S. announces deployment of Aegis-destroyer in the Sea of Japan as part of its missile shield.

**Sept. 24, 2004:** IAEA issues statement urging the DPRK to abandon its nuclear weapons program and allow IAEA inspectors to return.

**Sept. 25, 2004:** APEC Senior Officials, Government Corruption Experts meet in Santiago, Chile.

**Sept. 25, 2004:** Google Inc. bows to China's requirement that its news service in China not display results from websites blocked by Chinese authorities.

**Sept. 25, 2004:** Thousands protest in Taipei against the government's \$18.2 billion arms procurement deal with the U.S., arguing it would be a detriment to social welfare and start an arms race with China.

**Sept. 27, 2004:** At the UN, DPRK Vice FM Choe Su Hon warns the danger of war on the Korean Peninsula "is snowballing," tells press "we have already made clear that we have already reprocessed 8,000 wasted fuel rods and transformed them into arms."

**Sept. 27, 2004:** Japan tells U.S. counterparts that relocation of the U.S. Army's I Corps headquarters to Camp Zama in Kanagawa is "politically difficult."

**Sept. 27, 2004:** India marks the Taj Mahal 350th anniversary.

**Sept. 27, 2004:** PM Koizumi shuffles Cabinet: Machimura Nobutaka replaces FM Kawaguchi Yoriko, Ono Yoshinori replaces Ishiba Shigeru as director general of the Defense Agency.

**Sept. 27, 2004:** Deputy Secretary of State Armitage and UN special envoy to Burma Razali Ismail urge the military regime to launch "meaningful" dialogue with the NLD.

**Sept. 28, 2004:** U.S. Senate unanimously approves North Korea Human Rights Act.

**Sept. 28, 2004:** Chinese FM Li blames U.S. and the DPRK and their "mutual lack of trust" for the impasse in the six-party talks.

**Sept. 28, 2004:** New defense chief Ono suggests Japan be allowed to engage in collective defense and make a more active contribution to international security.

**Sept. 28, 2004:** Thailand reports first human-to-human transmission of Avian flu virus and confirms its 10<sup>th</sup> virus death.

**Sept. 29, 2004:** IMF releases *World Economic Outlook*; ADB issues *Asia Development Outlook*; 7 percent growth forecast for Asia in 2004.

**Sept. 30, 2004:** The IMF issues a call for China to float its currency saying it would be to China's advantage to uncouple the yuan from the dollar.