



Regional Overview:

Tentative Multilateralism and Democratic Change

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The quarter began with high hopes, following the year's second Six-Party Talks "breakthrough," but it was all down hill after that. On Oct. 3, Beijing announced a "second phase" implementation plan that laid out a series of specific Korean Peninsula denuclearization actions to be accomplished by Dec. 31. Unfortunately, the new year tolled with the most critical of these promised actions – a mutually acceptable "complete and correct declaration" of all North Korean nuclear programs, facilities, and activities – nowhere to be found. The much-anticipated ASEAN Charter was also signed this quarter but hopes that Myanmar would somehow be penalized for its brutal suppression of peaceful protests earlier in the fall were dashed as the other members took an ostrich-like approach to the problem. The third East Asia Summit took place as scheduled, with outside observers still not fully clear about the group's objectives or its place in the greater multilateral mix. The largest multilateral gathering of the quarter took place in Bali, where those worried about global warming expelled a lot of hot air in producing a potentially useful but currently not very specific "Bali Roadmap" on climate change. The democratic process remained alive and well with new governments being elected in Australia, South Korea, and Thailand, even as China was ruling that Hong Kong would not be ready for a more representative government until at least 2017. On the economic front, 2007 proved to be a good year for Asia, with growth consistent with pre-year projections; most forecasters see only a modest slowdown in 2008, despite lingering concerns about over the fallout from the U.S. subprime mortgage crisis.

Six-Party Talks: in need of another breakthrough!

As noted last quarter, the Second Session of the Sixth Round of Six-Party Talks, held in Beijing from Sept. 27-30, ended with a note of anxiety as the participants reported that they needed to bring the proposed agreement on "Second Phase Actions for the Implementation of the Joint Statement" back home for final review and approval. All breathed a sigh of relief on Oct. 3 when the Chinese announced that the six parties – North and South Korea, China, Japan, Russia, and the U.S. – had all agreed on the next steps in the mutual "action for action" plan.

As laid out in the Feb. 13, 2007 initial “breakthrough” agreement, second phase actions were to include “provision by the DPRK of a complete declaration of all nuclear programs and disablement of all existing nuclear facilities” in return for “economic, energy, and humanitarian assistance up to the equivalent of 1 million tons of heavy fuel oil.” The Oct. 3 agreement restated Pyongyang’s February commitment, with the already shut down facilities at Yongbyon – the 5MW reactor, reprocessing plant, and fuel-rod fabrication facility – scheduled for disablement by the end of 2007. While the chief U.S. negotiator, Assistant Secretary of State for East Asia and the Pacific Christopher Hill had opined back in February that all phase two measures could be completed by the end of the year, the October agreement modified this goal to say that in return for an unspecified portion of the promised aid and assistance, North Korea would provide a “complete and correct declaration of all nuclear programs,” and the disablement of the Yongbyon facilities. Disablement of other facilities and programs (to be identified in the declaration) would come later and be followed by their eventual “abandonment.”

The Oct. 3 implementation plan also recalls Washington’s earlier commitment to “begin the process” of removing the DPRK from the State Sponsors of Terrorism List and Trading with the Enemy Act (TWEA) restrictions and states that the U.S. would fulfill this commitment “in parallel with the DPRK’s actions based on consensus reached at [U.S.-DPRK Working Group] meetings.” There still does not appear to be consensus on what this consensus is, however. While the DPRK has said repeatedly that these actions were to be taken by Dec. 31, 2007, Washington has been much more circumspect, indicating that it is contingent on the DPRK’s “fulfillment of its commitments on providing a declaration and disabling its nuclear facilities.”

The year ended without a mutually agreed-upon list or de-listing, with only partial disablement at Yongbyon and (stop us if you have heard this one before) Washington and Pyongyang each pointing a finger at the other as the source of the problem.

Both sides seemed to agree that the disablement process was proceeding in good faith. According to Pyongyang, “all the [Yongbyon disablement] operations were completed within the ‘technologically possible scope’ as of Dec. 31.” One of the most critical remaining disablement steps – the removal of spent fuel rods from the 5MW reactor at Yongbyon – was projected to take at least another 100 days. It could take much longer! The new year began with a warning from Pyongyang that the delay in the fulfillment of commitments by the other parties – delivery of oil, aid, and equipment “has not been done even 50 percent” and the U.S. “has not honored its commitment to cross the DPRK off the list of sponsors of terrorism and stop applying the ‘Trading with the Enemy Act’ against it” – has compelled Pyongyang “to adjust the tempo of disablement of some nuclear facilities on the principle of ‘action for action.’”

The biggest point of contention, and most serious stumbling block from a U.S. perspective, was the absence of the “complete and correct declaration” of all DPRK nuclear programs. According to protocol, this was supposed to be submitted by Pyongyang to China (as the Six-Party Talks chair) by Dec. 31; it wasn’t! Nonetheless, Pyongyang claims that it has “done what it should do,” stating that it “worked out a

report on the nuclear declaration in November and notified the U.S. side of its contents.” It further claims to have addressed U.S. “suspicions” about uranium enrichment, “clarifying with sincerity that the controversial aluminum tubes had nothing to do with uranium enrichment.” No reference was made by Pyongyang to centrifuges allegedly delivered to the North through the A.Q. Khan network.

Whatever Pyongyang actually provided – the declaration has not been made public – it was obviously not “complete and correct” enough for Washington. Making matters potentially worse were news reports that there were traces of enriched uranium on some of the DPRK’s aluminum tubing examined by U.S. experts.

It is useful to recall that the “complete and correct declaration” was not just about uranium enrichment. It was supposed to provide the first full accounting of “all” the North’s nuclear programs, to include (according to the Feb. 13, 2007 agreement) “plutonium extracted from used fuel rods.” As a result, Washington expects the declaration to provide details on plutonium stockpiles (presumably including any actual weapons) and bomb making facilities as well. President Bush has also asserted that there must be a full accounting of Pyongyang’s proliferation activities (even though this is not stipulated in the Feb. 13 or Oct. 3 agreements). This took on a new sense of urgency after reports last quarter of North Korean suspected (but unconfirmed) aid to Syria’s suspected (but unconfirmed) nuclear weapons program. For its part, the DPRK noted that it “reaffirmed its commitment not to transfer nuclear materials, technology, or know-how” in the Oct. 3 joint statement and that “this is our answer to this [the Syria] question.”

At quarter’s end, the planned December round of Six-Party Talks was on indefinite hold, Secretary Hall was preparing for yet another round of shuttle diplomacy (including another “secret” visit to Pyongyang?), Washington was still calling for a “complete and correct declaration” – with Secretary Hill stressing that it was more important that it be “complete” than done quickly – and the North still steadfastly maintaining that it had already fulfilled its end of the bargain and was waiting for the others to deliver. In short, this quarter, as so many others have, ended with the process in need of yet another breakthrough.

ASEAN Charter: one (very) small step forward

While the six parties were unable to meet this quarter, several other multilateral gatherings did take place as scheduled, including the 13th ASEAN Summit; the 11th ASEAN Plus Three (APT) Summit involving China, Japan, and Republic of Korea; the 3rd East Asia Summit (APT plus Australia, New Zealand, and India); and a whole host of ASEAN plus one meetings with the six non-ASEAN participants.

Most notably, the Association of Southeast Asian Nations, in commemoration of its 40th Anniversary, adopted its first formal ASEAN Charter, thus conferring “legal personality” upon this intergovernmental organization, complete with its own flag, emblem, and motto: *One Vision, One Identity, One Community*. Critics have also suggested the ostrich

as the ASEAN bird, in keeping with ASEAN's continuing tendency to bury its head in the sand and pretend that regional problems will somehow go away.

These tendencies were clearly in evidence at the 13th ASEAN Summit on Nov. 20 in Singapore, when the "landmark" Charter was adopted. The Singaporean hosts had invited UN Special Envoy Ibrahim Gambari to address the assembled leaders to discuss his mission to Myanmar (a.k.a. Burma), but he had to be uninvited after several members objected. Talk about censuring the ruling junta for its horrific crackdown on peaceful demonstrators earlier this fall was quickly set aside in keeping with its principle of "non-interference in the internal affairs of ASEAN Member States," as embodied in the new Charter, along with a redundant principle calling for "respect for the right of every Member State to lead its national existence free from external interference, subversion, or coercion." The Chairman's Statement did urge Myanmar to "work towards a peaceful transition toward democracy" and to lift restrictions on Aung San Suu Kyi, while emphasizing their collective intent to "strive to prevent the Myanmar issue from obstructing ASEAN's integration effort."

On the plus side, the Charter also calls for "respect for fundamental freedoms, the promotion and protection of human rights, and the promotion of social justice," and, over the earlier objection of several members (including Myanmar), calls for the establishment of an "ASEAN human rights body" (which will operate in accordance with terms of reference yet to be determined). Since, "as a basic principle, decision-making in ASEAN shall be based on consultation and consensus," it is difficult to envision a "human rights body" with any teeth or credibility, however.

It did not have to be this way. Reportedly, the first draft of the ASEAN Charter, prepared by ASEAN's Eminent Persons Group (EPG), called for stronger enforcement mechanisms, including sanctions (e.g. expulsion from ASEAN) for those violating the Charter. Instead, the final document says, "in the case of a serious breach of the Charter or non-compliance, the matter shall be referred to the ASEAN Summit for decision," where the rules of consensus normally apply. The Charter does indicate that, "when consensus cannot be achieved, the ASEAN Summit may decide how a specific decision can be made," but without any reference to how such a decision could, in fact, be made.

This is a significant diminution of the EPG recommendation that ASEAN relax its style of decision-making by adopting an "ASEAN Minus X" formula that would allow decisions to be reached without full consensus. Instead, the Charter institutes an "ASEAN Minus X" formula (without specifying what constitutes "X") only as an escape clause to allow for "flexible participation" when it comes to the implementation of economic commitments, "when there is a consensus to do so." By allowing those not quite ready for prime time to opt out, this could facilitate the achievement of ASEAN's more lofty economic goals – an economically integrated single market and production base with the free flow of goods, services, and investment and facilitated movement of businessmen, labor, and capital – among those who are willing, but this remains to be seen.

The failure to adopt an “ASEAN Minus X” approach to decision-making also makes it essential that all ASEAN members ratify the Charter before it can enter into force. This could be problematic, as Philippine President Gloria Macapagal-Arroyo made clear at the informal heads of state dinner, when she announced (in a statement also released to the press) that “the expectation of the Philippines is that if Myanmar signs the Charter, it is committed to returning to the path of democracy and release of Aung San Suu Kyi.” Calling for “the full protection of human rights within ASEAN,” Arroyo warned that the Philippine Congress “would have extreme difficulty” in ratifying the Charter absent some progress along the path toward democracy, including the release of Daw Suu Kyi.

Unfortunately, Manila’s stance is the exception rather than the rule. Most ASEAN members are proclaiming, with obvious sighs of relief, that the situation in Myanmar has “returned to normal,” as if the junta’s definition of that term – a totalitarian police state without freedom of expression, movement, due process, or even access to the internet – should be tolerated, much less a cause for celebration. Inaction over Myanmar reflects the fundamental divisions within ASEAN. Some member governments are not prepared to have their actions scrutinized, not even by an organization that they have joined and whose principles they profess to honor. Other governments admit that the failure to call members to account undermines ASEAN’s legitimacy and raises the specter of its irrelevance. The Charter was supposed to help fix that. By all appearances, it won’t.

Other ASEAN summitry results highlight cooperation

New ASEAN economic blueprint. In addition to the Charter, the assembled ASEAN leadership also signed a Declaration on the ASEAN Economic Community (EAC) Blueprint, which will serve as “a roadmap for transforming ASEAN into a single market and production base, highly competitive and fully integrated into the global community by 2015.” The document calls for the elimination of import duties on all products (except some sensitive items) by 2010 for the six established ASEAN economies and by 2015 for Cambodia, Laos, Myanmar, and Vietnam. They also formally accepted the nomination of former Thai Foreign Minister Surin Pitsuwan as ASEAN’s next Secretary General, effective Jan. 1, 2008.

ASEAN Plus Three. APT celebrated its 10th anniversary by adopting the Second Joint Statement on East Asia Cooperation to provide “strategic and practical guidance for the future development of the APT process” over the next ten years. The joint statement reaffirmed that the APT process “would remain the main vehicle toward the long-term goal of building an East Asia community, with ASEAN as the driving force.” They also adopted an APT Cooperation Work Plan, which highlighted key measures to deepen cooperation. China, Japan, and South Korea also held their 8th “Plus Three” summit, now that they are all once again on speaking terms – these meetings were deliberately avoided during the Koizumi/Yasukuni Shrine era.

East Asia Summit. EAS participants spent most of their time endorsing the fine work of ASEAN and the APT and reaffirming their own determination “to continue developing the EAS as an important forum for strategic dialogue and regional cooperation.” The

leaders signed the Singapore Declaration on Climate Change, Energy, and the Environment, which reaffirmed and build upon the Cebu Declaration on East Asian Energy Security signed at the 2nd EAS and the APEC Leaders' Declaration on Climate Change, Energy Security, and Clean Development adopted by many of the same participants in Sydney earlier this fall. They endorsed their "leaders-led" cooperative approach (i.e., no set agenda or specific topics for discussion), but "recognized the practical need to coordinate such cooperation and ensure follow-up on our discussions," providing a hint that greater structure may be applied at future meetings. Without specifically defining the EAS mission or objectives, the leaders did note that the EAS "should play a complementary and mutually reinforcing role with other regional mechanisms."

Democracy tough on incumbents

The democratic process remained alive and well this quarter, bringing about "regime change" in Australia, South Korea, and Thailand. In each case, the ruling party (or more accurately in the case of Thailand, the ruling junta) was voted out of office. Apparently fear of similar consequences helped prompt Beijing to decide to defer further democratization in Hong Kong for at least another decade.

Thailand. Thailand's generals must be wondering what they have to do to intimidate a country. After overthrowing Prime Minister Thaksin Shinawatra in a Sept. 19, 2006 coup and ramming a constitution that institutionalized their influence down the public's throat in a referendum, the country still gave the People Power Party (PPP), the successor to Mr. Thaksin's Thai Rak Thai party, a mandate in December's parliamentary elections.

In the election, the PPP won 233 seats, while its main rival, the Democrat Party (which had the military's stamp of approval), claimed 165. The remaining seats were split among five smaller parties. The PPP platform echoed Thaksin's; it focused on rural voters, with calls for infrastructure projects, price support, loans, and the freezing of debts. Party leader Samak Sundaravej said that he would invite Thaksin to come back home, although the former prime minister is still wanted for corruption and could face trial. For its part, the Democrat Party ran what was by all accounts a lackluster campaign, failing to capitalize on its advantages and reinforcing the deep split between rural and urban politics, or between the old order and the arrivistes.

The real question is how much the PPP and Thaksin are prepared to taunt the military. The new constitution will allow the generals to maintain considerable influence even if power is transferred to the PPP. And there are doubts as to whether that will occur. The national election commission has to validate the election results and a number of races have been challenged. By the start of the new year, the commission had approved just 397 of 480 parliamentary seats. Of the 83 seats under investigation, 65 were held by the PPP. Negotiations to form a new government had not been completed at the time of this writing, even though the PPP claimed to have a majority in hand.

Australia. Australian politics were upended when Labor Party leader Kevin Rudd crushed the conservative coalition of Prime Minister John Howard in November's parliamentary elections. Labor picked up 23 seats to win 83 of the 150 seats in the Lower House, and bring about the first change of government in nearly 12 years. Adding insult to injury, Howard lost his own seat, only the second time in Australian history that an incumbent prime minister was not re-elected.

Rudd and his Labor Party promised continuity and change. As in other countries, Labor no longer stands for the hard left policies of the past, but campaigned on pledges to soften the impact of unbridled capitalism. Real changes should come in immigration policy – Labor rejects Howard's "closed door" – and environmental issues. As a first step, Rudd ended Australia's rejection of the Kyoto Protocol and ratified the treaty; Rudd has said that climate change would be his top priority. He has insisted, however, that there can be no Kyoto II without involving China and India, a position that puts him in lock step with Washington; keep in mind that it was their exclusion that made the original treaty so unacceptable to the U.S. in the first place.

Some analysts have worried that the new prime minister, a Mandarin speaker with experience working as a diplomat in China, would reorient Australian foreign policy. While Rudd promised to pull Australia's 550 combat troops out of Iraq (leaving about twice that number in other roles), that move and his interest in China do not anticipate a shift in the geopolitical balance of power. Canberra remains committed to its alliance with the U.S. and China's influence over the Australian economy is not new. China is a fact of life for any Australian government (as it is for every other government in Asia) and policy must reflect that reality.

South Korea. In South Korea, former Hyundai CEO and flag-bearer of the conservative Grand National Party (GNP) Lee Myung-bak won the Dec. 19 presidential ballot with 48.7 percent of votes cast. He bested Chung Dong-young, an ally of incumbent President Roh Moo-hyun, who came in second with 26.1 percent of the vote, and Lee Hoi-chang, who campaigned to the right of Lee and won 13 percent of votes. The latter's candidacy presages a split in the GNP in April National Assembly elections if hardliners feel that President Lee is going to be too conciliatory toward the North.

Lee's victory was widely anticipated, the product of rising public dissatisfaction with President Roh. While there has been concern about the current government's foreign policy – there is widespread sentiment that Seoul has been too easy on Pyongyang and should demand greater reciprocity in North-South relations – the election turned on economic issues. Most Koreans were disappointed with the 4.5 percent growth of Roh's tenure and demanded more. "MB" campaigned on a "747" pledge: he will raise growth to 7 percent annually, double Korea's per capita income to \$40,000 and reach the ranks of the world's top seven economies. The president-elect's career as a businessman and mayor of Seoul made those promises credible.

The final tally was not the only suspense in the election. Lee had been accused of fraud and the return of a witness from the U.S. and the appearance of a videotape that undercut

his claim that he was not involved in a stock manipulation case provided impetus for an investigation that could have disqualified him. Voters were prepared to overlook the scandals, although Lee said he would step down if found guilty. His margin of victory is likely to derail the investigation, although it could influence the April assembly vote.

Lee's win is likely to move South Korean policy back to the center. Relations with the U.S. are expected to improve and engagement with the North will be more closely scrutinized. There is little chance of radical swings in policy, however. Most South Koreans want stability in the North and Southern economic aid is one way to secure it. And it could block Chinese inroads into the North Korean economy.

Perhaps the most interesting issue for the new president will be relations with Japan. Ties between Seoul and Tokyo have been strained throughout Roh's term as he played the nationalist card to boost his dwindling support rate and push a domestic political agenda. Lee has said that he wants to build better relations with Japan and his counterpart, Prime Minister Fukuda Yasuo, is ready to reciprocate. The two governments should have ample ground for cooperation, but seizing those opportunities may be tough.

Hong Kong. Residents of Hong Kong were informed this quarter that they would be spared the imperfections of democracy for another decade. Putting the best possible face on an unpopular decision for most democrats, Donald Tsang, head of the special administrative region, announced that, "A timetable for obtaining universal suffrage has been set." Unfortunately, that date is 2017 for electing the leader of Hong Kong and 2020 for electing lawmakers. Although the election process is to begin changing in 2012, it isn't clear what amendments will be made or how the system will evolve.

Currently, only half of the 60-seat legislative council is elected while an 800-person committee stacked with Beijing loyalists chooses the chief executive position, which is currently held by Tsang. The 1997 handover agreement promised Hong Kong residents the right to elect their leaders but no timetable was set for the realization of that goal. Democrats have been pushing for a quick move to direct elections; they want direct elections for both the executive and the legislature by 2012. Beijing and their supporters in Hong Kong argue that city isn't ready. (And the deadline hands the issue to a new government in Beijing; the current leadership should be gone by 2017.)

Democrats' complaints are not limited to the timetable. It is expected that a nominating committee will select candidates that the public will vote on, ensuring that the mainland keeps close control over the election process. The decision was greeted with dismay. Democrats took to the streets in protest. Tsang called on all parties to swallow their concerns and start working to implement the Chinese decision.

Lots of hot air about climate change

There is no denying the reality or significance of climate change. The awarding of the 2007 Nobel Peace Prize to Al Gore and the Intergovernmental Panel on Climate Change (IPCC), the UN institution that includes thousands of scientists at work on this issue, only

ratified a shift in global consciousness. Governments have been slow to accommodate this new mindset, however. But this quarter, 190-some governments met in Bali, Indonesia to begin work on a framework for action on global warming that will go into effect when the Kyoto Protocol expires in 2012.

Kyoto met fierce resistance on two counts. Developed states (most notably the U.S. but it is not alone) complained that the Kyoto framework is unfair because it only creates obligations for industrialized states, even though newly industrializing states are generating as many greenhouse gasses. Those newly industrializing states counter that they should not be penalized and forced to clean up a problem they did not create. Governments in both camps are reluctant to accept limits on greenhouse gas emissions if they would slow their economic development.

At Bali, two weeks of contentious negotiations produced a deal that forced compromise on all participants. The "Bali Roadmap" provides an agreement in principle to cut emissions by 2050. The final deal requires developed and developing nations to commit to measurable and verifiable steps to reduce greenhouse gas emissions and participants agreed to provide aid to developing countries that will help them minimize the effects of climate change and facilitate the adoption of green technologies. Aid to developing countries will help them mitigate the effects of climate change and speed their adaptation to "greener" societies. A mechanism was established to financially compensate nations for preserving tropical rain forests.

While diplomats applauded the Bali outcome – one UN official likened the deal to the dismantling of the Berlin Wall – environmentalists were skeptical. Targets are to be agreed by a 2009 conference in Copenhagen and it will be a long slog to get those numbers. The Bali deal acknowledged the need for industrialized countries to cut emissions 25 to 40 percent from 1990 levels by 2020, but only by referring to those numbers in a footnote. Expect more such sleights of hand throughout the negotiations.

Economic Outlook: Asia still sets the pace

There was no need to juggle the numbers when looking at Asian economies. While Asia has not been immune to the economic shocks of the last year – the subprime mortgage crisis, steadily climbing oil prices, and dollar devaluation – the region will continue to set the pace for the rest of the world. The Japan External Trade Organization (JETRO) forecast 11.5 percent growth in China in 2007, more than twice that of the NIEs (South Korea, Taiwan, Hong Kong and Singapore), which registered 5.4 percent as a whole, and not quite double the 6 percent registered by the remaining five ASEAN developing economies (Indonesia, Malaysia, the Philippines, Thailand, and Vietnam). As whole, JETRO predicts 8.7 percent for East Asia as a whole (excluding Japan), with 3.1 percent rate of inflation, which is in line with projections being forecast at the beginning of 2007.

The year ahead looks to slow a little, which, given concerns about overheating in China, is not a bad thing. JETRO forecasts 10.6 percent growth on the mainland with stable inflation of 3.2 percent. The NIEs are expected to grow 5 percent on average, while the

ASEAN 5 will pick up the pace and record 6.1 percent growth, with inflation of 5 percent. East Asia as a whole is forecast to grow 8.2 percent in 2008, a half percentage point below the 8.7 percent registered in 2007, with inflation stable at 3.2 percent.

The International Monetary Fund (IMF) is a little more pessimistic. It forecast a still very respectable 8.0 percent growth for East Asia in 2007 and 7.2 percent in 2008. Its primary concern (as of December) was a slowdown in Chinese demand and its impact on the region. (Chinese GDP accounts for 40 percent of regional GDP, excluding Japan.) Moderation isn't bad if it helps deflate asset bubbles on the mainland. And, it should be noted, the most recent IMF forecast for China has it growing faster – 10 percent – than the previous forecast in April (9.5 percent). In other words, the Chinese slowdown is not as slow as originally anticipated, and well above the government-set target of 8 percent growth for 2007.

Asian Development Bank (ADB) estimates are between the two. It forecasts 8.5 percent growth for Asia (ex-Japan) in 2007 and 8.0 percent in 2008. The NIEs will expand 5.3 percent in 2007 and 5.1 percent in 2008. Japan, forecast to grow 1.9 percent in 2007, will slow and register 1.7 percent growth in 2008.

The ADB worries about the impact of the mortgage crisis on U.S. demand and raises the prospect of a global readjustment of housing prices. Equally disturbing are signs of financial market volatility generally, and the prospect of sudden swings in capital flows and swings in exchange rates as a result of global imbalances. ADB economists conclude “a disorderly adjustment in global payments imbalances coupled with a sharp contraction in U.S. aggregate demand and a free fall of the U.S. dollar, although very unlikely, cannot be ruled out.” Inflation, spurred by higher commodity prices and a falling dollar, is another concern. The IMF is a little more sanguine. It concluded that, “The risks to the overall outlook for the region are broadly balanced. The possibility of financial market stress feeding into a sharper-than-expected slowdown in exports is offset by that of continued growth outperformance in China and India.”

In other words, look to Asia to continue to set the pace for global growth, but keep a watchful eye on the U.S. economy in the year ahead.

Regional Chronology **October-December 2007**

Oct. 2, 2007: At least 4 Philippine Navy commandos and 10 Abu Sayyaf rebels die following an armed confrontation on Basilan Island.

Oct. 2-4, 2007: South Korea President Roh Moo-hyun travels to Pyongyang for the 2007 inter-Korean summit.

Oct. 2-4, 2007: Philippine President Gloria Macapagal-Arroyo visits China and meets Chinese President Hu Jintao in Shanghai.

Oct. 2, 2007: State Department spokesperson announces the U.S. has endorsed the draft joint statement that sets out the second stage of North Korea's denuclearization process.

Oct. 2, 2007: UN special envoy Ibrahim Gambari meets detained Burmese opposition leader Aung San Suu Kyi for a second time, hours after talks with military rulers.

Oct. 2, 2007: Thailand's coup leader Gen. Sonthi Boonyaratglin is officially named a deputy prime minister two days after retiring from military.

October 2, 2007: UN Human Rights Commission opens a special session on Burma with European Union countries calling for condemnation of the military junta.

Oct. 3, 2007: China confirms that all member states to the Six-Party Talks endorsed the joint statement drafted at the second session of the sixth round of talks held in Beijing Sept. 27-30.

Oct. 4, 2007: President Roh and North Korea Leader Kim Jong-il sign a declaration for the advancement of inter-Korean relations, peace and prosperity at the close of the inter-Korean summit in Pyongyang.

Oct. 4, 2007: Japan's chief envoy to the Six-Party Talks says the U.S. will not remove North Korea from the State Sponsors Terrorism List unless progress is made on the Japanese abductee issue.

Oct. 4-6, 2007: Philippine President Macapagal Arroyo visits India.

Oct. 5, 2007: Burma's military junta acknowledges that hundreds of Buddhist monks were detained during the pro-democracy uprising, but said most had been freed and only 109 remained in custody.

Oct. 9, 2007: Japan's Cabinet extends economic sanctions against North Korea through April 13, 2008 to "keep up the pressure on Pyongyang over its abductions of Japanese nationals."

Oct. 10, 2007: Taiwan marks its national day with a military parade for the first time in 16 years. Fighter planes flew above the capital, Taipei, and 2,000 troops show off military hardware through the city. President Chen Shui-bian uses a speech to hit out at China's "relentless military build-up", labeling it as a threat to world peace.

Oct. 10, 2007: A team of nuclear experts from the United States arrives in North Korea to finalize a plan for disablement procedures with their North Korean counterparts.

Oct. 11, 2007: Taiwan President Chen agrees to return as head of the ruling Democratic Progressive Party, pledging to safeguard the island's sovereignty and lead the party to election victory.

Oct. 11, 2007: U.S. and South Korea meet to resolve differences over beef imports with no agreement.

Oct. 11, 2007: The UN Security Council adopts a non-binding resolution drafted by the U.S., UK and France deploring Burma's military crackdown on pro-democracy protesters and calling for dialogue with the opposition. This is the first time the UNSC has taken any formal action over Burma. The agreement came after China lifted its objections.

Oct. 12, 2007: Burma rejects UN call for dialogue with the opposition saying it would follow its own plan to bring democracy to the country.

Oct. 13, 2007: In Thailand, UN envoy Ibrahim Gambari says that recent reports of dissidents arrested in Burma are "extremely disturbing" and calls on the junta to halt its crackdown immediately. Gambari travels next to Malaysia, Indonesia, Japan, India, and China before returning to Myanmar.

Oct. 15, 2007: President Hu Jintao makes a "solemn appeal" for a peace treaty with Taiwan at the opening of the Communist Party's five-yearly Congress in Beijing while insisting that independence for the island would never be tolerated.

Oct. 15, 2007: Japan and North Korea meet in Shenyang for talks on normalizing relations.

Oct. 15, 2007: Airbus delivers the first super jumbo A380 to Singapore Airlines. The airplane has 50% more floor space than 747-400 and can carry up to 853 people.

Oct. 17, 2007: President Bush meets privately with the Dalai Lama and bestows him with the Congressional Gold Medal in a public ceremony. China responds saying it is "strongly resentful" of what it calls a gross interference in its internal affairs.

Oct. 17-19, 2007: General Secretary of the Vietnamese Communist Party Nong Duc Manh visits North Korea.

Oct. 18, 2007: Japan, U.S., and Australia conduct a joint military exercise in the East China Sea.

Oct. 19, 2007: In an interview with *International Herald Tribune*, Taiwan President Chen Shui-bian dismisses President Hu Jintao's offer of a peace treaty with China saying it would be like agreeing to "a treaty of surrender."

Oct. 20, 2007: Follow-on team comprised of 12 U.S. nuclear experts arrives in Pyongyang to negotiate specific steps in implementing the agreement to disable North Korea's nuclear facilities by the end of the year.

Oct. 21, 2007: North Korea accuses South Korean warships of recent intrusions into its territorial waters, saying the actions were an attempt to undermine a recent accord aimed at easing tensions. A South Korean Defense Ministry official disputes and downplays the North Korean claim, saying, “It’s a routine claim. We don’t pay attention much to it.”

Oct. 22, 2007: The UN announces that the military government in Burma has agreed to allow the UN’s expert on human rights, Paolo Sergio Pinheiro, to visit after refusing permission for four years.

Oct 22-23, 2007: South Korea and North Korea meet at Mt. Kumgang to discuss the South’s provision of energy and economic assistance as part of the Six-Party Talks agreement on the North’s denuclearization.

Oct. 22-24, 2007: Mongolian President Nambayrn Enkhbayar visits the U.S. During the visit, he signs an agreement setting up U.S. development aid through the Millennium Challenge Corporation, an organization that provides assistance to developing countries that enact specific political and economic reforms.

Oct. 23, 2007: South Korea President Roh announces that South Korea’s military presence in Iraq will be extended for another year. However, the number of troops will be cut in half, from 1,200 to 600.

Oct 23-24, 2007: Russian Foreign Minister Sergei Lavrov visits Japan for talks with Japanese counterpart Masahiko Komura on bilateral issues including a long-standing territorial dispute.

Oct. 24, 2007: The third ASEAN regional disaster emergency response exercise, (*ARDEX-07*) is held in Singapore. The purpose of the exercise series is to enhance the capacities and capabilities in joint disaster management operations.

Oct. 25, 2007: Former Philippine president, Joseph Estrada, is given a full pardon just weeks after he was jailed for life on charges of plunder. The pardon was granted under a policy of releasing prisoners who have reached 70 years of age and done in what his lawyers called the “national interest”.

Oct. 25, 2007: Protests are held around the world against the authorities in Burma. The global day of action marks the 12th anniversary of the detention of Aung San Suu Kyi.

Oct. 26 -Nov. 4, 2007: North Korea Prime Minister Kim Yong-il visits Vietnam, Malaysia, Cambodia, and Laos.

Oct. 29, 2007: Chinese government announces that it arrested 774 people over the past two months as part of a nationwide crackdown on the production and sale of tainted food, drugs and agricultural products.

Oct. 29, 2007: Prime Minister Stephen Harper holds formal talks with the Dalai Lama, becoming the first Canadian leader to ignore China's warnings not to host the exiled Tibetan spiritual leader.

Oct. 29-30, 2007: Six-Party Talks Working Group on Energy and Economic Cooperation meets in Panmunjom. The agreement reached calls for providing 450,000 of heavy fuel oil and the renovation of conventional power production facilities in exchange for the disablement of North Korean nuclear facilities.

Nov. 1, 2007: Nine-member U.S. team of nuclear experts arrives in North Korea to begin supervising the disablement of the nuclear facilities at Yongbyon, which is expected to begin within a week.

Nov. 1, 2007: Japan orders its ships supporting U.S.-led forces in Afghanistan to return home, after opposition lawmakers refused to support an extension of the mission, saying it violated the country's pacifist constitution.

Nov. 2, 2007: Burma orders the expulsion of UN country chief, Charles Petrie, after his office issued a critical statement urging the junta to heed the voices of protesters.

Nov. 2, 2007: Premiers from Russia, China, Kazakhstan Kyrgyzstan, Uzbekistan, and Tajikistan participate in the Shanghai Cooperation Organization prime minister meeting in Tashkent.

Nov. 3-8, 2007: UN envoy Gambari visits Myanmar for his second round of talks. The junta rejects his proposal for three-way talks involving detained democracy leader Aung San Suu Kyi and what they term foreign or UN "interference" in their affairs.

Nov. 4-9, 2007: Secretary of Defense Robert Gates visits China, South Korea and Japan.

Nov. 7, 2007: Russia's Parliament votes unanimously to suspend Russia's compliance with the Conventional Forces in Europe (CFE) Treaty saying the U.S. and NATO were using the pact to undermine Russia's defenses.

Nov. 6-7, 2007: South Korean Foreign Minister Song Min-Soon visits Canada and U.S.

Nov. 8, 2007: North Korea expresses gratitude for U.S. help in ending a high-seas standoff with Somali pirates, describing the maritime collaboration as a "symbol of cooperation" between the two countries "in the struggle against terrorism."

Nov. 10-13, 2007: At a working meeting in Shenyang, both Koreas plus China agree on details of energy and alternative aid to Pyongyang under the Six-Party Talks.

Nov. 14, 2007: ASEAN defense ministers meet in Singapore and agree to engage defense establishments from friends and dialogue partners including the U.S., China, India, Japan,

Australia, New Zealand, and South Korea “at a pace comfortable to all ASEAN countries.”

Nov. 14-15, 2007: Peace negotiators of the Philippine government and the Moro Islamic Liberation Front meet in Kuala Lumpur and agree to begin formal talks in early 2008.

Nov. 14-16, 2007: Vietnam’s Communist Party General Secretary Nong Duc Manh visits Seoul, the first party chief to visit in 12 years.

Nov. 14-16, 2007: North Korea PM Kim Yong-Il and South Korea PM Han Duck-Soo meet in Seoul to discuss implementation of a sweeping reconciliation pact signed by the North’s Kim Jong-il and the South’s Roh Moo-hyun. This is the first time in 15 years that the prime ministers of the two countries have met.

Nov. 14-17, 2007: New Zealand FM Winston Raymond Peters visits North Korea and meets Kim Yong-nam, chairman of the Presidium of the Supreme People’s Assembly.

Nov. 14-18, 2007: The first US Navy warships (*USS Guardian* and the *USS Patriot*) to dock in northern Vietnam since the end of the Indo-China war visit the port of Haiphong.

Nov. 14-23, 2007: Tibet’s spiritual leader, the Dalai Lama, visits Japan at the invitation of a Buddhist group to tour the famed Shinto shrine of Ise Jingu, visit local schools, and give speeches on spirituality. The visit was allowed on condition that he would not engage in political activities.

Nov. 16, 2007: Japan PM Fukuda Yasuo visits the U.S. and meets President Bush.

Nov. 18-22, 2007: The 13th ASEAN Summit and related meetings are held in Singapore.

Nov. 20, 2007: ASEAN Plus Three leaders meet in Singapore.

Nov. 21, 2007: China refuses the *USS Kitty Hawk* aircraft carrier and accompanying ships entry to the port of Hong Kong for a Thanksgiving holiday visit, and later reverses its decision on humanitarian grounds.

Nov. 21, 2007: East Asia Summit Leaders Meeting is held in Singapore. The 16 countries adopt a special statement on climate change urging the development of sustainable planning and management of the region’s forests, improving forest law enforcement, and fighting illegal logging and other harmful practices.

Nov. 22, 2007: ASEAN and European Union leaders meet and endorse a five-year plan to enhance security and trade ties while urging Myanmar’s military junta to speed up democratic reforms and release the pro-democracy leader Aung San Suu Kyi.

Nov. 24, 2007: Kevin Rudd leads his Labor Party to victory in Australian parliamentary elections.

Nov. 25-27, French President Nicolas Sarkozy makes his first visit to China.

Nov. 25-29, 2007: Vietnam President Nguyen Minh Triet visits Japan, the first visit by a head of state from the communist country to its largest aid donor and one of its leading foreign investors. He was joined by key ministers and more than 100 business executives.

Nov. 26-27, 2007: Chinese Foreign Minister Yang Jiechi visits Washington.

Nov. 27-29, 2007: A team of officials and experts from five nations in the Six-Party Talks on North Korea's nuclear development conduct on-site inspections to check the country's work on disabling its nuclear facilities.

Nov. 27-29, 2007: South and North Korean defense ministers meet in Pyongyang to establish military guarantees needed to carry out cross-border projects set by the Korean summit leaders in October. Seoul's five-member delegation includes officials from the defense, unification, and foreign affairs ministries while Pyongyang's five-member team is comprised of only military personnel.

Nov. 28, 2007: The 10th EU-China summit meeting is held in Beijing.

Nov. 28-Dec. 1, 2007: Chinese destroyer *Shenzhen* makes the first port call by a Chinese naval vessel in Japan call since the Communist Party came to power in 1949.

Nov. 28- Dec. 5, 2007: Christopher Hill, assistant secretary of state for East Asian and Pacific affairs, visits China, Japan, South, and North Korea to discuss the North Korea disarmament process.

Nov. 29-Dec. 1, 2007: Kim Yang-gon, director of the United Front Department of the DPRK's Workers' Party, visits Seoul and meets President Roh.

Dec. 3-15, 2007: Thirteenth UN Climate Change Conference is held in Bali, including a ministerial-level meeting Dec. 12-15. The conference was extended by a day enabling delegates to reach an agreement on a "roadmap" for dealing with climate change.

Dec. 4, 2007: Christopher Hill delivers a personal letter from President Bush to Kim Jong-il that urges North Korea to fully declare their nuclear programs.

Dec. 12, 2007: Australian Prime Minister Rudd delivers papers to the UN ratifying the Kyoto Protocol, leaving the U.S. as the only advanced economy outside the treaty.

Dec. 12-13, 2007: China-U.S. Strategic Economic Dialogue is held in Beijing. The high-level talks focus on issues such as trade integrity, product safety, balanced economic development, and energy and environmental cooperation.

Dec. 14, 2007: South Korean news agency *Yonhap* reports that North Korea responded verbally to the personal letter from President Bush to Chairman Kim Jong-il saying the North “appreciates President Bush’s letter, will fulfill its obligations and expects the U.S. to perform what it has to do.”

Dec. 17, 2007: Japan’s Maritime Self-Defense Force’s Aegis destroyer *Kongo* succeeds in intercepting a mock ballistic missile warhead with an SM-3 missile as part of missile defense system test carried out at sea near Hawaii.

Dec. 19, 2007: Lee Myung-bak is elected president in South Korea.

Dec. 19-21, 2007: Sung Kim, director of the Korea Desk at the U.S. State Department visits North Korea to discuss the declaration of its nuclear programs. According to sources, North Korean officials repeatedly denied the existence of a uranium enrichment program during the visit.

Dec. 20-25, 2007: India and China conduct a joint military exercise China’s province of Yunnan. It involves just over 100 officers and men from each side. The Chinese describe the training as aimed at “detering the ‘three evil forces’ – separatists, extremists and terrorists – and promoting the strategic partnership for peace and prosperity between China and India.”

Dec. 23, 2007: The People Power Party claims victory in the first Thai elections since a 2006 military coup, but fails to win an absolute majority of seats, making a coalition government a necessity.

Dec. 25-26, 2007: Representatives from South and North Korea and China meet in Pyongyang to discuss energy and economic assistance to the North in return for disabling of its nuclear facilities. During the meeting, Hyon Hak-Pong, vice director general of North Korea’s Foreign Ministry, states that because economic compensation pledged by the U.S., South Korea, Japan, China, and Russia “is being delayed,” North Korea has “no option but to adjust the speed of the disablement process.”

Dec. 27-30, 2007: Japanese PM Fukuda Yasuo goes to China in a visit that the Chinese foreign ministry spokesman said “is of great significance for advancing sound and stable relations between China and Japan.”