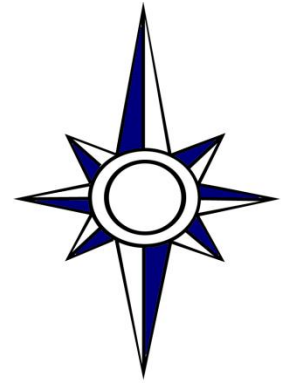


# Comparative Connections

A Quarterly E-Journal on East Asian Bilateral Relations



## Regional Overview:

### More of the Same, Times Three

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Last quarter we noted that the US profile in Asia was on the rise and China's image was falling, while questioning if North Korea was changing, as Beijing, among others, seemed to insist. This quarter has been marked by more of the same, on all three fronts.

President Obama made a high-profile trip to Asia, visiting India, Korea (to attend the first Asia-hosted G20 meeting), Japan (for the APEC Leaders Meeting), and Indonesia. Secretary of State Clinton gave a major address in Honolulu (co-hosted by the Pacific Forum CSIS) on US Asia policy, before her sixth trip to Asia, this time traveling to Guam, China, Vietnam (where the US officially joined the East Asia Summit), Cambodia, Malaysia, Papua New Guinea, New Zealand, and finally Australia, where she linked up with Secretary of Defense Robert Gates in Melbourne for a 2+2 meeting with their Aussie counterparts. Gates also visited Hanoi for the first ASEAN Defense Ministers Meeting Plus gathering in early October and stopped by Malaysia on his way home from Australia, while the *USS George Washington* paid a return visit to the Yellow Sea before participating in a joint US-Japan military exercise near Okinawa.

Beijing appeared to back off its aggressive stance in the East China Sea and South China Sea and uttered hardly a peep in response to the US aircraft carrier operations off Korea's west coast. It did, however, continue to protect and essentially enable Pyongyang's bad behavior by blocking any serious UNSC response to North Korea's artillery attack on South Korean civilians on Yeonpyeong Island, its recently unveiled uranium enrichment program, or its ongoing efforts to subvert UNSC sanctions. Pyongyang once again offered an "unconditional" return to the Six-Party Talks while reinforcing the preconditions (including a peace treaty with the US and recognition of its nuclear-weapons state status) that stand in the way of actual denuclearization.

2010 proved to be a generally good year, economically speaking, as most economies bounced back from the mauling they received in 2009. It was not that good a year politically for President Obama, as he watched his Democratic Party take a real drubbing in the November mid-term elections. He did, however, exhibit great political courage in pressing the Senate in a lame duck session to vote on the New START Treaty with the Russians, which was ratified at quarter's end. Rumors of Obama's political demise are, we suspect, greatly overstated.

### **Six-Party Talks: light at the end of the tunnel?**

If it is always darkest before the dawn, perhaps next quarter will see some movement toward the resumption of the long-stalled (since December 2008) Six-Party Talks aimed at Korean Peninsula denuclearization. During this quarter, however, Pyongyang made it more and more

difficult for Seoul and Washington to accept its “unconditional” offer to resume negotiations. In addition to its (not surprising) refusal to admit complicity in last spring’s *Cheonan* attack, Pyongyang unexpectedly revealed what appeared to be a fully operational uranium enrichment facility at Yongbyon and also responded to a clearly defensive pre-announced South Korean military exercise with a violent artillery attack (some four hours later and apparently after a visit to the area by Kim Jong Il and his heir-apparent Kim Jong Un) on military and civilian facilities on Yeonpyeong Island. Pyongyang then warned of a “nuclear holocaust” or “holy war” should Seoul resume military exercises in this sensitive area, which Seoul did, but only after pledging that any further hostile action by Pyongyang would be met “immediately and sternly” with a strong military response. ROK Air Force (ROKAF) jet fighters were airborne for the subsequent military exercises to underscore this warning. In the face of this determined South Korean stance, Pyongyang chose not to respond militarily to a 94-minute South Korean show of force.

The North, in stating that it “did not feel any need to retaliate against every despicable military provocation,” then warned of a “second and third powerful retaliatory strike” that would “lead to blowing up the bases of the US and South Korean puppet warmongers.” The North’s decision to not retaliate does not deserve applause as some (like New Mexico Gov. Bill Richardson, who was in Pyongyang at the time) suggested. Rather, as US State Department spokesman P.J. Crowley noted: “This is the way countries are supposed to act. The South Korean exercise was defensive in nature. The North Koreans were notified in advance. There was no basis for a belligerent response.”

During his “private visit” to Pyongyang, Richardson also announced that North Korea was prepared to have International Atomic Energy Agency (IAEA) inspectors visit the North’s main nuclear complex at Yongbyon, including the new uranium enrichment facility, and was willing to sell South Korea 12,000 plutonium fuel rods. Note the North did not offer to freeze or halt activity at this plant or to place it under permanent IAEA safeguards. An IAEA visit would merely serve to legitimize a facility that appears to violate both the spirit and letter of UNSC Resolutions 1874 and 1718 (barring all nuclear activity in North Korea). The North’s offer did not address other still-undeclared HEU and related facilities which are suspected to exist.

Washington and Seoul made it clear that Richardson was not authorized to speak or negotiate on anyone’s behalf but his own and that offers from Pyongyang to the IAEA, Seoul, or Washington should be delivered through recognized channels, not through third parties. South Korean Foreign Minister Kim Sung-hwan, in underscoring that Richardson was “not in a position to discuss nuclear issues,” opined to the ROK National Assembly’s Committee on Foreign Affairs that “I suspect North Korea may have tried to use Gov. Richardson’s visit for regime propaganda.” Others have been blunter, describing the former UN Ambassador as “a shameless self-promoting Secretary of State wannabe who brought *CNN* commentator Wolf Blitzer and a *New York Times* reporter along with him on his trip to maximize international attention.”

Washington and Seoul also made it clear that they were in no rush to return to Six-Party Talks, absent some hard evidence that Pyongyang was serious about denuclearization: “There are things North Korea must know. Before mentioning the resumption of the Six-Party Talks, the North must stop its provocative and risky behavior and prove the seriousness of its intent to denuclearize the country. In this sense, it would be better for Pyongyang not to test the will of

South Korea and the United States.” National Security Council spokesman Mike Hammer further noted that a return to the negotiating table “depends on whether North Korea can show behavior that shows it will abide by the promises it made to the world and become a responsible member of the international community.”

At quarter’s end there were glimmers of hope that dialogue would resume. ROK President Lee Myung-bak called for a resumption of Six-Party Talks and North-South dialogue, carefully tying DPRK actions and apologies to the latter and not the former. Ironically, the North’s failure to respond militarily to the ROK’s Yeonpyeong show of force after threatening to do so may have provided the Lee administration with the face necessary to move forward on nuclear talks. As regards North-South dialogue (and a resumption of much-needed South Korean assistance as spring planting season approaches), President Lee appeared forthcoming in his New Year’s message: “I remind the North that the path toward peace is yet open. The door for dialogue is still open. If the North exhibits sincerity, we have both the will and the plan to drastically enhance economic cooperation together with the international community.”

What has been absent thus far in US statements regarding the resumption of nuclear talks is an explanation of what “hard evidence” Washington seeks to convincingly demonstrate a genuine DPRK commitment to denuclearization. We would suggest that this should start with Pyongyang’s willingness to pick up where the last round of Six-Party Talks broke down, with the acceptance of a verification regime that can expand upon and validate the North’s “complete and correct” declaration of “all its nuclear activities,” which now obviously needs to be amended to include any and all uranium enrichment-related facilities. Placing all of its nuclear-related activities (both plutonium- and uranium-based) back under IAEA safeguards and freezing all enrichment activities would be another important signal of renewed commitment, as would a new moratorium on nuclear and long-range missile testing. As far as exhibiting “sincerity” toward Seoul, we suspect an apology for the *Cheonan* sinking remains an unrealistic expectation but a statement of regret over the tragic loss of life as we approach the first anniversary of the attack would be good first step, as would be a willingness to discuss the Yeonpyeong Island attack and its implications.

### **China as part of the problem**

Last quarter we argued that when it came to Korean Peninsula denuclearization, China was becoming more a part of the problem than a partner in finding a solution. Unfortunately, this trend is continuing. Even if one accepts (which we don’t) the North’s explanation for its attack on Yeonpyeong – that the South’s earlier military exercise had resulted in artillery shells falling into (contested) North Korean waters – the response was disproportionate and unacceptable. While the militaries had exchanged fire periodically since the 1953 Armistice, in this case innocent civilians were targeted and killed. This resulted in widespread condemnation from almost all quarters; even Moscow condemned the Nov. 23 shelling. Not so Beijing, which blocked any criticism of Pyongyang at an emergency session of the UN Security Council called by the Russians to defuse tensions at the time of Seoul’s follow-up show of force. Claiming that criticism of Pyongyang’s behavior would be a “provocation,” China was prepared to accept only a bland statement calling for calm on the peninsula and for restraint from both sides, a formulation Washington and Seoul (among others) found unacceptable, as well they should have.

The ambassadors of both North and South Korea addressed the Security Council during the emergency session. Sin Son Ho, the North Korean ambassador, reportedly warned that if war broke out, it would not be limited to the peninsula but could easily spread worldwide. He called live-fire exercises near the Northern Limit Line (a UN-imposed sea boundary between North and South) a violation of North Korean territory and “gangsterlike” behavior, according to diplomats in the meeting. Park In-kook, the South Korean ambassador, noted that the line had been established in 1953 and that North Korea had accepted it under a 1992 agreement, pointing out that South Korea had conducted similar exercises over decades and, as this time, had always given notice. At the end, no statement was issued. As Philip Parham, Britain’s deputy permanent representative, told the council in remarks released by his mission, “It is not enough simply to be concerned by tensions on the Korean peninsula and urge restraint on all sides, we need to be clear who bears responsibility. In this case, we have one party – the D.P.R.K.”

China’s protection of Pyongyang was not limited to the Yeonpyeong incident. For several months, Beijing blocked the issuance of a report from the UN North Korea Sanctions Committee assessing the effectiveness and implementation status of UN sanctions under UNSCR 1784 and 1874. The report was submitted to the committee in May but due to China’s protest, the contents were not made public until early November. The report states that North Korea has set up front companies to trade nuclear materials and arms. In addition to blocking any follow-up action as a result of this report, China has also thus far blocked any condemnation of Pyongyang’s illegal uranium enrichment activities. While Beijing had argued in blocking condemnation of the *Cheonan* attack that the evidence of the North’s guilt as not conclusive (an international investigation notwithstanding), in the latest instances, the North actually bragged about its attack on Yeonpyeong and showed off its uranium enrichment facility to a visiting US scientist, further demonstrating that current sanctions are not preventing nuclear-related equipment from finding its way into North Korea. Beijing’s “willful blindness” (as President Obama described the Chinese reaction to *Cheonan*) continues to enable and encourage the North Koreans to misbehave, knowing that regardless of how egregiously they act, Beijing will come to the rescue.

### **US profile in Asia continues to rise**

President Obama’s high-profile trip to Asia underscored Washington’s continued commitment to the region over the past quarter, as did trips by Secretary Clinton and Secretary Gates. To briefly summarize (since specifics are contained elsewhere in this chapter and in the bilateral chapters), President Obama began by visiting India, where the “strategic partnership” between Washington and New Delhi was strengthened and broadened. He expressed his support for India’s permanent membership on the UNSC in the context of broader Security Council reform (which no one predicts will or could happen anytime soon). In Korea, he attended the first Asia-hosted G20 meeting (reviewed below) while underscoring vastly improved ties between Washington and Seoul. The low point of the trip was his visit to Japan to attend another ho-hum Asia Pacific Economic Cooperation Leaders Meeting, while barely commemorating the 50<sup>th</sup> anniversary of the US-Japan alliance – one hopes for better when and if Prime Minister Kan makes his planned trip to Washington in the spring. Obama also finally visited Jakarta for his too often delayed “homecoming,” underscoring Indonesia’s important role as a major driving force behind ASEAN. Indonesia assumes the ASEAN Chair for 2011 and thus will host the next East Asia Summit (EAS), which Obama has promised to attend.

Meanwhile, Secretary of State Clinton in late October gave a major address in Honolulu on US Asia policy (also reviewed below), before traveling to Guam, China, Vietnam (to formally commemorate the US officially joined the EAS), Cambodia, Malaysia, Papua New Guinea, New Zealand, and finally Australia, where she was joined by Secretary of Defense Robert Gates in Canberra for a 2+2 AUSMIN meeting with their Aussie counterparts to celebrate the alliance's 60<sup>th</sup> anniversary. This was Gates' second visit to the Asia-Pacific this quarter, having visited Hanoi for the first ASEAN Defense Ministers Meeting Plus gathering in early October, as promised during his June visit to Singapore for the Shangri-La Dialogue. Gates also stopped by Malaysia on his way home from Australia, underscoring the vast improvement in military-to-military relations between the two countries since former Defense Minister Najib Razak became prime minister.

In the midst of this diplomatic activity, the *USS George Washington* paid a return visit to the Yellow Sea for promised military exercises off Korea's west coast. While this is part of a continuing series of military exercises primarily aimed at sending a message to Pyongyang, it also reinforced the US commitment to freedom of the seas despite earlier Chinese claims that these are "territorial waters." The *George Washington* battle group then traveled to the vicinity of Okinawa to participate in the *Keen Sword* exercise, the largest-ever joint exercise between the US and Japanese militaries, further underscoring the US commitment to the defense of Japan (and territories administered by Japan). In another first, South Korean observers watched the joint US-Japan exercise. Japanese observers had joined a US-ROK exercise off the east coast of Korea earlier in the year.

### **America's ever-rising profile in the Asia Pacific**

On Oct. 28, 2010, the Pacific Forum was honored to co-host a major policy address on "America's Engagement in the Asia-Pacific" by Secretary of State Hillary Clinton in Honolulu. [For a video of the speech, see <http://csis.org/event/secretary-state-clinton-next-steps-us%E2%80%9494asia-pacific-strategy>] Clinton's address emphasized "one overarching set of goals: to sustain and strengthen US leadership in the Asia-Pacific region and to improve security, heighten prosperity, and promote our values." She said that the US was practicing "forward-deployed diplomacy" along three key tracks: "first, shaping the future Asia-Pacific economy; second, underwriting regional security; and third, supporting stronger democratic institutions and the spread of universal human values."

Secretary Clinton identified "our alliances, our emerging partnerships, and our work with regional institutions" as the "main tools" of US engagement in Asia, identifying the US-Japan alliance as the "cornerstone" of America's engagement in the Asia-Pacific and the US-ROK alliance as "a lynchpin of stability and security in the region and now even far beyond" (thus contributing to what is frankly the quite silly debate over what takes pride of place: cornerstone or lynchpin). She also highlighted the 25<sup>th</sup> anniversary of the AUSMINs, the Creative Partnership Agreement with Thailand, and the upcoming (in January 2011) first 2+2 dialogue with the Philippines.

In discussing new partners, she spoke first of Indonesia, praising the Bali Democratic Forum and Jakarta's role as "a leading advocate for democratic reform throughout Asia," and then of the

“more productive than ever” level of cooperation with Vietnam. Others specifically mentioned were Singapore (“few countries punch as far above their weight”), Malaysia, and New Zealand. She also noted that India and the US “have never mattered more to each other,” citing the common interests and common values that unite us, and predicting that President Obama’s then-upcoming trip to India would elevate the US-India partnership to an “entirely new level.” She spent most time discussing the “complex” US-China relationship, noting that it is of “enormous consequence and we are committed to getting it right.” In response to those who accuse the US of trying to “contain” China, she noted that since the 1970s, Republican and Democratic administrations alike have consistently supported China’s economic development. She also called for a more effective joint approach in dealing with challenges from North Korea and Iran and “responsible policy adjustments” when it comes to currency and trade.

Among the regional institutions highlighted were ASEAN (the “fulcrum” for the emerging regional architecture) and APEC (which was at a “pivotal moment”). Important “mini-laterals” included US support for the Lower Mekong Initiative and the Pacific Island Forum. She also outlined the two core principles the administration would take in its approach to the East Asia Summit: “first, ASEAN’s central role, and second, our desire to see EAS emerge as a forum for substantive engagement on pressing strategic and political issues, including nuclear nonproliferation, maritime security, and climate change.”

### **A more substantive East Asia Summit?**

Secretary Clinton’s desires notwithstanding, the East Asia Summit (EAS) has to date proven itself to be far less than substantive and the most recent meeting was no exception. The highlight of this year’s fifth anniversary meeting in Hanoi was the admission of Russia and the US, who joined the original ASEAN plus six (China, South Korea, Japan, Australia, New Zealand, and India) founders in this “leaders-led forum for dialogue and cooperation on broad strategic, political, and economic issues of common interest and concern with the aim of promoting peace, stability and economic prosperity and integration in East Asia.”

The Hanoi Declaration on the Commemoration of the Fifth Anniversary of the East Asia Summit highlighted concrete progress in the following areas: finance, education, energy, disaster management, and bird flu prevention, all of which have been selected as priority areas to be addressed intensively by the EAS for regional cooperation. As all declarations have done in the past, this year’s statement once again stressed that ASEAN Plus Three (China, Korea, Japan) remains the main vehicle upon which to build an East Asia Community as a long-term goal, while reinforcing (again as always) ASEAN’s role as “the primary driving force.”

In commemorating the US entry, Secretary Clinton outlined the five key principles that will guide US engagement with the EAS:

- First, we are making an enduring commitment to this institution.
- Second, as the EAS evolves, ASEAN should continue to play a central role as a fulcrum for the region’s emerging regional architecture.

- Third, given its membership and its growing stature, the EAS should pursue an active agenda that involves the most consequential issues of our time, including nuclear proliferation, the increase in conventional arms, maritime security, climate change, and the promotion of shared values and civil society.
- Fourth, EAS discussions should complement and reinforce the work being done in other forums, such as APEC, the ARF, and the ASEAN Defense Ministerial Meeting.
- Finally, the US will continue to leverage the strength of its bilateral relationships, starting with its alliances, and will continue expanding its emerging partnerships, both in the EAS context and beyond.

Secretary Clinton noted that these principles all stem from one overarching goal: “to help strengthen and build this organization as a key forum for political and strategic issues in the Asia-Pacific.” The 2011 EAS will be in Jakarta, with President Obama scheduled to be in attendance. From an ASEAN perspective, the most important aspect will be Obama actually showing up. From a US perspective, we will have to wait and see just how substantive the discussion becomes.

### **ADMM+ at last**

This quarter heralded inauguration of the ASEAN Defense Ministers’ Meeting Plus 8 (ADMM+), which gathered the defense heads or their representatives from the 10 ASEAN nations and their eight dialogue partners – Australia, China, India, Japan, the Republic of Korea, New Zealand, Russia and the United States. It is the first official defense forum involving ASEAN defense officials and those dialogue partners. The meeting was held in Hanoi, and was chaired by Gen. Phung Quang Trinh, Vietnam’s minister of national defense.

While applauding the contributions of the “plus” nations to regional peace, security, and development, the group reaffirmed ASEAN’s central role in any institutional initiative and stressed that any mechanism should abide by “ASEAN principles of respect for independence and sovereignty, non-interference in internal affairs of member states, consultation and consensus, and moving at a pace comfortable to all parties.”

Drawing from the discussion paper, “Potential, Prospects and Direction of Practical Cooperation within the Framework of the ADMM-Plus” which was tabled at the meeting, the group agreed to set up five expert working groups (EWG) on humanitarian assistance and disaster relief, maritime security, military medicine, counter-terrorism, and peacekeeping operations (PKO). Vietnam and China offered to co-chair the EWG on HADR; Malaysia and Australia took up the EWG on maritime security, and the Philippines will work with New Zealand on PKOs. The ADMM+ set up an ASEAN Defense Senior Officials Meeting Plus (ADSOM+) to monitor progress. Brunei will host the next ADMM+ in 2013. While the ADMM+ is currently scheduled to convene only once every three years, the ADSOM+ will reportedly meet more frequently.

Many observers consider the ADMM+ initiative to be overdue. Foreign ministries have monopolized regional security gatherings. For some critics, that explains their (lack of)

effectiveness and their attention to style over substance. Others counter that militaries should be subordinated to bureaucracies and a little pomp is a small price to pay for civilian control over the military. Others worry that a one-day meeting every three years is unlikely to yield much in the way of substance; more astute commentators counter that a lot can get done under the radar if militaries are given the chance to cooperate out of public view. Finally, there is the view among some that the forum is an attempt by ASEAN to regain the initiative on regional security initiatives, and to parry (and ultimately replace?) the IISS Shangri-La Dialogue.

## **G20 gyrations**

The South Korean government saw the November G20 summit as another opportunity to focus international attention on Seoul, prove its leadership ability, and demonstrate that this forum is the true locus of global economic decision making. Sadly, the urgency that propelled G20 leaders to step up two years ago to deal with the worst financial crisis in nearly a century has abated, and with it, the direction and the drive of the G20 itself. In its last confabs, G20 leaders have shown that they can recognize problems, but they aren't prepared to do much about them. The G20 may be more representative of global wealth and power than other forums, but there isn't much to unite its members besides the sizes of their economies.

Sure, there was the usual pledge to “resist” protectionism, and leaders agreed that they had to rebalance the global economy. That means ending the “persistently large imbalances” in consumption and savings. Crudely put, the US has to put its house in order – save more and spend less – while the surplus states, such as China and Germany, need to stimulate their own demand. The leaders agreed to move “toward more market-determined exchange rate systems,” and will do this by “enhancing exchange rate flexibility to reflect underlying economic fundamentals, and refraining from competitive devaluation of currencies.” The group agreed to develop “numerical indicators” that would signal when imbalances are too big but that is a future assignment. By next year, only a progress report is required. What those indicators will ultimately be, and what they will be used for, remains unclear.

The G20 is supposed to provide a framework for common action on behalf of the global system. The Seoul meeting offered little proof that countries are prepared to pay for systemic goods. Instead, there are incremental “beggar thy neighbor” policies; they aren't crudely protectionist, but the impact is the same. Weirdly, promising signs stem from the divergence of developing country interests – countries like Brazil and India recognize that Chinese currency policies affect them too. While there is no stomach for squaring off against China directly, that recognition could provide a basis for setting general principles to govern state behavior. That is preferable to regular battles between developing and developed economies.

## **APEC – four adjectives in search of purpose**

The annual Asia Pacific Economic Cooperation (APEC) Leaders Meeting followed the Seoul G20 shindig. Japan played host this year, and hopes were high that Tokyo would get the APEC train back on track after the multilateral forum had drifted for some time. Expectations were heightened by the fact that 2010 was the 50<sup>th</sup> anniversary of the US-Japan security alliance and the US would be hosting APEC in 2011. The Japan-US “one-two punch” was supposed to



demonstrate how two allies could work together, show real leadership, revive moribund institutions, and provide sustained direction for economic policy. In explaining her “pivotal moment” remarks in her Honolulu speech, Secretary Clinton had, before the fact, warmly praised Tokyo’s “forward-leaning leadership,” forecasting a “new path forward for APEC on trade liberalization” highlighted by “special efforts to increase business investment in small and medium enterprises.”

Fat chance! In truth, APEC produced little besides the usual boilerplate to pursue an economically integrated community that encompasses the entire Pacific Rim. The trick is making that vision real, and the Yokohama Leaders Meeting made little progress on that front. Truthfully, the chair deserves some of the blame. If APEC aims to promote free trade and investment, then the chair needs to make that case in the run-up to the meeting. Unfortunately, Japan isn’t onboard. The Japanese economy remains captive to vested interests, the most powerful of which is the agriculture lobby. Its strength (along with that of other groups) continues to strangle initiatives in Japan to liberalize trade.

This time, it effectively prevented the government of Prime Minister Kan Naoto from joining the Trans Pacific Partnership (TPP), a nine-member initiative that is intended to prod Asia-Pacific governments and APEC collectively toward a free trade area. The US is a big fan of the TPP, a view that pits it against Beijing, which prefers an Asian – rather than Asia-Pacific – economic architecture. TPP proponents also have a shorter deadline for creation of the free trade area, another source of irritation for regional governments who don’t want to be pushed toward liberalization. Liberalizers in Tokyo see the TPP as a way of forcing reform on Japan; for that reason, it is resisted by domestic interests who like the status quo.

The G20 and APEC also provide opportunities for bilateral meetings. At the G20, Presidents Obama and Lee met, as did Obama and Prime Minister Kan at APEC. Their meeting was short and a disappointment to anyone who expected a definitive statement during the 50<sup>th</sup> anniversary year of the bilateral security alliance. APEC also gave Kan the chance to palaver with Russian President Dmitry Medvedev to dispel some of the tensions after Medvedev’s Nov. 1 visit to the disputed island of Kunashir. And Kan and Chinese President Hu Jintao had a 22-minute confab – set up just 30 minutes beforehand – at which they laid out their respective positions on the disputed Senkaku/Daioyutai Islands.

### **The Asian dynamo keeps its pace**

APEC and G20 shortcomings notwithstanding, the Asia Pacific region continues to power the global economy. In a December paper, Goldman Sachs forecasts Asia will register 7 percent growth in 2011, a slight decline from the 8 percent of 2010 but still a substantial jump over the 4.1 percent growth recorded in 2009. Excluding Japan, the rest of Asia should expand 8.3 percent in 2011. Goldman forecasts that China will lead the way in 2011 with 10 percent growth, followed by India with 8.7 percent, Indonesia with 6.2 percent, Malaysia, the Philippines and Hong Kong each expanding 5.2 percent, and Singapore growing a “mere” 4.8 percent (after a torrid 14.8 percent expansion in 2010). South Korea’s economy will grow 4.5 percent and Thailand 4.2 percent.

Those robust figures contrast with anemic numbers among the G7 countries. Goldman anticipates 2.3 percent growth for those seven nations in '11. That is a retreat from the 2.7 percent growth registered in '10, but is still considerably better than the 3.5 percent shrinkage of 2009. Goldman projects US growth of 2.7 percent in 2011 (the consensus estimate is 2.4 percent) and a 1.1 percent expansion in Japan (slightly less than the consensus forecast of 1.2 percent.)

The big unknowns are the perennial favorites. Will there be another property meltdown or bank failure in the US? Will US politicians muster the will to stimulate the economy and force unemployment down? If they do, can they then address the spiraling budget deficits and get the national deficit under control? How long will China be able to contain inflation and its property bubbles? Will Asia's expanding middle class be able to provide sufficient demand to compensate for the loss of markets in the West? There is little reason to lose sleep today, but as the foregoing discussion of multilateralism should have made clear, current trends are unsustainable over the long run. Structural change is required, but there is little indication that anyone is prepared to accept the costs that will entail.

### **A new START for arms control**

Most observers expected the New Strategic Arms Reduction Treaty (START) to be a victim of the "shellacking" handed the Democrats in the mid-term elections, forcing the administration to delay consideration until the new Congress was seated. Instead, as part of the flurry of activity that may make this the most productive "lame duck" session in history, the Senate ratified New START with a 71-26 vote.

New START replaces the 1991 Strategic Arms Reduction Treaty, and limits each country to 1,550 deployed nuclear warheads (a reduction from 2,200 under an earlier agreement) and 800 strategic delivery vehicles. It had support from all senior members of the US military establishment, as well as foreign policy experts and former officials from Democratic and Republican administrations. Still, serving Republicans opposed the treaty, claiming that it was being rushed through Congress, that it might limit US missile defense options, or that US nuclear infrastructure required more attention and money. The administration countered that there had been dozens of hearings and attempts to respond to questions since the treaty was signed in the spring; that consideration had been delayed at GOP request to avoid politicizing the treaty; that nothing in the document restricted missile defense policies (the language was time-tested and its intent was clear); and, finally it promised to request more than \$85 billion over the next decade to build new nuclear research and production facilities and overhaul aging warheads.

Arms control proponents complain that the treaty doesn't go far enough. There is some truth to that charge, but the treaty is a critical first step that restores momentum to the arms control process. It reduces US and Russian nuclear arsenals and makes credible their claim to be committed to disarmament. Ultimately, that credibility is a prerequisite to international buy-in on more effective nonproliferation measures. Disarmament is a necessary component of the drive to create a unified front when dealing with governments like North Korea and Iran, suspected of acquiring their own nuclear capabilities.

The treaty also boosts the US-Russia relationship. Russian officials saw the treaty as a litmus test for bilateral relations; failure to approve it would have been seen as a rejection of the Obama administration's attempt to “reset” relations with Moscow. Coming on the heels of the Lisbon meeting at which NATO and Moscow reportedly ‘reset’ their relationship, New START is a reminder to leaders in the West and Moscow that they share common interests and can make progress when they choose to work together. It is also a call to other nuclear weapon states to start discussing arms control as well.

### **A wounded president?**

As alluded to above, the conventional wisdom was that the midterm elections and the tidal wave that returned control of the House of Representatives to the Republican Party were a referendum on President Obama’s first term, and the White House would retreat, reflect, and resume its efforts to govern with more humble ambitions and diminished horizons. The big question was whether Obama would adopt some version of President Bill Clinton’s “triangulation” strategy that co-opted Republican themes and win back the independent voters that propelled him to victory in 2008 and whose desertion in 2010 torpedoed Democratic prospects.

Yet, since the November ballot, Obama, in addition to winning Senate approval of New START, secured passage of an economic package that nearly equaled the size of his original stimulus package, forged a trade deal with South Korea, repealed the “Don’t Ask, Don’t Tell” ban on gays serving in the military, and passed stronger food safety regulation and the extension of health benefits for 9/11 workers. That is an impressive list for any legislative term, much less for a “lame duck” session and “a wounded” president.

The notion that Obama is a spent force is wrong. He retains the power of the bully pulpit, and his party still has a majority in the Senate. The loss of the House weakens the president; if nothing else, GOP control of that august body allows it to harass the executive branch with its investigatory powers. That will slow things down and undermine the president’s authority, but a determined White House has other options if it wants to govern without Congressional approval. Asia policy as a whole is likely to stay on course, just as it did during the transition from Bush to Obama. Expect showdowns on trade issues, where free trade-leaning Republicans will go up against Democrats protecting labor constituencies. Traditionally, the White House has come down on the side of the free traders, and the “renegotiation” of the Korea-US free trade agreement suggests that alignment may yet prevail. Obama is likely to find more support among Republicans than Democrats as he struggles to deal with Afghanistan. China could emerge as a battlefield as conservatives who worry about the PLA make common ground with liberals worried about jobs, environmental policies, and human rights activists.

The key question is how the Republican Party will act. The GOP could decide that its best hope for the 2012 presidential ballot is denying the president any legislative victories until then. If so, then every initiative will be a battleground and Washington will be a very unpleasant place. Or the party could reject “scorched earth tactics” and decide that it must act responsibly – demonstrating that it can govern and help solve pressing national concerns. The great unknown is the thinking of the freshman class in the 2010 Congress. Some believe in compromising with

the opposition, others consider that collaboration to be a sellout. Equally significant, there is no indication of what their foreign policy positions are – or if they even have any.

At a minimum, a Congress bent on denying the president any victories will undermine his international status and leverage. Astute foreign leaders – and certainly the ones most able to give the US trouble – will conclude that Obama is weak or that they can undercut his opposition to their policies by appealing to the opposition in Washington. The idea that politics stops at the water's edge is fiction –especially when those foreign leaders can get knee-deep in US politics. Why should a foreign leader bother negotiating an agreement – a trade deal or an arms control treaty – if the president can't get it through Congress?

### **Regional Chronology** **October – December 2010**

**Oct. 4-6, 2010:** The eighth Asia-Europe Meeting (ASEM) is held in Brussels, Belgium. Australia, Russia, and New Zealand join as new members.

**Oct. 4-9, 2010:** UN Framework Convention on Climate Change Conference is held in Tianjian.

**Oct. 6, 2010:** ROK President Lee Myung-bak meets European Union (EU) President Herman Van Rompuy and European Commission President Jose Manuel Barroso. They agree to form a strategic partnership and sign the Korea-EU free trade agreement (FTA).

**Oct. 6, 2010:** Vietnam demands the release of 11 fishermen who were arrested by Chinese authorities near the Paracel Islands on Sept. 11.

**Oct. 6, 2010:** US Assistant Secretary of State for East Asian and Pacific Affairs Kurt Campbell visits Tokyo to discuss strategies to deal with North Korea.

**Oct. 7, 2010:** Secretary Campbell visits Seoul for talks on a wide range of issues.

**Oct. 8, 2010:** South Korean Defense Minister Kim Tae-young meets US Defense Secretary Robert Gates in Washington for an annual Security Consultative Meeting (SCM).

**Oct. 11, 2010:** ASEAN Defense Ministers Meeting (ADMM) is held in Hanoi.

**Oct. 11-12, 2010:** Russia's Deputy Foreign Minister and chief Russian negotiator at the Six-Party Talks Alexei Borodavkin travels to Seoul to meet Wi Sung-lac, South Korea's lead negotiator for Six-Party Talks, and Foreign Minister Kim Sung-hwan.

**Oct. 12, 2010:** North Korea's lead Six-Party Talks negotiator Kim Gye-Gwan meets Chinese Vice Foreign Minister and chief negotiator at the Six-Party Talks Wu Dawei in Beijing.

**Oct. 12, 2010:** China releases nine Vietnamese fishermen that had been detained in the disputed Paracel archipelago in the South China Sea since Sept. 11.

**Oct. 12, 2010:** The first ADMM Plus 8 (ADMM+) is held in Hanoi. Defense ministers or representatives from the 10 ASEAN states and their eight dialogue partners (Australia, China, India, Japan, the ROK, New Zealand, Russia, and the US) attend.

**Oct. 12-13, 2010:** The second ASEAN Plus 3 Forum on nontraditional security threats, hosted by China's People's Liberation Army (PLA), is held in Shijiazhuang, Hebei province.

**Oct. 13-14, 2010:** South Korea hosts a Proliferation Security exercise near Busan named *Eastern Endeavor 2010*. The exercise is designed to demonstrate the capacity to deter the proliferation of weapons of mass destruction.

**Oct. 21-23, 2010:** G20 Ministerial Meeting is held in Gyeongju, Korea.

**Oct. 28, 2010:** Secretary of State Hillary Clinton visits Honolulu where she meets Japanese Foreign Minister Maehara Seiji and gives a speech on US engagement in Asia.

**Oct. 28-29, 2010:** The 17<sup>th</sup> ASEAN Summit and related summits are held in Hanoi.

**Oct. 28-Nov. 8, 2010:** Secretary of State Hillary Clinton visits Asia with stops in China, Vietnam, Cambodia, Malaysia, Papua New Guinea, New Zealand, and Australia.

**Oct. 30, 2010:** The fifth East Asia Summit is held in Hanoi. Russia and the US are officially invited to join and accept membership in the forum.

**Nov. 2, 2010:** PLA Marine Corps conducts exercises in the South China Sea involving at least 100 warships, submarines, and aircraft. More than 200 military students from 40 countries and regions observe.

**Nov. 2, 2010:** China turns down Secretary Clinton's reported offer to mediate talks between China and Japan over disputed islands in the East China Sea. Foreign Ministry spokesman Ma Zhaoxu calls Clinton's proposal "wishful thinking."

**Nov. 4, 2010:** The US and New Zealand sign a new partnership document, the Wellington Declaration, which covers general defense cooperation, nuclear nonproliferation, and South Pacific and Antarctic cooperation.

**Nov. 6-14, 2010:** President Barack Obama visits Asia with stops in India, Indonesia, South Korea, and Japan.

**Nov. 7, 2010:** Burma holds an election that is described by outside observers as deeply flawed.

**Nov. 8, 2010:** Minister for Foreign Affairs Kevin Rudd, Minister for Defense Stephen Smith, Secretary of State Hillary Clinton, and Secretary of Defense Robert Gates meet in Melbourne for the 25<sup>th</sup> annual Australia-US Ministerial (AUSMIN) Consultations.

**Nov. 9, 2010:** US Chairman of the Joint Chiefs of Staff (JCS) Adm. Mike Mullen reiterates the US pledge to send an aircraft carrier into the Yellow Sea for joint drills with the ROK in the near future, despite objections from China.

**Nov. 10, 2010:** A report by UN experts charging North Korea with supplying nuclear technology to Syria, Iran, and Myanmar, which had been blocked by China for six months, is submitted to the UN Security Council for consideration.

**Nov. 11-12, 2010:** The G20 Summit is held in Seoul.

**Nov. 13, 2010:** The Asia-Pacific Economic Cooperation Leader's Meeting is held in Yokohama.

**Nov. 13, 2010:** Aung San Suu Kyi is freed from house arrest in Burma.

**Nov. 16, 2010:** Alleged arms dealer Viktor Bout is extradited to the US from Thailand. Bout was arrested in Bangkok in 2008 after trying to sell weapons to agents posing as Colombian rebels.

**Nov. 20, 2010:** The *New York Times* reports that Siegfried Hecker was shown a highly sophisticated uranium enrichment facility during his recent visit to North Korea.

**Nov. 21, 2010:** Chairman of the JCS Adm. Mullen denounces the DPRK for seeking a uranium-based nuclear program in violation of its agreement to denuclearize.

**Nov. 22, 2010:** Special Envoy Bosworth meets Foreign Minister Kim Sung-hwan and ROK negotiator Wi Sung-lac in Seoul. Bosworth also meets his Japanese counterpart in Tokyo to discuss the most recent revelations regarding the DPRK uranium enrichment facility.

**Nov. 22, 2010:** Defense Secretary Gates denounces North Korea for violating UN resolutions with its uranium enrichment facility.

**Nov. 23, 2010:** North Korea fires artillery rounds on Yeonpyeong Island, killing 4 and injuring dozens of people.

**Nov. 23, 2010:** Special Envoy Bosworth travels to Beijing to meet his counterparts over the DPRK's uranium enrichment facility and the possibility of the resuming the Six-Party Talks.

**Nov. 25, 2010:** US State Department issues the *Annual Report on International Religious Freedom* in which China is listed among "countries of special concern."

**Nov. 26, 2010:** Chairman of the JCS Adm. Mike Mullen urges China to pressure North Korea to refrain from provoking South Korea and to abide by its denuclearization commitments.

**Nov. 28, 2010:** China proposes emergency consultations among delegates to the Six Party Talks.

**Nov. 28-Dec. 1, 2010:** The US and ROK naval forces including the *USS George Washington* carrier group conduct exercises west of the Korean Peninsula to “demonstrate the strength of the [ROK]-US alliance and our commitment to regional stability through deterrence.”

**Dec. 3, 2010:** US and South Korea finalize a supplementary agreement on the KORUS FTA.

**Dec. 3-10, 2010:** Japan and the US conduct joint military exercise *Keen Sword* off the southern islands of Japan. The exercise is the “largest ever” joint exercise between the two militaries.

**Dec. 6, 2010:** Secretary of State Clinton, Japanese Foreign Minister Maehara Seiji, and South Korean Foreign Minister Kim Sung-hwan meet in Washington.

**Dec. 6, 2010:** International Criminal Court (ICC) opens investigation into *Cheonan* incident and Yeonpyeong shelling to see whether either constituted “war crimes” on the part of the DPRK.

**Dec. 8, 2010:** Chairman of the JCS Adm. Michael Mullen visits Korea and meets his South Korean counterpart, Gen. Han Min-koo, and other senior officials.

**Dec. 9, 2010:** China’s State Councilor Dai Bingguo visits Pyongyang and meets DPRK leader Kim Jong Il. China’s *Xinhua* reports that “The two sides reached consensus on bilateral relations and the situation on the Korean Peninsula after candid and in-depth talks.”

**Dec. 13, 2010:** Papua New Guinea Prime Minister Michael Somare, facing misconduct charges relating to late filing of annual tax returns, “steps aside” to concentrate on fighting the charges, and appoints Deputy Prime Minister Sam Abal as acting prime minister.

**Dec. 14, 2010:** The US releases its first Quadrennial Diplomacy and Development Review.

**Dec. 14, 2010:** Russian Prime Minister Vladimir Putin urges North Korea to “unconditionally comply with UN Security Council resolutions” on its nuclear development.

**Dec. 14-17, 2010:** Deputy Secretary of State James Steinberg leads a US delegation including National Security Council Senior Director for Asian Affairs Jeffrey Bader, Assistant Secretary of State for East Asia and Pacific Affairs Kurt Campbell, and Special Envoy Sung Kim to Asia for consultations with China on regional security issues.

**Dec. 16, 2010:** South Korea, China, and Japan sign an agreement to establish a cooperation secretariat in Seoul next year.

**Dec. 18, 2010:** Russia expresses its extreme concern over South Korea’s upcoming drills and requests an emergency meeting of the UN Security Council. China also expresses its opposition to South Korea’s upcoming drills.

**Dec. 19, 2010:** UN Security Council meets in emergency session to discuss a Russian draft statement calling on both North and South Korea to refrain from escalation of the conflict but fails to reach any agreement on a coordinated statement.

**Dec. 20, 2010:** South Korea stages a live-fire exercise on Yeonpyeong Island near the disputed border. North Korea says it would not hit back despite having vowed deadly retaliation.

**Dec. 22, 2010:** The US Senate ratifies the New Strategic Arms Reduction Treaty (START).

**Dec. 29, 2010:** South Korean President Lee Myung-bak calls for the revival of Six-Party Talks and North-South dialogue.