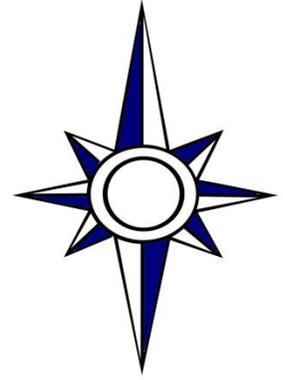


Comparative Connections

A Triannual E-Journal on East Asian Bilateral Relations



Regional Overview:

Shaking the Foundations

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The biggest headlines during the first four months of 2011 were generated by the triple tragedy in Japan – earthquake, tsunami, nuclear crisis – which left Tokyo (and much of the rest of the world) shaking, especially over nuclear safety. On the Korean Peninsula, Chinese concerns about the ROK/US “enough is enough” (over?) reaction to North Korean aggressiveness resulted in Beijing’s acknowledgment that the road to a solution must run through Seoul, thus providing a new foundation upon which to build toward a resumption of Six-Party Talks. Meanwhile, elections among the Tibetan diaspora began a long-anticipated political transition in the exile community, shaking Chinese policy toward the province. More fighting between Thailand and Cambodia over disputed borders has rattled ASEAN as it challenges the most important of its guiding principles – the peaceful resolution of disputes. Economic developments this trimester all highlighted growing doubts about the global economic order and the US leadership role. It’s easy to predict the biggest headline of the next four month period: “Bin Laden is Dead!” Implications for Asia will be examined in the next issue; initial reactions were predictable.

Japan rattled

At 2:26 PM on March 11, 2011 (JST), a magnitude 9.0 earthquake hit 43 miles east offshore Tohoku prefecture; it was the biggest quake in Japan’s recorded history and one of the five largest anywhere since modern record-keeping began in 1900. The quake triggered a tsunami with waves that reached a maximum height of 125 feet, reaching as far as 6 miles inland. The Great East Japan Earthquake left at least 27,000 people dead or missing and 160,000 people in refugee centers. Some 70,000 homes were destroyed, and another 55,000 damaged.

The quake and tsunami set off accidents at nuclear facilities located in Fukushima: while fail-safe systems operated as planned, shutting down after the temblor, backup generators were swamped by the tsunami. Fires and explosions resulted as nuclear cores and spent fuels heated up when cooling systems failed. The resulting catastrophe has been classified as level 7, the most severe, matching Chernobyl, forcing some 80,000 families from their homes. Two months after the quake, the nuclear crisis is still not fully under control. It is estimated that total losses will exceed \$300 billion, making this the most expensive natural disaster in history. Aftershocks were occurring one month after the initial quake.

The initial reaction to the disaster was, understandably, awe. Seeing it all unfold in real-time, and afterward in countless replays, contributed to a sense of helplessness. Then the Japanese turned to the grim task of cleaning up and rebuilding. Slowly, patience and endurance turned to frustration and anger as the nuclear crisis continued and the government seemed unable to get a

grip on the problem. The inability to anticipate a disaster of this size shook a country that thought it understood the potential magnitude and consequences of natural disasters. Coming 16 years after the 1995 Great Hanshin Earthquake, the country should have been better prepared and able to cope. Their government's response has not satisfied most Japanese citizens. The failure to contain and control the nuclear crisis exposed both the government and the "nuclear community" (industry, experts, and regulators) as inept, if not corrupt.

Other nations responded quickly. The US sent its military to help deal with the crisis and its immediate aftermath; *Operation Tomodachi* has consolidated the image of the US (and its military) as a real friend in need. While there were moments of tension – the US Nuclear Regulatory Commission's suggestion that US citizens evacuate a 50-mile (80 km) radius around the plant was seen as a vote of no confidence in Japan's government, which had only ordered a 20-km evacuation zone – clearly US "soft power" received a boost, as did the rationale for the US forward military presence in Japan. This was not likely to make resolving the intractable Okinawa base issue any easier, however. In fact, at a track-two meeting held shortly after the disaster, participants advised Washington to take a step back so as not to appear to be "exploiting" the tragedy. Moreover, concerns were expressed that during this period, Japanese energies will be focused inward and other priorities will languish. US participants urged Japanese counterparts "to not let the crisis go to waste," while Japanese interlocutors lamented the lack of leadership in Tokyo necessary to unite and move the nation forward.

Neighboring countries also responded with an outpouring of aid and support. For one bright moment, there were hopes that this disaster would finally provide a way to surmount the tensions that have dominated relations in Northeast Asia, as China and South Korea provided aid and comfort. Newspapers in both countries highlighted the Japanese response and their citizens' stoicism and courage. That moment too quickly passed. Japan's Ministry of Education approved new high-school textbooks that made the usual claims on Dokdo/Takeshima and much of the Korean goodwill evaporated. Chinese helicopters buzzed Maritime Self-Defense Force ships near disputed waters and China was again a threat. Both Seoul and Beijing complained about Japan dumping irradiated water in the ocean without their being informed and began restricting the import from Japan of foodstuffs that might be contaminated.

Economists estimate the quake should have less economic impact than the 1995 quake; Tohoku is not an industrial center like Kobe, source of about 4 percent of Japanese GDP and whose port makes it a key transit point between Osaka and western Japan. But even though Miyagi, the prefecture hardest hit by the quake, accounts for just 1.7 percent of GDP, a number of key industries are in the area and global supply chain disruptions are already being felt.

More troubling is the prospect of rolling blackouts throughout the summer as Japan deals with energy shortages created by the number of nuclear facilities that have gone offline. Officials estimate that it will be years until power generation is back to pre-quake levels and businesses aren't sure how they will cope. In the interim, buildings are going dark, air conditioners remain off, and toilets seats are unplugged as everyone tries to save energy.

Japan will rebuild. In the aftermath of the quake, the Japanese people have shown incredible courage, resilience, and capacity to endure. The government has made rebuilding a priority and

that is precisely the sort of task at which the Japanese excel. They will recreate the destroyed areas – and they were leveled – better than they originally were. Unfortunately, the rebuilding effort will be expensive: Economists note this will boost the Japanese economy in the second half of the year and in 2012, but it adds another mountain of debt to an economy that is already the most indebted in the developed world. Officials have said that they will not cut foreign aid budgets and diplomatic initiatives, especially those concerning Northeast Asia, will continue.

The disaster in Fukushima prompted Prime Minister Kan Naoto to announce May 10 that Japan would “start from scratch” in creating a new energy policy. That means the suspension of plans to build 14 new nuclear plants by 2030 and increase the nuclear share of energy produced to 50 percent. While Kan wants to increase the use of renewable energy sources, it isn’t clear what this will mean in practice. Japan’s options are limited. Nuclear energy is likely to remain a key component of Japan’s energy future, although the country’s record of nuclear safety is troubling. There have been a series of mishaps and accidents in recent years. If this is a wake-up call to nuclear administrators and operators, then some good may come of this tragedy. The rest of the world has looked on with horror as the catastrophe has unfolded. No other country in Asia considering or using nuclear power has said that it will reconsider its plans, but governments and publics are reminded again of the need to ensure that nuclear power is closely regulated to ensure that it is as safe as possible. “If technologically advanced and safety conscious Japan can have a disaster such as this,” many Asians wonder, “ what does this say about the safety of nuclear reactors already in or planned for China, or in countries like Vietnam or Indonesia, which have nuclear power programs on the books?”

“Enough is enough” approach shakes Pyongyang and Beijing

Ironically, Seoul’s pledge in the wake of the *Cheonan* sinking and Yongpyeong Island shelling that any further hostile action by Pyongyang would be met “immediately and sternly,” combined with its decision to call Pyongyang’s bluff and resume West Sea exercises despite Pyongyang’s warning that doing so would result in a “nuclear holocaust” or “holy war,” may have helped open the door for an eventual resumption of the Six-Party Talks, on Seoul’s (and Washington’s) terms. Seoul’s “proactive deterrence” policy, while not clearly defined, seems to have persuaded Pyongyang that Seoul will no longer turn the other cheek in response to North Korean slaps in the face. This “enough is enough” approach, unequivocally backed by Washington, has gotten Beijing’s attention as well.

During their private dinner at the White House in January, President Barack Obama reportedly told Chinese President Hu Jintao that the US would redeploy forces to the Korean Peninsula and firmly back ROK retaliatory actions if North Korean aggressive behavior continued. Hu got the message. As part of their Joint Statement on North Korea, Hu for the first time publicly “expressed concern regarding the DPRK’s claimed uranium enrichment program” and “oppose[d] all activities inconsistent with the 2005 Joint Statement and relevant international obligations and commitments.” At their joint press conference, Obama took things one step further, noting that “the international community must continue to state clearly that North Korea’s uranium enrichment program is in violation of North Korea’s commitments and international obligations.” Unfortunately, Beijing remains silent on this point; China continues to

block UN Security Council (UNSC) discussion of the uranium enrichment program (or, for that matter, the broader issue of North Korean violations of other UNSC resolutions and sanctions).

More positively, however, Presidents Hu and Obama, in their Joint Statement, “emphasized the importance of an improvement in North-South relations and agreed that sincere and constructive inter-Korean dialogue is an essential step.” This led to a new Chinese proposal for a three-phase approach to the resumption of dialogue that begins with inter-Korean dialogue, followed by US-DPRK talks, leading to eventual resumption of Six-Party Talks. China’s earlier proposals had always begun with informal US-DPRK talks as the first step. Beijing finally came around to the view that the road to Six-Party Talks – and to US-DPRK dialogue – must run through Seoul.

This latest three-step approach was put forth by China’s Special Representative for Korean Peninsula Affairs Wu Dawei in mid-April, after his meeting in Beijing with North Korean First Vice Foreign Minister Kim Kye Gwan, long a DPRK point man on nuclear issues. Wu told reporters that the first step would be a meeting of chief Six-Party Talks delegates of South and North Korea. In the past, the North had categorically refused to discuss nuclear issues with the South. Agreeing to such talks constituted “progress,” according to Seoul. Wi Sung-lac, South Korea’s chief nuclear negotiator, said that the South’s voice was “partly heard” in the Chinese official’s proposal. But he noted that the inter-Korean talks should not be misunderstood as an “easy test that North Korea can pass without showing its sincerity for denuclearization.” As ROK Unification Minister Hyun In-Taek warned, “North Korea must come to inter-Korean dialogue with a sincere and responsible attitude.” The talks had to be more than perfunctory. And, while not repeating Seoul’s earlier demand for an apology *per se*, Hyun warned that “for us to move forward, North Korea must show a responsible attitude in last year’s two provocations. The ball is in North Korea’s court.”

The North has been attempting to show a more responsible attitude through its ongoing “charm offensive,” its repeated pledges to return to talks “without preconditions,” through a series of unofficial interactions with US interlocutors at two separate track-two meetings in Germany, and through the highly publicized third visit of former US President Jimmy Carter to Pyongyang.

We were not present at the track-two dialogues in Germany but have had the opportunity to talk with folks who were. They provide a consistent message: the North is ready to enter into Six-Party Talks without preconditions and is prepared to discuss all issues, including missiles, uranium enrichment (which they insist is solely to support the peaceful use of nuclear energy), and their nuclear weapons program. It is also clear that while there are no preconditions to talking, there are serious preconditions that continue to block progress toward actual denuclearization. In addition to the list with which all are familiar – ending Washington’s “hostile policy,” its troop presence on the Peninsula, and its nuclear umbrella over the South, and acceptance of the DPRK’s status as a nuclear weapon state – at one of the meetings a new wrinkle seems to have appeared, centered on a US troop and nuclear umbrella: withdrawal not just from the Korean Peninsula but from the rest of Northeast Asia (read: Japan) as well.

Positive tidbits emerging from the Germany meetings included an apparent willingness to declare a moratorium on nuclear and missile testing (a sign of sincerity to Washington) and a willingness to make a “reassuring” statement regarding *Cheonan* and Yeonpyeong in direct

North-South talks (ditto to Seoul). While such signals are encouraging, North Korean interlocutors have made many promises at the track-two level in the past that have failed to materialize or that came with significant strings attached during official talks, so a bit of caution is advised in accepting any of this at face value.

The Carter visit seemed to reinforce both the positive and negative messages: “We are hearing consistently throughout our busy schedule here in Pyongyang that the North wants to improve relations with America and is prepared to talk without preconditions to both the United States and South Korea on any subject,” Carter said. “The sticking point – and it’s a big one – is that they won’t give up their nuclear program without some kind of security guarantee from the United States.” According to China’s *People’s Daily*, Carter also said that North Korean officials expressed “regret” for the South Koreans who lost their lives in the *Cheonan* sinking and the shelling of Yeonpyeong, but were unlikely to admit involvement in the former or apologize for the latter.

Carter also reported that North Korean leader Kim Jong Il “specifically told us that he is prepared for a summit meeting directly with President Lee Myung-bak at any time to discuss any subject directly between the two heads of state.” Specifically, but not directly. Actually Kim chose not to talk with Carter and his group of Elders directly, but instead called them back to the guest house where they had been staying after they had departed for the airport, not for their anticipated (and requested) face-to-face meeting but merely to receive a “personal message.”

Kim Jong Il’s failure to meet personally with Carter and his distinguished group (which also included former Finnish President Martti Ahtisaari, former Norwegian Prime Minister Gro Brundtland, and former Irish President Mary Robinson) was a clear snub. Carter had specifically asked to meet him and his heir-apparent son, Kim Jong Un as well. Kim Jong Il had been conveniently out-of-town (on what appeared to be a hastily-arranged visit to China) during Carter’s last visit, in August 2010, when he secured the release of a US citizen, Aijalon Mahli Gomes, who had been detained by the DPRK for entering the country illegally. But Carter had met with Kim’s father, Kim Il Sung, during his 1984 visit which many (but not all) believe helped to defuse an earlier tense situation and jumpstart the earlier Agreed Framework denuclearization process. The Elders –an independent group of eminent global leaders founded by former South African President Nelson Mandela – clearly had similar aspirations for this trip.

It’s anyone’s guess why the snub occurred. Perhaps Kim’s health has seriously deteriorated; perhaps Carter’s asking to meet Kim Jong Un was the deciding factor (although Kim still could have showed up alone); perhaps he is merely playing hard to get; or, our personal favorite (in terms of amusement, not probability, although who knows), perhaps he was afraid to meet with Carter, given that his dear old dad had dropped dead within weeks of meeting the former US president – could it just be superstition or paranoia that caused the rude behavior? Regardless of the reason, Carter came away empty. He was not even able to gain the release of the latest US detainee, Jun Young-su (who reportedly entered the country legally but was subsequently arrested for “committing a crime against the DPRK”), as many had anticipated – maybe they are holding out for another Clinton visit instead (Bill, not Hillary).

The snubs did not end with Pyongyang. ROK President Lee Myung-bak also was too busy to meet the Elders when they came calling on Seoul. And US Secretary of State Hillary Clinton, when asked if she planned to meet Carter, reportedly exclaimed “Hell no!” No wonder! If Carter’s overly apologetic approach toward North Korea was not enough – he has been extremely critical of UNSC sanctions and seemed to justify the North’s aggressive actions as mere attempts to “remind the world that they deserve respect in negotiations that will shape their future” – Carter also announced at a press conference that Seoul and Washington were guilty of “human rights violations” by refusing to provide food aid to the North. Notably absent were any comments from Carter about North Korea’s human rights violations; Mary Robinson (former UN High Commissioner for Human Rights) made no initial comments, but wrote a scathing critique after leaving the North.

While ROK officials claim there was nothing new in the North Korean overtures relayed by Carter, one suspects a trial balloon to see if a statement of “regret” for the loss of life might be sufficient to get beyond the “apology” hurdle. Meanwhile, we think the appropriate response to the summit offer should be “come on down.” President Lee should counter the offer by stating that he would be happy to send his car and driver to pick up Kim Jong Il any time he would like to pay a visit to Seoul.

This flurry of activity at trimester’s end has raised hopes that a resumption of Six-Party Talks will soon be in the cards. Who knows! But it’s one thing to talk and another to make progress. As long-time Asia hand Doug Paal observed in a recent Carnegie commentary: “The outlook for diplomatic engagement is the best it has been in two years, but the prospects for a satisfactory outcome have never looked worse.” The prospects of direct North-South nuclear talks actually taking place, much less demonstrating progress and sincerity, seem low but we have been surprised before so stay tuned!

Elections, real and imagined

A ballot for Tibetans. Lobsang Sangay, the first Tibetan to attend Harvard Law School and currently a professor at that institution, was elected prime minister of the Tibetan government in exile in a March 20 ballot among the Tibetan diaspora. Sangay tallied 55 percent of the 49,000-plus votes cast by Tibetans living outside Tibet in a three-way contest. (Six million Tibetans live inside Tibet; the diaspora numbers 150,000.) As *kalon tripa* (prime minister), he oversees a government of seven Cabinet ministers and 400 employees that is located in Dharamsala in northern India.

The election was the culmination of a process begun some 40 years ago, when the Dalai Lama, the spiritual leader of the Tibetan people, first called for the transition to a constitutional monarchy. The Dalai Lama wants to prepare his people for his passing – which, at the age of 75, is not a distant prospect. In 2001, he called for direct election of the prime minister in a bid to separate the political and spiritual domains of his rule. This ballot completes that process.

China dismissed the vote as a trick. In one of the great ironies of history, Beijing argues that the Dalai Lama’s powers and authority are inseparable; the current Dalai Lama can’t divest himself of either realm. Beijing also insists that power can only pass by reincarnation and it must have a

say in approving the Dalai Lama's successor. That is quite a claim for a government that proudly claims to have modernized Tibet and routinely criticizes the Dalai Lama for promoting feudalism. But then, a democratic Tibetan government in exile, blessed by the Dalai Lama but independent of him, is considered a threat by Beijing.

Burmese get a sham government. In November 2010, the Burmese junta allowed elections to be held – carefully stage-managed of course. As anticipated – and as intended – the Union Solidarity Party, the government's own creation, won 883 of 1,154 seats in the new Parliament. In January, Sr. Gen. Than Shwe stepped down as commander in chief and leader of the armed forces; on Feb. 4, former Prime Minister (and general) Thein Sein was elected president of the new government, sans fatigues. On March 30, the ruling junta was officially dissolved, Thein Sein sworn in as president, and a civilian government of lawmakers was sworn in. (Calling them “civilian” is generous: 25 percent of seats in the Parliament were reserved for the military and most new government officials and legislators only recently took off their uniforms.) There are media reports that an extra-constitutional eight-member body called the State Supreme Council has been set up to “guide” the government. It will be led by Than Shwe and will include Vice Sr. Gen. Maung Aye, the president, the speaker of the lower house, and other senior generals.

The election has done little to change Burma's engagement with the world beyond its borders. The US and Europe remain fundamentally suspicious of the new government and challenge its legitimacy. Earlier this year, Deputy Assistant Secretary of Defense for East Asia and the Pacific Derek Mitchell was nominated to be special representative and policy coordinator for Burma, a State Department position with the rank of ambassador. As the first US special representative, his selection is a signal to the Burma government that the door is open to discussion – if that government is serious about change. In mid-April, the EU suspended travel and financial restrictions on four ministers – including the foreign minister – and 18 vice-ministers in the new government. That move is intended to facilitate dialogue between the new government and the West, but EU officials warned that subsequent relaxation depends on actions taken in the next year. For its part, ASEAN sees the government transition as a positive step and has called for lifting sanctions. Thus far, that looks like the triumph of hope over experience, but the failure to get the government in Burma to change course demands new thinking and approaches by all concerned nations. Meanwhile indications from Burma that it wants to assume the ASEAN Chair in 2014 will test ASEAN's diplomatic skills.

ASEAN's other test

While Burma is a longstanding ASEAN problem, the outbreak of fighting between Cambodia and Thailand over the Preah Vihear temple complex and other disputed border areas is a (relatively) new and a more fundamental challenge to the organization. Sheldon Simon explains the dispute in more detail in his chapter on US-Southeast Asia relations, but the key details are this: the temple was awarded to Cambodia by the International Court of Justice nearly 40 years ago, but the two countries – egged on by nationalist politicians – continue to spar over nearby grounds. This year, there have been several exchanges of gunfire that produced fatalities on both sides and created thousands of refugees. The two sides agreed earlier in the year to border monitors, but they have not been able to take up their positions. In April, fighting erupted at another disputed area, some 160 km from the temple. (In total, the two countries have thousands

of kilometers of disputed land borders; the sea border, where there may be natural resources, is also disputed.)

While ASEAN is everyone's favorite institutional whipping boy – calling it a “talk shop” is not a compliment – this dispute shakes the institution to its core. One of ASEAN's accomplishments has been the inculcation of a culture of peace and dispute resolution among its members. This escalation of hostilities and taking of lives is an abrogation of the organization's fundamental premise: the peaceful settlement of disputes among members. If ASEAN cannot get them to honor that basic concept, then it truly is irrelevant.

ARF Disaster Relief Exercise

While Japan, the US, and a host of others were involved in actual disaster relief operations, others were preparing for future eventualities. Four days after 3-11, over 4,000 people from 25 countries took part in an ASEAN Regional Forum (ARF) four-day Disaster Relief Exercise (DiREx) in Manado, Indonesia. The exercise was co-hosted by Indonesia and Japan, although Japanese (and US) participation was understandably lighter than originally planned. Japanese Vice Minister for Foreign Affairs Makiko Kikuta attended the opening ceremony. The field training exercise included a tsunami drill, mapping areas of disaster impact, dropping logistics training activities, observation and simulation of disaster evacuation from land, sea, and air, and urban search and rescue. Participants also provided local communities with free health services, installed water purification systems, and constructed roads and a village meeting hall. This was the second such exercise by the ARF; the first ARF Voluntary Demonstration of Response (VDR) exercise was held in the Philippines in May of 2009. The ARF intends to conduct such exercises once every two years, to enhance cooperation among countries in disaster management.

A dream deflated?

The US and India have pledged to build a closer strategic relationship, a process that began under the presidency of George W. Bush and has proceeded fitfully ever since. (Satu Limaye has chronicled this adventure in his chapter on US-India relations, which appears annually in our January issue.) In March, top defense officials from the two countries, led by Indian Army Chief V K Singh and his US counterpart Gen. George Casey, met in Washington for the 11th Defense Policy Group meetings. According to the statement released afterward, they held an “extensive discussion on further strengthening bilateral defense ties, under the auspices of the Defense Framework Agreement of 2005.” All news reports referred to the meeting as “low key,” underscoring the delicate diplomatic tightrope that Washington and Delhi are walking as they try to strengthen ties without unduly offending other governments, such as China and Pakistan.

That *pas de deux* was knocked off balance with India's decision in late April to exclude US manufacturers from the short list of candidates for the next generation of multi-role fighter aircraft. The deal to supply 126 fighters is worth \$10-12 billion; only European aircraft, the *Rafale* made by France's Dassault Aviation and the Eurofighter *Typhoon*, built by European Aeronautic Defence and Space, a consortium of Spain, Germany, Britain's BAE Systems and Italy's Finmeccanica, made the cut. Americans were shocked by the decision -- US Ambassador Tim Roemer said he was “deeply disappointed,” while noting that he was assured the

transparency process was “open and fair” – and some demanded an investigation into Indian procurement practices. Analysts anticipate the furor will die down. India has already purchased several maritime patrol aircraft from Boeing and may still purchase *C-17* transport planes. Plainly, however, the assumption that the US-India partnership (however it is defined) doesn’t give the US an automatic advantage in arms procurement deals, even though increasing cooperation between the two militaries would suggest that makes sense.

Economics

From BRICs to BRICS. In mid-April, Brazil, Russia, India, and China – the “BRICs” as coined by Goldman Sachs in 2001 – held their annual leaders’ summit in Sanya in southern China. Those four countries represent 2.8 billion people (some 40 percent of the world’s population) but only 25 percent of global wealth. This was their third meeting since coming together formally as a group in 2009. This year, South Africa joined the quad, turning the BRICs into BRICS. In one sense, expanding the table was a shrewd move, a seeming confirmation of the widely held view that the group is more a lobby for emerging nations as a whole – a counter to the G8 – than a special interest group looking out for its own interests. That is ambitious: according to the IMF the combined GDP of the G8 last year was \$33.36 trillion; the BRICS constituted \$11.33 trillion. But, those five countries constituted 18 percent of the world economy last year, up from a mere 11 percent in 2005; in the same period the G8 share of global GDP fell from 64 percent to 53 percent. Juxtapose the BRICS expanding economic clout with the fact that the G8 represents just 10 percent of the world’s population and you have the basis for a reasonable claim that these folks should be heard.

And indeed, the discussions of the summit took aim at the mess the developed world has made of the global economy and the BRICS leaders called for substantial change. Their communiqué called for “comprehensive reform” of the United Nations “with a view to making it more effective, efficient and representative” so that it can meet growing global challenges. That does not go so far as to include endorsement of India for its long-sought seat on the Security Council; Beijing has some doubts about that. Russia did seek backing from the group to join the World Trade Organization. Demonstrating that they can do boilerplate with the best of the established groups, they called for action on climate change, promised to promote sustainable development, and backed the Millennium Development Goals. (Trade ministers meeting the day before matched them platitude for platitude, decrying protectionism, promising to keep their economies open, and complaining that the Doha round of trade talks was paralyzed.)

In their 32-paragraph statement, the leaders also called for reform of the international monetary system leading to “a broad-based international reserve currency system providing stability and certainty.” That is economic sherpa-speak for a desire to see a reduced role for the US dollar as the world’s reserve currency. China along with other nations believes that the dollar’s status allows the US to be irresponsible in managing its economy, running up massive deficits and exporting inflation. In tandem with that view, the leaders called “for more attention to the risks of massive cross-border capital flows now faced by the emerging economies,” and warned in particular of “excessive volatility in commodity prices, particularly those for food and energy...” Recognizing the disaster that was continuing in Japan, the leaders also agreed that nuclear energy “will continue to be an important element in future energy mix of BRICS countries” but

acknowledged that international cooperation is needed ensure that nuclear energy is pursued safely. To put some substance on their push to diminish the role of the dollar, the countries' national banks opened bilateral lines of credit to each other in their own currencies, and talked about more mutual investment.

In theory, the BRICS make sense. Reality lags, however. While the countries would like to see the world work differently – they want their own hands on the switches (or at least see Washington lighten its grip) – there is little to unite them besides a shared sense of grievance. China is the booming economy; without it, the BRICs were just BRI (or about 8 percent of the global economy.) India has aspirations to be an economic powerhouse, but as one wag put it, “India is always tomorrow’s story.” Moreover, Russia and Brazil, despite their aspirations, are essentially raw materials providers; their interests diverge in important ways from those of China, which is consuming their exports. Finally, the BRICs have as many complaints among themselves – Russia is wary of expanding Chinese influence anywhere along their long shared border (and vice versa); India worries about China’s inroads into Southeast Asia and South Asia (and China is equally concerned with Indian policy); and Brazil has almost as many complaints about Chinese currency policy as does Washington – as they do with the US. Their ability to unite on positions and solve problems, as opposed to merely acknowledging them or blaming them on some other party, has yet to be demonstrated.

S&P issues a warning. Those complaints appeared vindicated on April 18, when Standard & Poor’s, one of the big three rating agencies, downgraded its outlook for US debt from stable to negative. The US held on to its AAA rating, but the warning confirmed the cries of deficit hawks that Washington must act immediately to stem a crisis of confidence in the US economy and its currency. The announcement triggered a quick 240 point drop in the Dow Jones Industrial Average, but the index recovered by the afternoon. More intriguingly, prices for US bonds dipped and then rose, indicating demand for US obligations hasn’t diminished.

S&P worries that long-term debt is unsustainable: it identifies “medium- and long-term budgetary challenges” that must be addressed by 2013. Few economists or policy makers question that judgment; they do question priorities, however. S&P concludes that there is a one in three likelihood of lowering the rating on the US in two years. Given the poisonous atmosphere in Washington, and the seeming preference for stalemate, when politicians aren’t playing legislative “chicken,” solutions may remain elusive. If that is the case, then S&P’s judgment may become more widely shared. If that happens, then there is a real threat of a loss of confidence in US leadership in the global economy.

China’s charge. The S&P announcement came on the heels of new projections by the IMF that China was poised to overtake the US as the world’s biggest economy by 2016, much sooner than expected. According to the IMF (at a nifty web page called “the datamapper”), in five years, the Chinese economy would make up a little more than 18 percent of the world’s total wealth, a jump of 4 percent from today. China’s adjusted GDP will rise from \$11.2 trillion in 2011 to \$19 trillion by 2016. In contrast, the US economy, which accounts for nearly 20 percent of global GDP, would decrease to 17.7 percent by 2016, growing from \$15 trillion today to “just” \$18.5 trillion. One analyst, ever eager for headlines, calls 2016 “the end of the Age of America.”

Don't prepare the wake just yet, though. Note the adjective: "adjusted" GDP. In this case, the adjustment is purchasing power parity, which prices goods in local currencies. That may make sense if someone is trying to see how far their RMB will go when contemplating a haircut, but as a measure of overall economic power, it is pretty meaningless. Look at wealth per capita, and China is still a distant contender for number one. Moreover, those projections are just that – extrapolations of current trends, and it is awfully optimistic to assume that China will not be rocked by some unexpected development in the coming decade.

Nevertheless, in all conversations in East Asia, there is a definite undercurrent of concern about the shifting balance of power. Regardless of the actual numbers, trends and caveats, there is a sense that China is rising and the US is retreating or on the defensive. This is the psychological context for virtually all strategic discussions in the region and the US needs to provide a reality check, both to provide some, well, reality to the debate as well as push back against the notion that it is being marginalized.

And a push from Northeast Asia. The developed economies of Northeast Asia – China, Japan, and South Korea – continue to push forward with their efforts to unite the "plus three." (Scott Snyder and See-won Byun provide a good rundown in their chapter on China-Korea relations.) This trimester, trade ministers from the governments – Chinese Commerce Minister Chen Deming, Japan's Economy, Trade and Industry Minister Banri Kaieda, and ROK Trade Minister Kim Jong-hoon – gathered in Tokyo for the eighth Trilateral Economic and Trade Ministers Meeting, at which they agreed to step up efforts to produce a trilateral free trade agreement. They have already established a Joint Study Committee that includes government officials, businesses, and academics to explore the feasibility of a three-way free trade agreement. The next step on the path to deeper integration is conclusion of a trilateral investment agreement that would include intellectual property protections and other provisions.

The ministers argued that deeper integration is designed to boost demand at a time when the US and Europe, traditional markets for the exporting nations of northeast Asia, are slumping. It will also build confidence among the three nations – no small achievement – as well as provide an anchor for broader East Asian integration. It still isn't clear to what degree Northeast Asian integration competes with or prods Southeast Asian nations to do more.

"Justice has been served"

One of President Obama's last official acts of the trimester was to give the execute order (pun intended) for a special operations raid into Pakistan to capture or kill Osama bin Laden. It worked! On May 1, Obama announced to the world that justice had finally been served; bin Laden had been killed and his body had been buried at sea, but not until after DNA evidence had conclusively proven that it was the world's most wanted fugitive that had indeed been "hiding in plain sight" in a large modern compound (vice a tiny cave) in Abbottabad, Pakistan. Reactions were largely as to be expected. Most countries in the region expressed satisfaction, albeit with varying degrees of enthusiasm, over bin Laden's death, even while some decried the violation of Pakistan's sovereignty.

Responsible Muslim organizations also breathed a sigh of relief. The Ahmadiyya Muslim Community national spokesman Harris Zafar said: “As a Muslim, I am happy that a known terrorist like Osama bin Laden has been brought down and his reign of terror has come to an end. His actions ran counter to the true, peaceful, message of Islam, and he created so much mistrust and misconception of Islam. I hope other Muslims will realize that he was not a leader of Muslims. He was only a leader of extremists.” The Council on American-Islamic Relations issued a statement saying: “We join our fellow citizens in welcoming the announcement that Osama bin Laden has been eliminated as a threat to our nation and the world through the actions of American military personnel. ... Bin Laden never represented Muslims or Islam. In fact, in addition to the killing of thousands of Americans, he and al-Qaeda caused the deaths of countless Muslims worldwide.” Not surprisingly, radical Islamic groups did not share this view. Many condemned the “assassination” of bin Laden and called for revenge attacks. Others claimed this removed “the last excuse” for western forces to remain in the Middle East, and urged their withdrawal.

A Chinese Foreign Ministry spokesperson officially noted that “We believe the death of Osama bin Laden is a milestone and a positive development for the international anti-terrorism efforts,” even as a *People’s Daily* commentary pointed out “the first issue is the legitimacy for the US to continue its anti-terrorism actions in Afghanistan and Pakistan.” More disturbingly, Zhang Xin, the director of the military channel at *China Central Television (CCTV)*, wrote in his post on *Sina.com*, China’s most active microblogging service, that “single-handedly confronting the world’s sole superpower, the United States ... Bin Laden is the greatest national hero in the history of the Arab world.” This comment then spread widely in the Chinese online community and triggered heated responses from netizens. According to *Voice of America*, a survey conducted by *Phoenix TV* among Chinese Internet users shows 60 percent of those interviewed felt “sad” about bin Laden’s death.

Counterterrorism organizations throughout East Asia applauded bin Laden’s death but cautioned that terrorist organizations and activities, especially in Southeast Asia, would not be negatively impacted and could be energized. Philippine security officials said they expect bin Laden’s death to weaken local Islamic extremists and lead to their eventual elimination, but a captured Abu Sayyaf commander said his comrades have hardly been affected by previous foreign setbacks. Police and counter-terrorism units throughout the region strengthened security in anticipation of possible revenge attacks.

Regional Chronology

January – April 2011

Jan. 3-7, 2011: US Special Envoy for North Korea Stephen Bosworth visits Seoul, Beijing and Tokyo and meets “senior government officials to discuss next steps on the Korean Peninsula.”

Jan. 9-14, 2011: US Secretary of Defense Robert Gates visits China, Japan and South Korea.

Jan. 11, 2011: The Field of Peaceful Uses of Nuclear Energy Agreement, also known as the US-Russia 123 Agreement, is entered into force as US Ambassador to Russia John Beyrle exchanges diplomatic notes with Russian Deputy Foreign Minister Sergei Ryabkov in Moscow.

Jan. 12-19, 2011: The 11th National Congress of the Communist Party of Vietnam (CPV) is held in Hanoi and names Nguyen Phu Trong as the new general secretary of the party.

Jan. 18-21, 2011: Chinese President Hu Jintao makes a state visit to the US with stops in Washington and Chicago and meets President Barack Obama.

Jan. 20, 2011: South Korea accepts North Korea's proposal to hold high-level military talks.

Jan. 23-25, 2011: Chinese State Councilor Dai Bingguo visits Russia to attend the fifth round of China-Russia Strategic Security Talks.

Jan. 27-28, 2011: The US and the Philippines hold their first-ever Strategic Dialogue in Manila bringing together officials from the respective foreign affairs and defense departments. Assistant Secretary of State Kurt Campbell promises US aid to the Philippine navy to help increase its patrol capabilities in surrounding waters.

Jan. 26-28, 2011: A US delegation led by Deputy Secretary of State James Steinberg visits South Korea, Japan, and China to discuss the Korean Peninsula.

Feb. 4-6, 2011: The 47th Munich Security Conference is held. US Secretary of State Hillary Clinton and Russian Foreign Minister Sergei Lavrov attend and exchange instruments of ratification to bring the New Strategic Arms Reduction Treaty into force.

Feb. 4-6, 2011: At least five people are killed and several injured in clashes between Thai and Cambodian troops over a disputed border area near the Preah Vihear temple.

Feb. 7, 2011: Taiwan demands a public apology and announces the recall of its representative to Manila and tightened visa regulations for Philippine workers in response to the deportation of Taiwanese to China rather than Taiwan after they were arrested by Philippine authorities.

Feb. 7, 2011: Japanese Prime Minister Kan Naoto speaking at a Northern Territories Day rally in Tokyo marking the anniversary of an 1855 treaty demands the return of the islands.

Feb. 7-18, 2011: The 30th annual *Cobra Gold*, one of the world's largest military exercises involving 17,000 personnel, is held in Thailand. Military forces from Thailand, the US, Japan, South Korea, Singapore, and Malaysia participate.

Feb. 8, 2011: *US National Military Strategy 2011* is released.

Feb. 8-9, 2011: North and South Korea hold colonel-level military talks in Panmunjom but fail to reach agreement on an agenda for higher level talks or a date for further preliminary talks.

Feb. 9, 2011: President Dmitry Medvedev announces at a meeting of defense and regional development ministers in Moscow that Russia will deploy additional weapons on the disputed Kuril Islands (Japan refers to these islands as Northern Territories).

Feb. 9-10, 2011: Philippine government and representatives from the Moro Islamic Liberation Front (MILF) meet in Kuala Lumpur for peace talks for the first time since President Benigno Aquino took office in June 2010.

Feb. 13-14, 2011: Chinese Minister of Public Security and State Councilor Meng Jianzhu visits Pyongyang and meets several leaders including Minister of People's Security Ju Sang Song. They sign an agreement on cooperation between the two security ministries.

Feb. 14, 2011: Thailand's Foreign Minister Kasit Piromya and Cambodia's Foreign Minister Hor Namhong present arguments to the United Nations Security Council regarding the disputed border area near the Preah Vihear temple. They also hold separate talks mediated by Indonesian Foreign Minister Marty Natalegawa.

Feb. 15-21, 2011: Philippines government and the communist National Democratic Front (NDF) – the political wing of the Communist Party of the Philippines (CPP) – hold peace negotiations and agree to complete the talks in 18 months.

Feb. 18, 2011: Indonesian Vice Minister of Defense Sjafrie Sjamsoedin visits Beijing and meets Defense Minister Liang Guanglie. They pledge to promote bilateral defense cooperation.

Feb. 22, 2011: ASEAN Chairman and Indonesian Foreign Minister Marty Natalegawa announces that teams of up to 20 civilians and “unarmed” military officers will monitor each side of the border of Cambodia and Thailand near the Preah Vihear temple.

Feb. 23-24, 2011: Chinese Foreign Minister Yang Jiechi visits Seoul to discuss the North Korean nuclear issue with his South Korean counterpart Kim Sung-hwan. He calls for inter-Korean dialogue and expresses hope that the Six-Party Talks will resume as soon as possible.

Feb. 28-April 30, 2011: South Korea and US conduct the annual *Foal Eagle/Key Resolve* military exercises. *Key Resolve* is a computer-based simulation and runs through March 10. *Foal Eagle* is the field training portion of the exercise, and will continue through April 30.

March 2, 2011: Chinese naval boats harass a Philippine oil exploration vessel near the Spratly Islands Reed Bank.

March 7, 2011: Australian Prime Minister Julia Gillard visits President Obama at the White House where they discuss climate change, Afghanistan, Libya, and trade. President Obama praised Australia as one of America's strongest allies.

March 8, 2011: Malaysian authorities intercept what they suspect to be WMD-related material inside two cargo containers onboard the *Bunga Raya I*, which was traveling from China to Iran.

March 8-13, 2011: Assistant Secretary for East Asian and Pacific Affairs Kurt Campbell travels to Japan, Mongolia, and South Korea for consultations.

March 9, 2011: Matsumoto Takeaki replaces Maehara Seiji as Japan's foreign minister.

March 11, 2011: An earthquake measuring 9.0 on the Richter scale hits the Tohoku region of Japan resulting in a massive tsunami with estimates of damage as high as \$300 billion.

March 11-12, 2011: Asia-Pacific Economic Cooperation (APEC) Senior Officials Meeting (SOM) is held in Washington.

March 14-19, 2011: The ASEAN Regional Forum (ARF) conducts a disaster relief exercise in Manado, Indonesia.

March 22-24, 2011: South Korea and the US conduct the *Combined Joint Logistics over the Shore* military amphibious logistic support exercise in the West Sea near Anmyeon Island. It is the first joint logistic support exercise to occur in the West Sea.

March 28-31, 2011: Trade officials from Australia, Brunei, Chile, Malaysia, New Zealand, Peru, Singapore, US, and Vietnam meet in Singapore for the sixth round of negotiations on the Trans-Pacific Partnership (TPP) trade agreement.

March 31, 2011: Beijing releases its 2010 Defense White Paper.

April 5-15, 2011: The US and the Philippines conduct the 27th annual *Balikatan* (shoulder-to-shoulder) bilateral military exercises in the Philippines.

April 9, 2011: Indonesia convenes a special ASEAN-Japan Ministerial Meeting co-chaired by Indonesian Foreign Minister Marty and Japanese Foreign Minister Matsumoto Takeaki to discuss ASEAN-Japan cooperation on the management of disasters in the region.

April 11, 2011: North Korean Vice Foreign Minister Kim Kye Gwan meets China's Special Representative for Korean Peninsula Affairs Wu Dawei in Beijing. They agree on three-stage process to resume the stalled Six-Party Talks.

April 11, 2011: Foreign ministers and diplomats from ASEAN member countries hold a Special Informal ASEAN Foreign Ministers Meeting on the East Asian Summit (EAS) in Bangkok.

April 13, 2011: ROK Special Representative for Korean Peninsula Peace and Security Affairs Wi Sung-lac visits Washington and meets Special Representative for North Korea Policy Steven Bosworth and Special Envoy for Six-Party Talks Sung Kim to discuss North Korea issues.

April 14, 2011: Chinese President Hu Jintao, Brazilian President Dilma Rousseff, Russian President Dmitry Medvedev, Indian Prime Minister Manmohan Singh, and South African President Jacob Zuma meet in Sanya, Hainan to coordinate their stance on major economic and international issues.

April 14, 2011: Derek Mitchell is nominated to become special envoy to Burma.

April 14, 2011: Philippine Department of Foreign Affairs confirms that it filed a formal protest in the UN over China's so-called "nine-dash line" territorial claim over the South China Sea.

April 15, 2011: South Korea announces that it plans to establish a missile defense system to protect major cities and military installations by 2015.

April 15-16, 2011: The annual meeting of the Boao Forum for Asia is held in Hainan.

April 16-17, 2011: Secretary of State Hillary Clinton visits Seoul and Tokyo. In Seoul she meets President Lee Myung-bak and Foreign Minister Kim Sung-hwan to discuss cooperation on regional issues. In Tokyo, she will meet Prime Minister Naoto Kan Naoto and Foreign Minister Matsumoto Takeaki and other Japanese senior officials.

April 18, 2011: Singapore's Senior Minister Goh Chok Tong visits Beijing and meets Premier Wen Jiabao.

April 20, 2011: UN Security Council (UNSC) extends the mandate of UNSCR 1540 Committee for 10 years by unanimously passing UNSCR 1977.

April 20-28, 2011: Australian Prime Minister Julia Gillard visits Japan, South Korea, and China to promote Australia's strategic and economic interests.

April 27, 2011: China's Special Representative for Korean Peninsula Affairs Wu Dawei visits Seoul and meets his counterpart Wi Sung-Lac and Foreign Minister Kim Sung-Hwan to discuss inter-Korean relations and the North Korean nuclear issue.

April 27-28, 2011: Chinese Prime Minister Wen Jiabao visits Malaysia and meets Prime Minister Najib Razak. They agree to enhance high-level exchange and mutual trust, while deepening bilateral cooperation in trade, investment, finance, maritime, law enforcement, and in addressing international and regional issues.

April 24-29, 2011: Former US President Jimmy Carter, former Finnish President Martti Ahtisaari, former Norwegian Prime Minister Gro Brundtland, and former Irish President Mary Robinson visit China, North Korea, and South Korea in an effort to "ease tensions on the Korean Peninsula."

April 28-29, 2011: Thailand and Cambodia announce an agreement to end fighting on their shared border after seven days of clashes. The ceasefire is broken the following day.

April 29, 2011: The ASEAN Defense Senior Officials Meeting (ADSOM) Plus is held in Yogyakarta to finalize defense cooperation concepts including maritime security, humanitarian assistance and disaster relief, peacekeeping operations, counter terrorism and military medicine.

April 29-30, 2011: Chinese Premier Wen Jiabao visits Indonesia and meets President Susilo Bambang Yudhoyono and other Indonesian leaders to promote the strategic partnership.