



Regional Overview:

US Rebalances as Others Squabble

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The only good news to report when it comes to Korean Peninsula denuclearization is the absence of any new really bad news over the past four months. North Korea's widely predicted (including by us) third nuclear test or follow-on missile launch did not occur. No one anticipated any serious movement toward resumption of the stalled Six-Party Talks, and those expectations were met. The biggest multilateral surprise came from ASEAN, which for the first time in its 45-year history, concluded its annual ministerial meeting without issuing a chairman's statement or communiqué. The ministers at the follow-on ASEAN Regional Forum (ARF) did produce a summary, which once again highlighted the need for broader multilateral cooperation throughout the region, including the South China Sea. Economic ministers were equally productive in meetings in August, when among things they launched the first East Asian Summit Economic Ministers Meeting and the inaugural ASEAN-US Business Summit.

Secretary of Defense Leon Panetta attended the annual Shangri-La Dialogue (his Chinese counterpart did not) and provided his usual reassurance that the US planned to remain engaged in the region, although this did little to deter others from harping about US "decline." That was a constant refrain throughout the summer, along with companion attempts to frame every US policy as a response to the rise of China and a shifting balance of power in the region. Sigh! US policy remains driven by longstanding US national interests, as underscored by a recent study of the US military presence in the Asia Pacific. As part of the rebalancing, the US is attempting to broaden the scope of its foreign policy, not narrow it to fit a military lens.

Six-Party Talks: no light, just a long tunnel

When the so-called Feb. 29 Leap Day "food for freeze" agreement between the United States and North Korea went up in smoke along with Pyongyang's failed satellite launch, so did any hope for a resumption of the Six-Party Talks (6PT) between now and the end of the year. The Obama administration, once burned, will be twice shy about resuming serious negotiations until at least after the November elections (even though the "New York channel" reportedly remains open for informal dialogue) and Pyongyang has made it clear it will have nothing more to do with the Lee Myung-Bak administration, either bilaterally or multilaterally, in the run-up to this December's presidential elections in the South.

There has been some interesting and potentially significant movement bilaterally among other 6PT participants – the visit to Beijing by Kim Jong Un's senior advisor and uncle Jang Song Taek and the resumption of low-level talks in Beijing between the North and Japan – but these seemed to focus almost exclusively on bilateral issues with scarcely a reference to the 6PT.

The Jang visit was particularly interesting since he was received like a visiting head of state, meeting many senior leaders including President Hu Jintao. Chinese interlocutors frequently describe Jang as North Korea's "reformer-in-chief" – the Deng Xiaoping of North Korea? – and seem convinced that he will help lead Kim Jong Un in the direction of Chinese-style reform. This may or may not be the case, but either way it does not increase prospects for a resumption of denuclearization efforts. If, as many Chinese hope, Jang can also persuade the junior-most Kim to refrain from belligerent actions (including no new nuclear or missile tests), this could help set the stage for a resumption of talks once the election season ends in the US and ROK.

For the first time in four years, officials from North Korea and Japan sat down across the table from one another to discuss bilateral relations. The low-level Beijing talks were most welcomed and appear to have set the stage for more senior-level talks in the not-too-distant future. While not directly related to the 6PT, this dialogue does provide another useful test of the Kim Jong Un administration's willingness to moderate longstanding views and positions. One hopes this test turns out better than the Leap Day test conducted by Washington. One suspects that the North Koreans may also see these talks as a not-so-subtle means of tweaking the US and ROK; it's a truly sad state of affairs when Tokyo seems to be talking more constructively with Pyongyang than it is with Seoul.

ASEAN ministerial discord

The North Koreans did show up this year for the ARF Ministers Meeting in Phnom Penh in July, but there were no reports of side conversations between the North and South or the US and DPRK during the event. The South Korean press alleged a somewhat heated exchange during a bilateral side meeting between North Korean Foreign Minister Pak Ui Chun and his Chinese counterpart Yang Jiechi, allegedly over criticism of the North's nuclear policy in the *Global Times*, a Chinese newspaper that is allowed to sometimes stray beyond strict official positions.

This spat, if it indeed occurred, pales in comparison to the unprecedented squabble within the usually tight-knit (at least on the surface) Association of Southeast Asian Nations. For the first time in its 45-year history, ASEAN failed to come up with a joint communiqué at the close of its annual 10-member ASEAN Ministers Meeting (AMM), which preceded the broader-based ARF ministerial. Host Cambodia, a staunch ally of China, reportedly refused to yield to demands by the Philippines and Vietnam to include details of their respective confrontations with China over conflicting South China Sea (SCS) territorial claims in the closing statement. Phnom Penh allegedly deferred to demands from Beijing, which has enormous economic and political influence over Cambodia, to keep a discussion of SCS issues out of the meeting's summary, since (according to Beijing) this was a matter between China and the other respective claimants and not an issue for ASEAN to discuss. At a minimum, this must be seen as Chinese meddling in ASEAN's internal affairs. Both Beijing's and Phnom Penh's reputations took a beating as a result of this unprecedented discord.

Marty to the rescue

Fortunately for ASEAN, Indonesian Foreign Minister Marty Natalegawa stepped in to provide some leadership. After engaging in shuttle diplomacy among the various ASEAN capitals, he

was able to craft a six-point agreement that was subsequently released by Cambodia's Deputy Prime Minister and Foreign Minister Hor Namhong in Phnom Penh on July 20 (with Natalegawa standing at his side). In it, ASEAN's foreign ministers reaffirmed their commitment to:

- the full implementation of the 2002 Declaration on the Conduct of Parties in the South China Sea (referred to as the "East Sea" by Phnom Penh);
- the 2011 Guidelines for the Implementation of the Declaration on the Conduct of Parties in the South China Sea;
- the early conclusion of a Regional Code of Conduct in the South China Sea;
- the full respect of the universally recognized principles of International Law, including the 1982 United Nations Convention on the Law of the Sea (UNCLOS);
- the continued exercise of self-restraint and non-use of force by all parties; and
- the peaceful resolution of disputes, in accordance with universally recognized principles of International Law, including the 1982 United Nations Convention on the Law of the Sea (UNCLOS).

US tries to be helpful/meddles (choose one)

The United States was quick to endorse this effort, issuing its own South China Sea Press Statement on Aug. 3 which stated, in part:

The United States urges all parties to take steps to lower tensions in keeping with the spirit of the 1992 ASEAN Declaration on the South China Sea and the 2002 ASEAN-China Declaration on the Conduct of Parties in the South China Sea. We strongly support ASEAN's efforts to build consensus on a principles-based mechanism for managing and preventing disputes. We encourage ASEAN and China to make meaningful progress toward finalizing a comprehensive Code of Conduct in order to establish rules of the road and clear procedures for peacefully addressing disagreements. In this context, the United States endorses the recent ASEAN Six-Point Principles on the South China Sea.

The US statement also expressed concern about increased tensions in the region including "an uptick in confrontational rhetoric, disagreements over resource exploitation, coercive economic actions, and the incidents around the Scarborough Reef, including the use of barriers to deny access," and noted that China's upgrading of the administrative status of Sansha City and the establishment of a new military garrison "run counter to collaborative diplomatic efforts to resolve differences and risk further escalating tensions in the region."

The very next day, Beijing expressed "strong dissatisfaction and firm opposition" to the US statement, claiming it "showed total disregard of facts, confounded right and wrong, and sent a seriously wrong message," while noting that "China has indisputable sovereignty over the South China Sea islands and adjacent waters."

It is this last point that remains the main bone of contention. The US statement, quite responsibly and sensibly in our view (and we suspect most other claimants would agree) urged "all parties to clarify and pursue their territorial and maritime claims in accordance with international law,

including the Law of the Sea Convention.” Greater clarity beyond sweeping statements claiming “indisputable sovereignty over the South China Sea islands and adjacent waters” is needed if the issue is ever going to be resolved.

Squabble, squabble, squabble

The islands in the South China Sea were not the only disputed territories in the news during the past four months. Tensions also heated up between Japan and China over the Senkakus/Diaoyu islands, between Korea and Japan over Dokdo/Takeshima, and even between Russia and Japan over the southern Kuriles/Northern Territories. Some have tried to tie all these disputes together, but each has its own history.

The most explosive, and most ironic, involved the East China Sea where the Japanese government’s efforts to avoid a potentially explosive situation – the attempt by Tokyo Gov. Ishihara Shintaro to purchase three of the disputed islands from the Japanese civilian private landowner – have been blown out of proportion by Beijing (and Taipei). Beijing has accused Tokyo of instigating (rather than trying to defuse) problems, despite the fact that little has changed. Before the planned purchase, the islands were in Japanese hands. After the purchase, they will remain in Japanese hands. And, the Tokyo government already owns one of the other islands in contention (the fifth is owned by another private Japanese landholder), so no precedent is being set either.

The current “crisis” over Dokdo/Takeshima seems to be a self-inflicted one, precipitated by President Lee Myung-bak’s unprecedented visit to Dokdo and Korean protests that the island – which they already occupy – is theirs. Korean efforts to tie this territorial dispute to the longstanding (and equally emotional and seemingly intractable) “comfort women” issue has made it even worse, as have Japanese countermoves, such as a resolution in the Diet condemning President Lee and movements by some in Japan to revisit the 1993 Kono Statement, in which Tokyo accepted responsibility and apologized for the truly terrible treatment of Korean (and many other) women during the war. For more on this issue, see *PacNet* #56, “Enough is Enough!” [<http://csis.org/publication/pacnet-56-korea-japan-enough-enough>].

Finally, Russian Prime Minister Dmitry Medvedev’s July 3 visit to the disputed islands in the Southern Kuriles (called the Northern Territories by Japan) has once again inflamed Japanese sensitivities. The islands in dispute were seized by the Soviet Union in the closing days of WW II and Japan’s insistence on their return has prevented the signing of a peace treaty between the two countries to this day.

One hopes that all these disputes can be successfully and peacefully managed in the coming months. Agreement among the various leaders involved to approach conflicting territorial claims in a more forward-looking manner during their various early September meetings along the sidelines of the APEC Leaders Meeting is a good sign. No one expects the squabbles to be settled anytime soon, but all must act in good faith to avoid accidents or incidents that could cause long-lasting damage.

Business as usual at the ARF

The ARF ministerial that followed on the heels of the AMM was somewhat more successful. The assembled ministers, including US Secretary of State Hillary Clinton (who, unlike her predecessor, can boast of a perfect attendance record at the ARF), managed to sign off on a Chairman's Statement that contained the usual boilerplate, emphasizing "the importance and continued relevance" of the 2002 DOC and 2011 Guidelines for the Implementation of the DOC in July 2011. They "looked forward to the full and effective implementation of the DOC" and "stressed the importance of maintaining peace and stability in the South China Sea, the continued exercise of self-restraint and the non-use of force by all parties concerned, respect for the universally recognized principles of international law, including the 1982 UNCLOS, and the promotion of confidence-building in this area." There was no reference to the proposed more formal SCS Code of Conduct or to the ongoing disputes, however.

The ministers underlined the importance of peace and stability on the Korean Peninsula and "urged concerned parties not to take any further provocation actions and to comply with their respective obligations under the relevant UN Security Council Resolutions and their commitment under the 2005 Six-Party Talks Joint Statement." While they did not specifically call for a resumption of Six-Party Talks, the Ministers did call on all parties "to explore all possibilities to engage in peaceful dialogue."

The ministers reaffirmed that the ARF should continue to serve as a platform to "deal with challenges in the security environment," further noting that "regional security remains a key area for dialogue and cooperation." In this context, they also "noted the role of the ADMM-Plus" (The ASEAN Defense Ministers Meeting Plus, involving the 10 ASEAN states, plus Australia, China, India, Japan, South Korea, New Zealand, Russia, and the US) which will meet at the ministerial level for the second time in Brunei Darussalam, in 2013. Left undefined was the relationship between the ARF and the ADMM-Plus or between either and the East Asia Summit (EAS) which brings together the heads of state of the same 18 countries annually. EAS leaders will next meet in Phnom Penh in November; EAS Ministers met along the sidelines of the ARF to discuss preparations for this "leaders-led" event.

Finally, the ministers "commended the progress of the ARF in entering the phase of preventive diplomacy while continuing to undertake confidence-building measures." This seemed somewhat hollow, however, since the ARF's first venture into PD was a tentative one. Timor-Leste had invited the ARF to send an observer mission to monitor its July 7 parliamentary elections but several members complained about this initiative and only Cambodia, among the 10 ASEAN states, sent observers. They helped comprise a group of 20 ARF Observers from 8 countries (Australia, Cambodia, Canada, Japan, Korea, New Zealand, Russia, and the US) who thought they were participating on behalf of the ARF. In the Chairman's Statement, however, it was merely noted that "some ARF participants had participated as voluntary election observers on a bilateral basis."

Progress on the economic front

Economic and trade ministers descended on Siem Reap, Cambodia for the ASEAN Economic Ministers Meeting (AEM) and the usual related discussions Aug. 25-Sept. 1. Economic

cooperation and trade liberalization were the agenda items for the 10 ASEAN member countries and counterparts from dialogue partners China, South Korea, Japan, Australia, New Zealand, India, Canada, Russia, and the United States.

Cambodia's Senior Minister and Minister of Commerce Cham Prasidh chaired the AEM. ASEAN ministers also held joint meetings with the ASEAN Free Trade Area Council and the ASEAN Investment Area Council, and a consultation with the head of the World Intellectual Property Organization. In addition to the "10+1" meetings (ASEAN and individual dialogue partners), representatives joined the ASEAN Investment Forum, the Mekong-Japan Economic Ministers Meeting, the Economic Ministers Meeting among Cambodia, Laos, Myanmar, and Vietnam, the ASEAN-Mekong Basin Development Cooperation Ministerial Meeting, and the East Asian Summit (EAS) Economic Ministers Meeting.

The latter is especially interesting as it was inaugurated this year, and its members represent some 50 percent of global GDP. (Take that, BRICS!) The representatives at the EAS EMM did the usual stuff, exchanging "views on global and regional issues affecting the East Asian region as well as developments in areas of economic cooperation within the East Asia Summit (EAS) framework," decried protectionism and "agreed to refrain from raising new barriers to investment or to trade in goods and services, imposing new export restrictions, or implementing WTO-inconsistent measures in all areas..." They also highlighted ways to achieve long-term economic growth in an unstable global economy, while promoting sustainable development. To that end, they reaffirmed cooperation toward the 2nd Low Carbon Growth Partnership Dialogue, which will be co-chaired by Cambodia and Japan in spring 2013.

The United States and ASEAN launched the first ASEAN-US Business Summit Aug. 31, where over 150 US and ASEAN business representatives and policy makers exchanged ideas and provided recommendations to the ASEAN economic ministers. The inaugural meeting focused on the impact of the digital age on business and ways to maximize ties and competitiveness. Significantly, a Cabinet official, US Trade Representative Ron Kirk led the US delegation: this high-level representation is intended to signal US seriousness about economic engagement with ASEAN and Southeast Asia. As the fourth largest US trading partner, and home to more US investment than either China or India, this attention to ASEAN is long overdue.

Shangri-La Dialogue: US: 1; China: 0

"US:1; China: 0." This was the unofficial headline coming out of the Shangri-La Dialogue in Singapore in early June. One would be tempted to add a more provocative sub-headline: *"China fades away as America rebalances toward Asia."* Of course, no one would use such a headline. But imagine what the headline would have been if Secretary of Defense Leon Panetta had not attended this year's gathering and Chinese Defense Minister Liang Guanglie had showed up, instead of the reverse. This would have surely been portrayed as evidence of America's decline.

Panetta's central message was clearly and directly to the contrary: "Make no mistake – in a steady, deliberate, and sustainable way the United States military is rebalancing and bringing an enhanced capability development to this vital region." When it comes to the question of

sustaining this capability, he noted: “We were there then, we are here now, and we will be here for the future.”

Panetta’s main message: “For those who are concerned about the ability of the United States to maintain a strong presence in the Asia-Pacific region in light of the fiscal pressures we face, let me be very clear. The Department of Defense has a five-year budget plan and a detailed blueprint for implementing [its new ‘rebalancing’] strategy . . . by 2020 the Navy will reposition its forces from today’s roughly 50/50 percent split between the Pacific and the Atlantic to about a 60/40 split between those oceans. That will include six aircraft carriers in this region, a majority of our cruisers, destroyers, Littoral Combat Ships, and submarines.”

Panetta (like his immediately predecessor, Robert Gates, and unlike his predecessor Donald Rumsfeld) was very careful not to couch US “rebalancing” (“pivot” is no longer the term of art) in terms of China: “Some view the increased emphasis by the United States on the Asia-Pacific region as some kind of challenge to China. I reject that view entirely. Our effort to renew and intensify our involvement in Asia is fully compatible – fully compatible – with the development and growth of China. Indeed, increased U.S. involvement in this region will benefit China as it advances our shared security and prosperity for the future.”

While acknowledging that the Pentagon remained “clear-eyed” about the potential challenges posed by China, he insisted that Washington still sought closer cooperation and a closer relationship: “We’re not naive about the relationship and neither is China. We both understand the differences we have. We both understand the conflicts we have, but we also both understand that there really is no other alternative but for both of us to engage and to improve our communications and to improve our mil-to-mil relationships.”

Panetta also dealt directly with the accusation that US military assistance to the Philippines, a traditional US treaty ally, was somehow emboldening Manila to confront China and thus contributing to instability in the region: “I don’t think we should take the attitude that just because we improve their capabilities that we’re asking for more trouble because that will guarantee that the only powers in this region then are going to be the United States and China as opposed to other nations having the ability to engage in defending and promoting their own security, and I think that would be wrong.”

Panetta chose, perhaps wisely, to sidestep the most provocative question – “You say that the U.S. doesn’t take sides in territorial disputes, but unless the U.S. takes a more aggressive stance on China’s actions in the South China Sea, is the U.S. not in danger of being seen as a more impotent power as you’re trying to project yourself as a more potent power?” – arguing instead that it was up to China and ASEAN to develop and then abide by a code of conduct that can help resolve these issues: “It isn’t enough for the United States to come charging in and trying to resolve these issues. This is a situation where the countries here have to come together. We will support them. We will encourage them, but ultimately they have to develop a code of conduct and a dispute forum that can resolve those issues.” True enough. But one wishes he would have also noted that history is replete with examples of those who ultimately regretted questioning America’s potency or commitment to its friends and allies.

As regards the prospects for sequestration – a Congressional action that mandates an additional 20 percent cut in the Pentagon’s (and everyone else’s) spending across the board this coming January – he argued that “sequester is not a real crisis. It’s an artificial crisis.” He predicted that the Congress would ultimately remove the gun it had put to its own head and come up with an alternative deficit reduction plan. One can only hope this is true. Many in the audience seemed less convinced. Failure to do so would, as Panetta admitted, be a “disaster.”

Panetta wisely deferred when asked to speculate on why Defense Minister Liang was a no-show. The official explanation, put forth by IISS, was that he was preoccupied with “domestic priorities” and, indeed, one could argue that senior Chinese officials might be hesitant to leave the capital as the game of musical chairs is still underway in the wake of the Bo Xilai scandal. But then why was Liang in Cambodia the week before for the ASEAN Defense Ministers Meeting? China is obviously not a member of the ADMM but Liang reportedly requested the opportunity to come and explain China’s position on the South China Sea to the assembled ASEAN ministers; Cambodia (as reinforced at the subsequent ARF meeting) has a long track record of not being able to say no to virtually any Chinese request.

Perhaps Liang was not prepared to face questions about the South China Sea (or about China’s internal politics) in front of an international audience which included “disrespectful” foreign journalists. Or, this may have been China’s way of demonstrating its contempt for the Shangri-La Dialogue itself (given the presence of too many “outside powers”) and/or its preference for the ADMM and expanded ADDM-Plus.

In his remarks, Panetta applauded the ADMM-Plus “for producing real action plans for multilateral military cooperation,” calling it “an important step for stability, real coordination, communication, and support.” He strongly supported ASEAN’s decision to increase the frequency of the ADMM-Plus from once every three years to every other year. While the two are not mutually exclusive, it appears clear that, at least within Southeast Asia, pride of place will be given to the ASEAN-Driven ADMM-Plus and it remains to be seen how many ASEAN (and other) defense chiefs will attend both the ADMM-Plus and Shangri-La in 2013.

US decline

Two related themes dominated the Asia-Pacific security narrative (and, not surprisingly, this regional overview). The first is the notion of “US decline.” Evident at the Shangri-La Dialogue, this meme is pervasive. It is a subtext of the US election campaign, as GOP candidates argue that President Obama is not committed to US pre-eminence and is insufficiently protective of US national interests. It lurks in the background of Chinese foreign policy analysis since the 2007-8 financial crisis and has, for some, motivated rising Chinese assertiveness since 2010. The failure of US politicians to reach a deal on servicing the national debt feeds doubts about US credibility and commitment; in discussions throughout the region, skepticism about US policy tends to focus on politics rather than an inherent lack of capacity. Some of this concern is justified, but it can be remedied if politicians forge a sense of national purpose.

To be fair, the gap between the US and China is closing. Given the exceptionally low point at which China started its economic expansion, the gap *should* close. A country of China’s size

should grow quickly and substantially when market forces are let loose; a country as developed as the US will find it impossible to sustain similar growth rates. But leaving aside the sustainability of that economic surge, we remind our readers that the US economy is still three times larger than China's; and even when China's overall economy matches that of the US, GDP per capita will remain a fraction of that of the US. Size of the overall economy is an extremely crude index of power; some might say on its own, stripped of context, it is virtually meaningless.

A narrowing of the gap between the US and China is inevitable, but certainly not cause for hysteria or alarm. More to the point, it is hard to call this decline, especially if the chief concern is paralysis caused by political factors. A remedy – compromise – is easy to envision. Equally important, fiscal constraints could – and may yet – lay the foundation for a more durable, effective, and long-term regional strategy. If some recognition of the limits of US power is institutionalized in alliances and other security partnerships, the US position and presence in the Asia-Pacific region may be ultimately strengthened.

Related to, but analytically distinct from the notion of US decline, is the second theme – that just about everything the US does is a function of a competition with China. The previous discussion of the Shangri-La Dialogue illustrates the point. It is a tiresome and historically inaccurate conceit. So for example, even though US alliance modernization efforts have a 15-year history, they are inevitably seen as a response to “the rise of China.” Every trip to the region by a senior US official is portrayed as an attempt to counter an earlier Chinese bid for influence. The coverage of Secretary Clinton's South Pacific tour at the end of August was especially galling in this regard. A new US relationship with ASEAN, renewed attention to Southeast Asia, free trade agreements, and efforts to build capacity or prepare for regional contingencies are all aimed at China according to this logic. What is most remarkable is that the explicit disavowal of such intent by US foreign policy principals counts for nothing. The insistence that such moves are valuable in their own right and are dictated by a national security strategy that attempts to more tightly couple the US to the most dynamic region in the world is blithely dismissed.

Of course, US strategy can *become* “China-focused” if Beijing's behavior reveals it to be a revisionist power with no regard for international law, norms, and the security interests of the US, its allies and partners. But make no mistake: China is an independent variable. It controls its own future and in many ways, the reaction of nations around it. President Obama, like Secretaries Clinton and Panetta, has said the US seeks a constructive, cooperative and forward-looking relationship with China.

CSIS weighs in

Earlier this year, Congress directed the Defense Department to commission an independent assessment of the US force posture in Asia. Our parent organization, the Center for Strategic and International Studies (CSIS), won (!) the opportunity to provide that report by the end of June, a time frame that ensured that the results would make some folks in the Pentagon very unhappy.

The task force, headed by Mike Green, Japan chair at CSIS (and one of our authors) and David Berteau, director of the CSIS International Security Program, delivered its report to Congress on July 24. It concluded, most significantly, that “DoD has not adequately articulated the strategy

behind its force posture planning nor aligned the strategy with resources in a way that reflects current budget realities. DoD needs to explain the purposes of force posture adjustments in light of the new security challenges in the Asia Pacific region.” Those of us who have been arguing for over a decade that the administration needs an East Asia Strategy Report couldn’t agree more. Equally important, it argues that “The top priority of U.S. strategy in Asia is not to prepare for a conflict with China; rather, it is to shape the environment so that such a conflict is never necessary and perhaps someday inconceivable.” Key to that mission is the deployment of amphibious units to operate in what is a predominately maritime theater, as the authors conclude “There is currently insufficient [amphibious ready group] coverage for Marines in the Pacific, particularly when compared with assets available” for Central Command: “this gap in the rebalancing of forces is striking.”

To fix the problem, the report recommends implementation of those agreements already in place between the US and Japan and between the US and South Korea, while watching how the OpCon transfer proceeds and considering replacement of US ground combat units in Korea with rotations of trained and ready mechanized infantry, full combat artillery and aviation brigades. For Pacific Command, it calls for: one or more additional attack submarines (SSNs) in Guam; transferring a second amphibious ready group from the Atlantic to the Pacific to fill lift and maneuver shortfalls for the Marines; increasing stockpiles of critical ammunition and weapons and replenish and upgrade prepositioned equipment and supplies; expanding the use of Marines to develop and refine expeditionary defense capabilities with key allies and partners; and focusing near-term investments in survivability of deployed forces on providing Terminal High Altitude Area Defense (THAAD) and Patriot Advanced Capability-3 (PAC-3) units for Guam and Kadena Air Base, dispersal of airfields and expanded runway repair capabilities, dispersal of tanker aircraft (rather than funding for hardening related facilities in Guam), and constructing and upgrading a fuel pipeline on Guam.

Overall, however, the report concludes that “DoD is reasonably well positioned to align and focus US force posture in the Asia Pacific region.” “The US should hold the line on current force levels with modest increases in investment and re-alignment measures ...” [A copy of the report, *US Force Posture Strategy in the Asia Pacific: An Independent Assessment* is available at http://csis.org/files/publication/120814_FINAL_PACOM_optimized.pdf]

APEC lives!!!

Russia hosts the next Asia Pacific Economic Cooperation (APEC) forum leaders meeting in early September, a date that puts the meeting itself just beyond the range of this report. But the run-up to the get-together proves that, while moribund, APEC isn’t yet dead. Russia is using the annual conclave to backstop its claim to be a key player in the Asia-Pacific region. Moscow invested more than \$20 billion to gussy up Vladivostok for APEC, a revamp that President Vladimir Putin argues is a symbol of a new and more modern Russia, one that looks to the Asia-Pacific region for energy and dynamism. Dare we call it “Putin’s Pivot”?

Russian officials identified four priorities for this year’s meeting: advancing trade and investment liberalization and regional economic integration; strengthening food security; establishing reliable supply chains; and promoting cooperation to foster innovative growth. The

US sees the get-together as a chance to put some flesh on the bones of commitments made last year in Honolulu. In particular, US representatives want to identify goods that will qualify as “environmental goods,” and thus fall under the tariff phase-out agreed in Honolulu. They also seek a more explicit statement on restrictions on the export of agricultural goods, a critical component of the food security discussion.

Expect the usual sidebars and palavers. Unfortunately, the upcoming election precludes President Obama’s attendance at this year’s meeting. Secretary of State Hillary Clinton is filling in. While all profess to understand Obama’s absence, we await a slew of commentary that insists this is yet more proof of US decline and inattention to the region.

Regional Chronology

May – August 2012

May 2, 2012: A 2+2 Meeting between the US and Philippine foreign and defense secretaries is held in Washington.

May 2, 2012: The second US-China Strategic Security Dialogue, bringing together civilian and military officers to discuss security matters, is held in Beijing.

May 3, 2012: Japanese, Chinese, and ROK finance ministers agree to strengthen financial cooperation through bond purchases.

May 3-4, 2012: The 15th ASEAN Plus 3 Finance Ministers Meeting is held in Manila. They agree to improve coordination between financial and monetary authorities in member states.

May 3-4, 2012: China and US hold the fourth Strategic and Economic Dialogue (S&ED) in Beijing. It is co-chaired by Vice Premier Wang Qishan and State Councilor Dai Bingguo, and Secretary of State Hillary Clinton and Treasury Secretary Timothy Geithner.

May 4, 2012: The third US-China High Level Consultation on People-to-People Exchange (CPE) is held in Beijing.

May 4-10, 2012: Chinese Defense Minister Liang Guanglie visits the US and meets Secretary of Defense Leon Panetta and visits several US military bases.

May 7, 2012: Vladimir Putin is sworn in as Russia’s president, starting his third term in the Kremlin following the two consecutive terms from 2000 to 2008.

May 7-18, 2012: South Korea and the US conduct *Max Thunder*, a joint military air exercise.

May 9, 2012: The first deep-water drilling rig developed in China is put into service in the South China Sea 320 km southeast of Hong Kong at a water depth of 1,500 meters.

May 13, 2012: South Korean President Lee Myung-bak, Japanese Prime Minister Noda Yoshihiko and Chinese President Hu Jintao hold their annual trilateral summit focusing on ways to enhance security, business, and trade cooperation.

May 13-14, 2012: Kim Young Nam, president of North Korea's Presidium of the Supreme People's Assembly, visits Indonesia and meets President Susilo Bambang Yudhoyono.

May 14, 2012: Australian Foreign Minister Bob Carr travels to Beijing and meets Foreign Minister Yang Jiechi.

May 14, 2012: South Korea announces that it will open a diplomatic mission at ASEAN headquarters in Jakarta. Baek Seong-taek is appointed ambassador.

May 14-15, 2012: President Lee Myung-bak visits Myanmar, becoming the first South Korean president to visit the country since the 1983 Rangoon bombing.

May 17, 2012: The Obama administration lifts most of the economic sanctions on Myanmar, opening the way for US investors for the first time in decades. Yangon's foreign minister is present in Washington for the announcement.

May 18, 2012: Pentagon releases its annual report to Congress on the People's Liberation Army.

May 19, 2012: Chen Guangcheng arrives with his family to study at New York University.

May 22, 2012: Philippines hosts the inaugural meeting of the ASEAN-US Eminent Persons Group (EPG) in an effort to strengthen cooperation between the US and ASEAN.

May 24, 2012: US State Department releases its annual country report on human rights.

May 25, 2012: ASEAN, Japan, South Korea, and China hold the ASEAN Plus 3 Senior Officials Meeting in Cambodia.

May 29-30, 2012: Sixth ASEAN Defense Ministers Meeting (ADMM) is held in Phnom Penh, agreement is reached to increase the frequency of the ADMM+ from every three years to every two years.

May 29, 2012: Philippine Defense Secretary Voltaire Gazmin and Chinese Foreign Minister Liang Guanglie meet in Phnom Penh and agree to exercise restraint in order to prevent escalation of tensions in the South China Sea.

June 1-3, 2012: The 11th annual International Institute for Strategic Studies Asia Security Summit (Shangri-La Dialogue) is held in Singapore.

June 1-3, 2012: Myanmar's opposition leader Aung San Suu Kyi visits Thailand on her first trip abroad in 24 years. She warns attendees at the World Economic Forum against "reckless optimism" about Myanmar's reform process and meets Myanmar refugees.

June 1-6, 2012: US Secretary of Defense Leon Panetta visits Singapore, Vietnam, and India.

June 4-8, 2012: ARF Defense Officials Dialogue (ARF DOD) and ARF Security Policy Conference (ASPC) are held in Phnom Penh.

June 5-7, 2012: Russian President Vladimir Putin visits China and meets President Hu Jintao.

June 6-7, 2012: The 12th Shanghai Cooperation Organization Summit is held in Beijing.

June 6-9, 2012: Philippine President Benigno Aquino travels to Washington DC and meets President Barack Obama.

June 9-14, 2012: SCO member states conduct *Peace Mission 2012* at the Chorukh-Dairon range in northern Tajikistan. More than 2,000 soldiers and officers from Kazakhstan, Kyrgyzstan, China, Russia, and Tajikistan participate. Uzbekistan declines to join the drill.

June 13, 2012: Secretary of State Hillary Clinton and Indian Foreign Minister SM Krishna meet for their annual strategic dialogue in Washington.

June 14, 2012: Secretary Clinton and Defense Secretary Leon Panetta host South Korean Foreign Minister Kim Sung-hwan and Defense Minister Kim Kwan-jin for a 2+2 Dialogue.

June 14, 2012: The US and Thailand hold a Strategic Dialogue in Washington.

June 20-24, 2012: Assistant Secretary of State for Political-Military Affairs Andrew Shapiro visits Vietnam, Brunei, and Thailand.

June 21-22, 2012: US, South Korea, and Japan conduct a first-of-its-kind joint naval exercise in waters near the Korean Peninsula. China protests the exercises as destabilizing regional security.

June 25-29, 2012: US Pacific Command (USPACOM) Commander Adm. Samuel Locklear visits China and meets Defense Minister Liang Guanglie and other senior military leaders.

June 27-Aug. 7, 2012: US-sponsored *Rim of the Pacific (RIMPAC)* naval exercises are conducted in Hawaii, involving 22 countries as observers and participants, but not China.

June 29, 2012: South Korea postpones at the last minute the signing of a bilateral military agreement with Japan that would share military intelligence and facilitate cooperation in exchanging military goods and services.

June 29, 2012: US Senate confirms Derek Mitchell as the first US ambassador to Myanmar in more than two decades.

July 3, 2012: Prime Minister Dmitry Medvedev visits Kunashir Island of the Kuril Islands, which in Japan are referred to as Northern Territories. Japan issues a protest.

July 9-13, 2012: The 45th ASEAN Ministerial Meeting/Post Ministerial Conferences are held in Phnom Penh. ASEAN ministers fail to issue a joint communiqué after the ASEAN meeting due to disagreements regarding the South China Sea.

July 10, 2012: The Mekong-Japan and Mekong-Republic of Korea Ministerial Meetings are held in Phnom Penh.

July 11, 2012: The US announces the lifting of sanctions on Myanmar ending the prohibition of investments by US companies in Myanmar's oil and gas.

July 11-12, 2012: ARF Defense Officials Dialogue is held in Phnom Penh.

July 12, 2012: Fifth Lower Mekong Initiative (LMI) Ministerial Meeting is held in Cambodia.

July 12, 2012: South Korean Foreign Minister Kim Sung-hwan, Japanese Foreign Minister Gamba Koichiro, and Secretary of State Clinton announce the establishment of a security consultative body that will be based in Washington DC.

July 13, 2012: The 19th ASEAN Regional Forum (ARF) and the second East Asia Summit Foreign Ministers Meeting are held in Phnom Penh.

July 13, 2012: Prime Ministers Hun Sen of Cambodia and Yingluck Shinawatra of Thailand meet to discuss heightening tensions over a disputed area near the Preah Vihear temple.

July 14-15, 2012: US Undersecretary of State Robert Hormats accompanies a US-ASEAN Business Council delegation to Myanmar.

July 16, 2012: US Pacific Commander Adm. Locklear visits Manila and meets President Aquino and senior foreign and defense officials. He pledges US assistance to build a Philippine "minimum credible defense posture."

July 17-27, 2012: The 18th Singapore and US *Cooperation Afloat Readiness and Training (CARAT)* Exercise is held in the South China Sea.

July 18, 2012: Cambodia and Thailand simultaneously pull back troops from a disputed area near the Preah Vihear temple in compliance with a 2011 International Court of Justice ruling.

July 18, 2012: Russia and China veto a Western-backed UN Security Council resolution threatening the government of Syria with sanctions.

July 20, 2012: ASEAN foreign ministers release a statement reaffirming their "six-point principles" regarding the South China Sea.

July 21, 2012: China's Central Military Commission (CMC) approves the creation of a military garrison command at Woody Island in the South China Sea's disputed Paracel Islands.

July 22, 2012: Myanmar President Thein Sein meets Thai Prime Minister Yingluck Shinawatra to sign agreements reaffirming cooperation on the development of a deep-sea port at Dawei, Myanmar and Thailand's support preparing Myanmar for its 2014 ASEAN chairmanship.

July 22, 2012: Former Finance Minister Pranab Mukherjee of the ruling Congress Party is elected president of India.

July 23, 2012: China's Defense Ministry announces it will establish a military garrison in the Parcel Islands.

July 24, 2012: Taiwan's Ministry of National Defense states it is ready to deploy mortars and anti-aircraft guns on Itu Aba, the largest of the Spratly Islands.

July 24, 2012: Philippine Senate ratifies the Status of Visiting Forces Agreement (SOVFA) with Australia, providing for enhanced bilateral defense and military cooperation, including authorization for Australian troops to engage in training and joint exercises in the Philippines.

July 25, 2012: Cambodia and Thailand open a permanent border crossing between Cambodia's Preah Vihear province and Thailand's Ubon Ratchathani.

July 26, 2012: Philippine Navy announces it will deploy ships to Thitu Island to warn Chinese fishing boats operating near the island and within the Philippines' 12 nm territorial waters.

July 26, 2012: Six US senators introduce a resolution urging China and members of ASEAN to make progress toward developing a legally binding code of conduct for the South China Sea.

July 26-29, 2012: Vietnam President Truong Tan Sang visits Russia and agrees to allow Russia to open a ship maintenance facility at Cam Ranh Bay in central Vietnam.

July 27-Aug. 16, 2012: Singapore, Thai, and Indonesian air forces participate with their Australian and US counterparts in the biannual air combat exercise, *Pitch Black*, held in Darwin, Australia. The exercise involves some 2,500 personnel.

July 30-Aug. 3, 2012: A Chinese delegation led by Wang Jiarui, head of the Communist Party's International Department visits Pyongyang and meets North Korean leader Kim Jong Un.

Aug. 2, 2012: US Congress extends a ban on imports from Myanmar, seeking to maintain pressure despite recent Myanmar reforms that have prompted the easing of other sanctions.

Aug. 3, 2012: US State Department releases a statement saying that China's recent upgrading of Sansha City and the establishment of a military garrison command at Woody Island in the Paracels are not conducive to resolving disputes and risk further escalating tensions in the region.

Aug. 4, 2012: China's Assistant Foreign Minister Zhang Kunsheng summons US Deputy Chief of Mission Robert Wang, to express displeasure with the Aug. 3 State Department statement.

Aug. 4-10, 2012: North Korean Chairman of the Presidium of the Supreme People's Assembly Kim Yong Nam visits Vietnam and Laos.

Aug. 9-13, 2012: Chinese Foreign Minister Yang Jiechi travels to Malaysia, Brunei, and Indonesia and pledges to work with the Association of Southeast Asian Nations (ASEAN) on completing a code of conduct for the South China Sea on the basis of consensus.

Aug. 9-10, 2012: Red Cross officials from Japan and North Korea meet in Beijing in their first talks in 10 years to discuss the possible retrieval of remains of Japanese who died in the northern part of the Korean Peninsula during the final phase of World War II.

Aug. 13-18, 2012: Jang Song Taek leads a delegation of senior DPRK officials on a visit to Beijing and signs an agreement to develop joint economic zones in Hwanggumpyong and Rason. The delegation also meets President Hu Jintao and Premier Wen Jiabao.

Aug. 15, 2012: Japan detains 14 Chinese who landed on one of the Diaoyu/Senkaku Islands to assert China's sovereignty, alleging they had made an "illegal entry." They are released and deported two days later.

Aug. 19, 2012: A group of 10 Japanese activists make an unauthorized landing on Uotsuri Island, part of the Senkaku/Diaoyu archipelago.

Aug. 19, 2012: Demonstrations protesting Japanese claims to the Diaoyus are held in several Chinese cities. Japan asks the Chinese government to protect its citizens living in China.

Aug. 20-31, 2012: South Korea and US conduct the annual joint military exercise *Ulchi Freedom Guardian*. The exercise is denounced by Pyongyang as a rehearsal for war.

Aug. 29, 2012: Japan and North Korea hold intergovernmental talks for the first time in four years in Beijing. They are described as preliminary consultation in anticipation of holding "full-fledged talks in the near future.

Aug. 25-31, 2012: The 44th ASEAN Economic Ministers Meeting (AEMM) and related events are held in Phnom Penh.

Aug. 28-Sept. 2, 2012: The navies of the US, Philippines, Brunei, Indonesia, Malaysia, and Thailand conduct *Southeast Asia Cooperation and Training (SEACAT)* exercises in Malacca Strait, Sulu Sea and Subic Bay to enhance their interoperability in addressing maritime threats.