

Regional Overview:

Everything is Going to Move Everywhere . . . but not Just Yet!

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Washington's post-Sept. 11, post-post-Cold War military strategy and force posture realignment plans for East Asia began to take shape this quarter, albeit in bits and pieces. While "everything is going to move everywhere," first up seems to be the Korean Peninsula, at least in terms of planning. The long-term objective appears to be reducing footprints (and ultimately numbers?) and increasing flexibility without reducing commitment or defense/deterrent capabilities or creating too much regional anxiety (or false expectations). Meanwhile, bad behavior by the region's twin despots – North Korea's Kim Jong-il and Burma's Than Shwe – resulted in increased promotion of multilateral solutions and a willingness, however tentative, by the nations of Southeast Asia and other members of the ASEAN Regional Forum (ARF) to interfere, ever so slightly and gently, in one another's internal affairs. Ad hoc multilateralism was also the order of the day down under, as Australia worked to put together a coalition of the willing to intervene, by invitation, in the Solomon Islands.

Some unilateralist U.S. tendencies remain, however, especially when it comes to announced missile defense plans (which were hardly noticed) and nuclear force modernization and research efforts (which were). Meanwhile, in Iraq, winning the war has given way to the more daunting task of winning the peace while, elsewhere, the world holds its collective breath in hopes that the worst of SARS is now behind us.

Everything is Going to Move Everywhere

One of the first firm indicators that major force restructuring plans are being considered for East Asia occurred this quarter when U.S. Under Secretary of Defense for Policy Douglas J. Feith stated in a May 29 on-the-record interview in the *Los Angeles Times* that "Everything is going to move everywhere . . . There is not going to be a place in the world where it's going to be the same as it used to be We're going to rationalize our posture everywhere — in Korea, in Japan, everywhere."

While Feith elected not to give details, noting that planning was in the preliminary stages, the *LA Times* article also cited other (unnamed) senior Pentagon officials as stating that plans were "on the table" to move the bulk of Marine forces currently based in Okinawa to Australia, and that Washington was "seeking agreements to base Navy ships in Vietnamese waters and ground troops in the Philippines." Malaysia was also mentioned as one of the places where Washington wanted to establish a "network of small bases,"

which would reportedly serve as “launching pads for moving U.S. forces quickly and clandestinely to future areas of conflict.” A reduction in Korea-based forces was “probably in the cards” as well, although plans had not yet been made “for fear of sending a signal of lack of resolve to North Korea.” With the exception of South Korea (where restructuring plans were soon to be announced – see below), defense establishments in most of the countries named were quick to point out that they had agreed to no such thing, underscoring Feith’s original (and largely overlooked) point about the preliminary nature of current planning.

Speaking at the International Institute for Strategic Studies (IISS) Shangri-La Dialogue in Singapore a few days later, Deputy Secretary of Defense Paul Wolfowitz tried to provide the larger context, noting that “Many studies have been done and many ideas have been presented, but no decisions have yet been made” and none would be made without close consultation with Congress and with “affected friends and allies in the region.” Wolfowitz further noted that Washington’s “fundamental look at our military posture worldwide” was aimed at addressing the issue of “how best to sustain the American commitment to this region in the face of the global demands on our defense resources.” Yes, changes in force structure (read: reductions as well as realignments) were inevitable, he seemed to be saying, but they would not be made at the expense of the region’s security. Washington would maintain “the same basic commitment to stability and deterrence in this region that we have had all along.”

What was new and potentially significant but largely overlooked in the *LA Times* story was the reported change in attitude toward China. In the past, most statements coming from the Pentagon seemed to focus on the need to counter a potential peer competitor. If it is true that, “in the post-Sept. 11 world, the threat from China is believed by Bush administration policymakers to pale beside that posed by unstable countries in Asia, Africa, and the Middle East that are viewed as breeding grounds for terrorists,” this would bring the Pentagon more in line with the point of view that has prevailed in the State Department and was embedded in last fall’s *National Security Strategy*, which stresses cooperation rather than competition with China and the other great powers. This would allow the Pentagon to focus on flexibility, mobility, and rapid response from its East Asia “launching pads.”

Korea: Restructuring to “Promote Regional Stability”

It soon became clear that planning for the future had already begun and indeed was quite advanced when it came to the status of U.S. forces on the Korean Peninsula. On June 5, the joint statement from the second “Future of the ROK-US Alliance Policy Initiative” talks revealed that the two allies had already reached general agreement on a future force restructuring plan “to enhance deterrence and security on the Korean Peninsula and improve the combined defense.”

Glaring headlines about “U.S. Pulling Troops from the DMZ” aside, a careful reading of the joint statement reveals that little, other than joint planning, will take place immediately, and that any consolidation of U.S. forces will “tak[e] careful account of the

political, economic, and security situation on the Peninsula and in Northeast Asia,” a caveat lifted directly from the joint statement signed a month earlier by Presidents George Bush and Roh Moo-hyun during their first summit meeting in Washington DC.

The first step is to develop a series of Implementation Plans – for Capability Enhancement, Yongsan Relocation, the Transfer of Military Missions, and for the Realignment of U.S. Forces in the ROK, respectively – with the goal of completing the *plans* (not the moves) in time for *discussion* (not implementation) at the ROK-U.S. Security Consultative Meeting (SCM) in late September. When actual relocation of forces will occur is not clear. The ROK government, according to the announcement, will “start procuring appropriate land in 2004.” How long this will take is anyone’s guess – the U.S. has been waiting since 1996 for Okinawan officials to provide an alternative location for Futenma Air Base; hopefully ROK authorities will be a bit quicker. On the other hand, U.S. Forces Korea (USFK) agreed more than a decade ago to move its military headquarters from Yongsan (in the middle of downtown Seoul) once an alternative location was secured; the search for “appropriate land” for key hubs is, in this respect, *deja vu*’ all over again.

As explained in more detail in the U.S.-ROK chapter in this issue [Donald Gross, “The Nuclear Issue Sputters Along”], the consolidation itself will occur in two phases. Under the first phase, forces north of the Han River (which runs through Seoul) will consolidate in the Camp Casey and Camp Red Cloud areas (which are also north of Seoul). Presumably this could be done without procuring too much additional land, so it could begin sometime after the plans are discussed in September and agreed upon. But even if some forces are moved off the DMZ during phase one, they will still remain within artillery range of North Korea. Even after the full relocation to the new “key hubs,” the two sides “agreed to sustain a U.S. military rotational training presence north of the Han,” no doubt to address lingering “tripwire” concerns.

Meanwhile, Deputy Secretary Wolfowitz, during an early June visit to Seoul, urged Koreans to “move beyond outmoded concepts or catch phrases,” noting that “the real tripwire is the letter and spirit of our mutual defense treaty, backed up by the substance of our alliance and our strong military forces.” To this, one should add the billions of dollars of U.S. investment in South Korea and tens of thousands of business people and tourists there on any given day. Nonetheless, keeping some forces forward will help disabuse North Korea of the notion that the U.S. is too casualty-averse to respond to future provocations; a mistake that Saddam Hussein made not once, but twice. Meanwhile, relocating and consolidating the bulk of U.S. forces further south will put them in a better position to more effectively respond, in the unlikely (but not impossible) event that the North were to launch a military attack.

Of equal significance is the agreement by both sides “on the importance of structuring U.S. forces in a manner that *further promotes regional stability*.” In the past, U.S. Korea-based forces have been discussed solely in terms of Peninsula defense. While this remains their primary mission today (given the North Korean threat), this acknowledgment provides the U.S. with greater planning flexibility (in keeping with the

Pentagon's desire to transform military thinking and basing worldwide) while also laying the groundwork for a continued force presence, in the event North Korea either reforms itself or goes away.

“Rationalizing” U.S. Force Presence Everywhere

As regards the rest of the Asia restructuring plan, few details have been provided beyond assurances about what is not being planned. “Most of the details that I have read are either inaccurate or extremely premature,” Secretary Wolfowitz explained when questioned about the *LA Times* article, with reports about Marines going from Okinawa to Australia or new bases being established in the Philippines specifically pointed out as being flat out wrong.

Wolfowitz acknowledged during his IISS speech that an assessment of force requirements and restructuring opportunities was also underway with Japan, even though “many of the basing and mobility issues that confront us in other nations do not exist in our current relationship with Japan”; a signal that no dramatic changes are anticipated in the near term. I would argue that Okinawa will remain a key “hub” in any future U.S. restructuring plan, given its vital location as a key air and naval logistical hub. While alternative basing scenarios can be envisioned for the Marines (Guam, Korea, the U.S., perhaps even Australia at some point), Kadena Airbase and Naha (or a suitable replacement) port seem as vital to any future “launching pad” strategy as they are to supporting Korean (and other) contingencies today. Misawa Airbase in northern Japan may serve as another hub, with some (myself included) suggesting that the U.S. Navy carrier air wing currently situated in the crowded Kanto Plains area could be relocated there.

Identifying potential hubs in other Asia-Pacific locations also continues. While completely discounting reports of U.S. troops returning to permanent bases in the Philippines, Wolfowitz noted that the U.S. had “redoubled our commitment” to assist Manila, further pointing out that the Philippines had been accorded major non-NATO ally status, “in recognition of the close ties which bind our two nations.” A “main driver” behind Washington's regional (and worldwide) military posture review was “to adapt to a world in which potential threats have become more unpredictable.” As a result, Wolfowitz continued, “we place a great premium on mobility and on the ability to move from existing hubs at great speed and to use temporary basing solution as needed.” This “new” approach seems to be a logical extension of the earlier U.S. Pacific Command “places not bases” strategy, which also stressed flexibility, mobility, and rapid response capability centered around “temporary basing solutions.” Stay tuned for more changes and even more speculation and rumors.

What's clearly needed now is an updated East Asia Strategy Report, similar to those produced during the Clinton and previous Bush administrations, laying out Washington's overall vision and security strategy for the Asia-Pacific region.

Meanwhile, Back at the Crisis

Talk of relocating U.S. forces away from the DMZ also created anxieties in North and South Korea since it generated fears – in my view misguided and illogical – that this move presaged a U.S. preemptive attack against the North, once American troops were out of harm's way. Given that the actual relocation of forces south of Seoul (and thus out of range of North Korea's heavy artillery) is several years away, the worries are at best premature. Washington's rush to announce these future plans seems driven more by the Pentagon's impatience to get on with its global restructuring effort than to send messages (real or imagined) to either Seoul or Pyongyang. Nonetheless, it has increased the diplomatic challenge when it comes to dealing with both.

Meanwhile, Washington's broader diplomatic strategy of applying international pressure to roll back Pyongyang's nuclear ambitions appears to have picked up steam this quarter, thanks in large part to North Korea simply being its typical belligerent self. Every time North Korea inches closer to admitting that it has nuclear weapons – its June 18 threat to “put further spurs to increasing its nuclear deterrent force” is the least ambiguous public admission of a nuclear weapons program (although not necessarily the possession of an operational weapon) to date – it makes it harder for any responsible member of the international community to argue its case. North Korea's continued belligerence has also helped to close the policy gap between Washington and Seoul, as has Pyongyang's continued refusal to allow its southern brothers, whose security is most threatened, to sit at the table. Adding further insult was the declaration by Pyongyang that the 1992 South-North Denuclearization Agreement was now “a worthless piece of paper.”

Summit meetings this quarter between President George W. Bush and ROK President Roh Moo-hyun (in Washington) and Japanese Prime Minister Koizumi Junichiro (in Crawford, Texas), and between Koizumi and Roh (in Tokyo) have allowed the three allies to read from the same sheet of paper, even if they continue, on occasion, to sing slightly different tunes. During these summits, all three reiterated that they “would not tolerate” nuclear weapons in North Korea, while demanding a “complete, verifiable, and irreversible” elimination of North Korea's nuclear weapons program, a demand echoed later in the quarter by the G-8 leaders in their “Non Proliferation of Weapons of Mass Destruction” Declaration in Evian, France.

In Crawford on May 23, Bush and Koizumi warned Pyongyang that further escalation will “require tougher measures” against the North. The May 14 U.S.-ROK Joint Statement was a bit more circumspect. While expressing confidence that a peaceful solution could be achieved, Bush and Roh merely noted that “increased threats to peace and stability on the peninsula would require consideration of further steps.” While some might consider this caveat vague, it does represent a ROK acknowledgment that other options might have to be considered, based on continued North Korean escalatory actions. This represents a significant narrowing of one of the major gaps in the U.S. and ROK positions on dealing with Pyongyang. Roh continued his softer hard line when he met with Koizumi in early June, with both leaders acknowledging that “diplomacy and pressure” were both needed, even though Roh stressed his preference for the former.

No “red lines” were proclaimed at any of the meetings, but the ROK-U.S. statement did note “with serious concern” the North’s statements about reprocessing and its “threat to demonstrate or transfer these weapons.” Bush and Koizumi, in their joint press conference, also both stressed that they would not tolerate the transfer of nuclear weapons. Daring Pyongyang to cross lines in the sand may be counter productive; identifying “serious concerns” sends a useful signal.

The international community was quick to put some muscle behind the proliferation-related concerns. On June 12, 11 Asia-Pacific and European nations voiced support for a U.S. “Proliferation Security Initiative” aimed at intercepting illegal weapons of mass destruction (WMD) shipments on the high seas during a “coalition of the willing” gathering in Madrid. Under Secretary of State John Bolton had earlier stated that “legal, diplomatic, economic, military, and other tools” would be used to implement the interdiction initiative. The goal, according to Bolton, “is to work with other concerned states to develop new means to disrupt the proliferation trade at sea, in the air, and on land. Over time, we will extend this partnership as broadly as possible to keep the world’s most destructive weapons away from our shores and out of the hands of our enemies.”

The coalition plans to meet again in Brisbane, Australia in early July to further discuss ways to enhance their mutual law enforcement efforts – none dare call this sanctions . . . at least not yet – to stem the flow of illegal WMD shipments (not to mention the smuggling of drugs and other favorite North Korean pastimes).

Strong statements against WMD proliferation were also issued at the ASEAN Regional Forum annual gathering in Cambodia. The assembled ARF foreign ministers (including Secretary of State Colin Powell, but not his North Korea counterpart, who was conspicuous by his absence) urged North Korea to resume its cooperation with the IAEA and rejoin the NPT, while expressing unanimous support for the denuclearization of the Korean Peninsula.

ASEAN Looks inward as Multilateralism Strives Forward

The assembled ARF ministers also expressed their concern over the decision by Burma’s ruling junta to place opposition leader and Nobel Prize laureate Aung San Suu Kyi under “protective custody” after what has been broadly recognized to have been a government authorized (if not instigated) clash between her National League for Democracy (NLD) followers and organized hostile elements in late May. Surprisingly, the ASEAN ministers, during their own internal Southeast Asian meeting, also elected to interfere in Burma’s internal affairs, urging Rangoon “to resume its efforts of national reconciliation and dialogue among all the parties concerned leading to a peaceful transition to democracy.” They “looked forward to the early lifting of restrictions placed on Daw Aung San Suu Kyi and the NLD members.” Burma’s foreign minister did not block the statement “in the interest of ASEAN unity.” The ASEAN ministers comments

were repeated verbatim in the ARF Chairman's Statement. ASEAN also plans to send a troika delegation to Rangoon to further discuss the situation.

The ARF ministers also "recognized the growing danger" of WMD proliferation and "reaffirmed their commitment to make further joint efforts to tackle the problem" but did not specifically endorse or otherwise refer to the U.S. Proliferation Security Initiative. They stressed the importance of a continued link between track one and track two (official versus non-official dialogue efforts) and looked to further efforts to enhance the role of the ARF Chair, to include a not otherwise described further role in helping to ease tensions on the Korean Peninsula.

In addition to the internal ASEAN and broader ARF meetings, an ASEAN Plus Three (China, Japan, and Republic of Korea) ministerial was also held in Phnom Penh on June 17. Its East Asia Study Group tabled 17 short-term and nine medium-to-long-term recommendations, laying out measures to foster East Asian solidarity and promote greater regional cooperation. The network of bilateral currency swap arrangements (BSA) envisioned as part of the ASEAN Plus Three Changmai Initiative has now reached 12 BSAs, with two more under negotiation. Beijing also continued to move toward establishment of an ASEAN-China free trade area (by 2010 for older members and by 2015 for newer ASEAN members) during its separate dialogue with the ASEAN states.

The ASEAN Plus Three also met along the sidelines of the broader meetings, with the three foreign ministers pledging that their leaders would adopt a joint declaration on mutual economic and political cooperation when they hold a three-way summit in Bali in October. The foreign ministers also discussed a free trade agreement (not likely anytime soon), along with cooperation in the quarantine field and in human resource development. China's foreign minister noted that Beijing "adopts a fully open attitude" toward multilateral dialogue with North Korea involving both South Korea and Japan, as long as Pyongyang and Washington "have no problems and agree with that." This was hailed in the ROK as Chinese support for their future involvement in talks, although there was a big caveat (North Korean agreement) attached.

There's Always Shangri-La!

If the assembled foreign ministers had looked over their shoulders, they would have spotted many of their defense counterparts from within and beyond the region gathering for the second annual Asia Security Conference in Singapore on May 30 - June 1. Sponsored by the London-based International Institute for Strategic Studies (IISS) and broadcast as a track-two (nongovernmental) gathering of defense specialists and senior officials, the so-called Shangri-La Dialogue once again brought ministerial-level defense officials together for informal dialogue and separate government-only side meetings. Defense ministers/deputy ministers from 14 countries attended the meeting, along with senior officials from 4 more states. It was unclear if the low level of Chinese participation was due to the lingering effects of SARS (not to mention Singapore's vigorous screening and quarantine programs) or the presence of Taiwan officials (who

took part in track-two events in their private capacities but did not attend the “officials-only” side discussions).

While few are prepared to call the IISS annual event a threat to the more institutionalized ARF process, it has provided a useful alternative venue for defense officials to meet and discuss security concerns without the requirement for consensus statements or formal declarations. A third annual meeting has already been announced and promises to draw another high-level crowd of participants. As noted earlier, Secretary Wolfowitz used the occasion of this year’s meeting to provide a broad overview of Washington’s global defense restructuring plan.

Ad Hoc Multilateralism Down Under

At the IISS meeting, Australia’s Minister for Defence Sen. Robert Hill noted the importance of coalitions, calling them “vital” when it comes to the application of military force. He also noted that “we must be prepared to deal with problems at their source – despite the significant cost and difficulties this can entail. This requires a broader view of security, the courage to re-examine our assumptions, the trust to work together, and a preparedness to act before it’s too late.”

While Hill did not mention the Solomon Islands in his presentation, it was no doubt in the back of his mind. A few weeks later, the Solomons did receive some notice at the ARF ministerial, as the Chairman’s Statement “noted the deteriorating security and economic conditions in the Solomon Islands and the efforts of partner-countries to provide assistance” to its government. Nonetheless, several attempts by the Solomons to obtain UN Security Council (UNSC) assistance had fallen on deaf ears – the Solomon Islands is one of a handful of countries that recognizes Taiwan and China had previously demonstrated, in the case of Macedonia, that it would not support peacekeeping operations in such countries. Enter Canberra!

On June 25, Australian Prime Minister John Howard announced that Australia was forming a new “coalition of the willing” to provide immediate assistance, in the form of police as well as military forces, to prevent deteriorating conditions from turning the Solomons into a haven for terrorists and drug smugglers and to protect key institutions from intimidation by criminal elements. New Zealand quickly joined the coalition and Fiji and Papua New Guinea were also prepared to lend assistance after the intervention, at the specific request of the Solomon Islands government, was endorsed at a crisis meeting of the Pacific Forum in Sydney on June 30. “We will not sit back and watch while a country slips inexorably into decay and disorder,” Foreign Minister Alexander Downer explained in justifying what Prime Minister Howard was later to acknowledge as a “very significant change in Australia’s regional relationships.”

Missile Defense Plans Outlined: “a Different Approach to Deterrence”

One thing that did not change this quarter was Washington’s commitment to pursuing missile defense. The announcement on May 20 of a new National Security Presidential

Directive on Ballistic Missile Defense (BMD) was identified as part of Washington's broader commitment to "restructuring our defense and deterrence capabilities to correspond to emerging threats" in a post-Sept. 11 world. While the Directive was classified, the White House published a "National Policy on Ballistic Missile Defense Fact Sheet" to point out that "the contemporary and emerging missile threat from hostile states is fundamentally different from that of the Cold War and requires a different approach to deterrence and new tools for defense."

The goal of BMD is to "devalue missiles as tools of extortion and aggression, undermining the confidence of our adversaries that threatening a missile attack would succeed in blackmailing us." While no specific adversaries were mentioned by name, the "blackmail" reference reinforced the view that North Korea's missile program remains foremost in the minds of BMD advocates.

While the National Missile Defense Act of 1999 had called for deployment "as soon as technologically possible" of an effective system capable of defending "against limited ballistic missile attack (whether accidental, unauthorized, or deliberate)," the Fact Sheet made it clear that the defenses to be set in place in 2004 would merely be "a starting point for fielding improved and expanded missile defense capabilities later." The U.S. "[w]ill not have a final, fixed missile defense architecture" but rather "will deploy an initial set of capabilities that will evolve to meet the changing threat The composition of missile defenses, to include the number and location of systems deployed, will change over time." While one would have thought that such an announcement would have set off alarm bells (in Beijing if not elsewhere), the announcement went largely unnoticed. BMD seems to have become yesterday's issue.

Congress Approves Research on New Nuclear Weapons

What did not go unnoticed was a decision by the White House to request (and subsequently receive) Congressional approval to conduct research on the potential development of smaller nuclear weapons, reversing a 10-year ban on R&D on weapons with an under five kiloton yield. Approval to produce such weapons was neither sought nor granted, only the right to study the issue. This action seemed aimed as much at preserving a nuclear weapons design capability at U.S. national laboratories as it was at examining, in Defense Secretary Donald Rumsfeld's words, "a variety of different ways – conceivably – to develop the ability to reach a deeply buried target." Apparently, bunker busters armed with conventional warheads do not dig deep enough or do enough damage to satisfy Pentagon planners.

Critics at home and abroad were quick to point out that such actions seemed counter-productive to the Bush administration's professed counterproliferation goals since they emphasized rather than downplayed the potential future importance of nuclear weapons and thus could encourage others to also seek this edge. Many chose to blur the distinction between research and production or use, while tying this move to Washington's announced policy of preemption. As a result, when one travels through the region, questions are frequently raised about Washington's "new preemptive nuclear

attack policy.” It’s no wonder, critics argue, that North Korea feels compelled to pursue its own nuclear deterrent in the face of this increased U.S. nuclear threat.

While experts can easily dismiss such misconceptions, they have a cumulative impact on the minds of friends and potential foes alike about Washington’s commitment to the Nuclear Non-Proliferation Treaty (under which the nuclear weapons states also have responsibilities) and to the probability or desirability of the future use of nuclear weapons. This hardly serves U.S. nonproliferation interests. Perhaps it’s time for the Bush administration to consider a “no first use of weapons of mass destruction” policy, in order to return to the moral high road and put the WMD debate into proper perspective.

Iraq: Winning the Peace

Last quarter, I argued that the long term impact of the war on Iraq regionally and globally would be driven by a number of as yet to be determined factors. One was the war’s duration and the number of U.S. casualties. While “major combat” has ended, casualties continue to mount as opposition elements see guerrilla tactics as their best hope for convincing Washington to think twice about its plan for a prolonged occupation. While this is unlikely to succeed, it has demonstrated that winning the peace will likely be tougher than winning the war. Another factor was the nature of post-Saddam Iraq (including what role, if any, the United Nations would play in administering Iraq once the fighting ends). Yet another was the international and domestic political ramifications if no weapons of mass destruction were found, a storm that President Bush has thus far weathered much better than his comrade-in-arms, British Prime Minister Tony Blair.

The jury remains out on all these issues. Nonetheless, doubts about the credibility of U.S. intelligence – or its political use – could cause others to doubt some of the latest allegations about North Korean nuclear capabilities, making it even harder to bring skeptical allies along. For example, press reports indicate that neither Tokyo nor Seoul seem willing to accept at face value Washington’s latest assessments that North Korea has been able to minaturize its alleged nuclear warhead to fit them on ballistic missiles.

Another key factor was successful pursuit of the Middle East road map (in cooperation with “quartet” members Russia, the European Union, and the UN). Despite considerable odds against it, some limited, tentative, but nonetheless significant progress has been made in this effort, but there are miles to go before anyone sleeps easy.

Finally was the issue of what Washington does next. While the Bush administration has hardened its position toward Syria and especially Iran (given the latter’s apparent pursuit of a nuclear weapons program), few see this as Washington rushing toward war with either country, especially with its hands full dealing with the aftermath of its Iraq and Afghanistan campaigns and the continuing drama involving North Korea, where a diplomatic solution also remains the preferred option.

SARS: Is the Worst Over?

The worst appeared to be over after a quarter in which many of the region's economies and especially tourist-related industries felt the impact of the Severe Acute Respiratory Syndrome (SARS) outbreak. At quarter's end, no new cases had been detected in the region for several weeks, all World Health Organization (WHO) travel advisories had been rescinded, and air travel was slowly returning to normal. Toronto and Taiwan were approaching the WHO's 20-day benchmark (July 2 and 5 respectively) – when 20 days, or twice the incubation period, have passed without detection of a new case, the chain of human-to-human transmission is considered broken. But with some 200 people still being treated, the WHO cautioned that the disease could still pose a threat. Another concern is the virus could prove to be seasonal, and might return next winter.

The disease took its toll throughout and beyond the region. According to WHO statistics, China, where it originated, reported 5,327 cases with 348 deaths out of a worldwide total of 8,439 cases and 812 deaths. Hong Kong was second-hardest hit with 1,755 cases and 298 deaths, followed by Taiwan with 674 cases and 84 deaths. With more than 250 cases and 38 deaths, Toronto suffered the worst occurrence of SARS outside Asia. Singapore was the only other country in double digits, with 206 cases and 32 deaths.

The economic impact of the disease is still being assessed, but appears considerable, at least in the near term. At one point during the quarter, hotel occupancy rates in Hong Kong had fallen to single digits. International visitors to Taiwan fell from 45,000 a day to about 7,000; Taiwan visits to the mainland fell from quarter a million per month to a trickle, severely impacting Hong Kong's Dragonair, whose passenger load to the mainland dropped from 10,000 to 700 daily in late April/early May. Economic forecasts were predicting that China's GDP growth for 2003 could be reduced by 0.5 to 2 percent. Similar forecasts were being made for many Southeast Asian economies, and especially Singapore. The World Trade Organization forecasted a 2 percent drop in global trade and the World Bank East Asia put the estimated cost of SARS in the range \$20-25 billion.

All of the earliest and most severe SARS outbreaks have been traced to contact with an infected medical doctor from Guangdong Province, China, who spent a single night (Feb. 21) on the 9th floor of the Metropole Hotel in Hong Kong. At least 16 guests and visitors to the same floor became infected. One has been identified as the source case, at the Princes of Wales Hospital, for the Hong Kong outbreak. Others, who carried the virus with them when they returned home, seeded outbreaks in Toronto, Vietnam, and Singapore. The mechanisms by which the virus spread from one infected person to so many guests and visitors are still not fully understood. China's failure to identify, isolate, and most importantly rapidly report on the new disease is seen as the primary cause of its rapid spread.

China's new leadership was quick to acknowledge that mistakes had been made, demanding more transparency and firing the health minister and other officials suspected of covering up the extent of the disease. Beijing also conducted a lot of damage control, especially in Southeast Asia (as outlined by Lyall Breckon in the China-ASEAN

chapter). However, its continued blockage of Taiwan's efforts to participate in WHO activities, both SARS-related and more generally, helped to fuel greater animosity from across the Taiwan Strait, especially since Taiwan's efforts to participate in the WHO's World Health Assembly as a "health entity" met all of China's stated "one China" concerns. China's efforts to win the hearts and minds of the Taiwan people suffered another major setback through its handling of SARS in general and the WHO issue in particular.

Regional Chronology

April-June 2003

April 1, 2003: National Assembly approves dispatch of Korean troops to Iraq as part of U.S. coalition.

April 2, 2003: ROK National Security Advisor Ra Jong-yil meets with Chinese counterpart in Beijing for talks on North Korea.

April 5, 2003: Russian President Vladimir Putin urges the Russian Parliament to ratify the Strategic Offensive Reductions Treaty with the U.S.

April 6, 2003: Chinese PM Wen Jiabao reports China is capable of curbing the spread of SARS.

April 7, 2003: DPRK cancels 10th South-North Inter-Ministerial talks scheduled for the same day.

April 7, 2003: U.S. National Security Adviser Condoleezza Rice holds talks with President Putin in Moscow.

April 8, 2003: Japanese FM Kawaguchi visits Beijing, invites PM Wen to visit Japan.

April 9, 2003: Malaysia bans all tourists from China to stop the spread of the SARS.

April 10-12, 2003: ROK and PRC FMs Yoon and Li meet in Beijing; agree to multilateral dialogue to resolve DPRK nuclear issue.

April 16, 2003: Australian Navy seizes DPRK vessel, the *Pong Su* for smuggling illegal drugs.

April 16, 2003: The WHO warns that China has failed to report all SARS cases.

April 18, 2003: U.S., Japanese, and South Korean officials meet in Washington to discuss impending North Korea talks

April 18, 2003: Chinese Politburo announces all officials must be truthful on all aspects of SARS reporting, without delay or deceit.

April 20, 2003: Chinese health minister and Beijing's mayor removed from office over SARS handling.

April 20-23, 2003: Indonesian President Megawati Sukarnoputri visits Moscow.

April 22, 2003: PRC President Hu Jintao meets with DPRK Gen. Cho Myong-rok.

April 23-25, 2003: Asst. Secretary of State James Kelly in Beijing for 3-day trilateral talks with North Korea and China.

April 23, 2003: Officials announce that public schools in Beijing will close for two weeks.

April 23, 2003: Burma's opposition leader Aung San Suu Kyi criticizes the military junta for refusing to start serious political talks.

April 23, 2003: Indonesian police arrest Jemaah Islamiyah (JI) leader Abu Rusdan.

April 23, 2003: Peace talks announced in Geneva between Indonesian government and Free Aceh Movement.

April 24, 2003: Aceh talks cancelled.

April 25 - May 9, 2003: *Balikatan-03*, joint U.S.-Philippine training exercise in Luzon.

April 25-26, 2003: Asst. Secretary Kelly in Seoul and Tokyo for debriefing on trilateral talks in Beijing.

April 26, 2003: ASEAN Plus Three SARS meeting in Kuala Lumpur.

April 27, 2003: China closes theaters, Internet cafes, discos, and other public venues to stop the spread of SARS.

April 27, 2003: Taiwan announces first SARS death and imposes 10-day mandatory quarantine on all arrivals from China, Hong Kong, Singapore, Vietnam, and Toronto.

April 27, 2003: A bomb explodes in Jakarta airport, injuring six.

April 28, 2003: WHO announces Vietnam is the first nation to contain the SARS epidemic.

April 29, 2003: SCO foreign ministers meeting in Kazakhstan.

April 29, 2003: ASEAN-China emergency summit on SARS in Bangkok.

May 1, 2003: President Bush announces that major combat phase in Iraq has ended.

May 1, 2003: China reduces Golden Week holiday to a long weekend, discourages travel to rural areas.

May 2, 2003: Seventy Chinese sailors aboard a diesel-powered submarine die in Yellow Sea training accident.

May 2-4, 2003: PM John Howard visits President Bush in Crawford, Texas.

May 5, 2003: U.S. Under Secretary of State John Bolton travels to Moscow in a bid to increase pressure on Iran and DPRK.

May 8, 2003: WHO extends its SARS travel advisory to Taipei.

May 9, 2003: Four Free Aceh Movement members arrested for April 27 Jakarta bombing.

May 12, 2003: DPRK nullifies 1992 Inter-Korean Denuclearization Declaration.

May 12, 2003: Trial of Bali bombing suspect Amrozi begins.

May 12-16, 2003: President Roh visits U.S., meets President Bush; joint statement warns North Korea that escalation may result in “further steps.”

May 14, 2003: Secretary of State Colin Powell visits Moscow, meets President Putin.

May 15, 2003: China threatens to execute or jail for life anyone who breaks SARS quarantine orders and spreads the deadly virus intentionally.

May 15-29, 2003: China joins 10 other countries as observers of annual *Cobra Gold* exercises in Thailand. The focus this year is peacekeeping and antiterrorism training.

May 16, 2003: Taiwan’s minister of health resigns following SARS outbreaks at three major hospitals

May 19, 2003: Indonesia declares martial law in Aceh and begins military offensive.

May 19, 2003: Taiwan announces 35 SARS-related deaths, third-highest behind China and Hong Kong.

May 19, 2003: Philippines President Macapagal-Arroyo visits Washington, meets President Bush.

May 20, 2003: White House releases unclassified version of National Security Policy Directive 23, outlining global missile defense system.

May 20, 2003: East Timor celebrates first year of independence.

May 21, 2003: WHO issues SARS travel warning for the whole of Taiwan.

May 22-23, 2003: Secretary Powell attends G-8 foreign ministers meeting in Paris.

May 22-23, 2003: PM Koizumi visits Crawford, Texas, discusses cooperation on North Korea and rebuilding Iraq with President Bush.

May 23, 2003: U.S. imposes trade sanctions on China for technology transfers that advanced the Iranian ballistic missile program.

May 26, 2003: A Burmese pro-junta group threatens supporters of opposition leader Aung San Suu Kyi.

May 26-29, 2003: President Hu visits President Putin in Moscow.

May 27, 2003: Burma's military junta accuses Aung San Suu Kyi's supporters of physically assaulting "peaceful" opponents during her trip to the north.

May 29, 2003: DPRK accuses ROK of sending warships across the disputed Yellow Sea border, warns of "irrevocable serious consequences."

May 29, 2003: Pentagon official says, "everything is going to move everywhere," as DoD rethinks its overseas military presence.

May 29, 2003: SCO summit in Moscow. Russia and China issue statement calling for reform of the UN to uphold its pivotal role in world affairs.

May 29-31, 2003: Three U.S. members of Congress, led by Rep. Curt Weldon, visit Pyongyang.

May 30, 2003: Singapore removed from list of countries affected by SARS virus.

May 30, 2003: Aung San Suu Kyi and 19 National League for Democracy (NLD) top party members placed into "protective custody" after violent clashes between her supporters and opponents. Junta announces closure of NLD offices in Rangoon.

May 30-June 3, 2003: Deputy Defense Secretary Wolfowitz visits Singapore, Seoul, and Tokyo.

May 31, 2003: ROK Navy fires warning shots at North Korean fishing boats.

May 31, 2003: St. Petersburg Tricentennial. Numerous summit meetings occur on the sidelines including first meeting between PM Koizumi and President Hu. President Putin meets with President Bush, President Hu, PM Koizumi, among others.

June 1-3, 2003: G-8 summit in Evian, France. President Hu is first Chinese leader to participate as observer.

June 1, 2003: South Korean Navy fires warning shots after North Korean fishing boats cross disputed maritime border.

June 1, 2003: China blocks Yangtze River and starts to fill Three Gorges Dam reservoir.

June 2, 2003: President Bush and other international leaders call on Burma to immediately release Suu Kyi.

June 2, 2003: China and 10 other Asia-Pacific countries, including five ASEAN members, agree to establish an Asian Bond Fund worth more than \$1 billion.

June 2, 2003: President Hu and PM Mahathir meet on margins of G-8 summit.

June 3, 2003: DPRK warns naval clashes could trigger war. South Korean Navy fires warning shots at a North Korean fishing boat hours later.

June 4, 2003: South Korean police seize 50 kilos of meth-amphetamine from Chinese ship that had transited DPRK.

June 4, 2003: Over 12,000 people gather in Hong Kong for a candlelight ceremony commemorating Tiananmen 14th anniversary.

June 5, 2003: U.S. and ROK officials agree on two-phase, multi-year consolidation of U.S. troops around “key hubs” south of Seoul.

June 6, 2003: Japanese Diet enacts special legislation to respond to security emergencies.

June 6-10, 2003: President Roh visits Tokyo, meets Emperor Akihito; holds summit with PM Koizumi.

June 8, 2003: DPRK suspends ferry service to Japan following Japan’s announcement of stricter safety and security searches.

June 9, 2003: DPRK claims nuclear weapons needed to reduce costs associated with its conventional forces.

June 9-10, 2003: Deputy Secretary of State Armitage visits Tokyo.

June 9-10, 2003: ASEAN Plus Three meeting on SARS in Siem Reap, Cambodia.

June 10, 2003: UN envoy Razali Ismail meets with Aung San Suu Kyi, presses junta for her release.

June 10, 2003: Thai police arrest four suspected JI members who were reportedly planning to bomb embassies and beach resorts in Thailand.

June 10, 2003: PM Thaksin meets President Bush in Washington.

June 10, 2003: Japan detains two DPRK cargo ships.

June 11, 2003: U.S. Senate votes to ban all imports from Burma.

June 11, 2003: Singapore PM Goh meets President Bush in Washington.

June 12, 2003: Eleven nation “coalition of the willing” supports U.S. Proliferation Security Initiative in Madrid.

June 12-13, 2003: Asst. Secretary Kelly hosts TCOG meeting in Honolulu; all agree that ROK and Japan participation in DPRK nuclear weapons talks is “indispensable.”

June 13, 2002: Australian PM John Howard meets President Bush at the White House.

June 13, 2003: Thai police arrest man selling radioactive material for use in making “dirty bombs.”

June 13, 2003: A candlelight vigil in Seoul marking the anniversary of the deaths of two school girls killed by a U.S. military vehicle draws nearly 20,000.

June 13, 2003: WHO announces travel warning restrictions lifted for Hebei, Inner Mongolia, the Shanxi and Tianjin regions in China.

June 14, 2003: PM Thaksin announces Thai Muslim militants were planning terrorist attacks in Bangkok during the APEC meeting in October.

June 14, 2003: ROK and DPRK symbolic ceremony in the DMZ to commemorate joint railway (which is not yet operational).

June 15, 2003: Bali bombing trial for the alleged operations chief of JI, Mukhlas, begins.

June 16, 2003: DPRK criticizes U.S. crackdown on illegal trafficking; says U.S. should “mind its own business.”

June 16, 2003: Japanese police demand U.S. military transfer marine suspected of May 25 sexual assault of Okinawan woman to local authorities.

June 16-17, 2003: ASEAN ministers meeting in Phnom Penh; ministers call for “peaceful transition to democracy” in Myanmar and early lifting of restrictions on Aung San Suu Kyi.

June 17, 2003: ASEAN Plus Three and separate Plus Three (ROK, PRC, Japan) meetings in Phnom Penh.

June 17, 2003: WHO lifts SARS travel warning to Taiwan.

June 17-18, 2003: Malaysia hosts WHO meeting on SARS.

June 18, 2003: ASEAN Regional Forum meets in Phnom Penh; calls on North Korea to rejoin the NPT and urges early release of Aung San Suu Kyi. Sec. Powell holds side meetings with counterparts.

June 18, 2003: U.S. agrees to transfer Marine suspected in rape case to Okinawan authorities.

June 18, 2003: Red Cross request for access to Aung San Suu Kyi denied.

June 18, 2003: DPRK announces it will “put further spurs to increasing its nuclear deterrent force.”

June 18-19, 2003: U.S. presents draft UNSC resolution condemning North Korea’s nuclear weapons program; Chinese diplomats say its premature.

June 20, 2003: DPRK vows retaliation and “strong emergency measures” if U.S. formally presents resolution to the UNSC.

June 21, 2003: Indonesian police announce arrest of 10 JI members.

June 22-27, 2003: Indian PM Atal Behari Vajpayee visits China, meets Premier Wen Jiabao and other officials. Vajpayee announces Indian recognition of Tibet as a part of china; the two states issue joint declaration appointing special envoys to make progress on long-standing border disputes.

June 24, 2003: WHO announces removal of SARS travel warning from Beijing.

June 25, 2003: Japan announces suspension of economic aid to Burma pending release of Aung San Suu Kyi.

June 25, 2003: ROK special prosecutor concludes 70-day investigation into secret payments made to North Korea, reprimands former administration, and charges three in connection with the scandal.

June 25, 2003: 53rd anniversary of the Korean War. ROK urges North Korea to dismantle its nuclear program for international aid; 1 million Pyongyang residents participate in anti-U.S. rallies.

June 25, 2003: PM Howard announces Australian soldiers and police will be sent to Solomon Islands (following request by its PM) to prevent drug dealers and terrorists from exploiting current instability.

June 27-29, 2003: North-South Korea divided family reunion held at Mt. Kumgang.

June 30, 2003: ROK and DPRK officials participate in ground-breaking ceremony for the Kaesong joint industrial park, north of the DMZ.