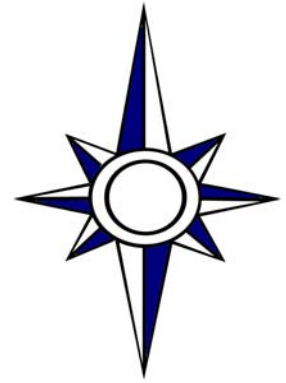


# Comparative Connections

A Quarterly E-Journal on East Asian Bilateral Relations



## Regional Overview: Old Challenges, New Approaches

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Pyongyang reverted to form this quarter, reminding the new U.S. administration that old challenges would not be easily or quickly negotiated away. Its attention-getting devices included a failed “satellite launch” and an apparently successful nuclear test, along with a promise to never, ever return to the Six-Party Talks. China and Russia, in each case after much diplomatic gnashing of teeth, joined in strongly condemning these violations of prior United Nations Security Council (UNSC) resolutions.

At the annual Shangri-La Security Dialogue, Secretary of Defense Robert Gates showed the Obama administration’s softer, gentler side while the senior Chinese representative demonstrated that the “Cold War mentality” lives on. China did join with its BRIC counterparts – Brazil, Russia, and India – in another new approach to dealing with global challenges, even as the first positive indicators were being touted as signs of life in a moribund global economy.

Politics as unusual was the order of the day, as North Korea apparently grappled with the issue of succession, continued civil (or not so civil) disobedience in Thailand resulted in the embarrassing cancellation of a number of ASEAN-related summits, and the much-beleaguered prime minister in Malaysia stepped down. It was better news for India’s prime minister, who won a resounding victory this quarter, a feat which many expect Indonesia’s president to duplicate next quarter. And, trials and tribulations among its members notwithstanding, there are signs that the ASEAN Regional Forum (ARF) may actually be coming of age. Finally, President Obama’s Asia team is finally in place.

### **Pyongyang keeps its promises and the UNSC (eventually) responds**

The latest North Korea-generated crisis began with its promised April 5 “satellite launch” using a long-range ballistic missile that overflew Japan but apparently failed to put an object into orbit (if that was its real intent). Never one to let reality stand in the way of propaganda, Pyongyang not only claimed a successful launch but says the satellite is broadcasting revolutionary songs praising Kim Il-song and Kim Jong-il and garnering worldwide acclaim for its accomplishment.

The North claimed that all nations have the right to conduct peaceful satellite launches and, technically speaking, it is correct. But North Korea lost that right as a result of UNSC Resolution 1718, passed after its 2006 missile launches and nuclear weapons test, which forbids “all ballistic missile activity,” and the UNSC finally (and reluctantly, after a week of intense diplomatic negotiations) agreed. That agreement took the form of an April 13 UNSC President’s Statement

rather than a more binding resolution. Score this as a small diplomatic victory for Washington and its allies, nonetheless. Moscow and especially Beijing had refused, beforehand, to brand the launch a clear-cut violation but both finally agreed that the launch was “in contravention” of UNSC Resolution 1718 a week after it occurred.

The UNSC President’s Statement was a disappointment to those who were hoping for something stronger; the Japanese press asserted (somewhat foolishly in our view) that Japan “had the ladder pulled out from under it by U.S.-China collaboration,” expressing anger at Washington’s failure to hold firm on the initial demand for a binding UNSC resolution (a stance that would have likely resulted in no UNSC action at all and an even bigger propaganda victory for Pyongyang).

But the statement was not without some potential teeth. It called on all members to comply fully with their obligations under UNSC Resolution 1718 and agreed to “adjust the measures imposed by paragraph 8,” which outlined what could not be sold to the North and what firms should be sanctioned. This provides an opportunity to tighten international restrictions against Pyongyang, something the initial sanctions efforts, aimed at keeping sufficient technology and hardware out of Pyongyang’s hands to prevent another launch, obviously failed to do.

Pyongyang seized upon the UN statement as an excuse to walk away from the moribund (although technically still alive) Korean Peninsula denuclearization talks, declaring that it “will never participate in the talks any longer nor will it be bound to any agreement of the Six-Party Talks” (involving North and South Korea, China, Japan, Russia, and the United States). It also threatened to “bolster its nuclear deterrent for self-defense in every way” and to restore its currently “disabled” nuclear facilities at Yongbyon “to their original state ... putting their operation on a normal track and fully reprocess the spent fuels churned out from the pilot atomic plant as part of it.”

“In every way” included threatening to conduct a second nuclear weapons test (the first took place in October 2006), a promise it fulfilled in late May. While the act itself came as no surprise, the timing did. While the North claimed that the test was forced upon it by Washington’s “hostile policies,” most technical specialists concluded that preparations had to have been under way for several months, if not longer, putting the lie to Pyongyang’s claim that the test was a direct response to the “U.S.-instigated” UNSC President’s Statement.

The UNSC response to the May 25 nuclear test was neither swift nor as strong as many critics were demanding, again as a result of Chinese and Russian foot-dragging. The debate this time was not over the illegality of the act itself – a UNSC statement was issued the same day unanimously condemning the test – but what to do about it. It took until June 12 for the UNSC to unanimously pass Resolution 1874, which called for additional security and economic sanctions and a trade and arms embargo against North Korea.

The alternate U.S. representative to the United Nations, Ambassador Rosemary DiCarlo, was quick to point out that the new resolution strengthens sanctions in five critical areas: it imposed a total embargo on arms exports from North Korea and expanded the ban on arms imports; it created a new framework for nations to cooperate in inspecting cargo ships and airplanes suspected of carrying banned goods; it called on nations and international financial institutions to

disrupt funds that could support North Korea's nuclear and missile development programs; it promised to create targeted sanctions on any additional goods, entities, and individuals involved in North Korea's illicit behavior; and it strengthened the mechanisms to monitor and tighten the implementation of this new sanctions regime.

Her Chinese counterpart, Ambassador Zhang Yesui, was even quicker to point out that no country should threaten the use of force when it came to enforcing the sanctions regime, however, since that was not specifically authorized by the resolution, adding the familiar if somewhat insulting (to the U.S.) reminder that "all parties should refrain from any words or deeds that may exacerbate the conflict," as if more than one particular party was at the source of the current problem. One wonders how many more missile or nuclear tests it will take before the UNSC sees the wisdom and utility of truly enforceable sanctions.

If UNSC Resolution 1874 was meant to send a "strong signal" to Pyongyang, the message got lost somewhere in transmission. Its response to this "vile product of the U.S.-led offensive of international pressure aimed at undermining the DPRK's ideology and its system chosen by its people by disarming the DPRK and suffocating its economy" was to promise three "countermeasures:" first, the "whole amount of the newly extracted plutonium will be weaponized;" second, "the [long denied] process of uranium enrichment will be commenced;" and third, any attempted blockade "will be regarded as an act of war and met with a decisive military response." In case this was too nuanced, the North's *KCNA* news agency further stated that "It has become an absolutely impossible option for the DPRK to even think about giving up its nuclear weapons."

### **Assessing/guessing North Korea's motives**

What is North Korea up to? Most North Korean specialists seem to agree that Chairman Kim Jong-il's motivations are as much domestic as international. He wants to demonstrate his continued virility and defiance of the international community and underscore the sense of crisis that warrants the continued sacrifice of his people in the face of the external threat that only he (and his chosen successor?) can guard them against. The primary international objectives seemed to be killing the Six-Party Talks and the time-honored (and once again successful) tactic of driving wedges between and among the other five collaborators while distracting them from the denuclearization goal.

But is Kim trying to undermine the Six-Party Talks to force Washington to deal directly with Pyongyang, as some experts claim? Or, as others maintain with equal certainty, is he sending a signal that the North is not interested in talks at all, given current domestic political uncertainties surrounding the his poor health and succession plans? Or, is Pyongyang merely laying the groundwork for eventual talks, but only on its terms, which include acceptance of North Korea as a nuclear weapons state? The real answer is probably some combination, but we really don't know. When it comes to understanding North Korean motives, we're all guessing.

A series of North Korean actions since December 2008, when it denied having reached an agreement on a verification regime at the last (and perhaps *the* last) round of Six-Party Talks, suggests that Pyongyang was determined to pursue a confrontational path, regardless of any

desire for cooperation on the part of the Obama administration or its other interlocutors. While many DPRK apologists have made a seamless transition from the Bush to Obama administration – still claiming that it’s all Washington’s fault – many who have long supported a negotiated settlement now reluctantly believe that Pyongyang has made its long-awaited “strategic decision.” It has decided, as declared above, that it will NOT give up its nuclear arsenal.

### **The Six-Party Talks are dead; long live the Six-Party Talks**

Pyongyang had apparently made up its mind to end the Six-Party Talks and restart its nuclear weapons test program even before President Obama announced his “outstretched hand.” The missile launch and nuclear test provided the vehicle and the UNSC declaration the excuse. There was, and perhaps still is, an operational need to test its various missile systems. The same may hold true for nuclear weapons, since the first test is generally believed to have fizzled and analysis of the second test appears incomplete or is being withheld. Therefore, we should not be surprised by additional missile or weapons test. In fact, we should silently hope for them, since each event will further solidify international support behind tightening the sanctions noose and each kilogram of plutonium used in an additional test is one less to ultimately account for.

Our guess is that Pyongyang will return to the negotiating table when it perceives it in its best interest to do so and fully expects, based on past performances, that whatever “tough” sanctions are imposed between now and then will be lifted or ignored once it returns to the negotiating table (even if not in good faith).

### **Alternative approaches**

There are a number of ways to bring about renewed dialogue. The tried-and-true way is to dangle more carrots. This might get Kim back to the table, but only until he has again eaten his fill. He will then surely walk away. As one senior statesman quipped, “Clinton bought Yongbyon once and Bush bought it twice, why shouldn’t he think he can sell it a few more times to Obama?”

An alternative approach, which requires close cooperation among Washington, Seoul, and Tokyo at a minimum, with Beijing, Moscow, and others preferably on board, is to increase the costs involved in staying away through stricter enforcement and an incremental strengthening of UNSC Resolution 1874, until Pyongyang is “persuaded” to once again cooperate. One vehicle for doing so, being discussed by Washington, Seoul, and Tokyo – and no longer automatically ruled out by Moscow and Beijing – is Five-Party Talks (sans North Korea) to determine the best way to persuade Pyongyang to come back to the table and, in the interim, to not only keep Pyongyang from using its nuclear arsenal, but also to keep what’s currently in North Korea there, and to keep out anything that would help the regime develop its nuclear or missile capabilities.

Like UNSC Resolution 1695 and 1718 before it, Resolution 1874 is supposed to help achieve this objective. The key will not be just strengthening sanctions but enforcing them to demonstrate that bad behavior has serious, enforceable, and long-lasting consequences. The elimination of Pyongyang’s nuclear weapons capabilities will be a multi-stage process. Tightening the noose around Pyongyang to increase the political, military, and economic costs associated with going down the nuclear path is a long overdue vital first step in this process.

## **Secretary Gates sends a positive message to all (except Pyongyang)**

In his first appearance at the annual Shangri-La Dialogue as a member of the Obama administration – he had twice represented the Bush administration at this unofficial gathering of the region’s senior-most defense officials in Singapore – Secretary of Defense Robert Gates set a positive tone in addressing “the strategic reality of Asia and America’s role in it.” He reminded the audience of Secretary of State Hillary Clinton’s earlier admonition that “America cannot solve the problems of the world alone and the world cannot solve them without America,” while assuring the audience that the U.S. commitment, as a “resident power” in Asia, “is just as strong as it ever has ever been – if not stronger, since our prosperity is increasingly linked with yours.”

In discussing security challenges in the region, he spent the bulk of his time on Afghanistan, arguing that “the threat from failed or failing states is international in scope.” He also assured the audience that U.S. policy toward the DPRK had not changed: “Our goal is complete and verifiable denuclearization of the Korean Peninsula, and we will never accept North Korea as a nuclear weapons state.” While not dwelling on the situation, he noted emphatically that the U.S. “will not stand idly by” in the face of North Korean provocations. “We unequivocally reaffirm our commitment to the defense of our allies in the region,” he declared, further asserting that Pyongyang would be held “fully accountable” for its actions.

Unlike previous Shangri-La speeches by himself and especially his predecessor, Gates hardly mentioned China at all. When he did – in one brief paragraph – it was cast in positive terms, noting how the U.S. and China were working together on common challenges and that it was “essential” for the two sides “to find opportunities to cooperate whenever possible.” In previous years, China had been criticized for a lack of military transparency. This year Gates merely observed that it was essential for both sides to be transparent “both to each other and the rest of the world, about our strategic goals, political intentions, and military developments.”

By contrast, the senior Chinese official at the meeting, Deputy Chief of the General Staff Lt. Gen. Ma Xiaotian, complained about the threat posed by U.S. alliances and Washington’s “Cold War mentality,” while barely acknowledging that North Korea’s nuclear test “further complicated the situation on the Korean Peninsula.” If the Obama administration is trying to set a new tone in its relationship with Beijing, the PLA thus far appears to remain tone deaf.

## **BRIC bats?**

Cooperation was much more the order of the day when Beijing joined in yet another new formulation for addressing the world’s problems, as the leaders of Brazil, Russia, India and China held the first summit of the so-called BRIC nations in the Russian city of Yekaterinburg on June 16. The BRICs – a Goldman Sachs economist coined the term in 2001 – account for more than 40 percent of the world’s population, 15 percent of the global economy, and hold 40 percent of global currency reserves. When the BRICs were conceptualized, the four countries were projected to overtake the combined economies of the industrialized world by 2040. That deadline has been moved up to 2027.

Some see the BRICs as a powerful force for reordering the world economy and, by extension, the global order. Not exactly. They agree on the need for the dispersion of power and the creation of a multipolar world; they all want to take the U.S. down a peg. But Russia and China have permanent seats on the UNSC, and they aren't eager to share that status.

Consensus is easier to find when it comes to economic institutions: after all, the four are relatively weak in those bodies. Their declaration called for "a stable, predictable and more diversified international monetary system." They seek changes in the world's financial and economic architecture that will yield "democratic and transparent decision-making and an implementation process at the international financial organizations." They also want "reform of international financial institutions to reflect changes in the world economy." That means new voting weights in the International Monetary Fund (IMF) and the World Bank to give disenfranchised governments a louder voice.

A focus of attention this quarter, and played up by the BRICs, is the dollar's role as the world's reserve currency. That status is a pillar of U.S. economic power and standing in the world and forces other countries to bear the costs of U.S. economic mismanagement. While Chinese and Russian officials, including President Medvedev, had called for diversification of reserve currencies and less reliance on the dollar, the BRIC communiqué didn't address the subject. Such a move is unlikely: there is no real rival and moving from the dollar would probably trigger a run on the currency, a move that would badly hurt countries that have substantial dollar holdings and investments – like China. And as David Rothkopf observed, BRICs without China are just Bri.

### **Green shoots or a false spring?**

The arrival of spring also brought the first green shoots – a welcome indicator for economists eager to find signs of life in a moribund global economy. Reports from the IMF, the OECD, and various economists have revised upward their forecasts for the world economy, suggesting that the resumption of growth may occur sooner than expected. The OECD, the U.S. Federal Reserve, and other policy makers have warned that governments need to start thinking about ways to start soaking up the liquidity that has been pumped into markets to stimulate economies in recent months. For the most part, however, governments are not worried about inflation yet. Instead, they remain focused on ensuring a return to stable and enduring growth. Thus, the Fed's Open Market Committee voted at its meeting in late June to maintain the rate for lending between banks in a record-low range of zero to 0.25 percent, and to keep the discount rate for commercial and investment banks at 0.5 percent. The Bank of Japan (BOJ) looks set to continue the special measures it has used to stimulate the economy, such as buying commercial paper and corporate bonds.

The BOJ measures complement the \$150 billion stimulus program that Prime Minister Aso Taro has pushed through, the third such package and one equal to about 3 percent of GDP. That puts Tokyo up with Washington and Beijing, which have passed \$780 billion and \$586 billion stimulus packages of their own, respectively.

At the World Economic Forum meeting in Seoul, the mood was upbeat. Most participants agreed that Asia had been less damaged by the downturn, would emerge from it quicker, and would use

that recovery to close the gap between itself and the West. There is a heady optimism that the crisis is accelerating the shift of economic power toward Asia. This is evident in the emergence of the G20 as the operative international economic decisionmaking unit and the decline of the G8. (We are reluctant to sing the praises of the G20 just yet, but the debate is revealing.)

This shift in fortunes has revived the debate about the “decoupling” of Asia and the rest of the world. Last year, the matter seemed closed as it became evident that there was as yet no replacement for the West, and the U.S. in particular, as the market of final demand for Asian products. The sharp downturn has reinforced Asian concerns about the need to stimulate domestic demand to compensate for what could be a structural shift in global demand. Unfortunately, this process goes against the grain of most Asian governments. They prefer to keep a firm hand on economic activity – steering it for economic and political purposes. In addition, boosting consumption is going to be tough, if not impossible, until social safety nets are in place. Then, consumers won’t feel compelled to save so much for their retirement. Governments and economists recognize the need to develop new policies and approaches, but they will take time – not least because they conflict with reflexive habits and thinking.

### **Politics as unusual**

There was politics aplenty throughout Asia this quarter. There was even uncertainty in Pyongyang as North Korea faced the prospect of a leadership succession. Indian voters surprised analysts by giving the ruling Congress Party an impressive mandate, and Indonesia continues its march toward stability and political consolidation, while Malaysia’s ruling coalition grapples with a weakening grip on power and unrest continued in Thailand.

*North Korea.* It wasn’t quite politics as usual in Pyongyang this quarter. Oh sure, parliamentarians were re-elected in a March ballot with 99 percent of voters backing the sole candidate in each district. But the victors weren’t seated until early April, when Parliament reconvened, an event that marked the first public appearance by Kim Jong-il in nearly a year. Kim reportedly suffered a serious stroke last summer – said to be his third – triggering feverish speculation about who might rule North Korea if he passed from the scene.

There are reports that his third son, Kim Jong-un, has been selected as his successor and preparations are being made to consolidate support for the 26 (or 27) year old, but reliable information about the youngest Kim is hard to come by. He is said to be his father’s favorite son, is thought to have been educated in Switzerland, and is rumored to share many of his father’s bad habits, including a mercurial temperament. His political credentials are thin: he isn’t a Member of Parliament, but he was reportedly given a mid-level position in the National Defense Commission, although that also is unconfirmed. He is said to have secretly visited China in June, where he was presented to the Chinese leadership, which the Chinese Foreign Ministry denies.

Some analysts believe that Pyongyang’s belligerence during the last quarter was prompted by the need to shore up domestic support for the plan to pass the mantle to the younger, untested Kim. It is also believed that Kim Jong-il’s brother-in-law, Jang Seong-taek, who was recently appointed to the National Defense Commission, is playing a key role in the transition. As the many references to “reported,” “believed,” and “rumored” in the foregoing attest, certainty is in short

supply. That makes it fun to write about North Korea, but, as we warned earlier, it means that all readers should take those claims with more than a handful of salt.

*India.* In parliamentary elections held throughout the month of May, the Congress Party pulled off a coup, winning – against all expectations – a renewed mandate to govern. The results were the party’s best in over 25 years and marked the first time in nearly four decades that an incumbent prime minister won a ballot. Virtually all poll watchers were surprised. India had endured one of the worst terrorist attacks in its history last year and its neighborhood is increasingly unstable. Still, the opposition didn’t succeed in its efforts to make the government look weak and Congress and its coalition partners won an outright majority.

The results validate the government’s economic policies and its pursuit of better relations with the United States. Significantly, the Communist Party’s representation was cut, which should minimize a key obstacle to reform and closer ties with Washington. While few analysts expect a radical change in Indian policy, the center of gravity in Delhi has shifted to the right.

*Indonesia.* To the surprise of many, Indonesia has regained its footing and has become a source of political stability in Southeast Asia. Parliamentary elections held in early April looked set to give President Bambang Susilo Yudhoyono (SBY) a second five-year term in office as his Democratic Party picked up roughly one-quarter of the seats in that ballot, a nearly three-fold increase from the 2004 election. That works out to 150 of the 692 seats in the People’s Consultative Assembly. Golkar, the party of former leader Suharto, polled a little over 14 percent of the vote, a loss of one-third from its previous performance, and claimed 107 seats, a drop of 21. The third leading party was PDP Perjuangan, known as the Indonesian Democratic Party – Struggle, headed by former President Megawati Sukarnoputri, which also won 14 percent of the votes cast, and took 95 seats, a loss of 14 from the previous Parliament.

Presidential balloting begins July 8 and official results are expected to be tallied by July 25. SBY and his running mate, former Central Bank Governor Boediono, are running against former President Megawati Sukarnoputri and her running mate, former Gen. Prabowo Subianto, and against current Vice President Jusuf Kalla, who heads Golkar, and his running mate Wiranto, another general. If no candidate claims more than 50 percent of the July tally, the two leading candidates square off in a Sept. 8 runoff. Many polls predicted SBY would win the July ballot and clear the 50 percent threshold.

Supporters hope that a victory for SBY would give the president a real mandate for his second and final term in office. It would eliminate his concerns about being re-elected and reduce his reliance on parties that don’t share his commitment to reform. Critics allege that such decisiveness isn’t part of the president’s makeup. He hasn’t forced through bold reform and cleaned up corruption as promised because he isn’t prepared to take such actions. A victory should answer those questions once and for all.

*Malaysia.* In Kuala Lumpur, mounting dissatisfaction finally caught up with Prime Minister Abdullah Ahmad Badawi, who succeeded fireball Mahathir Mohamad as prime minister in 2003. His time in office was a rollercoaster: he started off with an impressive landslide victory in the 2004 parliamentary vote, crushing a steadily growing challenge from the Islamic opposition. But



he never delivered on promises to end corruption or break perceptions of a class of well-connected businesspeople. Disenchantment was evident in 2008 election results, when the opposition made unprecedented gains, and now controls five state governments.

Feeling the heat, Badawi announced in July 2008 that he would step down in June 2010. “To end the uncertainty,” he submitted his resignation April 2 and was succeeded by Deputy Prime Minister Datuk Seri Najib Abdul Razak on April 3. Najib is the son of Malaysia’s second prime minister, and has served as minister of defense, of education, and of finance. Key tasks for his administration include scrubbing the Malaysian economy of corruption, getting the economy back on track, and winning over non-Malay voters.

*Thailand.* The turmoil in Thailand continued, with protestors this quarter embarrassing Prime Minister Abhisit Vejjajiva and forcing cancellation of the ASEAN Plus 3 (APT, involving the 10 ASEAN states plus China, Japan, South Korea) and East Asia Summit (EAS, with the “Plus Three” plus India, Australia, and New Zealand) and assorted ASEAN Plus 1 meetings that go with it that were scheduled to be held in Pattaya in early April. Instead of presiding over a series of high-level, high-profile meetings, including the announcement of a multibillion-dollar ASEAN-China investment fund, Abhisit was humiliated by the helicopter evacuation of the assembled grandees.

Supporters of the previous Thai government overran the facility where the various summits were to be held, forcing the prime minister to declare a state of emergency and to cancel the meetings – for the second time (The ASEAN summit, APT summit, and EAS were all originally scheduled for last December but postponed due to earlier riots that had effectively closed down the country; the ASEAN Summit was successfully held Feb 28-March 1). Having achieved their goal, the protestors moved back to Bangkok, where they set up roadblocks and barricades. Violent clashes with the police followed, leaving several dead and dozens more in the hospital.

Call it karma. The current government is being subjected to the same tactics its supporters used to force three previous prime ministers from office, although those maneuvers were backed by some questionable legal rulings. The tumult has given both Bangkok and ASEAN a black eye: the organization’s willingness to ignore developments in Thailand undermines its authority and ability to deal with other challenges to the group’s democratic principles (but follows a time-honored tradition that continually manifests itself when dealing – or, more accurately, refusing to do so – with Burma/Myanmar).

### **ARF coming of age?**

While ASEAN suffered a few blows this quarter, the ASEAN Regional Forum (ARF) showed some signs of progress that we feel compelled to note, since we have never hesitated to point out its various shortcomings. Of greatest significance was the first ARF Voluntary Demonstration of Response (VDR) exercise held in the Philippines on May 4-7. Co-sponsored by Manila and Washington, the ARF-VDR was touted as “a robust civilian-led, military- supported exercise designed to demonstrate ARF national capabilities in response to an affected country’s request for assistance and build regional assistance capacity for major, multinational relief operations.” It represented the ARF’s first-ever field exercise. It employed a simulated scenario where Manila and Central Luzon are devastated by a super-typhoon and ARF participants offer assistance in

response to Manila's request for international humanitarian relief. Areas of demonstration included land, air and maritime search and rescue, medical assistance/evacuation, and engineering reconstruction. Over 20 ARF members participated, with a dozen providing equipment and personnel.

The first ARF Inter-session Meeting on Non-Proliferation and Disarmament (ISM/NPD) was also held at quarter's end (June 30 - July 2) in Beijing, co-chaired by China, Singapore, and the United States. The agenda included comprehensive discussions on proliferation challenges and disarmament possibilities and included almost a full day's examination of member states' efforts to develop and enforce export control regimes. The track-two Council for Security Cooperation in the Asia Pacific (CSCAP) Memorandum No.14: Guidelines for Managing Trade of Strategic Goods [available at [www.cscap.org](http://www.cscap.org)] was tabled for discussion as a possible tool or model for developing an institutionalized approach toward strengthening regional export control efforts.

### **Obama's East Asia team now in place**

With Assistant Secretary of State for East Asian and Pacific Affairs Kurt Campbell's much-anticipated (and long overdue) Senate confirmation in late June, President Obama's East Asia team is now essentially in place. And a first-rate team it is.

Campbell, previously CEO and co-founder of the Center for a New American Security (CNAS), formerly served as deputy assistant secretary of defense (DASD) for Asia and the Pacific during the Clinton administration, as a director on the National Security Council Staff, and as deputy special counselor to the president for NAFTA in the White House. He heads a team of professional foreign service officers who have been in place since before the November 2008 elections. They include Principal Deputy Assistant Secretary [Public Diplomacy, Public Affairs, Australia, New Zealand and Pacific] Glyn T. Davies, who served as acting assistant secretary pending Campbell's assumption of duties (and will reportedly be replaced later this summer by long-time Asia hand Joe Donovan); Deputy Assistant Secretary [Southeast Asia] and Ambassador for ASEAN Affairs Scot Marciel; Deputy Assistant Secretary [PRC, Taiwan, and Mongolia] John J. Norris, Jr.; and Special Envoy for the Six-Party Talks, Ambassador Sung Kim. Working closely with Campbell and Kim on issues related to North Korea is Special Representative for North Korea Policy Ambassador Stephen Bosworth, who reports directly to Secretary of State Clinton and "oversees U.S. efforts in the Six-Party Talks to achieve the verifiable denuclearization of the Korean Peninsula in a peaceful manner."

The Pentagon's Asia team is headed by Assistant Secretary of Defense, Asian and Pacific Security Affairs Wallace "Chip" Gregson, a retired USMC lieutenant general and former commanding general of the Marine Corps Forces Pacific and, earlier, commanding general of all Marine Corps forces in Japan. Prior to his time in Japan, he was director of Asia-Pacific policy in the Office of the Secretary of Defense under then DASD Campbell. His senior policy team includes Principal Deputy Assistant Secretary of Defense Derek Mitchell, former director of the Asia Division of the International Security Program at the Center for Strategic and International Studies (and the principal author, under then-DASD Campbell of the 1998 DoD East Asia Strategy Report; Deputy Assistant Secretary of Defense for South and Southeast Asia Robert Scher, an old ASD and State Department Asia hand; Deputy Assistant Secretary of Defense for

East Asia Michael Schiffer, who headed President Obama's Japan advisory team during the campaign and at one time served as senior national security adviser and legislative director for Sen. Dianne Feinstein (D-CA); and Deputy Assistant Secretary for Afghanistan, Pakistan and Central Asia David Sedney, who has served in this capacity since 2007.

Asia watchers were also delighted with the selection of the Institute for Defense Analyses' top Asia nuclear specialist Brad Roberts as deputy assistant secretary of Defense (nuclear and missile defense policy), where he will focus on international cooperation or agreements (including arms control agreements) in the areas of missile defense, nuclear forces, and global strike. His office will play a lead role in developing this year's Nuclear Posture Review.

Finally, the Asia team at the National Security Council is headed by Senior Director for Asia Jeff Bader, who served as head of Obama's Asia policy team during the campaign. Ambassador Bader's team includes Director for Japan, South Korea and North Korea Danny Russell, and Director for Economic Affairs Jim Loi.

The Obama administration has also put forth the names of its desired candidates for two key East Asia ambassadorial posts – China and Japan – and both names came as a surprise. Once approved by the Congress, the new ambassador to China will be Utah Gov. Jon Huntsman, a rising star in the Republican Party and among those presumed to be in contention for the 2012 presidential sweepstakes. Huntsman, a former ambassador to Singapore (and a member of the Pacific Forum CSIS Board of Governors prior to entering government service) speaks fluent Mandarin and has solid business as well as diplomatic credentials.

President Obama also identified a California technology-focused lawyer (and major Democratic fundraiser), John Roos, as the next ambassador to Japan, much to the initial dismay and disappointment of many in Japan who had predicted that long-time Japan hand (and Pacific Forum CSIS Board of Governors Chairman) Joseph Nye of Harvard would get the job. It was nothing personal against Roos; it's just that no one had ever heard of him. Fortunately (for him but also for Tokyo), Barack Obama has heard of him and knows him well, meaning that he can pick up the phone and call the White House and the president will likely answer, something most ambassadors cannot easily say. Japanese were also disappointed in the way the nomination was handled. The scuttlebutt in Washington had been that the announcement for ambassador to Japan was being delayed until a China envoy could be identified so that both would be announced together. But, Huntsman's appointment was announced first, in a singular photo op with the president while Roos' announcement was released as part of a longer list of postings, once again raising Japanese anxieties about where on the totem pole Tokyo sat. Both are expected to win Senate confirmation and will likely (hopefully) be in place before next quarter rolls around.

## **Regional Chronology** **April-June 2009**

**April 1, 2009:** Presidents Barack Obama and Dmitry Medvedev meet in London on the sidelines of the G20 economic summit. They vow a “fresh start” in relations and announce their intention to cooperate on a wide range of issues, beginning with negotiations on a new arms control treaty.

**April 1, 2009:** Presidents Obama and Hu Jintao meet in London on the sidelines of the G20 economic summit and agree to “intensify coordination and cooperation on global economic and financial issues.” They also agree to form a U.S.-China Strategic and Economic Dialogue.

**April 1, 2009:** North Korea threatens to shoot down U.S. aircraft it claims are spying on Musudan-ri launch site near its northeast coast, which is the site of its impending rocket launch.

**April 1, 2009:** Japan Maritime Self-Defense Force (MSDF) begins an antipiracy mission in the Gulf of Aden.

**April 1, 2009:** China and France agree to restore high-level contacts, which had been suspended after President Nicolas Sarkozy met the Dalai Lama in November 2008.

**April 2, 2009:** The G20 economic summit is held in London.

**April 3, 2009:** Najib Razak is sworn into office as the sixth prime minister of Malaysia.

**April 5, 2009:** North Korea launches a long-range ballistic missile.

**April 6, 2009:** China officially reopens Tibet to travelers after being closed to tourists for nearly two months due to security fears linked to a number of sensitive anniversaries.

**April 6, 2009:** Defense Secretary Robert Gates announces budget recommendations for fiscal year 2010, including a suggestion to end production of the *F-22* stealth fighter.

**April 9, 2009:** Parliamentary elections are held in Indonesia with President Susilo Bambang Yudhoyono’s Democratic Party winning about 20 percent of the votes.

**April 9, 2009:** North Korean Supreme People’s Assembly (SPA) meets and reelects Kim Jong-il to a five-year term as the Chairman of the National Defense Commission (NDC). The SPA also promotes Kim’s brother-in-law, Jang Song-taek, to serve on the NDC.

**April 10, 2009:** Thailand’s Prime Minister Abhisit Vejjajiva declares a state of emergency and a public holiday to deal with mass anti-government protests in Bangkok. Protestors briefly block access to the venue for the ASEAN Plus 3 summit.

**April 10, 2009:** Fiji President Ratu Josefa Iloilo repeals the country’s constitution, appoints himself head of state, and sets a 2014 election deadline after a court ruling on April 9 that declared the interim government of coup leader Frank Bainimarama to be invalid.

**April 10, 2009:** Japan renews unilateral sanctions against North Korea for one year.

**April 11, 2009:** President Iloilo restores Bainimarama to the post of interim prime minister after he dismisses the judges from the court who ruled Bainimarama’s government was invalid.

**April 11, 2009:** The 12<sup>th</sup> ASEAN Plus 3 summit, which was to be held in Pattaya, Thailand, is cancelled after protestors briefly occupy the summit venue.

**April 12, 2009:** South Korean President Lee Myung-bak, Premier Wen Jiabao, and Prime Minister Aso Taro meet in Pattaya despite the cancellation of the ASEAN-related meetings.

**April 12, 2009:** The fourth East Asia Summit meeting, which was to be held in Pattaya, is cancelled after protestors briefly occupy the summit venue.

**April 13, 2009:** The United Nations Security Council (UNSC) issues a President's Statement saying that the April 5 rocket launch by North Korea was a contravention of UNSC Resolution 1718 and calls for the enforcement of existing sanctions.

**April 14, 2009:** North Korea says it is withdrawing from the Six-Party Talks, expelling International Atomic Energy Agency (IAEA) inspectors from the country, reactivating its nuclear facilities, and going ahead with the reprocessing of spent fuel.

**April 14, 2009:** Anti-government protests in Thailand come to a peaceful end after four days of violence, when leaders surrender to security forces, saying they want to avoid more bloodshed.

**April 15, 2009:** The DPRK orders IAEA inspectors and a separate U.S. nuclear monitoring team out of the country.

**April 16-29, 2009:** Philippines and U.S. conduct *Balikatan* military exercises involving humanitarian missions, counterterrorism, and disaster response and rehabilitation.

**April 17-19, 2009:** The Boao Forum for Asia (BFA) annual conference is held in Hainan.

**April 20, 2009:** UNSC calls for immediate restoration of democracy and fair elections in Fiji.

**April 21, 2009:** China and Russia sign an oil cooperation agreement under which Russia will export oil to China for 20 years in exchange for loans to Russian state companies.

**April 23, 2009:** Chinese People's Liberation Army Navy (PLAN) celebrates its 60<sup>th</sup> anniversary with an international fleet parade in the port of Qingdao featuring 25 naval vessels and 31 aircraft of the PLAN and 21 foreign vessels from 14 countries.

**April 23, 2009:** The Philippine Court of Appeals overturns the rape conviction of a U.S. Marine sentenced in 2006 to life in prison in the alleged assault of a Filipino woman.

**April 23-25, 2009:** Russian Foreign Minister Sergei Lavrov visits North Korea April 23-24 and South Korea April 24-25 to discuss bilateral relations with both countries and "the situation on the Korean Peninsula and in northeast Asia."

**April 24, 2009:** Abhisit lifts the state of emergency in Bangkok and surrounding areas.

**April 25, 2009:** The World Health Organization (WHO) announces a swine flu virus originating in Mexico represents a “public health emergency of international concern” and calls on countries to intensify surveillance for unusual outbreaks of flu-like diseases and severe pneumonia.

**April 26-May 3:** Ships, aircraft, and submarines from the U.S., Japan, and India take part in Exercise *Malabar 09* off the coast of Okinawa, Japan.

**April 27, 2009:** WHO raises the pandemic alert for swine flu to level 4, meaning sustained human-to-human transmission is causing outbreaks in at least one country.

**April 29, 2009:** North Korean Foreign Ministry threatens to conduct additional nuclear and intercontinental missile tests and “build a light-water reactor power plant and start the technological development for ensuring self-production of nuclear fuel” if the UNSC does not apologize for condemning its recent rocket launch.

**April 29, 2009:** WHO raises its pandemic alert for swine flu to level 5, meaning that it believes a global outbreak of the disease is imminent.

**April 29, 2009:** Taiwan President Ma Ying-jeou announces that “Chinese Taipei” has been invited to the World Health Assembly (WHA) as an observer.

**April 29-30, 2009:** Japanese Prime Minister Aso Taro visits Beijing and meets Chinese counterpart Wen Jiabao and President Hu Jintao.

**May 1, 2009:** The U.S. surveillance ship *USNS Victorious* is involved in a confrontation with Chinese fishing boats in the Yellow Sea. The Pentagon claims the ship was engaged in routine operations in international waters but China insists that the activity was illegal.

**May 3, 2009:** Chinese, South Korean, and Japanese finance ministers agree to provide 80 percent of the \$120 billion Chiang Mai Initiative liquidity fund.

**May 8, 2009:** North Korea rejects bilateral talks with the U.S. and vows to strengthen its nuclear deterrent because the Obama administration is taking a hostile stance toward the country.

**May 8-12, 2009:** Special Representative on North Korean Policy Stephen Bosworth visits China, South Korea, and Japan to discuss a response to North Korea’s threat to quit the Six-Party Talks.

**May 11, 2009:** Democratic Party of Japan President Ichiro Ozawa resigns.

**May 12, 2009:** Japan and Russia sign a nuclear energy cooperation agreement that will enable the transfer of Japanese technology to Russia and the sale of more nuclear fuel to Japan.

**May 13, 2009:** The Diet approves an agreement requiring Japan pay up to \$2.8 billion of the total estimated cost of \$10.2 billion to transfer U.S. marines from Okinawa to Guam.

**May 16, 2009:** President Obama nominates Utah Gov. Jon Huntsman to be U.S. ambassador to China.

**May 18, 2009:** Taiwan Minister of Health Yen Chiang-chuan attends the WHA as an observer.

**May 19, 2009:** North Korea notifies South Korea that all business contracts regarding land use, wages, and taxes in the Kaesong Industrial Complex are void.

**May 23, 2009:** Former South Korean President Roh Moo-hyun commits suicide.

**May 24, 2009:** Tsakhiagiin Elbegdorj of Democratic Party is elected president of Mongolia.

**May 25, 2009:** North Korea tests a nuclear device.

**May 25-26, 2009:** The 9<sup>th</sup> Asia-Europe Foreign Minister Meeting is held in Hanoi.

**May 26, 2009:** South Korea announces it will participate in the Proliferation Security Initiative.

**May 26, 2009:** The UN Security Council unanimously condemns North Korea for violating UNSC Resolution 1718 by testing a nuclear device.

**May 26, 2009:** North Korea fires two short-range missiles into the East Sea/Sea of Japan.

**May 27, 2009:** North Korea announces that it no longer considers the Korean Armistice Agreement valid.

**May 27, 2009:** President Obama nominates John Roos as ambassador to Japan.

**May 29, 2009:** The UN Conference on Disarmament adopts a “program of work,” which opens the way for negotiations on a new nuclear arms control treaties.

**May 29, 2009:** Japanese Diet passes a \$150 billion economic stimulus package including spending and tax cuts totaling 3 percent of GDP.

**May 30, 2009:** Defense Secretary Gates, Japanese Defense Minister Hamada Yazukazu, and South Korean Defense Minister Lee Sang-Hee participate in a trilateral dialogue on the margins of the Shangri-La Security Dialogue in Singapore.

**May 31-June 5, 2009:** Delegation led by Deputy Secretary of State James Steinberg visits Tokyo, Seoul, and Beijing for talks on how to respond to North Korea’s latest nuclear test.

**June 8, 2009:** North Korea court sentences two U.S. reporters to 12 years in a labor camp for “the grave crime they committed against the Korean nation and their illegal border crossing.”

**June 10, 2009:** Chinese Foreign Minister Yang Jiechi and his Thai counterpart Kasit Piromya agree to enhance strategic cooperation between their countries.

**June 11, 2009:** A PLA Navy submarine collides with an underwater sonar apparatus towed by a U.S. destroyer in the South China Sea.

**June 11, 2009:** The WHO raises its alert on swine flu to level 6, the highest level, in its first designation of a global pandemic in 41 years.

**June 11, 2009:** Malaysian armed force chief General Abdul Aziz Zainal visits Indonesia for talks after the navies of both countries face off several times in recent weeks.

**June 12, 2009:** UNSC unanimously passes Resolution 1874, which calls on UN members to inspect cargo vessels suspected of carrying military materials in or out of North Korea.

**June 12, 2009:** DPRK Foreign Ministry denounces UNSC Resolution 1874 and says that North Korea will “weaponize” its existing plutonium stockpiles, begin a program to enrich uranium, and take “firm military action if the United States and its allies try to isolate us.”

**June 14, 2009:** China, Japan, and South Korea sign an agreement to cooperate on environmental issues including green growth, prevention of yellow dust, and pollution control at the 11<sup>th</sup> Tripartite Environment Ministers Meeting in Beijing.

**June 15, 2009:** Ninth Shanghai Cooperation Organization summit held in Yekaterinburg, Russia.

**June 16, 2009:** The first Brazil, Russia, India, and China (BRIC) summit is held in Yekaterinburg, Russia.

**June 16-18, 2009:** President Hu visits Moscow and meets President Medvedev.

**June 15-16, 2009:** South Korean President Lee Myung-bak visits Washington and meets President Obama.

**June 18-26, 2009:** China and Singapore conduct *Cooperation-2009*, a joint antiterrorism training exercise, in China’s Guangxi Zhuang Autonomous Region.

**June 22, 2009:** The U.S. and the European Union initiate World Trade Organization (WTO) dispute settlement procedures against China for alleged trade-distorting export restrictions on critical raw materials.

**June 24, 2009:** Chinese Deputy Chief of Staff Lt. Gen. Ma Xiaotian asks the U.S. to stop arms sales to Taiwan.

**June 26, 2009:** Kurt Campbell is confirmed as U.S. assistant secretary of State for East Asian and Pacific Affairs.