

## **Regional Overview:**

### **Coming of Age and Coming Out: Shifts in the Geopolitical Landscape**

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The geopolitical landscape in Asia has changed dramatically and permanently in the past quarter, largely as a result of two landmark events—the coming of age of Taiwan’s Democratic Progressive Party (DPP) and the coming out of North Korea’s reclusive supreme leader, Kim Jong-il. Chen Shui-bian’s inauguration as Taipei’s first non-Kuomintang leader does not reflect the beginning of a new era. Instead, it provides further validation of the fundamental, seemingly irreversible, change that began in 1996 with Taiwan’s first truly democratic presidential election under “Mr. Democracy,” former President Lee Teng-hui. Meanwhile, Kim Jong-il’s sudden appearance in the international spotlight, first through his visit to Beijing and then as a result of his historic summit in Pyongyang with ROK President Kim Dae-jung, was even more dramatic; the so-called Dear Leader’s actions necessitate a rethinking of what is and is not possible on the Peninsula and raise hopes of near-term reconciliation and eventual peaceful reunification as the world marks the 50<sup>th</sup> anniversary of the Korean War. Both events will have a profound impact on U.S. security strategy and interests and on the prospects for peace and stability in East Asia. They will also affect upcoming and future attempts at multilateral cooperation in the region.

#### **Korean Peninsula: What’s Changed?**

Even the most optimistic Korean security analysts did not predict the magnitude of the summit and the degree of progress attained in this first historic meeting between the leaders of both halves of the divided Peninsula. Before discussing these developments and their impact on the various bilateral and broader relationships in the region, however, it is useful to remind ourselves of what has not changed.

North and South Korea still remain technically at war. The 1953 Armistice has yet to be replaced with a genuine peace treaty; nor was there any serious discussion of this step during the first summit. The process of normalization and cross diplomatic recognition promises to be a long one. It is still not clear that North Korea even accepts the premise that it must sign a peace treaty with the South; officially it still speaks only of a U.S.-DPRK accord.

North and South Korea also remain two of the most heavily fortified nations on earth. In North Korea, more than one out of every twenty citizens is a soldier and one-fourth or more of the total population is in the ready reserves. The country that has many times in the past threatened to bring a “rain of fire” on the South still retains the capability to do so at a moment’s notice even if, hopefully, the possibility of Pyongyang making such a political decision has been

significantly reduced as a result of the summit. But, intentions can change overnight; capabilities remain. Also in the current “too hard” box are discussions on military confidence building measures and mutual and balanced force reductions and pullbacks from the demilitarized zone. Until this happens, the Korean Peninsula remains a very dangerous place.

I do not point this out to throw cold water on the summit process, but rather to prevent the ROK finding itself in hot water later on, due to rising expectations or false illusions about how long a journey lies ahead, despite the remarkable progress attained in this first great step forward.

Despite these lingering concerns, the summit process, if managed carefully--and thus far, in my view, it has been--can result in a multiple “win-win” outcome not only for Seoul and Pyongyang but for all of the Peninsula’s neighbors and benefactors.

***Korean Peninsula.*** Kim Jong-il and Kim Dae-jung both appear to have achieved their primary goals as a result of the summit. The North’s top priority, enhanced economic cooperation, was achieved but, significantly, the joint pledge to work together for the “development of the national economy” included a pledge to stimulate cooperation “in all fields,” opening the door for greater social and cultural exchanges (as called for in President Kim Dae-jung’s “Sunshine Policy” toward the North). This raises hope that Kim Jong-il has indeed made the decision to begin opening up his “hermit kingdom” to the outside world.

Kim Jong-il also changed his image overnight. The man normally alluded to as a socially (and perhaps mentally and physically) impaired recluse turned out to be a self-confident, secure, and even jovial diplomat. While he appeared mercurial at times, he was clearly in charge of his nation--and his own faculties--and is seemingly prepared to take North Korea in new directions politically and perhaps economically as well. One can even argue that he strengthened, rather than weakened, Pyongyang’s commitment to “*juche*” (self-reliance). Koreans helping Koreans (even if it’s the South helping the North) is better than growing reliance on outside support. Questions remain as to how committed Kim Jong-il may be to greater economic cooperation and a gradual opening up of the North’s economy and society, but at least the real possibility is now there.

Kim Dae-jung also got what he wanted most. In addition to at least tacit recognition by the North of his own and the ROK’s legitimacy (and even greater personal recognition and respect as a visionary international leader), President Kim also received a written promise from the North to move forward with the highly emotional, on again, off again, reunion of divided families. Even if nothing else had been accomplished, progress on this issue alone would have been sufficient in the eyes of most South Koreans to proclaim the summit a complete success.

***Major Powers.*** While the conventional wisdom seems to be arguing that China fared best as a result of the summit, I would argue that all four major powers have come out ahead and that the U.S., Japan, and even Russia may end up gaining relatively more in the long run.

**China.** China has been--and should be given credit for being--an effective facilitator and interlocutor between the two Koreas. The secret meetings that helped set up the historic summit were hosted in Beijing and Kim Jong-il's highly publicized (after the fact) visit to Beijing demonstrated the continued "close as lips to teeth" relationship of these two allies. As *Comparative Connections* has documented in its continuing coverage of Sino-Korean relations, Beijing has taken many steps over the past several years to position itself as a trusted friend of both North and South and its stock has clearly risen as a result of its presumed behind-the-scenes roll, both in helping to bring about the summit and in moderating the North's behavior.

If one accepts that China's long-range goal is to replace the U.S. as the security guarantor on the Peninsula, however, then the summit was not all good news for Beijing. Kim Dae-jung's post-summit comments on the continued need for a U.S. military presence on the Peninsula not only during the peace process but even after reconciliation or reunification serve Washington's long-term interests much more so than Beijing's. This is especially true if, as alleged, Kim Jong-il tacitly accepted this argument. It also, of course, serves Seoul's long-term security interests and demonstrates the sense of continuity and consistency behind President Kim's long-stated security policy.

**United States.** There were some in Washington, and especially in the Pentagon, who appeared nervous prior to and during the summit, especially after reading the Joint Declaration's commitment "to resolve the question of reunification *independently*" [emphasis added]. President Kim's remarks since then reconfirming the U.S.-ROK alliance -- especially at ceremonies commemorating the 50<sup>th</sup> anniversary of the outbreak of the Korean War and during Secretary of State Madeleine Albright's subsequent visit to Seoul -- should have Washington resting more easily. *But the only thing worse than Seoul thinking that everything has changed is for Washington to pretend that nothing has changed.* While officials in Seoul and Washington may see the rationale for a continued U.S. presence post-reunification, it is clear that growing numbers of people and politicians in both countries will be increasingly questioning that assumption. Both sides need to start building the public case for a continued security relationship today.

Simply stating, "we see no reason yet to adjust our force presence" or that "we plan to keep forces on the Peninsula even after reunification" will not cut it. Instead, the U.S. should be noting that "as significant changes in the threat environment change, we will--in close coordination with our allies--adjust our force presence, downward or upward, accordingly." The U.S. should equally stress that it is committed to providing security assurances "as long as the Korean people want the security relationship to continue." This approach provides a useful reminder that the U.S. is not forcing its presence upon the Peninsula but is there at the behest of, and on the behalf of, the Korean people. Then Washington, in close coordination with Seoul and Tokyo, must convincingly make the case for continued engagement post-reconciliation or reunification...before less-informed public sentiment makes a continued American military presence unsustainable.

**Japan.** Kim Dae-jung has also continued his evangelical efforts at improving Japanese-Korean relations, encouraging Pyongyang to cooperate more fully with Tokyo and likewise encouraging Japanese Prime Minister Mori to plan a summit visit of his own to the North in order to move the reconciliation process forward. The successful summit and Kim Dae-jung's public urgings in support of Japan-DPRK rapprochement can give Tokyo both the incentive and political cover it needs to move forward. It could also, as Victor Cha notes in the Japan-Korea article, create frictions between Seoul and Tokyo if not handled adeptly. Tokyo was pleased and highly appreciative that President Kim raised Japan's concerns about North Korea's missile development plans during the summit and must be heartened, as is the U.S., over Pyongyang's pledge to continue to freeze its missile test program. While the path ahead will still be rocky, the July 3 establishment by Tokyo of a National Organization for the Promotion of Normalization between Japan and North Korea headed by former Prime Minister Murayama should help facilitate the process.

**Russia.** Russia is also taking some dramatic steps to re-introduce itself into the Peninsula equation. The announcement that President Putin will visit Pyongyang while en route to the Okinawa G-8 summit in mid-July demonstrates Putin's wish to be a player in East Asia politics - even if the decision to go to Pyongyang before his first ever official visits to Tokyo or Seoul indicates he may not have his diplomatic priorities in order. Russian foreign ministry officials with whom I have spoken in recent weeks have stressed the need for North Korea to feel secure in its dealings with the South and U.S. and that Russia, along with China, is best poised to provide these assurances.

The Sino-Russian "strategic partnership" notwithstanding, Russia appears concerned about North Korea's growing closeness with China, even though it is seemingly not prepared to match Chinese economic support to the still-bankrupt Kim Jong-il regime. However, with Seoul (and presumably Washington and Tokyo) prepared to get out their own checkbooks, Russia apparently sees its insertion into the equation as a low cost means of reminding the other major powers that Russia also has high stakes in the Peninsula game. Russia's renewed involvement also provides Pyongyang with options and decreases its near-total security dependence on Beijing. As will be discussed in more detail later, one would anticipate that Putin will make a push during his visits to Beijing, Pyongyang, Okinawa, and presumably Seoul (if not in July, then soon) for a broader six-party dialogue, in order to give Russia and Japan a seat at the table along with the two Koreas, China, and the U.S. As Putin makes his move to become more engaged in Peninsula affairs, this might be a good time for the U.S., ROK, and Japan to press Moscow to contribute to the Korean Peninsula Energy Development Organization (KEDO) as well.

**Cross-Straits.** Finally, the summit may also have some indirect but positive bearing on the region's other major hot spot, as closer cooperation between North and South Korea increases pressure on Beijing and Taipei to also begin a direct dialogue. While Chen Shui-bian has already leapt upon the image of the two Kims shaking hands to call for a similar summit between Chinese President Jiang Zemin and himself, Beijing has been equally quick in claiming that there are no parallels between the North-South Korea and cross-Strait situations. Nonetheless, "if

North and South Korea can cooperate, why can't China and Taiwan" is becoming an increasingly popular refrain throughout East Asia, including in various corners in China.

### **Cross-Strait Relations: Emerging New Strategies?**

David Brown expertly covers cross-Strait relations in this issue of the journal, but a few additional observations are offered here. Prior to his inaugural address, Chen Shui-bian had promised that his remarks would "please the U.S. and Japan and not antagonize China." In my view, this was more than just a prediction or statement of fact; it may also form the basis of Taipei's current cross-Strait strategy.

Chen has already taken his own unique initiative in making a series of unilateral concessions to Beijing. His now famous list of "no's" includes no statement of independence, no referendum on Taiwan's desired status, no institutionalization of former President Lee's infamous "special state-to-state relations" stance, no change to Taiwan's constitution, no name change, no abolishment of the National Unification Council, and no abolishment of the National Unification Guidelines. This is about as far as he can realistically go, given his own political constraints and the domestic challenges that must remain among his top priorities. While Chen has flirted with various "one-China" formulations, it is highly unlikely that he will utter the words that the Mainland (unrealistically) demands to hear...nor should he, at least not until Beijing shows some recognition and appreciation for how much Chen has already conceded.

Instead, Chen appears to have decided to take the moral highroad and, unlike his predecessor--who seemed to take great delight in poking a stick in the dragon's eye while reminding Washington and others not to take Taiwan for granted--Chen seems embarked on a charm offensive aimed at strengthening his support in Washington and Tokyo (and elsewhere) without unnecessarily irritating Beijing. Surely Chen realized that Beijing would reject any attempt to draw parallels between the North-South summit and the cross-Strait situation, and would also reject any Taiwan overtures to get the U.S. more intimately involved in "facilitating" (if not actually mediating) cross-Strait dialogue. But such initiatives played extremely well in Washington and Tokyo, in each case putting the ball into China's court. Beijing's already worn out stock response--that Chen still lacks "sincerity"--appears increasingly lame. As Chinese leaders meet this summer in Beidaihe to plot future strategy, they must come up with a more effective way of dealing with Chen's "smile offensive."

One emerging Chinese strategy that already shows signs of backfiring is Beijing's apparent decision to "mix politics and economics," despite its constant admonition to Washington and others not to do so in dealing with the PRC. Support for one-China and non-support for the DPP or independence are emerging as litmus tests for Taiwan entrepreneurs wanting to conduct business on the Mainland. Whereas Beijing objected when Lee Teng-hui tried to moderate Taiwan investment, now Beijing is threatening to kill its own golden goose. Similarly, after years of trying to pressure Taipei to yield on the so-called "three links," Beijing now seems intent on hinging direct cross-Strait economic interaction to a one-China pronouncement. China would do well to go back and read its own admonitions about why mixing politics and

economics makes little sense. Or they could simply recall that the core element of President Kim's Sunshine Policy is separation of politics and economics, which through time resulted in the successful summit.

### **Multilateral Cooperation: Lots of Stage-Setting Going On**

The second quarter of 2000 was a slow one in terms of multilateral cooperation, with the main events being the May 17-18 ASEAN Regional Forum Senior Officials Meeting (SOM) aimed at setting the stage for the ARF meeting in Bangkok in late July and Japan's ongoing efforts to prepare the stage for the G-8 summit in Okinawa. China-ASEAN deliberations also continued on a South China Sea Code of Conduct but this only set the stage for further disappointments and more ASEAN disunity.

**ASEAN Regional Forum.** The most significant event emerging from the SOM was the unanimous agreement to open the door for DPRK membership in the ARF. However, it remains to be seen just how cooperative North Korea's Foreign Minister will be at his own multilateral coming out party in Bangkok. The ARF Ministerial may also serve as the opportunity for a possible first ever official meeting between the DPRK Foreign Minister and the U.S. Secretary of State. (Secretary Albright has coyly refused to rule out such a meeting.) Even if a formal *tete-a-tete* is not arranged, they will at least be seated around the same table, once again demonstrating how multilateral forums help make otherwise difficult bilateral contacts possible.

The gathering of all the key Northeast Asia players at the ARF also provides an opportunity for further discussion of a possible Northeast Asia Security Forum along the lines proposed by President Kim Dae-jung and former Russian President Boris Yeltsin. As noted earlier, this could also be on Putin's agenda when he makes his swing through the capitals of Northeast Asia. I have previously argued that the ARF provides an opportune setting for sub-regional discussions on Northeast Asia security, and the presence of North Korea at this year's meeting makes it even more ideal. The biggest logistical challenge is already accomplished: the six or eight ministers--I would add Mongolia and Canada to the mix--will already be assembled in Bangkok. Just as the ARF itself grew out of a luncheon discussion on security at the 1993 ASEAN Post Ministerial Conference, so too could the respective foreign ministers take the first step in establishing a Northeast Asian Security Dialogue merely by agreeing to sit together for informal discussions over breakfast or lunch during this year's ARF.

**G-8 Summit.** Expectations are low for July's other major multilateral event, the Okinawa G-8 summit. The late Japanese Prime Minister Obuchi had expended considerable effort to cast Japan as "Asia's interlocutor" at the meeting (despite resistance from Beijing). Foreign Minister Kono used the occasion of Obuchi's memorial service to further take the pulse of ASEAN on the summit. Nonetheless, with the exception of some support for rapprochement efforts on the Korean Peninsula, expectations are low and bilateral issues are likely to distract the media, especially since the Futenma Airbase relocation issue has yet to be resolved and the recent charge of molestation of an Okinawan teenager by a U.S. Marine could not have occurred at a

worse time. About the best that can be said is that the meeting is not likely to be as big a disaster as last fall's Seattle WTO meeting, so Japan should at least look good by comparison.

***Multilateralism and Taiwan.*** Taiwan, which is specifically excluded from the ARF and G-8 deliberations, also appears to be refining its approach to participation in multilateral organizations, backing away from the previous administration's futile attempts to gain entry into various UN gatherings and focusing instead on greater participation in non-governmental organizations, which falls outside of the Mainland's "three no's" policy to which Washington (among others) subscribes. Taipei has also decided to focus on maintaining its current diplomatic ties rather than trying to find new countries with which to establish diplomatic relations; yet another example of Chen's more pragmatic, non-confrontational approach to international diplomacy. The exception, of course, is Taiwan's entry into the World Trade Organization soon after China accedes, presumably later this year.

The key question is how Beijing will react. It could encourage or help facilitate (or at a minimum not attempt to hinder) greater Taiwan participation in non-governmental organizations as a subtle means of "rewarding" Chen for his many concessions. Or, more true to form, Beijing may elect to put up more roadblocks along this path as well, thus helping to convince Taipei that its non-confrontational approach will yield few dividends. This latter course of action, if followed, could eventually force President Chen, as it did Lee Teng-hui before him, to devise steps to remind China and the rest of the international community that Taiwan cannot be ignored or completely isolated.

## **Conclusion**

"May you live in interesting times" goes the old Chinese curse. Asia is certainly entering an "interesting" period as the region adjusts to Chen Shui-bian's election and Kim Jong-il's coming out party. The remainder of this year will be filled with more opportunities and hope for progress, but also more potential pitfalls, than we have seen in many years. Creative, effective diplomacy is called for. But, can Washington, Beijing, Tokyo, and others deliver? And will Kim Jong-il turn Kim Dae-jung's vision of a sunshine-filled future into a nightmare? More is yet to come, watch the gatherings unfold in Bangkok and Beidaihe, and perhaps even Okinawa, for some early clues.

## **Regional Chronology April-June 2000**

**Apr. 2, 2000:** Japanese Prime Minister Keizo Obuchi collapses, secretary-general of the Liberal Democratic Party Aoki takes over as acting Prime Minister.

**Apr. 4, 2000:** A Japanese delegation arrives in North Korea to discuss establishment of diplomatic ties.

**Apr. 5, 2000:** Yoshiro Mori is selected as Japanese Prime Minister.

**Apr. 8, 2000:** Taiwan President-elect Chen Shui-bian appoints Tang Fei, a Kuomintang loyalist, as Minister of Defense.

**Apr. 10, 2000:** Seoul and Pyongyang announce a June 12-14 inter-Korea summit.

**Apr. 13, 2000:** Dalai Lama begins a week long visit to Japan.

**Apr. 13, 2000:** South Korea holds National Assembly elections.

**Apr. 14, 2000:** 200 Falun Gong members are arrested in China.

**Apr. 14, 2000:** Russian Duma approves START II 288-131.

**Apr. 17, 2000:** U.S. decides to sell Taiwan advanced air-to-air and air-to-ground missiles, antitank weapons, and long-range radar.

**Apr. 21, 2000:** Russia's Federation Council approves START II 122-15, completing Russian ratification.

**Apr. 23, 2000:** 21 hostages are taken by Philippine rebel group Abu Sayyaf from Sipadan Island in Malaysia and brought to the Philippines.

**Apr. 23, 2000:** Delegation led by former U.S. Assistant Secretary of State Winston Lord arrives in Taiwan, meetings include President Lee Teng-hui and President-elect Chen Shui-bian.

**Apr. 25, 2000:** Russian Foreign Minister Ivanov visits the U.S. to discuss arms control and the Anti-Ballistic Missile treaty.

**Apr. 26, 2000:** ROK Foreign Minister Lee arrives in Beijing for a visit with Premier Zhu Rongji and Foreign Minister Tang Jiaxuan.

**Apr. 26, 2000:** Winston Lord delegation arrives in China.

**Apr. 28, 2000:** Prime Minister Mori begins a trip to meet with all the G-8 countries, starting with Russian President-elect Putin.

**Apr. 28, 2000:** U.S. decides to keep North Korea on its list of terrorist-sponsoring states.

**Apr. 29, 2000:** Former Vietnamese Prime Minister Phan Van Dong dies.

**Apr. 30, 2000:** The 25<sup>th</sup> anniversary of the end of the Vietnam War.

**May 1, 2000:** The U.S., China, Russia, France, and England pledge to work toward total nuclear disarmament at the sixth review of the Nuclear Non-Proliferation Treaty in New York.

**May 1, 2000:** ASEAN economic ministers meet in Myanmar to expanded trade and economic integration.

**May 1, 2000:** Indian Foreign Minister Jaswant Singh visits China.

**May 1-2, 2000:** ROK Vice Minister Ban Ki-moon visits the U.S., meets with Secretary of State Albright and National Security Advisor Berger.

**May 4, 2000:** PRC President Jiang Zemin announces that he will step down as the head of the communist party in 2002.

**May 4, 2000:** Russian President-elect Vladimir Putin signs START II.

**May 5, 2000:** Japanese Prime Minister Mori meets with President Clinton in Washington.

**May 6, 2000:** Singapore agrees to allow Japanese troops to utilize Singapore's military bases in emergency situations.

**May 8, 2000:** Vladimir Putin is inaugurated as President of Russia.

**May 8, 2000:** Australia restores full diplomatic relations with North Korea.

**May 10, 2000:** China's Foreign Minister Tang Jiaxuan visits Japan to meet with Prime Minister Mori and Foreign Minister Kono.

**May 12, 2000:** Trilateral Coordination Oversight Group (TCOG) meets in Tokyo.

**May 14, 2000:** Former Japanese Prime Minister Obuchi dies.

**May 16, 2000:** ROK Foreign Minister Cho meets with his Russian counterpart Sergeyev in Moscow.

**May 16, 2000:** China and the Philippines sign a joint statement declaring that the two countries will work to resolve the Spratly Islands issue.

**May 16-20, 2000:** Philippine President Estrada visits China, meets with President Jiang.

**May 17-18, 2000:** ARF senior officials meet in Bangkok; North Korea applies for membership and is subsequently accepted.

**May 18, 2000:** U.S. National Security Adviser Berger visits President Putin in Russia.

**May 19, 2000:** South Korean Prime Minister Park resigns after being convicted of tax evasion; Finance and Economy Minister Lee Hun-jai becomes acting Prime Minister.

**May 20, 2000:** Chen Shui-bian is inaugurated as president of Taiwan.

**May 20, 2000:** Australian-ROK free trade agreement is established during Prime Minister Howard's visit to Seoul.

**May 20, 2000:** ROK Foreign Minister Cho visits Japan.

**May 24, 2000:** U.S. House of Representatives approve PNTR with China 237-197.

**May 24, 2000:** U.S. and DPRK representatives meet in Rome to resume talks, including discussion on the delayed construction of light-water reactors.

**May 29, 2000:** DPRK leader Kim Jong-il arrives in China for an unannounced three day visit, meets with President Jiang and Premier Zhu.

**May 29, 2000:** New Zealand Prime Minister Clark announces intention to resume diplomatic ties with North Korea.

**May 29, 2000:** PRC President Jiang meets with Indian President Kocheril Raman Narayanan in China.

**May 30, 2000:** Secretary-General Nonaka of the Japanese Liberal Democratic Party visits China on behalf of Prime Minister Mori.

**Jun. 2, 2000:** Prime Minister Mori dissolves lower house.

**Jun. 4-5, 2000:** President Clinton and President Putin meet in Russia.

**Jun. 8, 2000:** 25<sup>th</sup> anniversary of the establishment of diplomatic relations between the Philippines and China.

**Jun. 8, 2000:** Presidents Putin and Jiang confer via telephone about developing their countries' partnership.

**Jun. 8, 2000:** Prime Minister Obuchi's memorial service is held. Presidents Kim Dae-jung and Clinton meet, Clinton then meets separately with Prime Minister Mori, who also meets separately with Kim. Mori meets with Indonesian President Wahid to discuss the development of a free trade zone in Indonesia, Philippine President Estrada, Australian Premier Howard, and others. Foreign Minister Kono meets with other ASEAN ministers.

**Jun. 13, 2000:** Secretary of Defense William Cohen in Russia.

**Jun. 13-15, 2000:** ROK President Kim Dae-jung and DPRK leader Kim Jong-il meet in Pyongyang for the inter-Korean Summit.

**Jun. 15, 2000:** Visiting Malaysian Foreign Minister Syed Hamid Albar meets with Philippine President Estrada to discuss hostage situation.

**Jun. 19, 2000:** President Putin and President Kim Dae-jung confer via telephone, during which Putin offers Russia's help to mediate inter-Korea talks.

**Jun. 21, 2000:** President Clinton meets with the Dalai Lama in Washington, D.C.

**Jun. 21, 2000:** President Jiang meets with Iranian President Mohammad Khatami in Beijing.

**Jun. 22, 2000:** Russia asks for Japanese "realism and patience" regarding disputed territories, signaling further backsliding from Yeltsin/Hashimoto pledge to settle issue and sign a peace treaty by 2000.

**Jun. 22-23, 2000:** Secretary Albright arrives in Beijing, meets with President Jiang, Premier Zhu, Vice Premier Qian Qichen, and Foreign Minister Tang.

**Jun. 24-25, 2000:** Secretary Albright arrives in Seoul to meet with President Kim and Foreign Minister Lee.

**Jun. 25, 2000:** National elections are held in Japan, Yoshiro Mori retains prime minister position.

**Jun. 27, 2000:** Former Taiwan President Lee Teng-hui arrives in London for a one week "private visit by a private citizen" amid strong Chinese protests.

**Jun. 29, 2000:** Foreign Minister Lee arrives in Moscow to discuss possibility of President Putin visiting South Korea.

**Jun. 29, 2000:** President Kim Dae-jung reaffirms the importance of the ROK-U.S. alliance and role of U.S. forces in South Korea in deterring war on the Peninsula.

**Jun. 29-30, 2000:** TCOG meets in Honolulu.

## **U.S.-Japan Relations**

### **Security and Economic Ties Stabilize before the Okinawa Summit**

**by Michael Jonathon Green, Olin Fellow for Asia Security Studies,  
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After a frustrating first quarter in U.S.-Japan relations--with officials on the security side bickering over host-nation support and garbage incinerators, and officials on the economic side banging heads over internet connection fees and macroeconomic policy--the bilateral agenda seems to have stabilized in time for the July G-8 summit in Okinawa. It is not that Washington and Tokyo have made dramatic breakthroughs on any of these issues. In fact, most remain unresolved. However, there is a quiet confidence in both capitals that enough can be done before the summit to establish a generally positive atmosphere. In part, this is because the Mori cabinet has survived June 25 elections and now recognizes that further intransigence on trade and security issues will only undermine the prime minister's already flagging credibility on policy issues. Meanwhile, Washington has taken its measure of the Mori coalition and has lowered its expectations accordingly. Finally, in Okinawa, the prospects for a political conflagration over bases seem to have subsided considerably. Overall, the relationship looks set for a steady course through the summit.

### **The Elections in Japan: From Political Uncertainty to Boring Familiarity**

The inability of Tokyo to deliver on core parts of the U.S. security and economic agenda earlier this year had much to do with the ruling coalition's poor prospects for Lower House Diet elections expected in June. Liberal Democratic Party (LDP) internal polling back in March showed the opposition Democratic Party (DPJ) making huge gains and possibly wresting enough seats away from the ruling parties to dump the LDP and build a new coalition. With Prime Minister Yoshiro Mori's frequent gaffes and combative relationship with the press after he took over from the fallen Keizo Obuchi in early April, things looked even worse in April and May. But by June, the election outlook began to change as the DPJ squandered its position by building a campaign around Mori-bashing that grew tiring and a platform of fiscal conservatism that smelled of tax increases. The LDP-Komeito-Conservative Party coalition took huge hits in the June 25 election, but survived with a comfortable majority of 271 out of 480 seats. The DPJ gained 32 seats for a new total of 127 in the lower house. The result was just enough to make the coalition cautious about public opinion, but not enough to force bold new thinking on the economy and security policy. In other words, as the *Wall Street Journal* noted, they maintained just enough to make certain that nothing really changed.

At the same time, however, the election results did point to larger shifts in Japan's worldview that will affect relations with the United States. For one thing, the generation that managed Japanese politics and U.S.-Japan relations almost disappeared this quarter. Two giants in the largest Keiseikai faction --Noboru Takeshita and Seiroku Kajiyama -- both died shortly before the election, leaving only former prime minister Yasuhiro Nakasone as a guiding elder, or "genro" for the current generation of political leadership. The June election also saw the demise of a number of senior politicians who had played a central role in U.S.-Japan relations, including former Defense Agency director generals Kazuo Aichi and Tokuichiro Tamazawa, and former Minister of International Trade and Industry (MITI) minister Kaoru Yosano, who progressive thinkers in the Japanese government had hoped would be prime minister one day. The left also took a big hit, with the Communist Party and Komeito losing a chunk of their seats, further weakening the old pacifist obstructions to a more "normal" Japanese security policy. Of the newly elected politicians, the majority are younger, centrist, and internationalist (whether LDP or DPJ) --with the largest number of women in the Lower House of the Diet in five decades.

### **The Security Policy Agenda**

The results of the election suggest that Japan's steady but incremental move towards a more robust security role will continue. Indeed, the Japan Defense Agency's (JDA) move to its new Ichigaya headquarters on May 1 symbolized this trend. Ichigaya, with its ultramodern and imposing architecture and its historic setting (it was the site of the Tokyo War Crimes Tribunal and Yukio Mishima's hara-kiri) is evocative of both times future and times past for the Japanese military.

Security policy was not a major theme for the election (indeed, there was almost no debate on any policy at all), but Mori did state in April that he would like to pass "contingency legislation" (*yuji hosei*) within the year, as well as relax some of the restrictions on Japanese participation in UN peacekeeping (allowing a broader range of missions, but still restricting the use of force). This formula was worked-out with the more pacifist Komeito members before the election, and is likely to be implemented. Polls also continue to demonstrate the Japanese public's changing perceptions of security policy. In mid-April the *Yomiuri Shimbun* released a poll showing that over 60% of respondents support proposals to revise the Constitution, with younger respondents more in favor of revision. A separate poll by *Yomiuri* in mid-May showed that over 30% of the Japanese public thinks there is a real danger of war in Northeast Asia, with a clear majority favoring continued security relations with the United States.

The U.S.-Japan alliance benefited somewhat from a more confident coalition and continued public concern about the security environment. After months of idling, the two governments began to put together a plan to establish a consultative mechanism to link Japanese civilian agencies to the bilateral planning process started with the Defense Guidelines review in June. Progress was also made on bilateral cooperation for non-combatant evacuation operations (NEO) from troubled areas, although the Japanese press and politicians remained frustrated that a public agreement could not be signed to demonstrate the U.S. commitment domestically in Japan (the problem being that such agreements are never public). On host nation support (HNS), the

acrimony of the spring gave way to steadier progress toward a compromise, although the Japanese Ministry of Finance (MOF) still remains opposed to anything other than a cut in funding equal to the cuts in other budget areas. The Mori coalition could have cut through the interagency squabbling to settle HNS before the G-8 summit, but deferred to advisors who said that any substantial decisions on bases should wait until after the prime minister and president have left the controversial setting of Okinawa. Across the board, frustration and stagnation gave way to some forward movement, with the prospect of most issues being settled before autumn.

### **Okinawa – Letting Sleeping Dogs Lie**

Fears of a political crisis over the Okinawan base problem also subsided this quarter. For months Washington and Tokyo had been dreading a collapse of the 1996 Special Advisory Committee on Okinawa (SACO) agreement to move the Marines' controversial helicopter base from Futenma to a new offshore facility near Nago because Governor Keiichi Inamine refused to accept the new facility unless it came with a fifteen year time-limit. Secretary of Defense William Cohen had refused in March, arguing that there can be no "time-limit on security." Stalemate threatened to give way to crisis as the G-8 Okinawa summit approached. But by May, it appeared that everything would work out in the end. How? As the playhouse owner in *Shakespeare in Love* would say, "I don't know... it's a miracle." First, the effort in the local Nago City Assembly to recall Mayor Kishimoto for his support of the new base fizzled. Then in Okinawan prefectural elections in mid-June, the LDP candidates held steady while Komeito (also in the coalition, of course) won seats. Meanwhile, Governor Inamine's own popular support steadied, reinforcing his natural pragmatism. The governor cancelled an earlier announced trip to speak at the Council on Foreign Relations in April, removing pressure on him and the U.S. Government to show results. When the governor's chief advisor, Yoshihiko Higa, traveled to the United States instead, he brought a message of moderation, suggesting that the time-limit issue might be handled as a quiet arrangement between Tokyo and Naha. The offshore base issue and the larger problem of the U.S. military presence on Okinawa were not resolved this quarter, but the heat was lowered enough that a political crisis can be avoided at the summit, and there might be room for steadier progress by the end of the year.

### **Economic Relations – Sound but No Fury**

Economic relations also threatened to poison the G-8 Summit at the beginning of this quarter, although things now seem manageable. Tokyo was put on the defensive by reports in mid-April that the U.S. trade gap with Japan soared to \$6.7 billion in February, a 20% leap from the previous month. On the macroeconomic side, this led Treasury Secretary Lawrence Summers to slap Japan for relying on the U.S. as a market of last resort and to then deny Japan the usual communiqué language about "sharing concern over the strong Yen" when G-7 Finance Ministers and Central Bankers held their summit on April 15. On the trade side, U.S. Trade Representative (USTR) threatened Japan with action in the annual Super 301 list on May 2, singling out flat glass and construction. The U.S. and Japan also failed to make headway on whether or not to renew the 1995 U.S.-Japan Auto Agreement, which expires on December 31 (the United Auto

Workers union is pushing for numerical indicators, but Tokyo thinks a broader statement will suffice).

But the real focus of U.S. trade strategy and U.S. frustration this quarter was Tokyo's unwillingness to reduce the fees that NTT charges for access to the internet. From the U.S. side and most of Japanese industry, it appears obvious that NTT's monopolistic behavior is obstructing the growth of new internet industries in Japan, but the Ministry of Posts and Telecommunications (NPT) would not budge (in part because NTT is still only semi-private and the government needs the extra income from high internet connection fees to keep the corporate stock afloat). After the June 25 elections, however, signs emerged that Tokyo might yield. First, reports that NTT made higher than expected profits undermined the MPT's position on the interconnection fees within Japan. Then Mori's own advisors began to see the danger of promoting the G-8 meeting as an "information technology" and "globalization" summit at a time when Japan was refusing to remove an obvious impediment to both. The issue was still unresolved at the end of June, but with hints of compromise.

### **U.S. Politics and Japan Policy**

For Tokyo, this may just be the calm before the storm. It is often noted that current U.S. policy toward Japan does not receive high-level attention, but already groups are forming to make certain that the next U.S. administration does elevate its Japan policy to a more strategic level. On the macroeconomic side, former Council of Economic Advisors Chief Laura Tyson is leading a Task Force at the Council on Foreign Relations in New York to consider new approaches to dealing with Japan. On the microeconomic side, Bruce Stokes of the Council will soon publish the findings of a Washington-based experts group on trade relations with Japan. Meanwhile, Richard Armitage and Joseph Nye are spearheading a bipartisan team that is reviewing Japan policy across the board, but with a particular focus on political and security relations. That report will be out later in the summer. None of these groups is adopting an adversarial role. "Japan-bashing" offers little political advantage in the current U.S. political environment (a June 7 MOFA/Gallup poll shows 61% of "average" Americans consider Japan a good ally, while 87% of "informed" Americans feel that way). However, whoever wins the U.S. presidential election, there is a good chance that the new administration will begin by taking another look at Japan. It's agenda may prove considerably more ambitious than the current approach, and the Mori coalition's capacity for problem solving may be taxed far more than it is today.

## **Chronology of U.S.-Japan Relations April-June 2000**

**Apr. 2, 2000:** Japanese Prime Minister Keizo Obuchi collapses, secretary-general of the Liberal Democratic Party Aoki takes over as acting-Prime Minister.

**Apr. 5, 2000:** Yoshiro Mori is selected as Prime Minister by Parliament.

**Apr. 14, 2000:** *Yomiuri* polls shows over 60% of public favors Constitutional revision.

**Apr. 15, 2000:** At G-7 Finance Ministers and Central Bankers meeting U.S. leans on Japan to stimulate economy.

**Apr. 18, 2000:** Commerce Department announces that the U.S. trade deficit with Japan jumped \$6.7 billion in February.

**Apr. 25, 2000:** Prime Minister Mori tells the Upper House Budget Committee that he wants to go ahead with contingency legislation.

**May 1, 2000:** Yoshihiko Higa, Advisor to Okinawan Governor Inamine, discusses alternatives to 15-year time limit during Washington visit.

**May 1, 2000:** Japan Defense Agency (JDA) moves into new headquarters at Ichigaya.

**May 2, 2000:** U.S. Trade Representative Super 301 target list sites Japan for flat glass and construction.

**May 3, 2000:** President Clinton meets Prime Minister Mori for a brief “get-to-know-you” session in Washington.

**May 10, 2000:** JDA officials reveal that the theme for the next five-year defense plan (2001-2005) will be cyberterrorism and C4I.

**May 12, 2000:** Trilateral Coordination Oversight Group (TCOG) meets in Tokyo.

**May 16, 2000:** *Yomiuri* poll shows 30% of Japanese fear danger of war in Northeast Asia.

**Jun. 8, 2000:** Clinton attends former Prime Minister Obuchi’s funeral in Tokyo and meets with Prime Minister Mori and ROK President Kim Dae-jung.

**Jun. 11, 2000:** LDP and Komeito coalition partners hold their own in Okinawan Prefectural Assembly elections.

**Jun. 12, 2000:** Okinawan Prefectural Government asks for civilian aircraft maintenance facility for new U.S. “dual-use” base near Nago.

**Jun. 13, 2000:** Coalition parties hold their own in Okinawan Prefectural elections.

**Jun. 16, 2000:** U.S.-Japan sub-cabinet committee meeting held in San Francisco to discuss G-8 agenda. Contentious issues remain unresolved, but diplomats are pleased with the positive atmosphere in this unprecedented interagency exercise.

**Jun. 19, 2000:** JDA officials reveal that the new five year defense plan will also contain more traditional indigenous aircraft programs for transport and maritime patrol.

**Jun. 25, 2000:** Lower House Diet elections. Ruling Coalition keeps a comfortable majority with 271 out of 480 seats, but the opposition DPJ picks up an impressive 32 seats.

**Jun. 29-30, 2000:** Trilateral Coordination and Oversight Group meets in Honolulu.