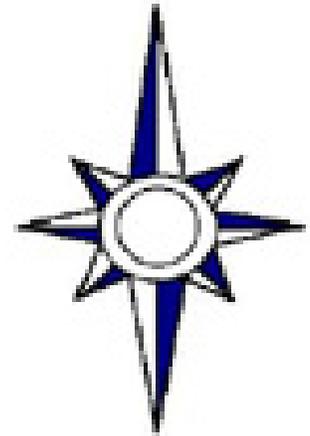


P a c i f i c F o r u m C S I S



Comparative Connections



A Quarterly **E-Journal** on
East Asian Bilateral Relations

edited by

Ralph A. Cossa
Eun Jung Cahill Che

3rd Quarter 2000
Vol. 2, No. 3
October 2000

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Pacific Forum CSIS

Based in Honolulu, Hawaii, the Pacific Forum CSIS operates as the autonomous Asia-Pacific arm of the Center for Strategic and International Studies in Washington, D.C. Founded in 1975, the thrust of the Forum's work is to help develop cooperative policies in the Asia-Pacific region through debate and analyses undertaken with the region's leaders in the academic, government, and corporate arenas. The Forum's programs encompass current and emerging political, security, economic/business, and oceans policy issues. It collaborates with a network of more than 30 research institutes around the Pacific Rim, drawing on Asian perspectives and disseminating its projects' findings and recommendations to opinion leaders, governments, and publics throughout the region.

An international Board of Governors guides the Pacific Forum's work; it is chaired by Brent Scowcroft, former Assistant to the President for National Security Affairs. The Forum is funded by grants from foundations, corporations, individuals, and governments, the latter providing a small percentage of the forum's \$1.2 million annual budget. The Forum's studies are objective and nonpartisan and it does not engage in classified or proprietary work.

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A Quarterly Electronic Journal on East Asian Bilateral Relations

Bilateral relationships in East Asia have long been important to regional peace and stability, but in the post-Cold War environment, these relationships have taken on a new strategic rationale as countries pursue multiple ties, beyond those with the U.S., to realize complex political, economic, and security interests. How one set of bilateral interests affects a country's other key relations is becoming more fluid and complex, and at the same time is becoming more central to the region's overall strategic compass. *Comparative Connections*, Pacific Forum's quarterly electronic journal on East Asian bilateral relations edited by Ralph A. Cossa and Eun Jung Cahill Che, was created in response to this unique environment. *Comparative Connections* provides timely and insightful analyses on key bilateral relationships in the region, including those involving the U.S.

We cover 12 key bilateral relationships that are critical for the region. While we recognize the importance of other states in the region, our intention is to keep the core of the e-journal to a manageable and readable length. Because our project cannot give full attention to each of the relationships in Asia, coverage of U.S./ASEAN and China/ASEAN countries consists of a summary of individual bilateral relationships, and may shift focus from country to country as events warrant. Other bilateral relationships may be tracked periodically (such as various bilateral relationships with North Korea or Australia's significant relationships) as events dictate.

Our aim is to inform and interpret the significant issues driving political, economic and security affairs of the U.S. and East Asian relations by an ongoing analysis of events in each key bilateral relationship. The reports, written by a variety of experts in Asian affairs, focus on political/security developments, but economic issues are also addressed. Each essay is accompanied by a chronology of significant events occurring between the states in question during the quarter. An overview section, written by Pacific Forum, places bilateral relationships in a broader context of regional relations. By providing value-added interpretative analyses, as well as factual accounts of key events, the e-journal illuminates patterns in Asian bilateral relations that may appear as isolated events and better defines the impact bilateral relationships have upon one another and on regional security.

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Violence continued to wrack Indonesia this quarter. West Timor exploded in rage when angry mobs led by pro-Indonesian militias exiled from East Timor burned down the offices of the UN High Commissioner of Refugees and murdered three staff workers. Defense Secretary Cohen visited the region, shoring up U.S. partnerships and alliances while reiterating that Indonesia must bring the UN murderers to justice and disarm the remaining militias or risk international sanction. U.S. Cooperation Afloat Readiness and Training military exercises were held in the Philippines, Thailand, Malaysia, Indonesia, Brunei, and Singapore. A U.S.-Vietnam Bilateral Trade Agreement, concluded after five years in negotiations, will (if passed by the U.S. Congress) liberalize the Vietnamese market, increase transparency, and provide legal protections to U.S. businesses.

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The Johns Hopkins School of Advanced International Studies

The good news in cross-Strait developments is that tensions have eased, the situation has stabilized, and both sides want to resume dialogue. The bad news is that there has been no breakthrough on a formula for resuming dialogue and the prospects for resumption in the coming months are not bright. While PRC Vice Premier Qian has expounded some new ideas, Beijing remains focused on exploiting differences within Taiwan to pressure President Chen to accept its one-China principle. Under criticism, Chen has said he can go no further in accommodating Beijing. Meanwhile, problems at home are demanding more of Chen’s attention. While there has been no diplomatic breakthrough, cross-Strait economic ties continue to expand, with both governments preparing for eventual World Trade Organization membership.

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Institute for National Strategic Studies, National Defense University

Tokyo and Beijing worked to smooth the increasingly sharp political edges of their bilateral relationship in advance of PRC Premier Zhu Rongji's October visit to Japan. Of particular concern were the activities of Chinese maritime research ships within Japan's Exclusive Economic Zone as well as the operations of Chinese navy ships in international waters off Japan. These actions produced a backlash against the government's proposed special yen loan package for China, resulting in postponement of final consideration until after the Foreign Minister's August visit to China. History also remained very much alive. Although Beijing attributed the cancellation of Transport Minister Morita's China visit to scheduling difficulties, voices within Japan attributed it to the Minister's visit to the Yasukuni Shrine to Japan's war dead. Meanwhile, the Japanese government began recovery of chemical weapons left behind at the end of the war.

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The highlight in Japan-ROK relations was the September summit in Atami, Japan between Japanese Prime Minister Mori and ROK President Kim. President Kim continued as *de facto* interlocutor between Japan and North Korea, even as Seoul and Tokyo quietly and unassumingly continue building up good will. Meanwhile, the roadblocks to Japan-DPRK normalization remained immovable, although there were some promising signs. As one looks down the road, even *best case* scenarios appear somewhat unsettling from a Japanese security perspective. For Tokyo, the future greatly hinges on the extent to which DPRK intentions have changed fundamentally from revisionist and aggressive ones to a more cooperative and moderated outlook. Both skeptics and optimists would agree that the recent spate of "smile" diplomacy conducted by Pyongyang reflects a change in tactics largely for the purpose of regime survival.

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Russian President Putin and Japanese Prime Minister Mori met twice this summer in Japan. The first meeting took place at the G-8 Summit on Okinawa in late July. Not much was expected and results bore out the predictions. The second meeting was an official summit in Tokyo in early September. The atmospherics were perfect. Putin dined with the Emperor, lunched at the *Keidanren*, and even had time to tumble on the judo mat. Not had a Russian leader been so warmly welcomed in Japan since Soviet Premier Mikhail Gorbachev visited in 1991. Unfortunately, the results of his talks with Mori were mediocre at best and a spy scandal threatened to damage relations even more. Meanwhile, economic relations are as stagnant as ever. Although the Japanese assessed the summit and overall Russo-Japanese relations positively, it is difficult to escape the feeling that relations have only moved backward since early 1998.

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In contrast to the lack of contact between Russian and Chinese top leaders for the first half of the year, the newly inaugurated Russian President Vladimir Putin began the third quarter in a whirl of presidential diplomacy which took him to Dushanbe (Tajikistan), Beijing, Pyongyang, Okinawa, and Tokyo. The three summit meetings between top Russian and Chinese leaders in less than two months, on both bilateral and multilateral occasions, were part of Putin’s “eastern-phase” diplomacy.

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India is in its third incarnation as an Asian player. Whether the expanded India-Asia interaction in 2000 is sustainable or short-lived remains to be seen. One certainty, however, is that post-nuclear test ties between India and the region have nearly normalized. Strong economic growth in India as well as a stable Indian government and focused diplomatic efforts buttressed this trend. And yet, on both India’s and Asia’s side, it is not clear that the current activism can be maintained. On India’s part, a sustainable Asian engagement will depend upon governmental continuity, political stability, enhanced economic attractiveness, and a focused diplomacy. On Asia’s part, similar factors as well as a stronger perception of India’s usefulness will have to develop.

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Regional Overview:

Multilateralism Sputters Along, as North Korea Continues to Grab the Spotlight

by Ralph A. Cossa,
Executive Director, Pacific Forum CSIS

Several major multilateral gatherings during the past quarter--the ASEAN Regional Forum (ARF) meeting in Bangkok, the G-8 Summit in Okinawa, and even the much-heralded United Nations Millennium Summit in New York--served more to showcase key bilateral relationships and North Korea's continuing coming out than they did to promote multilateralism. In fact, North Korea managed to grab a large portion of the spotlight at the two summits without even attending. Meanwhile, U.S. preoccupation with Middle Eastern events limited U.S. participation and effectiveness in the two Asian meetings and raised continued doubts in the region about U.S. interest both in Asia and in multilateralism. Within the region, North-South Korea rapprochement continues, but with the emphasis still more on show than substance. Little noted and outside the spotlight, the ASEAN Plus Three (Japan, China, and South Korea) intra-regional multilateral initiative took on a new dimension with its first foreign ministers meeting. This may portend a shift in emphasis from purely economic deliberations to a broader regional security agenda, but is not expected to threaten the ARF process or U.S. interests.

ASEAN Regional Forum

This year's ARF meeting, in Bangkok on July 27, was most notable by its inclusion, for the first time, of the DPRK. North Korea's foreign minister Paek Nam-sun attended the annual, ministerial-level, security-oriented talks and also held historic side meetings with several of his counterparts, most notably U.S. Secretary of State Madeleine Albright and ROK Foreign Minister Lee Jong-binn. The meeting with Albright was the highest level official diplomatic contact ever between the two states and was thus significant in its own right. As Albright herself acknowledged, their meeting was "substantially modest, but a symbolically historic step." Paek's meetings with Albright and with his ROK counterpart garnered considerably more international press attention than did the ARF deliberations themselves, which included no earth-shattering events.

Of note, Albright missed the actual ARF meeting--Deputy Secretary of State Strobe Talbott represented the U.S. at the formal session--arriving a day late, primarily for her bilateral meetings with Paek and with Chinese Foreign Minister Tang Jiaxuan. (She also attended the ASEAN Post-Ministerial Conference, where mostly economic and political,

rather than security issues are discussed.) This is the third time in seven ARF meetings that Talbott has filled in for his boss (Secretary Albright and her predecessor Warren Christopher previously missed one each, both due to Middle East-related duties). This helps perpetuate the view in Southeast Asia that the U.S. has become less and less enamored with the ARF and with multilateralism in general, despite glowing official statements to the contrary.

(Had President Clinton also skipped the G-8 Summit, as some of his advisors wanted him to do in order to remain engaged in his Camp David Middle East talks, this would have further exacerbated this problem and been a large setback to U.S.-Japan relations as well. Fortunately, Clinton opted not to engage in another episode of Japan-passing, perhaps remembering the degree of damage and negative reaction that followed his decision to bypass Japan during his 1998 visit to China.)

The ARF Chairman's Statement touched upon many of the key security issues confronting the region, with the notable exception of the "internal matter" of China-Taiwan relations, which remains the region's most potentially explosive "non-issue." The ARF rightfully patted itself on the back for continued confidence building efforts, including attempts to deepen discussion on issues like preventive diplomacy and transnational crime. Progress on most of the issues has been excruciatingly slow, however. The voluntary preparation by some members this year of an Annual Security Outlook document also represents a modest but potentially important step toward greater regional transparency. What's needed now, in addition to full participation, is a standard outline, to encourage all states to address the same security aspects.

South China Sea. Of interest, with regard to "the situation in the South China Sea," the ministers encouraged "the promotion of confidence building measures" (along with the usual "exercise of self-restraint") while welcoming the efforts of ASEAN and China to develop a Regional Code of Conduct for the South China Sea. However, detailed discussion on this potentially explosive territorial dispute has generally been kept off the ARF agenda. Lest anyone confuse the Chairman's Statement with reality, when the Thai Chair tried to raise this issue, the Chinese Foreign Minister reportedly slapped down his attempt "brusquely and rudely," stating that China would "never" debate the Spratly issue in this broad multilateral forum.

Beijing has been willing to meet separately with ASEAN to discuss the South China Sea Code of Conduct; the third such meeting took place in late August in Dalian, China. While this effort is seen by some as a Chinese compromise aimed primarily at keeping the South China Sea issue off the broader ARF security agenda, some progress has reportedly been made at these ASEAN-PRC sessions. Nonetheless, significant differences of opinion remain, not only between the ASEAN states and China but even within ASEAN. For example, Vietnam would like to include the Paracels as well as the Spratlys in the discussion, while most of Hanoi's ASEAN brothers are not willing to confront Beijing on this issue. For its part, Beijing has also been quick to point out that the Code of Conduct, when and if promulgated, will merely be a political, rather than a legal document.

The biggest problem with the China-ASEAN Code of Conduct discussions and with the ARF's treatment of this issue is that everyone deliberately avoids one key player, Taiwan, which occupies the largest of the Spratly Islands (Itu Aba) and is thus a claimant in its own right. As Song Yann-huei of Academia Sinica in Taipei warns, "the possibility of Taiwan taking unilateral actions in the disputed area in support of its sovereignty and maritime jurisdictional claims should never be ruled out, given the fact that Taipei . . . was not invited to participate in the process of formulating the ASEAN-PRC Code of Conduct and thus cannot be expected to be bound by it."

Since it is unlikely that Beijing would ever agree to Taiwan participation in the ARF or in governmental PRC-ASEAN deliberations, a way must be devised to gain Taiwan's input and ultimate consent regarding the Code of Conduct process. This could best be handled either through the non-governmental (but quasi-official) Indonesia Workshops on the South China Sea or through the Confidence and Security Building Measures Working Group conducted under the auspices of the track two, non-governmental Council for Security Cooperation in the Asia Pacific (CSCAP)--PRC and Taiwan security specialists participate in both forums; I have the honor of co-chairing the latter. Thus far, however, Beijing has kept operational issues of this nature off the Indonesia Workshop agenda and has blocked any discussion of the Spratlys in CSCAP. The Chinese government has even issued demarches aimed (unsuccessfully) at preventing independent think tanks in the region from conducting multilateral discussions on South China Sea confidence building measures. Realistically speaking, however, unless China and ASEAN devise a way to bring Taiwan into the Code of Conduct discussion in some meaningful way, the Code will be ineffective and perhaps even counterproductive or destabilizing. Track two holds the answer.

Non-Proliferation. The ARF Chairman's Statement had its usual endorsement of regional and global non-proliferation efforts, as it carefully "took note of the call for all states to sign and ratify the Comprehensive Test Ban Treaty (CTBT) and accede to the NPT [Nuclear Non-Proliferation Treaty]." It had a particularly weak statement (even for the ARF) regarding nuclear non-proliferation and other destabilizing events in South Asia, merely noting that "the Ministers exchanged views on the situation in South Asia and some expressed their continuing concern." This not only reflects the need for consensus (ARF member India is not known for self-criticism) but also the desire of most members to put India's nuclear tests on the back burner and resume more normal relations with New Delhi. [*Editor's note: See this quarter's guest commentary by South Asia specialist Satu Limaye for more details.*] The same does not hold true for Islamabad, however; a proposal to offer ARF membership for Pakistan was soundly rejected.

Many had hoped that cooperative, as opposed to coercive diplomacy toward India might result in greater flexibility from New Delhi on the CTBT and NPT issues. This was certainly heavy on the mind of President Clinton during his visit to New Delhi last quarter and was likewise a key element behind Japanese Prime Minister Mori's visit to South Asia in August. Indian Prime Minister Vajpayee had an ideal opportunity to validate this approach during his speech at the Millennium Summit; he didn't!

ASEAN Plus Three. The foreign ministers from the ten ASEAN states plus Japan, China, and South Korea took advantage of being in the same place at the same time to hold the first ASEAN Plus Three foreign ministers meeting the day before the ARF meeting. This session, which they agreed to make an annual event, may signal a shift in emphasis from the ASEAN Plus Three's original focus on economic cooperation to a broader regional political/security agenda. While this grouping is comprised of the same members that would have constituted the East Asia Economic Group originally proposed by Malaysia Prime Minister Mahathir, ASEAN Plus Three has not drawn similar objections from Washington. Given the fact that most of its members are more dependent on access to U.S. markets than they are on trade with one another, the prospects of the grouping trying to form an exclusionary trade bloc appear slim.

Even if political or security topics are placed on the ASEAN Plus Three agenda, the odds are high that it will not seriously rival the ARF or move any faster than the broader ministerial grouping, since the biggest ARF footdraggers are all in ASEAN Plus Three. While U.S. endorsement of this effort is appropriate today, it is nonetheless worth watching to see if certain members will attempt to use this forum to pursue positions inimical to U.S. interests. Also of interest, at last November's ASEAN Plus Three summit in Manila, the non-ASEAN three--Japan, China, ROK--held their own separate session over breakfast to discuss economic cooperation. It remains to be seen if the three Northeast Asian leaders will again meet separately at this year's fall summit and, if so, whether the leaders will agree this time to put security as well as economic issues on their agenda. (Last year, Japan and the ROK wanted a broader agenda but Beijing insisted that the discussion be limited to economic issues only.)

Group of Eight Summit

The primary claim to fame of the July 21 G-8 Summit in Okinawa was its ignoble distinction of being the most expensive meeting in the 26 years of G-7/G-8 gatherings. While Tokyo made a concerted effort to focus attention on the special needs of developing countries in the global economy, "just stay at home, spend the money on debt relief!" heralded many of the region's editorials. This was somewhat unfair, since Tokyo poured a great deal of money to upgrade infrastructure in Okinawa--one of Japan's poorest prefectures--as well as in two other host cities. Even here it was not fully appreciated, however, as some resort owners complained that rooms that would have otherwise gone to freer-spending tourists during this busy season were rented instead, at reduced government rates, to bureaucrats who were attending meetings instead of buying snorkels or suntan oil.

G-8 Achievements. Despite the bad press, Tokyo did introduce several new components to this G-8 meeting that portend shifting regional priorities toward multilateral economic organizations. One is the special emphasis on harnessing information and communications technology (IT) for both industrialized and developing countries alike. The "Okinawa Charter on Global Information Society" may in the end not amount to much, but the task force it sets up to better integrate IT across borders is mirrored in a

number of agreements coming down the pike in the Asia Pacific region. The ASEAN Free Trade Area (AFTA) and the Asia Pacific Economic Cooperation (APEC) forum will both meet in November with priority given to linking IT infrastructure and reducing the “digital divide” among richer and poorer members. It is notable how quickly these “new economy” initiatives are penned while “old economy” reforms, in agriculture, textiles, and auto parts for example, are stubbornly postponed.

Tokyo officials also tried to create a less elitist G-8 Summit, making special provisions for non-governmental organizations (NGO) to take part and having summit officials travel to various localities for public discussions. This innovation to the G-8 builds on earlier efforts by the International Monetary Fund (IMF), World Trade Organization (WTO), and World Bank to make their institutions more responsive to the globalization backlash. This recent attention to extending “new economy” benefits to the grassroots will continue in the upcoming November 2000 APEC meeting. Brunei’s theme for APEC 2000 is “Delivering to the Community,” which stresses providing access to education and skills development to all segments of society. Whether APEC can make a decisive difference in this area remains to be seen, but it is notable that in public pronouncements, leaders are not turning their backs on globalization “from above” nor the needs of their citizens “from below,” but rather are alert to the challenges of managing both.

Putin’s Party. These modest achievements notwithstanding, the Summit was really Vladimir Putin’s show. The Russian leader, making his presidential debut at a G-8 Summit, stole the show and the preponderance of headlines with his announcement about North Korean leader Kim Jong-il’s purported missile deal--an offer to halt satellite launches (i.e., long-range missile tests) if another country (then presumed and later confirmed to be the U.S.) would launch the North’s satellites, at no cost to Pyongyang of course. Putin had visited Pyongyang (and Beijing) immediately prior to the G-8 meeting and his trip report helped to keep the North Korean leader in the international spotlight as well, even if he was not invited to the meeting. The Korean Peninsula received some additional attention at the meeting as well, as a result of a summit declaration supporting the evolving intra-Korean dialogue; an initiative sponsored by Japanese Prime Minister Mori as a friendly gesture to ROK President Kim Dae-jung.

Only Joking? While the missile offer earned international headlines and was not denied by Foreign Minister Paek during the following week’s ARF meeting, its seriousness was subsequently cast into doubt by Kim Jong-il himself. In an interview with ROK media chiefs, Kim is reported to have said “I told Putin that \$200 million to \$300 million is needed to launch a rocket and that if the U.S. launches our satellites into orbit instead, we’ll stop developing them.” But then the mercurial Kim stated, “I made this and other remarks . . . as a passing, laughing matter. Putin did not respond at that time but he later seized on it firmly and things happened like that.” The fact that Chairman Kim said it laughingly does not necessarily make it only a joke, however. The U.S. has taken it seriously enough to send its special Korean emissary, Ambassador Wendy Sherman, to Moscow to discuss the issue. And, Kim Jong-il’s own final words on this issue to the South Korean news chiefs indicate he may indeed be willing to cut a deal (as well as

indicating how much Kim enjoys playing the gadfly role): “I am sure [my proposal] is a headache for the United States. It does not want to give us money, but has to stop our scientific research. That must be a great headache.”

National Missile Defense. Putin’s implied message that the North Korean missile threat could be easily bought off played nicely into his efforts at the G-8 Summit and elsewhere to rally support against the U.S. national missile defense (NMD) plan. Several of the European G-8 leaders have made no secret of their own objection to Washington’s unilateral approach toward NMD, so Putin had a ready and willing audience. (Not surprisingly, a condemnation of NMD also figured prominently in the joint communiqué issued after Putin’s en route meeting with Chinese President Jiang Zemin in Beijing.) Only Tokyo, which is itself less than enthused about NMD, given its potential adverse consequences for the future of arms control efforts, managed to express “understanding” for the U.S. position. Clinton’s shortened itinerary gave Putin an additional edge in making the anti-NMD case.

While President Putin continues to lead the charge against NMD and seems eager to increase his profile in Asia in general and on the Korean Peninsula in particular, it is interesting to note that he did not seize the opportunity to offer Russian satellite launching services to Pyongyang. This seems to be a relatively low cost way of gaining international points and improving Russian influence with Pyongyang, while at the same time denying NMD advocates their most convenient excuse.

President Clinton’s subsequent announcement, on September 1, that he was going to defer the decision to develop and deploy NMD to the next administration has helped to somewhat defuse this issue. For example, Putin unexpectedly downplayed the issue at the following week’s UN Millennium Summit. But, regardless of who wins the U.S. elections in November, NMD is sure to remain a contentious issue between Washington and both Moscow and Beijing. It will also continue to give Russia common cause with many U.S. allies, who will be watching closely to see how the next U.S. president handles this sensitive issue.

North-South Korea: Atmospherics Good, but Little Reciprocity

North and South Korea continue to bask in the afterglow of the historic June summit between ROK President Kim Dae-jung and North Korea’s supreme leader Kim Jong-il in Pyongyang. This unprecedented attempt at South-North rapprochement was rightfully praised at the ARF and the G-8 Summit, and frequently during the UN Millennium Summit as well. Foreign Minister Paek’s meeting with his counterpart during the Bangkok ARF, and several high-profile visits to South Korea by North Korean emissaries, including the DPRK Defense Minister, maintained the momentum, as did the dramatic, highly emotional August 15 exchange visits between 100 each North and South Korean families separated since the Korean War.

Millennium Mishap. The UN meeting promised to be a high profile event for the DPRK’s ceremonial head of state Kim Yong-nam, until fate, in the form of security

conscious American Airlines employees in Frankfurt, intervened. Airline employees are required to pay special attention to visitors from countries on the State Department's list of state sponsors of terrorism and North Korea, much to its dismay and despite continuing protests, remains on this list. The Kim entourage blamed the insulting behavior and the delay it caused for its decision not to continue on to New York, thereby gaining even larger headlines by not attending the meeting. While it is unlikely (although not impossible) that Pyongyang preplanned its overreaction to the vigorous security screening, it has certainly tried to capitalize on the incident, demanding that Washington immediately remove North Korea from its terrorist sponsor's list. For its part, Washington has reportedly made it clear what steps Pyongyang must take if it wants to be removed--expulsion of Japanese Red Army terrorists being a prime condition--but Pyongyang has not responded positively to U.S. conditions.

Defense Ministers Meet. The most anticipated North-South event of the quarter was the first ever meeting between ROK Defense Minister Cho Sung-tae and DPRK Defense Minister Kim Il-chul in Cheju, South Korea on September 25. One of the major criticisms of the North-South sunshine effort has been the lack of dialogue on security issues. Many in South Korea hoped that the defense ministers' meeting would provide a breakthrough in this area; most were disappointed by the results. North Korean spokesmen made it clear before the meeting that they were coming to discuss only one topic--the opening of the North-South railroad line through the demilitarized zone--and that was all Minister Kim was willing to discuss. The ROK had hoped that they could at least make some progress in establishing a North-South military hotline--originally a North Korean proposal--but the North Koreans retained their single issue focus.

The discussions apparently centered on the operational and administrative details involved in opening up the heavily mined former rail corridor in order to reinstate rail and road traffic between the two capitals. Not surprisingly, South Korea is expected to fund the bulk of the project. Most disturbingly, there was apparently little or no discussion of the security implications of such a move. At a minimum, before landmines are removed and roads are constructed or paved, one would expect that some type of passive monitoring devices would be agreed to in order to ensure that the rail and roadway are used strictly for peaceful purposes.

Reciprocity is the Key. The word that is heard more and more frequently in the ROK in discussions on North-South Korean affairs is reciprocity. Some are more willing than others to accept asymmetrical reciprocity, but even the most ardent supporters of the Sunshine Policy toward North Korea are becoming concerned with the increased perception that rapprochement is a one-way street. Many South Koreans are also becoming concerned about the costs of engagement. The first divided families visit reportedly cost Seoul millions of dollars, as did its sponsorship of a visit to the ROK of a North Korean symphony orchestra. As the Pacific Forum's James Kelly has noted, "everyone knew the cost of reunification was prohibitive, but no one knew just how expensive peaceful coexistence would be."

While ROK opposition parties pay lip service to the Sunshine Policy and praise the summit as the ground-breaking event that it is, Kim Dae-jung is becoming more and more vulnerable politically as a result of the high costs involved in playing suitor to the North, especially in light of the perceived lack of genuine reciprocity. Some ROK critics also allege that President Kim's legacy has become so attached to progress on North-South issues that he is too willing to give Pyongyang the benefit of the doubt and has squandered the leverage that the South should enjoy, given the North's growing economic dependence on Seoul's largesse.

North Korea's Smile Diplomacy. Elsewhere on the diplomatic front, Pyongyang's international smile diplomacy continued apace. North Korea entered into consultations and later relations with Canada, normalized ties with the Philippines and New Zealand, sought promises of improved ties with the European Union, and received an offer of facilitation from Nigerian President Olusegun Obasanjo. In late September, Pyongyang reportedly made additional overtures by letter to Belgium, France, Germany, Greece, Ireland, Luxembourg, the Netherlands, Spain, Britain, and the European Commission. Normalization talks between Japan and North Korea also resumed but made only limited progress, despite Prime Minister Mori's oft-stated desire to hold his own summit with Kim Jong-il.

Policy Implications

All in all, it has been a generally positive quarter for North-South relations, but concern is growing in many quarters in the ROK about the perceived one-way nature of North-South relations. I would argue that the current North-South momentum cannot be sustained without some genuine gestures of reciprocity by the North, including some progress on military confidence building measures.

As far as U.S. policy is concerned, Asians appear to be looking past the current administration while watching closely for signals from the candidates, and after November 7, from the new president-elect, regarding the future direction of U.S. policy in Asia. Both major candidates have made it clear that they will seek to engage, not contain China and that America's alliance-based strategy will continue; it is less clear how either will approach regional multilateral initiatives. How the next president handles the NMD issue will also have a great bearing on U.S. relations with allies and potential antagonists alike.

Regional Chronology

July-September 2000

July 4-8, 2000: Australia's ambassador to China, who also serves as ambassador to the DPRK, visits North Korea.

July 5, 2000: U.S. Marine stationed in Futenma is arrested for molesting a 14-year old girl in Okinawa.

July 5, 2000: Russian President Putin and PRC President Jiang meet separately in Dushanbe, Tajikistan during "Shanghai Five" forum with Central Asian states.

July 7, 2000: U.S. and China open arms talks in PRC.

July 8, 2000: U.S. Under Secretary of State John Holum tells PRC that the U.S. will not rule out providing Taiwan with theater missile defense (TMD).

July 10, 2000: New Russian foreign policy doctrine names China and India as priority countries in Asia, urges Comprehensive Test Ban Treaty signature by India and Pakistan.

July 10-12, 2000: Australian Prime Minister John Howard visits India.

July 10-12, 2000: U.S. and DPRK resume missile talks.

July 11-14, 2000: Defense Secretary Cohen visits China.

July 12, 2000: North Korea and the Philippines sign agreement formally reestablishing diplomatic ties.

July 13, 2000: U.S. and Vietnam sign trade agreement.

July 14, 2000: Assistant Secretary of State Einhorn meets informally with South Korean foreign ministry officials to discuss the ROK's entry to the Missile Technology Control Regime.

July 14, 2000: Sino-ROK agreement is reached resolving trade dispute over Chinese garlic exports to South Korea.

July 15, 2000: Democratic Progressive Party (DPP) Convention decides not to change "Republic of Taiwan" plank in DPP charter.

July 16, 2000: Over 6,000 Okinawans protest against U.S. military presence.

July 17-18, 2000: President Putin visits Beijing, holds first summit meeting with President Jiang; a joint communiqué is issued condemning U.S. development of national missile defense.

July 19, 2000: Putin visits Pyongyang for meetings with Kim Jong-il. Putin later announces that Kim will eliminate missile program if another country launches satellites for North Korea.

July 20, 2000: Tokyo hosts meetings with the leaders of South Africa, Algeria, Nigeria, and Thailand in preparation for the G-8 Summit.

July 21-23, 2000: G-8 Summit in Okinawa, Clinton meets with Japanese PM Mori and with Putin.

July 25, 2000: Philippine President Joseph Estrada begins ten-day working visit to the U.S., meets with President Clinton.

July 27, 2000: At World Trade Organization meeting, PRC proposes Taiwan accession as a “separate customs territory of China;” U.S. objects.

July 27, 2000: Senior inter-Korean talks in Seoul.

July 27, 2000: ASEAN Regional Forum (ARF) meeting in Bangkok. North Korea joins.

July 28, 2000: Chinese Foreign Minister Tang Jiaxuan and DPRK Foreign Minister Paek Nam-sun meet separately with Secretary of State Madeleine Albright in Bangkok; ROK-DPRK Foreign Ministers meet.

July 30-31, 2000: Secretary Albright visits Japan.

Aug. 2, 2000: ROK President Kim and PM Mori confer via telephone on inter-Korean summit and ARF.

Aug. 2-3, 2000: South Korea and the U.S. conduct Status of Forces Agreement negotiations.

Aug. 2-5, 2000: USS Chancellorsville visits PRC port of Qingdao, the first visit since the Belgrade bombing.

Aug. 4, 2000: Taiwan makes its (soon to be unsuccessful) eighth bid for a UN seat.

Aug. 5, 2000: Vietnamese Foreign Minister Nguyen Dy Nien visits Pyongyang.

Aug. 5-12, 2000: South Korean media executives visit North Korea, interview Kim Jong-il.

Aug. 9-10, 2000: U.S. and DPRK hold missile talks in Pyongyang.

Aug. 12, 2000: Russian nuclear submarine, Kursk, goes down in the Barents Sea.

Aug. 12, 2000: Kim Jong-il confirms DPRK missile sales to Iran and Syria, refers to the missile-satellite offer as a “joke.”

Aug. 13, 2000: Taiwan President Chen Shui-bian in L.A. for “transit stop” en route to Central America.

Aug. 14, 2000: North and South Korean liaison offices re-open in Panmunjom.

Aug. 15-18, 2000: North-South Korean family reunions.

Aug. 16, 2000: FM Nguyen meets with ROK FM Lee in Seoul.

Aug. 18, 2000: A seven member Chinese military delegation visits Delhi, the first such exchange since India’s nuclear tests in 1998.

Aug. 19, 2000: Taiwan President Chen says unification is not Taiwan’s only option.

Aug. 20, 2000: DPRK team of negotiators arrive in Japan.

Aug. 21, 2000: Scaled-back U.S.-ROK annual military drill, Ulchi Focus Lens, begins.

Aug. 21-25, 2000: PM Mori of Japan visits South Asia, first visit by a Japanese PM in 10 years.

Aug. 22-24, 2000: Talks resume in Tokyo on reestablishing diplomatic relations between Japan and DPRK.

Aug. 28-29, 2000: U.S. delegation led by Ambassador Wendy Sherman meets with senior Russian officials in Moscow to discuss DPRK missile offer.

Aug. 28-31, 2000: Japanese FM Kono meets with President Jiang, Prime Minister Zhu, and FM Tang in China.

Aug. 28, 2000-Sept. 4, 2000: ROK General Cho Yung-kil makes the first-ever visit to China by a Chairman of the ROK Joint Chiefs of Staff.

Aug. 29, 2000: PM Mori and Indian PM Atal Bihari Vajpayee meet in New Delhi.

Aug. 29-31, 2000: Second round of inter-Korean ministerial talks is held.

Aug. 31, 2000: Kim Jong-il meets with ROK Unification Minister Park Jae-Kyu in Pyongyang.

Sept. 1, 2000: U.S.-ROK-Japan Trilateral Coordination Oversight Group (TCOG) meeting in Seoul.

Sept. 1, 2000: President Clinton announces that the decision on national missile defense will be deferred to the next administration.

Sept. 1, 2000: Malaysian Prime Minister Mahathir begins a three-day visit to the U.S.

Sept. 2, 2000: 63 DPRK prisoners of war are returned to the North from the ROK.

Sept. 3-5, 2000: President Putin meets with PM Mori in Japan.

Sept. 4, 2000: Deputy Mayor of Taipei makes unofficial visit to China.

Sept. 5, 2000: North Korea delegation to the UN summit cancels trip because of airport searches by U.S. airline employees in Frankfurt.

Sept. 5-8, 2000: Nine Philippine Senate members visit the DPRK.

Sept. 6-8, 2000: UN Millennium Summit in New York.

Sept. 6-8, 2000: Fourth ARF Heads of Defense Colleges meeting is held in Beijing.

Sept. 6-16, 2000: PM Vajpayee visits the U.S., attending the UN summit and going to Washington.

Sept. 8, 2000: Presidents Clinton and Jiang exchange views on Sino-U.S. relations and on issues of common concern in New York. Jiang also gives a luncheon address to American top business executives and leading foreign affairs experts.

Sept. 8, 2000: Kim Dae-jung proposes to reactivate the Four-Party Talks involving the two Koreas, U.S., and China in “two-plus-two” format to pursue North-South peace agreement endorsed by the U.S. and PRC.

Sept. 10, 2000: Cambodian King Norodom Sihanouk meets with President Jiang in Beijing.

Sept. 10-15, 2000: Vietnamese PM Phan Van Khai visits Moscow.

Sept. 11, 2000: Vice Premier Qian states, in an on-the-record interview with overseas media, that “there is only one China, the Mainland and Taiwan both belong to one China, China’s sovereignty and territory cannot be divided.”

Sept. 11, 2000: Philippine President Estrada cuts short a visit to Hawaii as Philippine offensive begins against Abu Sayyaf.

Sept. 11-14, 2000: DPRK official Kim Yong-sun meets with Kim Dae-jung in Seoul.

Sept. 12, 2000: Secretary Albright and FM Kono sign agreement to reaffirm five more years of host nation support for U.S. troops in Japan.

Sept. 12, 2000: Japanese Defense Minister Torashima meets with Defense Secretary Cohen at the Pentagon.

Sept. 13, 2000: Secretary Cohen begins a ten-day trip to the Philippines, Singapore, Indonesia, Thailand, South Korea, and Japan.

Sept. 15, 2000: North and South Korea march under unification flag at Sydney Olympics.

Sept. 15-18, 2000: Indian navy ships visit China.

Sept. 16, 2000: Li Peng, Chairman of the Standing Committee of the PRC National Peoples Congress, meets with President Putin in Moscow.

Sept. 18, 2000: Assistant Secretary Einhorn visits Seoul for missile talks.

Sept. 18, 2000: ROK government withholds permission for the Dalai Lama to visit Seoul on November 16. Buddhist groups indicate they will seek public support to overturn the decision.

Sept. 18, 2000: DPRK Ambassador to the UN Li Hyung-chol and ROK Foreign Minister Lee meet in New York.

Sept. 19, 2000: U.S. Senate approves permanent normal trade relations with China.

Sept. 19, 2000: Defense Secretary Cohen proposes that the U.S., PRC, and Japan hold multilateral military drills as a means to ensure greater stability in the Asia-Pacific region.

Sept. 19, 2000: New Zealand delegation arrives in Pyongyang to discuss bilateral ties.

Sept. 20, 2000: U.S.-ROK Security Consultative Meeting begins in Seoul.

Sept. 21, 2000: Secretary Cohen and ROK Defense Minister Cho meet, call on DPRK for “substantial measures” to reduce tensions.

Sept. 22-24, 2000: President Kim meets with PM Mori in Japan.

Sept. 23-26, 2000: Singapore Senior Minister Lee Kwan Yew visits Chen Shui-bian in Taiwan.

Sept. 25, 2000: Vietnamese PM Pham Van Khai visits Beijing at Premier Zhu’s invitation.

Sept. 25, 2000: PRC's *China Daily* reports that Japan's growing military is a threat to global security.

Sept. 26, 2000: U.S. federal judge rejects WWII enslavement lawsuits against Mitsui and Mitsubishi, stating that the San Francisco Treaty of 1951 settled all disputes.

Sept. 26, 2000: William Perry resigns as DPRK policy coordinator, Wendy Sherman is appointed as Perry's replacement.

Sept. 26-27, 2000: DPRK and Canada hold negotiations on diplomatic normalization in Beijing.

Sept. 27, 2000: U.S. and North Korea resume missile talks.

Sept. 27, 2000: DPRK's *Rodung Shinmun* calls for the withdrawal of U.S. forces from Korea.

Sept. 27-28, 2000: North and South Korean Defense Ministers meet in Cheju, ROK.

Sept. 28, 2000: North and South Korea agree to set up a joint economic consultation body.

U.S.-Japan Relations: Small but Important Steps

by Michael Jonathan Green, Olin Fellow for Asia Security Studies,
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After a frustrating inability to resolve even minor irritants in the U.S.-Japan alliance last quarter, Tokyo and Washington made some small but important breakthroughs this summer and fall on issues related to defense planning, financial support for U.S. bases, and Okinawa. President Clinton's decision to step out of the intense Middle East peace negotiations at Camp David in mid-July to attend the Okinawa G-8 Summit certainly helped, as did the first bilateral defense and foreign ministers' meeting in two years, which was held in September. The success on the security side was somewhat offset, however, by confrontation between Tokyo and Washington over whaling, telecommunications, and steel. Absent a larger strategic framework for the relationship, these smaller issues continue to tug the alliance back and forth. In anticipation of a new administration, a growing number of policy makers and analysts in both the Republican and Democratic parties in the United States are beginning to focus on strategic goals for the alliance with Japan. The question remains whether Tokyo itself can begin to do the same.

The President Goes to Okinawa...Phew!

While last quarter was characterized by the escalation of small irritants and the crowding-out of real strategic dialogue, President Clinton set a good tone for the relationship on July 19 by traveling to the G-8 Summit, in spite of the pressing deadline of the Middle East Peace negotiations at Camp David and widespread press speculation that he would stay home. Indeed, most of the President's advisors were opposed to his skipping-out on Camp David just for a summit in Japan. However, mindful of earlier charges of "Japan passing" and convinced by U.S. Ambassador to Japan Tom Foley and the White House international economics team of the importance of his appearance in Okinawa, the President made the trip. He had only a brief meeting with Prime Minister Mori Yoshiro, which was most noteworthy because of reports that Mori stumbled on his carefully scripted English-language greeting to the President. But the trip did reassure Japan of U.S. commitment to the relationship after Secretary of State Madeline Albright skipped an early foreign minister's session to great criticism in the Japanese press. The trip also provided a useful deadline for resolution of lingering trade disputes over NTT access fees, and negotiations on defense planning and financial support for U.S. forces. Finally, it afforded an opportunity for the President to give an important and historic speech at the Okinawa Peace Memorial Park, in which he pledged to "reduce the U.S. footprint" on Okinawa.

Small but Important Steps in the Security Relationship

In part because of the momentum provided by the brief presidential trip to Okinawa, the United States and Japan made some small but important breakthroughs in the stalled implementation of the 1996 Joint Security Declaration. These accomplishments were announced in the September 11 Joint Statement of the Security Consultative Committee (SCC) in New York, which was attended by the U.S. Secretaries of State and Defense and their counterparts from the Ministry of Foreign Affairs and Defense Agency. At this “Two-plus-Two” meeting, the United States and Japan announced a compromise on the renewal of the five-year Special Measures Agreement for supplementing Tokyo’s financial host nation support for U.S. forces based in Japan. The two governments’ inability to settle on a number for Japanese funding throughout the late winter and spring was beginning to poison relations between the key managers of the alliance, but in the end the U.S. side settled for a symbolic decrease in funds that satisfied all parties involved.

At the SCC, the four ministers also announced the establishment of a Bilateral Coordination Mechanism to link Japanese government agencies with the U.S. Embassy and U.S. forces in Japan in times of war. This coordination mechanism is critical to implementing the revised Defense Guidelines, since the United States and Japan lack a joint and combined command of the sort that manages military responses in NATO or the U.S.-ROK alliance. The Japanese bureaucracy’s 50-year unease with this sort of “jointness” (both with the U.S. and with each other) proved more of an obstacle than expected, but it was largely cleared this quarter. In addition, the ministers appear to have diffused a potential collision over the legal obligations for environmental clean up around U.S. bases in Japan by signing a joint Statement on Environmental Principles. Finally, the ministers took an initial stab at discussing their strategic planning over the next five years, as manifest in Japan’s *Mid-term Defense Plan* and the Pentagon’s forthcoming *Quadrennial Defense Review*. On the whole, the defense meeting was a welcome change from the small skirmishes that consumed the two countries defense chiefs throughout the previous quarter. It was no coincidence that progress was delayed, since it was the first “Two-plus-Two” held in over two years.

Secretary of Defense Cohen stopped in Japan two weeks later to put the finishing touches on the SCC meeting accomplishments. As a reminder that nothing is ever over until it’s over, however, the Secretary had to deal with the City of Misawa’s official suspension of friendly ties with the nearby U.S. Air Force base because of night landing practice transferred there by the U.S. Navy. Cohen was also forced once more to prod his Japanese hosts to resolve the problem of pollutants being pumped onto the U.S. housing compound at Atsugi naval base by corrupt but evasive local thugs--an issue that was supposed to have been resolved during his last visit to Tokyo. The good news was that these sorts of problems, even though they seem to never go away, did not obstruct substantive progress on the core defense cooperation issues.

Okinawa

Okinawa threatened to explode again as a problem for the alliance in early July when a U.S. Marine became so drunk that he passed out in the bed of a 14-year old Okinawan girl, prompting protests that threatened to ruin the President's trip to the island for the G-8 Summit. A firm and swift response by the Marines and the U.S. Embassy and a protest from Tokyo all helped to diffuse the situation by the time of the G-8 Summit. Just to be certain there would be no trouble, the Commander of U.S. Marines on the island banned alcohol and imposed a 24-hour curfew during the summit (steps that were lifted only with great political difficulty afterward). Clinton also apologized for the incident when he arrived in Okinawa, which played to positive front-page stories across Japan.

With the flash and drama of the Okinawa G-8 Summit behind them, the governments of Japan, Okinawa, and Nago township settled down for the tough business of preparing for the relocation of the U.S. Marine Corps Air Station from Futenma to the north of Okinawa, as promised by the two governments in the Special Action Committee on Okinawa (SACO). On August 13, the three governments inaugurated a tripartite committee to consider the various options for relocation. There are essentially two: a landfill airbase, favored by construction interests in Okinawa; and a steel floating offshore structure, favored by some industries in Tokyo and those in the local area who prefer having the base further away. The politics of the decision are Byzantine. At present, a narrow majority of the local citizens are willing to accept the new facility, if it is the kind of facility they want. But once a decision is made to go with either a landfill or floating structure, the losing side will likely switch over to the opposition, outnumbering those in favor of accepting the Marines. Meanwhile, the new tripartite committee has to make some gesture on Governor Inamine's campaign pledge to limit the U.S. access to the base to no more than 15 years--a time limit unacceptable to Washington and Tokyo because of the dangerous precedent it would represent. The Governor, the Mayor, and Tokyo's representative all want to move forward on the new base, but if these tough decisions are not made soon, all three will be facing another round of elections and an even more complicated political environment.

Missile Defense

After the August 1998 North Korean Taepo-dong missile launch over Japan, the Japanese people and government lined-up solidly behind plans for joint research on the Navy theater-wide missile defense system with the United States. In preparing for the next five year *Mid-term Defense Plan*, the Japanese Defense Agency will probably receive at least \$250 million to continue working on the project. But how deep is the Japanese religion on missile defense? At the ASEAN Regional Forum (ARF) in Bangkok during the week of July 24, Foreign Minister Kono's commitment was seriously tested when China, Russia, and other countries launched a rhetorical attack on U.S. plans for national missile defense (NMD). Kono remained silent at the ARF, but when he returned to Tokyo he was quizzed on the issue in Diet. On carefully prepared testimony on August 1, Kono declared Japanese "understanding" of U.S. interest in missile defense (a step short of "support"), and urged full consideration of the strategic implications by the United States. The Japanese media almost universally praised the Clinton administration's decision in

September to postpone a decision on NMD, but the Japanese government is cautious about criticizing a system that would protect the U.S. homeland, when Tokyo is pursuing a system designed to do essentially the same thing for Japan.

Minor Trade and Legal Disputes Hit on Raw Nerves

Trade and legal disputes with Japan did not receive high priority in either country this quarter, but the confrontations that did emerge hit the Japanese side with particular sting, reinforcing the low-simmering resentment that has characterized the nation's psyche after almost a decade of economic malaise. In early July, the U.S. Commerce Department recommended restrictions be imposed on Sanyo Special Tube, Sumitomo Metal Industries, and a number of other suffering Japanese steel-makers accused of dumping their products on the U.S. market. As expected, the U.S. International Trade Commission imposed punitive duties in early August, raising the amount of Japanese steel imports covered by duties or under investigation to 80%. Steel poisoned the bilateral relationship in other forums as well. At the annual U.S.-Japan Business Conference in Tokyo in July, the steel issue led to acrimonious cries of "foul" from the Japanese side and the issue of U.S. anti-dumping duties on Japanese steel has also been at the core of the Euro-Japanese alliance in the new World Trade Organization (WTO) round to constrain U.S. trade "unilateralism."

The U.S.-Japan row over the high internet access fees charged by NTT also heated-up in the early summer, but was defused and settled by the time of President Clinton's trip to Okinawa in July. The advantage of lower internet access fees to the Japanese economy was embarrassingly obvious to the Japanese business community and bureaucracy. Ultimately, the Mori cabinet prevailed upon NTT and the Ministry of Posts and Telecommunications to accept an accelerated cut in rates on the eve of President Clinton's appearance at the G-8 Summit. While the lower access fees are clearly in Japan's national interest, the entire dispute was colored by the ongoing U.S. governmental review of whether NTT's plan to buy Verio telecommunications company of Colorado would affect U.S. national security. Throw into the mix Senator Fritz Hollings' (D-SC) legislation to prevent foreign-owned telecom companies from investing in the United States, and it is clear why the Japanese side saw more than "globalization" as the U.S. objective. Indeed, the NTT-Verio investigation conjured images of Fairchild Semiconductor, Toshiba Machine Tool, and other U.S.-Japan "technonationalist" fights from the 1980s. In August however, the U.S. gave the go ahead to the NTT-Verio deal, and veterans of the 1980s trade disputes in both countries breathed a sigh of relief.

Far uglier than NTT or steel was the dispute this quarter over whaling. In August the U.S. side began stepping-up pressure on Japan to stop its "scientific" whale harvesting, with newly confirmed Secretary of Commerce Norman Mineta warning of sanctions in an August 27 *Washington Post* article. The confrontation escalated suddenly in the weeks before the UN General Assembly, and may have been the reason Prime Minister Mori and President Clinton skipped the usual U.S.-Japan bilateral session on the margins of the UN summit. On August 28, the Clinton administration boycotted an environmental meeting in Kitakyushu to protest Japanese whaling and threatened sanctions if the harvest

did not stop. Japan defiantly responded that it would take the U.S. to the WTO. Then on September 13, the Clinton administration announced that Japan would be denied access to U.S. fishing resources, a largely symbolic move since Japanese boats have not worked U.S. waters since 1988. Nonetheless, its bluff called, Tokyo prepared its case for the WTO, and Japanese politicians and bureaucrats warned the media of the bitter resentment this was causing toward the United States.

Another emotionally charged bilateral issue this quarter was the continued proliferation of class action law suits filed in the United States against Japanese corporations for suffering caused during the Pacific War. On September 22, a California judge dismissed a large number of suits filed on behalf of former American prisoners of war (POW), accepting the State Department's *amicus* brief argument that reparations were settled with the 1951 U.S.-Japan Peace Treaty. But no sooner was the POW case dismissed, then former comfort women filed a class-action suit against many of the same Japanese companies, also in California. These Taiwanese and Korean comfort women (who can legally sue against Japanese corporations in the United States) were *not* covered by the 1951 treaty, and it appears that this contentious issue between Japan and its Asian neighbors will add new sparks to the U.S.-Japan relationship.

The Pundits' Focus on Japan

In spite of these unpleasant skirmishes, this quarter was also noteworthy for the growing number of American policy pundits calling for the next administration to move beyond "Japan passing" toward strengthened strategic ties with Japan. Last quarter we mentioned the two forthcoming reports on U.S. policy toward Japan by the Council on Foreign Relations (CFR) and a third report by a team led by former Assistant Secretaries of Defense Joseph Nye and Richard Armitage. The CFR study on the Japanese economy will be completed next quarter, as will the Armitage-Nye effort. This July, CFR Senior Fellow Bruce Stokes completed his trade strategy paper, *New Beginnings*. The report acknowledged the deregulation, investment, and proto-entrepreneurial forces loose in Japan today, and called for a U.S.-Japan open marketplace by 2010, with harmonization of regulations and competition policy. The study was reviewed by a group of veteran trade negotiators and its emphasis on the importance of the Japanese economy to U.S. prosperity was a marked contrast to recent rumors that Treasury Secretary Lawrence Summers and other senior officials have begun to discount the significance of Japan's gross domestic product growth figures for continued American prosperity.

Another report on overall U.S. strategy released July 12 also emphasized that ties with Japan must be one of the top U.S. priorities for the next administration. The bipartisan Commission on America's National Interests, led by Robert Ellsworth, Andrew Goodpaster, and Rita Hauser, and including several of the Bush campaign's senior advisors, placed repairing the U.S.-Japan alliance near the top of American foreign policy interests for the next administration. Finally, House International Relations Chair Benjamin Gilman (R-NY) introduced legislation establishing an Asian Pacific Charter Commission to look at U.S. policy in Asia, the clear subtext being that the Clinton administration has tilted too far toward China and away from Japan.

The Republican and Democratic parties also chimed-in on Japan in their platforms at their July conventions. The platforms differed on trade relations, with the Democrats hitting Japan on steel and autos and promising an “aggressive” effort to “promote fair trade with Japan and China” and the Republicans charging that the administration’s “managed trade” approach to Japan has failed. However, both sides declared their intention to strengthen security relations with Japan. In addition, the two vice presidential candidate selections certainly bode well for U.S.-Japan relations. As Secretary of Defense, Dick Cheney worked hard to insulate the alliance from acrimonious trade disputes, while Senator Joe Lieberman has been one of the few members of the Senate to hire a Japan expert on his staff and actively speak-out in support of the relationship (though he also has been tough with Japan on issues like whaling). On the campaign trail and in debates among deputies and advisors, the Republicans have clearly returned to the theme of the U.S.-Japan alliance more consistently, but the kernel of a renewed Japan policy exists in both parties.

So it seems that the punditocracy in Washington is determined to correct a perceived drift in U.S.-Japan relations over the past few years. The thing that is striking, however, is that there are virtually no parallel efforts on the Japanese side. The exception, Prime Minister Obuchi’s commission on Japanese interests in the 21st Century, certainly emphasized the continued importance of the U.S.-Japan alliance, but it also attempted to balance that with Japan’s search for an independent identity in Asia. Meanwhile, coalition politics in Japan have hampered the kind of leadership that previous Prime Ministers like Nakasone Yasuhiro demonstrated in strengthening strategic ties with the United States. As a new U.S. administration takes the reigns of Japan policy and the Japanese cabinet is reshuffled at the end of the year, two critical questions must be answered. Can Japan’s current political leaders respond effectively to a deliberate U.S. effort to reinvigorate the alliance? And, can the United States strengthen strategic relations without smothering Japan’s growing aspirations for a more equal and independent identity in Asia? The next quarter may offer some answers.

Chronology of U.S.-Japan Relations July-September 2000

July 5, 2000: Drunk U.S. Marine molests a young Okinawan girl, prompting stern rebuke from Tokyo and Naha and raising concerns about Clinton’s trip to the G-8 Summit.

July 12, 2000: Bipartisan U.S. Commission on America’s National Interests releases a report placing the U.S.-Japan relationship high on the priority list for the next administration.

July 18, 2000: Seven thousand protesters demonstrate against U.S. Marine misbehavior.

July 19, 2000: U.S. Trade Representative Charlene Barshefsky and Japanese officials reach an agreement on NTT connection fees.

July 21-23, 2000: Clinton makes a brief but important symbolic appearance at the G-8 Okinawa Summit, skipping a trip to Tokyo in order to return to the Middle East Peace negotiations at Camp David.

July 21, 2000: Thousands of Okinawans gather to protest U.S. troop presence.

Week of July 24, 2000: Japanese Foreign Minister Kono Yohei attends ASEAN Regional Forum in Bangkok, abstains from debate on U.S. national missile defense.

Aug. 3, 2000: U.S. International Trade Commission imposes punitive anti-dumping duties on Japanese steel imports.

Aug. 13, 2000: Okinawan government, Nago government, and Japanese government formally inaugurate tripartite committee to choose the construction method for the Futenma replacement facility.

Aug. 27, 2000: In a *Washington Post* article, Commerce Secretary Norman Mineta warns of U.S. sanctions against Japan if whale harvesting isn't stopped.

Aug. 28, 2000: U.S. Government boycotts Kitakyushu UN environmental meeting to protest Japanese whaling.

Aug. 28, 2000: Liberal Democratic Party secretary-general Nonaka accuses Japanese Foreign Ministry of "kowtowing" to the U.S.

Sept. 11, 2000: U.S.-Japan Security Consultative Committee Meeting in New York, involving both sides Foreign and Defense Ministers, the first "Two Plus Two" meeting in over two years. Progress is announced on Japanese funding for U.S. bases and joint planning and coordination.

Sept. 12, 2000: Secretary Albright and Foreign Minister Kono sign host nation support agreement.

Sept. 12, 2000: Japanese Defense Minister Torashima meets with Defense Secretary Cohen at the Pentagon.

Sept. 13, 2000: U.S. Government hits Japan with a ban on fishing in U.S. waters in retaliation for Japanese whaling

Sept. 22, 2000: Secretary of Defense Cohen in Japan.

Sept. 22, 2000: A California judge dismisses suits filed by U.S. prisoners of war against Japanese corporations, stating that the 1951 U.S.-Japan Treaty settled reparations.

U.S.-China Relations:

Clinton and Jiang Hail PNTR passage, but Agree on Little Else

**by Bonnie S. Glaser,
Consultant on Asian Affairs**

The 20-year old practice of annually reviewing China's trade status came to an end with the U.S. Senate's passage of Permanent Normal Trade Relations (PNTR) for China, paving the way for China's entry into the World Trade Organization and boosting Sino-U.S. economic ties. Presidents Clinton and Jiang met in New York at the UN Millennium Summit and reviewed the course of their bilateral relationship during Clinton's two terms in office. As usual, they were at odds on many issues, including human rights and religious freedom in China, Taiwan, and U.S. missile defense programs. U.S.-Chinese defense ties advanced with Defense Secretary Cohen's visit to China, where he concentrated on engaging in strategic dialogue with Chinese military and civilian leaders. Sino-U.S. talks on arms control and non-proliferation resumed after a 14 month hiatus, but the two sides failed to narrow their differences on missile proliferation. Beijing closely followed the U.S. presidential campaign and began to get jittery over the upcoming elections.

Senate Votes PNTR for China

The passage by the U.S. Senate of permanent normal trading privileges for China on September 19 marked the crowning achievement of President Clinton's policy toward Beijing. The 83-15 vote, coupled with the House's approval last May, ends the annual congressional review of China's trade status, which opponents of PNTR maintained was essential to compel the Chinese government to improve its record on human rights, religious freedom, and non-proliferation. In a statement following the vote, President Clinton hailed the outcome as a victory, not just for American businesses and consumers who will benefit from the opening of Chinese markets and the lower of tariff barriers on U.S. exports to China, but also for "those within China who fight for higher labor standards, a cleaner environment, human rights, and the rule of law." Clinton maintained that greater competition and the spread of the information revolution in China would accelerate the demise of China's huge and inefficient state-owned enterprises and bolster the expanding private sector, which, in turn, would "liberate the potential" of the Chinese people.

Amendments to the trade bill calling for China to improve human rights, religious freedom, labor standards, and non-proliferation practices were defeated by large margins,

even though the issues they raised were supported by many senators. In the end, the vast majority feared that further delaying the legislation could jeopardize the bill's passage, which most believed to be in the best interests of the United States. A decision to not provide PNTR to China would not have prevented China from joining the World Trade Organization (WTO), but would have left Beijing with the option of withholding some trade benefits from the United States that it extends to other members of the global trading group. Even the amendment sponsored by Senators Thompson and Torricelli to impose harsh sanctions on Chinese companies that sell nuclear, chemical, and biological weapons and long-range missiles was defeated 65-32 despite widespread congressional concern about Chinese assistance to weapons of mass destruction programs in Iran and Pakistan.

Chinese officials expressed their gratitude for the Senate vote and declared the decision a victory for Sino-U.S. relations. The spokesman of China's Ministry of Foreign Trade and Economic Cooperation (MOFTEC) said that China "appreciates the great efforts made by American people of vision from the Democratic Party and the Republican Party as well as people of all circles concerned." A spokesman from the Chinese Foreign Ministry voiced Beijing's hope that the bill's passage would represent "a new starting point" for U.S.-Chinese ties. There were signs, however, that the Chinese were disgruntled by the Clinton administration's pitch that promoting economic freedom would advance individual political liberties in China. An editorial in a pro-Beijing newspaper published in Hong Kong portrayed U.S. policy on the PNTR issue as evidence that the "fundamental goal" of Washington's China policy is to "transform China according to the U.S. standards" and "make China a 'partner' that would not challenge the United States." The editorial maintained that "through the prism of the PNTR, China's understanding of the United States has surely advanced by a big step."

Clinton-Jiang New York Summit

Just ten days prior to the Senate vote on PNTR, Presidents Clinton and Jiang met on the fringes of the United Nations Millennium Summit in New York. By all accounts, no breakthroughs were expected and none was achieved. According to a senior U.S. official who provided a background briefing on their talks, the topics the presidents touched on included cross-Strait relations, missile proliferation, PNTR and China's entry into the WTO, Tibet, religious freedom in China, Korea and the North-South summit, and an overall review of U.S.-China relations during Clinton's two-term tenure in office. In official parlance, the two leaders had a "back and forth, frank and friendly discussion of issues." On some issues where sharp differences exist, however, their exchange was without doubt quite prickly.

In the discussion of religion, for example, President Clinton expressed concern about restrictions on the practice of religion in China, suggesting that greater religious freedom would be beneficial to the Chinese people. President Jiang Zemin apparently launched into a historical review of the arrival of various religions in China, emphasizing that Christianity was accompanied by imperialist foreign incursions. The two presidents also differed in their perspectives on the protection of culture, language, and religion in Tibet

and the safeguarding of human rights in China, with Jiang focusing on China's progress in those areas and Clinton insisting that repression of religion and human rights violations in China remain serious problems. In the area of non-proliferation, President Clinton urged Jiang to curb China's exports of missiles and missile technology, especially to Iran and Pakistan. Jiang asserted that Beijing is adhering to its commitment to abide by the Missile Technology Control Regime (MTCR).

On the sensitive subject of Taiwan, Clinton indicated concern that the window of opportunity created by the election of a new leader in Taiwan who has assiduously avoided confrontation with China may be closing, due to growing pressure on Chen Shui-bian from his domestic political constituencies. He urged Jiang to restart the cross-Strait dialogue or risk a hardening of positions on both sides that could make future talks more difficult to arrange or conclude. To the dismay of U.S. officials, a Chinese foreign ministry spokesman declared that Clinton had criticized Taiwan's president for "retrogression," suggesting that the two presidents had agreed that Taipei's intransigence was the major obstacle to the improvement of cross-Strait relations.

Jiang and Clinton also discussed the contentious issue of U.S. plans to build a national missile defense system (NMD). Jiang Zemin expressed opposition to the U.S. deployment of NMD, holding that it would trigger a new arms race and have an adverse impact on world peace and development. Clinton asserted that a missile threat does indeed exist and is growing, and stressed that it is essential to be prepared. He also stated, however, that the question of building NMD will be left to the next U.S. president to decide and he promised that he would encourage his successor to continue to hold a dialogue with China and other countries on this question. Clinton also urged Jiang to plan for the probability that a national missile defense system would be put in place in the future.

While in New York, Jiang delivered a luncheon address to top business executives and foreign affairs experts in which he sought to portray China as eagerly joining the information revolution and actively protecting the rights of its citizens. "There are over 16 million netizens, more than 27,000 worldwide web sites, over 70,000 Chinese domain names, and 61 million mobile phones in China," he said in a speech delivered entirely in English. Jiang insisted that more than 100 million people are religious believers in China and promised that "no state agencies, social groups, or individuals shall force citizens to believe in or not to believe in a religion." To facilitate the development of U.S.-China relations in the future, the Chinese leader prescribed efforts to "get a better understanding of each other, in terms of the country and the people." He maintained that China is making an effort to "know the U.S. better," and urged the United States to do likewise.

Military Ties Advance with Cohen Visit

In mid-July, William Cohen made what will likely be his final visit to China as secretary of defense in the Clinton administration. The visit was billed as having three main objectives: to promote U.S.-Chinese military ties as part of the overall bilateral relationship; to conduct high-level policy dialogue on a broad range of global, regional, and bilateral issues; and to improve the lines of communication between the U.S. and Chinese leaderships. In contrast with Secretary Cohen's previous visits, he did not tour

any Chinese military installations, in part because the People's Liberation Army (PLA) did not propose a visit to any previously unseen facility that would have provided an opportunity to display greater Chinese transparency.

In his talks with Chinese leaders, Secretary Cohen discussed a wide range of security issues, with Taiwan as a major focus. PRC Defense Minister Chi Haotian reaffirmed Beijing's position that it would not relinquish its sovereign right to use force against the island, but distinguished between retaining the option to use force and the intention to attack. Cohen's entourage found that interpretation reassuring, even as Chi insisted that the deployment of short-range ballistic missiles against Taiwan was "entirely China's own business" and charged that U.S. estimates of Chinese missile deployments were exaggerated. Chi and other Chinese leaders also demanded an end to U.S. arms sales to Taiwan. Cohen, in turn, urged the Chinese to reduce the missile threat to Taiwan, which would ease pressures on the U.S. to provide additional defense equipment to Taipei.

Discussion during Cohen's visit of the dangers of global missile proliferation and U.S. plans to build a national missile defense system failed to narrow differences between the two sides. The Chinese reiterated their worries about the destabilizing global impact of NMD and remained unconvinced that the NMD program was aimed at coping with emerging threats from states of concern such as North Korea and not at China. Cohen's visit was to some extent marred by the announcement of Israel's decision to cancel a \$250 million deal with China for a Phalcon Airborne Warning and Control System (AWACS) in response to strong U.S. pressure. President Jiang raised the issue in his meeting with Cohen, criticizing U.S. interference in China's bilateral relations with other countries.

On the positive side of the ledger, Cohen and Chi signed a formal agreement to promote cooperation between the U.S. and Chinese militaries in activities relating to the environment. The pact calls for exchanges of information on environmental protection research and development, with details to be worked out at a future date. Reciprocal ship visits were also announced which took place in August with the docking of the Navy guided-missile cruiser USS Chancellorsville in Qingdao followed by a visit to Hawaii and Seattle by a Chinese missile destroyer in September.

Cohen also made some progress in persuading the Chinese to increase their participation in multilateral regional activities. Beijing agreed to send military officers to join programs at the Asia-Pacific Center for Security Studies in Hawaii and indicated its willingness to cooperate on several humanitarian initiatives. Armed with the hope that Beijing would favorably consider participating in an Asia Pacific multilateral military exercise, Cohen proposed joint training drills in September in an interview on a flight to Seoul, one of six stops on an Asian tour. The Chinese rebuffed the initiative, however, reiterating their position that alliances are a Cold War "relic." "Strengthening military alliances and engaging in joint military exercises are not conducive to promoting peace and stability in the Asia Pacific region," a Chinese Foreign Ministry spokesman told a press conference.

Apart from formal meetings with Chinese leaders, Cohen also delivered a speech at China's National Defense University (NDU) and visited the Shanghai Stock exchange.

At NDU, he appealed to a group of PLA officers to reconsider their characterization of the U.S. as a country determined to dominate the world and to contain China, which he contended was false. Addressing the subject of remaining sanctions on China that were imposed after the 1989 Tiananmen Square massacre, Cohen stated that arms sales bans and other sanctions “could be eased or lifted to the extent that progress is made toward extending human rights in China.”

Talks Resume on Arms Control and Non-Proliferation

Fourteen months after China suspended dialogue with the U.S. on arms control and non-proliferation matters, John Holum, the State Department’s undersecretary for international security affairs, arrived in Beijing in early July to address a growing list of American concerns. Chinese ongoing assistance to Pakistan’s missile program topped the agenda. In the months prior to Holum’s visit, pressure on the administration from Congress to halt China’s aid to Pakistan and other countries or impose sanctions had increased as evidence of Beijing’s illicit activities mounted. U.S. intelligence reports leaked to the press cited Chinese supplies of weapons-grade steel and missile guidance systems as well as provision of technical advice to Pakistan. A series of classified briefings on Chinese aid to Pakistan’s effort to build long-range missiles that could carry nuclear warheads was held, including a session just days prior to Holum’s departure for China, further sounding the alarm on the issue of Chinese proliferation.

Holum sought to gain commitments from Chinese leaders to strengthen monitoring of its exports of missile and nuclear technologies. He also hoped to persuade Beijing to agree to extend its commitment to not export MTCR-class missiles to cover missile components and technologies. Jiang Zemin had promised President Clinton at their 1998 summit that China would “actively consider” joining MTCR, but Beijing’s interest in cooperation with Washington on missile proliferation waned considerably in the aftermath of the accidental bombing of the Chinese embassy in Belgrade in May 1999. U.S. announcement of its intention to build national and theater missile defense systems in January last year also increased resistance in China to concede to U.S. demands.

Following lengthy discussions with Chinese negotiators led by Vice Foreign Minister Wang Guangya and a separate meeting with Lt. Gen. Xiong Guangkai, deputy chief of the PLA general staff, Holum gave a press briefing in which he noted that “detailed, substantive discussions” had been held on the missile issue and asserted that progress had been made. Nevertheless, he admitted that “the issue remains unresolved,” adding that the two sides agreed to hold further expert level talks in the near future. The lack of progress was underscored by a Chinese Foreign Ministry spokesman statement that insisted reports of continuing Chinese assistance to Pakistan are “unfounded.” Holum maintained that the Clinton administration and the Chinese government concur that the two sides share an interest in stemming the proliferation of weapons of mass destruction and their means of delivery and would continue to work on narrowing their differences on the best means of achieving that common goal. In mid-September, at the close of a two-day track two U.S.-China bilateral conference on arms control, disarmament, and non-proliferation, Assistant Secretary of State Robert Einhorn and Sha Zukang, the head of the Chinese Foreign Ministry’s arms control department, held another round of

consultations on nonproliferation of weapons of mass destruction, but neither side revealed the outcome of their discussions.

Holum's talks with Chinese officials also covered the growing global threat posed by progress in several countries' long-range ballistic missiles programs, most notably North Korea. He presented the U.S. case for building a national missile defense shield and developing theater missile defense (TMD) systems for protecting forward-deployed American troops. The Chinese expressed serious concerns about both U.S. NMD and TMD programs both publicly and privately. Chinese Premier Zhu Rongji declared in a press conference in Rome just days prior to Holum's arrival in Beijing that China was "categorically opposed to the TMD system, claiming that such a system "would aim to put Taiwan in a sphere of protection" which "would be blatant interference in Chinese affairs." Undeterred by Chinese criticism of U.S. policy, Holum bluntly told reporters following his meetings in Beijing that the U.S. does not "rule out the possibility that some time in the future Taiwan may have TMD capabilities."

President Clinton's September 1 announcement that a decision on deployment of an NMD system would be deferred to the next U.S. administration was subsequently well received by Beijing. China's Foreign Ministry spokesman termed the U.S. decision "wise," and expressed China's hope that Washington would hold more discussions with other countries on the matter "so as to make a decision which will accord with the fundamental interests of countries and peoples all over the world." In Geneva, however, Chinese Ambassador Hu Xiaodi cautioned delegates at the 66 nation Conference on Disarmament that Clinton's decision did not mean that the U.S. had abandoned its plan and warned of "the grave consequences of its development and deployment." Hu dismissed the argument that an NMD system is necessary to defend against emerging missile threats from certain "countries of concern," saying that those countries "are simply not in a position to pose any military threat in the foreseeable future to the militarily most powerful country in the world, given [its] military capacity and technology, or [its] overall national strength."

In another attempt to rally other countries to attack the U.S. NMD plan, Chinese Foreign Minister Tang Jiaxuan addressed the issue at length in a speech to the UN General Assembly on September 15. Claiming that the plans for a missile shield were "aimed at seeking unilateral military and strategic supremacy and thus a typical example of the Cold War mentality," Tang warned that the system "will only bring serious negative consequences to the security of the whole world" and asked the UN to "take necessary measures to stop this dangerous development."

What Comes Next?

In the final months of the Clinton administration, neither Beijing nor Washington expects major breakthroughs in their bilateral relationship. Seeking further cooperation from China on urgent proliferation matters will no doubt remain high on the U.S. agenda. Finalizing China's entry into the WTO will be accorded considerable attention by both sides. The two presidents will meet yet one more time at the Asia Pacific Economic Cooperation (APEC) Leaders' Meeting in November in Brunei.

As the U.S. presidential campaign enters the final stretch, China is getting jittery about the upcoming election and possible changes in U.S. policy next year. The Chinese clearly prefer Democratic candidate Albert Gore because they anticipate relative policy continuity and more accommodating policies toward China under a Gore administration. George W. Bush's characterization of China as a "strategic competitor" of the United States rather than a strategic partner has unnerved Beijing. Bush's unbending commitment to building a "robust" national missile defense system is another source of concern. China also worries that a Bush administration would sell more weapons to Taiwan, including Aegis-equipped destroyers, and further enhance Taiwan's missile defense capabilities.

No matter who is elected the next U.S. president, Sino-American relations are likely to face old as well as new challenges. Disputes over human rights, religious freedom, and proliferation will continue to plague the relationship. After China becomes a full WTO member, new problems will likely arise in the implementation phase of China's WTO agreements. U.S. decisions on national and theater missile defense programs will increase Chinese suspicions of U.S. global strategic objectives and intentions toward China and provoke negative responses from Beijing, both diplomatically and militarily. Chances are better than even that tensions will flare in the Taiwan Strait as Beijing becomes increasingly impatient about Chen Shui-bian's unwillingness to endorse the existence of only "one China." Finally, preparations for China's leadership succession in 2002 will intensify internal political rivalry and have an uncertain impact on Chinese foreign policy and its approach to dealing with the United States.

Chronology of U.S.-China Relations July-September 2000

July 7-8, 2000: U.S. State Department's senior arms control adviser John Holum holds two days of talks with Chinese negotiators led by Vice Foreign Minister Wang Guangya on arms control and non-proliferation.

July 11-14, 2000: Secretary of Defense Cohen visits Beijing and Shanghai.

July 28, 2000: Chinese Foreign Minister Tang Jiaxuan meets with U.S. Secretary of State Madeleine Albright in Bangkok on the sidelines of the seventh ASEAN Regional Forum.

July 31-Aug. 5, 2000: Commander in Chief, U.S. Pacific Fleet, Adm. Thomas B. Fargo visits Beijing and Qingdao as a guest of Adm. Ding Guige, the deputy commander of the PLA Navy's Northern Fleet.

Aug. 2-5, 2000: The Navy guided-missile cruiser USS Chancellorsville makes a ship visit in Qingdao.

Aug. 13, 2000: Taiwan President Chen Shui-bian makes a transit stop in Los Angeles on his way to Central America. China protests the transit as violating the three Sino-U.S. communique and as sending the wrong signal to Taiwan independence and separatist forces.

Aug. 17, 2000: General Xiong Guangkai, deputy chief of the General Staff of the Chinese People's Liberation Army, meets a capstone delegation of the U.S. National Defense University led by General Sennewald (retired), former commander of U.S. Forces in Korea.

Aug. 18-Sept. 1, 2000: A delegation from China's Academy of Military Sciences tours the U.S., with stops at military bases, schools, and the Pentagon.

Aug. 26, 2000: Twenty-five senior Chinese military officers arrive at the John F. Kennedy School of Government for a two-week training course. This is the third group of colonels to attend Harvard as part of its "China Initiative."

Aug. 27, 2000: A delegation consisting of seven top leaders of Buddhism, Taoism, Islam, Catholicism, and Christianity in China concludes a goodwill visit to the United States with stops in Los Angeles and Washington, D.C.

Aug. 30, 2000: Li Peng, chairman of the National People's Congress Standing Committee, delivers a speech at the Millennium Conference of Presiding Officers of National Parliaments in New York.

Sept. 2, 2000: China's foreign ministry spokesman welcomes President Clinton's September 1 announcement that a decision on deployment of an NMD system would be postponed until the next U.S. administration.

Sept. 4, 2000: A Chinese missile destroyer and supply ship arrive at Pearl Harbor for a four-day visit followed by several days in Seattle. The Chinese flotilla is led by Rear Admiral Lu Fangqiu, chief of staff of the North Sea Fleet of the PLA Navy.

Sept. 6, 2000: President Jiang Zemin delivers a speech at the UN Millennium summit.

Sept. 8, 2000: Presidents Clinton and Jiang meet in New York and hold an in-depth exchange of views on Sino-U.S. relations and on major international and regional issues of common concern. Jiang also gives a luncheon address to American top business executives and leading foreign affairs experts.

Sept. 15, 2000: At the close of a two-day Track II U.S.-China bilateral conference on arms control, disarmament, and non-proliferation, Assistant Secretary of State Robert Einhorn and Sha Zukang, the head of the Chinese Foreign Ministry's arms control department, hold a round of talks on nonproliferation of weapons of mass destruction.

Sept. 19, 2000: U.S. Defense Secretary William Cohen proposes that the U.S., PRC, and Japan hold multilateral military drills as a means to ensure greater stability in the Asia-Pacific region.

Sept. 19, 2000: By a vote of 83-15, the U.S. Senate overwhelmingly passes the bill providing Permanent Normal Trade Relations (PNTR) to China.

U.S.-Korea Relations:

Military Ties Remain Vital despite North-South Thaw

by Stephen Noerper,
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Following the historic June summit between South Korean President Kim Dae-jung and North Korean leader Kim Jong-il, both Seoul and Pyongyang sought to further advance and solidify international support for gradual integration. The United States offered early and frequent support for ongoing inter-Korean rapprochement, but the rapid progress in talks between the two Koreas left some U.S. strategists seeking to catch up to Seoul's advances. The quarter had bookends of U.S. Defense Secretary Cohen underscoring the importance of a continued U.S. troop presence and calling for added vigilance against North Korean military activity. Both U.S. and ROK strategists called for a renewed and improved alliance that takes into account the thaw on the Korean Peninsula.

U.S.-ROK Defense Relations

Some issues in U.S. and South Korean defense relations remain contentious, with the Nogunri investigations, accusations surrounding testing at the Koonni firing range, and allegations of U.S. military toxic chemical dumping in the Han River reflecting ongoing challenges. On a more positive note, the United States progressed in its discussions with South Korea on the latter's missile capability, with agreement in principle to a range of no greater than 300 km. In addition, an easing of U.S. reluctance on revisions to the Status of Forces Agreement (SOFA) in exchange for confinement guarantees reflected forward progress on that issue of recent contention. Nonetheless, the U.S. military command warned in early July of local anti-American "strike squads" targeting U.S. military personnel and urged caution. Summer protests in both in South Korea and Okinawa (which surrounded the G-8 Summit and peaked with some 7,000 residents protesting) reflect the type and tenor of lingering resentment over sustained U.S. troop presence in the region.

In an attempt to counter this sentiment, ROK President Kim Dae-jung spoke repeatedly of the need for a continued U.S. presence on the Peninsula and warned visiting Defense Secretary Cohen of the danger of a power vacuum in the region were forces to withdraw. Several reports indicated that North Korean leader Kim Jong-il publicly has agreed with the South Korean president, calling into question the long-term stumbling block surrounding DPRK objections to a continued U.S. troop presence. Although North Korea indicated as early as the late 1970s and in private sessions since the early 1990s that some

semblance of U.S. presence might remain, this quarter's reports go furthest in substantiating a receptiveness at the highest levels in Pyongyang to a continued U.S. presence. Interestingly, the *Beijing Review* acknowledged the apparent shift in the DPRK's receptivity on the issue, even as China's *People's Liberation Army Daily* decried the U.S. troop presence as the biggest obstacle to unification. Meanwhile, on September 27, the DPRK's *Rodung Shinmun* once again called for the withdrawal of U.S. forces in Korea, demonstrating that the DPRK remains as inconsistent and enigmatic as ever in its poorly conveyed foreign policy.

Dealing with the DPRK

U.S. missile talks with North Korea took place in early July amidst a "promising backdrop," according to one observer, but stalled over U.S. refusal to pay North Korea to curtail missile testing. The talks were linked for the first time to nuclear and state terrorism list issues in late September. North Korea badly wants removal from the U.S. list of state sponsors of terrorism, in no small part to secure investments necessary for improvement of the North Korean economy. The U.S. has made clear the steps the DPRK must take to be removed from the list, but North Korea has yet to comply. On a more positive note, the DPRK assisted the U.S. in the return of 14 sets of American Korean War remains.

Reports of continued economic challenges and projections of stark food shortages continued, with Pyongyang officially acknowledging in late September a significant grain shortfall given drought and typhoon damage. The UN Food Agriculture Organization and World Food Program (WFP) underscored the projected need, with the WFP head calling for \$100 million in international aid. South Korea's *Chosun Ilbo* reported a doubling of North Korean defectors in the first half of 2000 to 115. The ROK sought to simulate inter-Korean economic investment, with Hyundai's commitment to the West Coast industrial complex an example, and called upon Japan and others to increase needed food assistance. South Korea's ruling Millennium Democratic Party also announced the creation of a 470 billion won Inter-Korean Economic Cooperation Fund.

In need of expanded economic assistance, North Korea, buoyed by its formal acceptance and positive reception in the ASEAN Regional Forum (ARF), announced an interest in the World Trade Organization, Asia Pacific Economic Cooperation (APEC), ASEAN Free Trade Area (AFTA), ASEAN Plus Three, and Asia-Europe Meetings (ASEM). World Bank President James Wolfensohn announced that institution's willingness to "stand ready to support inter-Korean economic cooperation" where possible. North Korea demurred, however, on invitations to attend the general meetings of the International Monetary Fund and International Bank for Reconstruction and Development.

The July ARF meeting in Bangkok afforded historic meetings between U.S. Secretary of State Albright and DPRK Foreign Minister Paek Nam-sun, as well as between Paek and South Korean Foreign Minister Lee Jong-binn. Albright declared the highest meeting to date between U.S. and DPRK officials "substantially modest, but a symbolically historic

step.” U.S. Deputy Secretary of State Talbott applauded the forward progress in bilateral ties between North Korea and many of the nations present at the meeting.

Elsewhere, the G-8 refrained from placing the North Korea missile issue on the agenda and similarly lauded the thaw in inter-Korean relations. Russian President Putin captured headlines at the event with suggestions that the DPRK might be willing to trade-off its satellite launch program (i.e. its testing of long-range missiles) in exchange for assistance with space launches--a point later contested but not dismissed outright.

The U.S. seemed to accept and perhaps even welcome positive Russian involvement in Korean Peninsula affairs. Reflecting renewed Russian interest in the region, Putin visited Pyongyang July 19-21. In August, Russia and the DPRK signed a cooperative treaty, and reports surfaced of a possible autumn visit by North Korean leader Kim Jong-il to Vladivostock. Reflecting an evolution of U.S. dialogue with its allies in the region and a willingness to include Russia more closely in discussions, U.S. Ambassador to South Korea Stephen Bosworth expressed a willingness to expand the four-party talks process to a six-nation arrangement, to include Russia and Japan. However, he did underscore the primacy of inter-Korean dialogue. Similarly, the September 1 meeting of the Trilateral Oversight and Coordination Group (TCOG) was predated with a visit by U.S. Ambassador Wendy Sherman to Russia for consultation with senior leaders on DPRK issues.

Assessing the North Korea Threat

In September, Defense Secretary Cohen and Japanese Defense Agency Director General Torashima agreed to a consultative body to improve joint defense capabilities, particularly relative to North Korea. To that end, the U.S. military command in South Korea released a report titled “North Korean Threat,” describing an “unusually active year” for DPRK forces. Ambassador Bosworth cautioned that the North Korean military threat has not diminished despite the thaw.

The Foreign and Defense Ministers of the United States and Japan similarly stated in September that they must solidify defenses to guard against DPRK aggression. Cohen described North Korea’s warming as “encouraging signs but just steps.” U.S. and ROK defense chiefs called for “substantial measures” on the part of the DPRK toward reducing tensions. To that end, the historic late-September meeting of the ROK and DPRK defense ministers led to reports of a common commitment to reconciliation and a basic understanding of military roles. The two agreed to the clearing of landmines and the need to reconnect a rail link through the DMZ, and South Korea repeated its desire for a military hotline and committee on military cooperation.

Nonetheless, both sides continued military build-ups despite the thaw. The U.S. Department of Defense released a report September 22 to the House and Senate Armed Services Committees on DPRK military improvements. Meanwhile, *Aviation Week and Space Technology* noted on September 18 that the ROK is sustaining a large military procurement program despite the easing of inter-Korean tensions.

The more cautious tone of U.S. and Japanese strategists toward the end of the quarter may reflect emphasis on continued deterrence, the continued strength of the military-industrial complex on the Peninsula, and/or more conservative readings than South Korea's. Reports surfaced that U.S. State and Defense intelligence analysts were at odds on the reading of the North Korean threat, with the State Department cautioning that Defense Intelligence Agency estimates were far too pessimistic. The emotive dynamism of the August family reunions, senior official and unofficial inter-Korean contacts, the proposed relinking of the railway, and North and South Koreans marching under a single flag at the Sydney 2000 Olympics constitute a most dramatic story of positive change in the region. The United States must avoid appearing to lag behind or in any way be obstructionist toward the broader process of reconciliation and gradual integration.

Chronology of U.S.-Korea Relations

July-September 2000

July 1, 2000: DPRK renews threat to restart nuclear reactors without U.S. compensation for energy losses.

July 1, 2000: Defense Secretary Cohen states U.S. troops need to remain on the Peninsula.

July 10-12, 2000: U.S.-DPRK engage in missile negotiations, which end in stalemate.

July 12, 2000: *South China Morning Post* reports DPRK Leader Kim Jong-il wants normalized relations with U.S.

July 14, 2000: U.S. Representative Gilman introduces legislation to reintroduce economic sanctions on DPRK if it tests or proliferates missiles or missile technology.

July 14, 2000: Assistant Secretary of State Robert Einhorn meets informally with South Korean foreign ministry officials to discuss the ROK's entry to the Missile Technology Control Regime.

July 17, 2000: U.S. agrees "in principle" to ROK 300 km range missile.

July 18, 2000: On-site forensic work begins at Nogunri, site of alleged U.S. Korean War massacres.

July 27, 2000: DPRK formally joins the ASEAN Regional Forum (ARF).

July 27-29, 2000: Senior inter-Korean talks occur in Seoul.

July 28, 2000: U.S. Secretary of State Albright meets DPRK Foreign Minister Paek Nam-sun in Bangkok, the highest diplomatic contact in the history of both nations.

Aug. 2-3, 2000: U.S. and ROK engage in Status of Forces Agreement (SOFA) talks.

Aug. 9-10, 2000: U.S. and DPRK engage in talks on DPRK removal from U.S. list of state sponsors of terrorism.

Aug. 14, 2000: DPRK leader Kim Jong-il acknowledges missile sales to Iran and Syria.

Aug. 15-18, 2000: Historic family reunions occur between selected North and South Koreans divided families.

Aug. 18, 2000: ROK releases initial report, indicating at least 175 Nogunri victims.

Aug. 19, 2000: DPRK returns 14 sets of possible U.S. Korean War remains.

Aug. 21, 2000: ROK scales back 12-day exercise with U.S. troops.

Aug. 28-29, 2000: U.S. Ambassador Wendy Sherman leads consultations with senior Russian officials on DPRK issues.

Sept. 1, 2000: U.S.-ROK-Japan Trilateral Commission and Oversight Group meets in Seoul and is led by Ambassador Sherman, Japan Deputy Foreign Minister Yukio, and ROK Deputy Foreign Minister Jang.

Sept. 5, 2000: American Airlines Frankfurt security checks lead DPRK UN Millennium Summit delegation to return to Pyongyang in protest.

Sept. 6-8, 2000: United Nations Millennium Summit supports inter-Korean summit; ROK President Kim Dae-jung hails “miracle” of rapprochement and meets with U.S., PRC, and Russian leaders.

Sept. 11, 2000: DPRK Asia-Pacific Peace Committee leader Kim Young-sun leads delegation to Seoul.

Sept. 15, 2000: ROK and DPRK athletes march in Sydney 2000 Olympic opening ceremonies under unification flag.

Sept. 18, 2000: U.S. announces late September talks with DPRK to discuss nuclear, missile, and state terrorism list issues in tandem.

Sept. 18, 2000: Assistant Secretary Einhorn holds missile talks with Song Min-soon, director general of the ROK Foreign Ministry’s North American affairs.

Sept. 18, 2000: *Aviation Week and Space Technology* reports that the ROK is sustaining a large military procurement despite inter-Korean advances.

Sept. 20, 2000: ROK and U.S. reaffirm security alliance at Security Consultative Meeting.

Sept. 20, 2000: Inter-Korean Red Cross talks begin.

Sept. 21, 2000: U.S. Defense Secretary Cohen and ROK Defense Minister Cho Sung-tae meet and call on DPRK for “substantial measures” to reduce tensions.

Sept. 22, 2000: U.S. Department of Defense releases a report on DPRK military improvements.

Sept. 25, 2000: Historic meeting of ROK Defense Minister Cho Sung-tae and DPRK Defense Minister Kim Il-chul takes place in Cheju, South Korea.

Sept. 25, 2000: Pyongyang announces 1.4 ton grain loss due to drought and typhoons.

Sept. 27, 2000: DRPK’s *Rodung Shinmun* calls for withdrawal of U.S. forces in Korea.

U.S.-Russia Relations: The Perils of Putin

by Toby Trister Gati,*
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Diplomatically and on the negotiating front, the U.S.-Russia relationship is essentially in limbo. Russia is waiting for the clock to run out on the Clinton administration and is positioning itself for whatever U.S. administration follows. U.S. policymakers, burned by the failure of reforms and reluctant to make any moves during an election, are busy deflecting domestic criticism of Democratic presidential candidate Al Gore's handling of the Russia portfolio in the partisan Cox Commission Report. At the same time, Russia is pursuing an active foreign policy strategy of its own, reinvigorating old relationships with former clients such as Iraq and North Korea, and establishing "strategic partnerships" with nations such as China and India to counter the U.S.-dominated one superpower world.

Domestically, the past is quickly catching up with the present. In a few short months, the tenuous gains made by Russia's fragile democracy during the past ten years have been shaken and seriously weakened by policies intended to strengthen the state and the occupants of the Kremlin as the sole proprietors of power and information in Russia. While the influence of the opposition parties contracts, the battle between the Kremlin and the media intensifies, creating an atmosphere inhospitable to the free flow of ideas. Perhaps even more ominous for Russia's future, the long-term effects of the Soviet hangover--the disintegration of the aging infrastructure on land and sea, a health care crisis, shrinking population, increasing drug and alcohol abuse, and sporadic violence--are raising fears among Russian leaders and citizens of an impending cataclysm. Abroad, these trends are accentuating Russia's decline in the eyes of the world.

President Putin's efforts to strengthen the state may cause him to act in the only way his background and upbringing permit him, with no larger vision of the purposes to which enhanced state power might be used or misused. Or it may be that Russia's path will prove to be much closer to a Chinese, rather than Western, model--one that retains and strengthens the elements of a market economy, while destroying or controlling any power, political or economic, that represents a potential threat to the state.

U.S. –Russia Relations on Hold

Relations between the U.S. and Russia are on hold, in large part due to the U.S. presidential campaign and an understandable reluctance to enter into any major decisions or agreements with the outgoing administration. This has already affected Russia's willingness to negotiate on the key issue of ballistic missile defense, but it has also impacted other arms control discussions, as well as cooperation with NATO.

The Clinton administration, meanwhile, has been on the defensive over Russia policy for much of the past year. On September 22, the Cox Commission released its report, *Russia's Road to Corruption: How the Clinton Administration Exported Government Instead of Free Enterprise and Failed the Russian People*, which accuses a "troika" of Clinton administration officials, Vice President Al Gore, Deputy Secretary of State Strobe Talbott, and Treasury Secretary Lawrence Summers, of implementing policies that fostered corruption and criminality and retarded Russia's free market and democratic development. In the Commission's view, Clinton Administration policies also damaged U.S. national security by not doing enough to secure Russia's nuclear arsenal. The report, issued only by Republican members of the House in the heat of the U.S. presidential campaigns, has been strongly criticized for exaggerating U.S. responsibility for Russia's problems and for underestimating the true difficulty of Russia's transition.

Today, much like in the mid-eighties, the bilateral relationship is focused on strategic issues. Although programs providing economic assistance, democratization, and technical assistance continue at reduced levels, they have taken a backseat, at least temporarily, to foreign policy and strategic issues in discussions between Moscow and Washington. Indeed, the record of the past ten years of Russian reform and the dramatic change in the global economy have challenged many of the initial assumptions about Russia's transformation and the U.S. ability to influence it. Moscow is no longer asking for U.S. advice or economic help, and Washington is unsure of what kind of help it could or should provide. The incoming U.S. President, whoever he may be, thus confronts a Russia dramatically different from the one that the Clinton administration faced in 1993; U.S.-Russia relations will have to adjust accordingly.

This daunting task is made ever the more complicated by a newly assertive Russian foreign policy in areas of its traditional interest, such as Iraq, Iran, North Korea, and Libya, and a new diplomatic initiative towards China and India. Russia's neighbors, the states of the former Soviet Union, are perhaps the most concerned over Russia's new posture.

Indeed, the actions of the new Russian administration at home and abroad have raised many new questions about Russia's future direction or role in the world. For instance, in advance of the G-8 Summit in July, President Putin made the first visit by a Russian head of state to North Korea since the fall of the Soviet Union. Putin sought to portray himself as a global statesman by injecting himself into the North-South Korea reconciliation process, displaying Russia's might in its traditional sphere of interest, and, most importantly, undercutting U.S. rationale for a ballistic missile defense program by

seeking a compromise from North Korea on its missile development program. To the private aggravation of U.S. policymakers, President Putin arrived in Okinawa with a compromise proposal in hand and trumpeted this achievement in front of the world's cameras. (This "triumph" was somewhat short-lived, however, as Kim Jong-il subsequently downplayed the seriousness of his proposal.)

Political grandstanding has not prevented U.S.-Russian discussions on important issues; or will a presidential campaign keep the U.S. from trying to influence Russian politics. President Clinton's comments on free speech to President Putin at the G-8 Summit almost certainly played a key role in allowing media chief (and Putin antagonist) Vladimir Gusinsky to leave the country, proving that high-level discussions can still bear fruit. Additionally, U.S. efforts to involve Russia in seeking a peaceful outcome to the post-election crisis in Serbia, an area of traditional Russian leverage, are likely to continue.

An area that the U.S. or other western countries have little influence in, however, is the ongoing war in Chechnya. The war has turned into what many feared it would, a protracted hit-and-run guerrilla war in the mountains. While Russian authorities continue to downplay the forces of the rebels and blame other nations, especially Afghanistan's Taliban rulers, for supporting the guerrillas, Russian soldiers continue to die in ambushes. There is still a tremendous refugee problem, which will be exacerbated by the coming winter in the Caucasus. Since Moscow has installed its own government in Grozny, there is scant chance of a political solution anytime soon. While the war has disappeared from world headlines, at home the Russian public may be growing uneasy with the government's failure to bring their boys home. In a recent poll conducted by the Public Opinion Foundation, 43 percent of Russians characterized the current actions in Chechnya as a "partisan war" while only one percent believed it was an action "against terrorists," the justification Putin used early on in the war and which originally aroused strong sentiments for it.

Putin's Reorganization of Power

Institutional Reform. President Putin has dramatically reshaped the power structure in Russia. Boris Yeltsin had allowed power to devolve away from Moscow to the regions and to elected bodies. But in the end, Yeltsin's revolution failed to create either a viable political structure or a functioning economic system. The results, instead, were half-formed structures that barely functioned. Putin, realizing the contradictions and deficiencies inherent in this order of things, has sought to reshape this structure--not in order to continue in the direction of Yeltsin's changes, but to make way for a new model of top-down governance. With amazing speed, Putin has largely achieved his aims: he can now fire regional governors who oppose him essentially at will; the Federation Council (Upper House of the Parliament) has been dissolved; and seven regional presidential envoys, answerable only to Putin, have set up administrative offices all across Russia's expanse. Moreover, for all practical purposes the Duma functions as a rubber stamp, since the support of the Communists and Edinstvo (Unity), the political creation of the Kremlin, guarantees Putin a solid majority on almost any issue. The

virtual elimination of any viable opposition to his rule has been achieved without constitutional reform, without any kind of referenda, and without any form of citizen input. The formal organization of power in Russia has been streamlined into what some Russians now call a “managed democracy.”

Clearly, the Russian governing structure needed reshaping. During the Yeltsin era, the mishmash of contradictory national and regional laws, the often-uncooperative relationship between Moscow and regional governors, and the general logjam between the Kremlin and the Duma often paralyzed Russia. Yeltsin’s rule also had another deep flaw--the immense influence wielded by a few oligarchs--but it nevertheless represented an attempt to sweep away the sclerotic networks of the Soviet era and create at least the rudiments of a pluralistic society.

Putin’s new system will probably be more efficient and more easily controlled from the center, enabling him to actually pass legislation and carry out initiatives. Under the right circumstances, this could create the political stability his Russia sorely needs and help spur economic development. Yet, by its very nature, a top-down system accepts input only from the top and only rarely allows feedback from below. Given Russia’s weak attachment to civil society and its tradition of centralized power, the new system is unlikely to create the institutions and foster the civil society necessary to develop anything resembling a pluralistic democracy anytime soon.

The Return of the Security Services. Putin has not only been replacing the vessels of power, but also those who stand on deck. In 1991, Muscovites tore down the statue of Felix Derzhinsky, the father of the Soviet secret police, in a spontaneous outpouring of revulsion at the Soviet police state he helped create. However, rather than withering away, as was hoped by Westerners and many Russians alike, the Soviet secret services reinvented themselves. After the collapse of Communism, many went into business in the private sector. Having spent the Yeltsin years on the fringes of political life, former and present security officers have now regained prominent positions in government. Increased pressure on businesses, politicians, and journalists has largely coincided with the increasing power of the Federal Security Services (FSB) and the military in the Putin Administration, directed from the Security Council headed by Sergei Ivanov, a former FSB Deputy Chief.

An article in the *Kommersant-Vlast* in late July describes the emerging new relationship between various state institutions, the media, and the economy stating, “the prosecutors, police, and tax collectors are working together with the FSB agents, although they pretend to be working separately...The Gusinsky affair already proved that all investigations are like this--agents from the FSB’s Lubyanka headquarters are right behind the prosecutors, and nobody is hiding it.”

Putin and the Media

Since the March elections, pressure on the media has increased, directed primarily against Vladimir Gusinsky, owner of the only independent television network in Russia (NTV) and Boris Berezovsky, owner of a 49% share in ORT, the state television channel.

Media Most. Government efforts to wrest control from Vladimir Gusinsky of Media Most, the holding company for NTV, Ekho Moskvi, as well as many newspapers and magazines, continue. During September, as the negotiations between Media Most and Gazprom, Media Most's creditor, intensified, several documents leaked to the public, including "Protocol Number Six," signed by Minister for Press and Information Mikhail Lesin, which appeared to grant Gusinsky immunity from prosecution in exchange for the sale of his media empire. This document created a political scandal, causing even the normally pro-government newspaper *Izvestia* to comment wryly that "either the Russian Federation Constitution has been repealed and we have not been told about it, or there is a special secret protocol to it under which basic rights and freedoms come into effect only after a special agreement has been signed..." Gazprom-Media has now turned to the courts in an effort to recoup its debt and to gain control of the company. Sberbank, another Media Most creditor, has also joined the fray, demanding full and immediate payment on a \$100 million loan. According to Deputy Prosecutor-General Vasily Kolmogorov, Vladimir Gusinsky has been summoned back to Moscow to face new criminal fraud charges.

ORT. Despite his key role in Putin's election, Boris Berezovsky has also been under severe pressure from the Kremlin. He claims, like Gusinsky, to have been told by the Kremlin to either relinquish his shares in ORT, the national television station, or go to prison. An unlikely crusader for transparency in government and press freedom, Berezovsky resigned his Duma seat in protest over what he deemed "anti-democratic" actions by the President and now says he will attempt to develop an opposition to Putin in Russia and abroad. Rather than surrender control to the state, Berezovsky has come up with a novel idea to keep a modicum of independence for ORT. He has said he will give his 49 percent share in the television station to 30 or so journalists, academics, and political notables, including the anti-Kremlin ORT TV commentator Sergei Dorenko, whose program has now been taken off the air.

A New Information Security Doctrine. While there is still active criticism of the government in the media--witness the public reaction to the government's response after the Kursk tragedy--there is also a great deal of support for taking on the oligarchs and continuing the anti-media campaign. On September 9, President Putin signed a 48-page "information security" doctrine, a document which had been under discussion in government circles for years, but which Yeltsin never approved. Among the threats to Russia's national security it cites are "the squeezing of Russian news agencies and mass media out of the domestic information market and the increased dependence of the spiritual, economic, and political spheres of Russia's social life on foreign information structures." In addition, the state is to decide what information is "socially important" and to "protect society from distorted and inaccurate information."

This new doctrine represents a mindset more in accordance with past Soviet policies than with the realities of the new information age, and could prove a basis for further actions against both domestic and foreign mass media operating in Russia. Indeed, under the guise of national security, other former Soviet countries have clamped down on free speech, intimidated journalists, and taken over media outlets. Azerbaijan, for example, has a “Law on State Secrets” that its government uses as a pretext for moves against the press and opposition politicians. Armenia and Kazakhstan have similar laws. The question is, will Russia be any different? In a recent poll conducted by the All-Russian Center for the Study of Public Opinion, 52% of the 1,500 Russians polled at the end of September said that freedom of expression should not be curbed for the sake of the country’s salvation. As few as 30 per cent said it should.

Other Media Pressure. While the fights over Media Most and ORT are the two most prominent examples of government efforts to control the media, other, less visible efforts to muzzle independent media outlets in Russia’s regions have been undertaken by regional governors interested more in positive press than investigative journalism. According to a September 10 article in *The Washington Post*, the FSB has also been making arrangements with several regional media outlets to censor themselves. Under these agreements, the FSB agreed to provide information to the public “without giving any commentaries.” Any negative information about the FSB cannot be published or broadcast until the FSB is contacted and “competent bodies look into it.” According to one source, 30 of 37 media outlets have agreed to the FSB demands, heightening fear and self-censorship among regional journalists.

Limits on the Government’s Power

Although the power of the Kremlin and the central government is increasing, some state bodies and strong public sentiment impose limits on state efforts to control independent individuals and institutions. One of the few bright spots in Russia is the court system’s defense of the rights of citizens and information outlets; another is the continuing public support for freedom of the press.

In August, Communications Minister Leonid Reiman issued a phonetapping decree--“On Installation of Technical Means of Operational-search Measures for Telephone, Mobile, and Wireless Communications Networks and Personal Radio Transmitters”--which demanded that all internet service providers and telecommunications operators install, at their own expense, monitoring devices in their networks and grant the FSB access to all information that passes on their networks. To the consternation of the Kremlin, this regulation was declared illegal by the Russian Supreme Court on September 26.

On September 13, the Supreme Court also upheld a lower court’s acquittal of former naval officer Alexander Nikitin on espionage charges. In a last-ditch effort to hold Nikitin criminally liable for espionage, the Prosecutor-General’s office had brought the case to the Supreme Court. The ruling finally put an end to Nikitin’s saga--a four year concerted

effort by the government to punish Nikitin for publicizing the sorry state of the Russian navy.

Russia's Economy

Although the blueprint for Russia's economic recovery, authored by Russian Minister of Trade and Economic Development German Gref, was made public five months ago, a legislative package in support of radical measures in the economy has yet to be sent to the Duma. Other than the much-needed tax reform, which has set income tax rates at a flat 13% rate, Russia's fundamental economic challenges--to guarantee private property rights, stop capital flight and corruption, develop a reliable banking system, and encourage domestic and foreign investment--remain. President Putin has affirmed on several occasions that the market is the best engine for Russia's economic growth and that foreign investment is required to jumpstart economic revival. Rather than letting the marketplace find its own course, however, Putin clearly wants to harness the market to revive Russian power and influence. It is unclear if Putin is ready to create conditions for the successful operation of free markets, and, in particular, to limit state interference and decisionmaking in economic activities.

Luckily for Putin, the current burst in economic growth gives the government some breathing space to sort out these broader issues. The year 2000 is shaping up to be Russia's most prosperous since the fall of the Soviet Union. In the first half of 2000, gross domestic product (GDP) grew by 7.5%, and GDP growth is forecast at an average 3-4% over the next five years. Industrial production and private sector wages are up, while inflation is down. In the first half of 2000, personal consumption has increased by 7.8 percent, and capital investment by 14 percent. Central Bank reserves have increased twofold. Russia registered a trade surplus of \$35 billion in 1999, and that number is expected to double this year. On a balance sheet, Russia's economy today appears to be stronger and headed in the right direction. However, as Putin himself said in his July State of the Nation address, the economy is being buoyed largely by external factors--especially the high price of oil and import substitution caused by the 1998 devaluation, leaving Russia exposed to an external shock or an internal production crisis.

Russia's economy is very difficult to analyze based on macroeconomic indicators alone, which often do not account for major segments of the economy--the so-called virtual, or shadow economy--or weaknesses in specific sectors or regions. It is useful to recall that Russia also enjoyed macroeconomic good news for two years prior to August 1998.

In the longer term, Russia's economy must make quantum advances in order to participate fully in the world economy or become a full and equal member of the G-8. These fundamental reforms must include, as Putin himself stated, the creation of a business atmosphere attractive to foreign investment. In 1999, Russia only attracted approximately \$3 billion, out of a global total of \$827 billion. While 2000 promises to be better, many foreign investors remain skittish about Russia.

A Crumbling Infrastructure

Russia has experienced a litany of tragedies in the last three months. The pride of the Russian submarine fleet, the Kursk, sank in the Barents Sea on August 12, killing all on board. For many in Russia and abroad, the subsequent delay in undertaking rescue efforts and President Putin's seeming inaction accentuated the perception of Russia's physical decline from a world superpower to a prostrate nation. On August 28, the world's second tallest structure, the Ostankino Television tower in Moscow, caught fire, killing at least four and knocking out telecommunications and television around the capital. On September 13, Unified Energy Systems (UES), Russia's national power supplier, cut electric services to a Russian strategic rocket forces military base for non-payment of utility bills.

Russia has a very real and present problem: a national infrastructure in need of massive repair. According to some estimates, Russia will need approximately \$2.5 trillion in investment during the next 25 years to revamp the existing infrastructure, including industrial plants, railroads, and defense equipment, that somehow continues functioning way beyond projected life spans. Judging from confused lines of authority during the Kursk affair and the chaos caused by the Ostankino TV tower fire, Russian authorities may not be able to cope with the consequences of these breakdowns, or alleviate the impact on affected populations. Certainly, a large segment of the Russian population feels this way. In a recent poll conducted by the All-Russian Center for the Study of Public Opinion, 60 percent of the population said they feared chaos and the collapse of the country. Considering that plants which produced and now store fissile materials and biological and chemical weapons depend on this same outdated infrastructure, it may very well become a significant headache for Russia's neighbors and the United States.

Conclusion

President Putin says he wants to integrate Russia into the global economy and protect its democratic institutions and civil society. The key question is whether his efforts to consolidate power through institutional reform will help or hinder Russia's economic and societal transformation. To some Russians, he symbolizes action and decision where before there was inertia and caprice; to others, he is a throwback to the past, using old methods to revive a national vision out of sync with the demands of a modern society. In the West, his actions and rhetoric have raised concern about the future of Russia's democracy. Certainly the most important message that the advanced democracies can send Russia is that pluralism, an unfettered economic system, press freedom, and democracy are not obstacles to the development of an economically vibrant and politically strong Russia but integral to that transformation. As of now, it is not clear that Putin has gotten the message.

**Tapio Christiansen assisted in the preparation of this report.*

Chronology of U.S.-Russian Relations July-September 2000

July 3, 2000: Media Most head Vladimir Gusinsky states that his recent arrest was intended as a message to U.S. President Bill Clinton, who had appeared on one of Gusinsky's radio stations. Gusinsky said that the "great danger" is that President Putin will seek to create "manageable democracy" and that Russian society is too weak to stop it.

July 10, 2000: Foreign Minister Ivanov unveils Russia's new foreign policy doctrine stressing that Moscow will favor a pragmatic approach aimed at helping the country overcome internal economic difficulties.

July 18, 2000: President Putin and Chinese President Jiang issue a statement appealing to the international community to take "all necessary measures" to prevent the U.S. from establishing a limited national missile defense system.

July 19, 2000: State Duma overrides the Federation Council's earlier veto of the bill allowing Russia's president to dismiss regional leaders and disband local parliaments. Russia's president can now dismiss governors of oblasts and presidents of republics for violating federal laws.

July 21, 2000: At the G-8 Summit in Okinawa, Presidents Putin and Clinton discuss North Korea's proposal to abandon its missile program in exchange for help in launching space satellites.

July 27, 2000: Russian prosecutors drop fraud charges against Vladimir Gusinsky.

July 28, 2000: Foreign Minister Ivanov meets with Iraqi Deputy Prime Minister Tariq Aziz in Moscow. Ivanov rejects a U.S. statement that such contacts are inappropriate, saying "Russia is a sovereign and independent state that determines itself with whom and on what scale to maintain relations."

Aug. 7, 2000: President Putin signs legislation which restructures the Federation Council and increases his power over the leaders of the country's regions by depriving them of their seats in the upper chamber by 2002, and requiring them to appoint envoys to Moscow.

Aug. 14, 2000: The Kursk submarine sinks in the Barents Sea.

Aug. 17, 2000: Prime Minister Mikhail Kasyanov reaches a deal to restructure Russia's Soviet-era debt with the members of the London Club. Under the agreement, London Club members will swap Russia's Soviet-era debt for new Russian Eurobonds.

Aug. 22, 2000: After days of inept rescue efforts, delayed appeals to foreign rescuers, and apparent government indecision, the Putin administration announces that all 118 sailors on board the Kursk had perished.

Aug. 27, 2000: The Ostankino TV tower catches fire, knocking out television and telecommunications around Moscow.

Sept. 1, 2000: President Clinton announces he will leave the decision of deployment of a national missile defense system to his successor because the technical uncertainties and diplomatic costs are “too great now.”

Sept. 5, 2000: Boris Berezovsky accuses the Kremlin of pressuring him to give up his shares in a state-controlled television station or face imprisonment.

Sept. 7, 2000: President Putin urges world leaders at the United Nations to hold an international conference in Moscow to ban weapons in outerspace, a prohibition that could clash with plans for a U.S. national missile defense system.

Sept. 9, 2000: President Putin signs the new information security doctrine drafted by the Security Council.

Sept. 9, 2000: *The Moscow Times* publishes the results of an exhaustive investigation of the March presidential elections. The lengthy report alleges that election results were falsified and that, at the very least, if the ballot had been conducted fairly, Putin would not have won the first round of the election outright.

Sept. 13, 2000: The Presidium of the Supreme Court rejected an appeal by the Prosecutor-General’s Office to reopen the case of retired navy captain and environmentalist Aleksander Nikitin.

Sept. 21, 2000: The Cox Commission releases a partisan report on U.S.-Russia relations that speaks of U.S. policy failures towards Russia during the Clinton administration and blames Vice President Gore, among others, for too closely supporting Russia’s “young reformers.”

Sept. 27, 2000: The Russian Prosecutor-General’s Office officially charges U.S. businessman and former navy officer Edmond Pope with espionage.

Sept. 28, 2000: The U.S. government sues Harvard University for \$120 million, alleging that four individuals associated with the school defrauded a foreign aid program intended to help transform Russia into a capitalist nation.

Sept. 29, 2000: President Putin bows to pressure from the powerful Russian military lobby and back-pedals on an earlier pledge to make speedy cuts to the bloated Russian Army and transform it into a modern, professional force.

U.S.-ASEAN Relations:
**Tragedy and Uncertainty for Some,
Potential Benefits for Others**

by Samantha F. Ravich, Senior Fellow,
Center for Strategic and International Studies

Violence continued to wrack Indonesia this quarter. Aside from the stepped up clashes in Aceh, West Timor exploded in rage against the United Nations in early September. Led by pro-Indonesian militias exiled from East Timor and currently living in and around the refugee camps of West Timor, angry mobs burned down the offices of the High Commissioner of Refugees and brutally murdered three UN staff workers, including one American. U.S. Defense Secretary William Cohen recently visited the region, shoring up U.S. partnerships and alliances while reiterating to the Indonesians that they must bring the perpetrators of the UN murders to justice and disarm the remaining militias or risk international sanction. The annual Cooperation Afloat Readiness and Training (CARAT) military exercises began in the Philippines on June 14, 2000 and ended in Singapore at the end of September after phases in Thailand, Malaysia, Indonesia, and Brunei. A U.S.-Vietnam Bilateral Trade Agreement was concluded after five years in negotiations. If passed by the U.S. Congress, it would drastically liberalize the Vietnamese market, increase the transparency of the business environment within Vietnam, and provide legal protections to U.S. businesses.

U.S. Bilateral Exercises throughout Southeast Asia – CARAT 2000

The annual Cooperation Afloat Readiness and Training military exercises began in the Philippines on June 14, 2000 and ended in Singapore at the end of September after phases in Thailand, Malaysia, Indonesia, and Brunei. CARAT 2000 brings together U.S. naval units, representing all aspects necessary to conduct navy and marine operations, with their regional counterparts.

The organizer of CARAT 2000, Rear Admiral Stephen Loeffler stated that “these exercises are beneficial for all participants because they promote strategic understanding of the challenges we all face in the Asia-Pacific and particularly here in Southeast Asia.” The exercises were designed to promote interoperability between the U.S. and various Southeast Asian forces in the areas of operational planning, command and control, and tactics. This is the first time in four years that a phase of CARAT has taken place in the Philippines. The passage of the U.S.-Philippines Visiting Forces Agreement in May 1999 paved the way for the resumption of this exercise.

Participating in the exercises were Navy frigates, amphibious ships, a salvage unit, SEALs, Seabees, and Coast Guard units along with 1,800 sailors and other military personnel including a number of U.S. Coast guardsmen. U.S. military doctors, dentists, veterinarians, and engineers also participated in civic action projects.

The CARAT exercises were held up as a sign by the Indonesian Navy that the U.S.-Indonesian military-to-military relationship, virtually halted since last year, could be revitalized. At the start of the CARAT Indonesia exercises on July 20, 2000, Admiral Achmad Sutjipto, chief of staff of the Indonesian Navy, remarked that through CARAT, “the long enjoyed good relationship between the U.S. and Indonesia will serve in enhancing not only the relationship between the militaries but between our countries as well.”

Atrocities against the UN in West Timor

Unfortunately, shortly after the conclusion of the Indonesian CARAT exercises in mid-August, the United Nations was forced to suspend its operations in West Timor because of an attack on its staff and the general perception that the Indonesian military (TNI) was doing little to reign in the militias operating out of the West Timor refugee camps. After repeated promises by Jakarta that militias would be disarmed, the UN resumed its aid programs on August 29. Within a week, three UN workers, including an American, were brutally murdered and the office of the UN High Commissioner for Refugees in West Timor was burned to the ground. All other UN staff were airlifted to the East Timorese capital of Dili. The tragedy occurred in early September, as the UN was opening its Millennium Summit in New York. This prompted UN Secretary General Kofi Annan to introduce the proceedings with a moment of silence, thus further shining an international spotlight on President Wahid’s inability to bring the situation under control.

International condemnation over the killings came from all quarters and left the embattled government of President Wahid circling the wagons. Indonesian Minister of Defense Mahfud even tried shifting the blame for the murders away from the militias and the Indonesian military and onto the U.S. by suggesting that the U.S. arms embargo against Indonesia had resulted in the military being unable to carry out its responsibilities. By September 15, 2000, Indonesia and the United Nations signed an agreement to work together to resolve the fate of the remaining 120,000 East Timorese refugees living in camps along the West Timor border, in the hopes that such action would lead to the disbanding and disbursal of the militias. The agreement purportedly had no deadline for the resettlement and little reference to the militias that operate out of the refugee camps. Despite the compromises, Indonesia rejected the final proposal by the UN Security Council on September 19, 2000. Senior Indonesian officials stated that a UN mission would convey to the people of Indonesia “that the United Nations does not trust the Indonesian government.”

In private, Indonesian officials are concerned that the TNI is incapable of relocating refugees against their desire and will refuse to take action against the highly motivated and well-armed militias. Some sources have even expressed fear that forcible relocation

could lead to civil war on the island. Meanwhile, the suffering in the refugee camps and across East Timor continues. The UN High Commissioner for Refugees said that no UN workers would return to West Timor until the militias had been contained and that the Indonesian government must “send soldiers... strengthen the police...arrest the people who caused all these attacks and killings [and bring them] to trial.”

During his visit to Jakarta in mid-September, Defense Secretary Cohen urged the Indonesian government to take firmer actions regarding the September 6 killings. In a press conference following meetings with President Wahid, Cohen warned that if the Indonesian government does not move quickly and forcefully to restore security and disarm the militias, there will be “consequences for Jakarta’s relations with the international community and it could, in fact, jeopardize continued economic assistance to Indonesia.”

Policy Implications. The murders of the three UN workers on September 6 by a rampaging mob in West Timor and the seeming inability of the Indonesian government to reign in these elements has left the international community wondering if President Wahid will be able to save his country from collapse. His defense establishment is in disarray and, as September draws to a close, seems intent on alienating the United States by floating rumors that U.S. Marines have crossed into West Timor illegally. Despite such absurdities, the U.S. recognizes that its best chance of helping to stabilize Indonesia is to assist in the professionalization of the Indonesian military. As such, the U.S. engaged the Indonesians in the CARAT 2000 exercises, sent Secretary Cohen to visit Wahid and other top officials, and pleaded with the Indonesians to show good faith in bringing the murderers to justice. But if none of this works, the U.S. is left with a dilemma. When vital interests are in the balance, can Washington stand by and watch the fourth most populous country fracture? On the other hand, is the Clinton administration prepared to do any more than the Wahid is willing to let it do?

Continued Unrest in the Philippines

On August 28, a young American, Jeffrey Schilling, visited one of the Abu Sayyaf rebel camps on Jolo Island in the southern Philippines and was subsequently taken hostage. Schilling added one more to the 18 hostages already being held. A group of 21 hostages taken by Abu Sayaff in late April were all released at the end of August, the last four gaining their freedom after Libya agreed to provide \$10 million of the \$15 million ransom that was paid. Some accounts have suggested that the capture of the American signaled a power struggle within Abu Sayyaf. The cell that seized Schilling is a more violent faction that calls for a holy war in order to achieve independence and is less interested in monetary demands than others within the organization. Credence was given to this analysis when a spokesman for Abu Sayaff stated that the American’s release was contingent on the release from jail of Ramzi Yousef, the World Trade Center bomber, as well as two other international terrorists. No mention of money was made in these early declarations. Immediately following the demands, the U.S. Embassy in Manila issued a statement that “We will not pay ransom, change policies, release prisoners, or make any concessions that reward hostage-taking.”

Within weeks of Schilling's abduction, Secretary Cohen visited Manila, where he made it clear that the U.S. is looking to the Philippines to take the lead in dealing with the terrorists. When asked if the U.S. supports a military option to the hostage crisis, Cohen replied that "any decision made by the Filipino government certainly is a matter for the government to decide." However, the Philippine Secretary of National Defense, Orlando Mercado, stated that "there are discussions between our military establishments and military forces... on this specific issues of the American hostage..." Shortly thereafter, the Philippine government initiated military action against the Abu Sayyaf, which, at this writing, has been less than conclusive.

The Administration Finally Signs with Vietnam but the Congress Waits**

On July 13, the United States and Vietnam signed a bilateral trade agreement that commits Hanoi to a major shift in economic policies in exchange for vastly improved access to the U.S. market. It is hoped that such economic liberalization will also hasten political liberalization by solidifying the rule of law and giving ordinary Vietnamese better access to the outside world. For the Vietnamese, the bilateral agreement promises an influx of necessary foreign direct investment. It covers rules on bank branches, customs fees, publication of laws and regulations, and tariffs on a significant number of goods, services, and investment protections.

The accord promises to increase trade and investment between the two countries, which have stagnated in recent years as Vietnam suffered the effects of the region's financial crisis and liberalization efforts lost momentum. But the accord will also introduce Vietnam to the rigors required for membership in the World Trade Organization (WTO), and will also impact regional economic investment patterns. Korean textile firms, for example, are likely to increase their presence to exploit wider access to the U.S. market. Foreign investors also may prefer Vietnam to China or India to gain access to the ASEAN market, which has pledged to reduce tariff and non-tariff barriers within the ten country market by 2006.

The deal must still be ratified by both governments, and there are lingering concerns Vietnam will foot-drag when it comes to actually implementing the reforms. The U.S. Congress is not expected to vote on extending conditional Normal Trade Relations (NTR) to Vietnam until sometime next year, given the election year politicking and the vocal displeasure of U.S. labor unions (which are disturbed by the failure to address Vietnamese labor conditions within the agreement). The U.S. denied NTR treatment to communist parts of Vietnam in 1951 and then, upon the North Vietnamese victory over the South, to the whole country in 1975. As one of only six countries that do not enjoy NTR with the U.S. (along with Laos, Cuba, North Korea, Afghanistan, and Serbia), Vietnam has faced tariff levels averaging 40 percent, more than ten times the tariff levels for countries with NTR. Vietnam's garment and textile sector is poised to gain the most from NTR, and the U.S. may overtake Europe as Vietnam's biggest textile market in the process. Importantly, Vietnam's largest network of textile and garment factories is state-owned, and increase profitability in this sector could help speed up privatization and

restructuring of state-owned enterprises, which comprise a huge 30 percent of gross domestic product (GDP).

Vietnam's total exports to the U.S. are expected to rise to \$750 million annually from about \$500 million in 1999, according to the World Bank; this is in contrast to Vietnam's exports of \$1.8 billion to Japan, its largest trading partner. Meanwhile, U.S. exports to Vietnam are likely to increase to \$500 million, compared to \$300 million in 1999, or roughly 1/5 of the amount exported by the U.S. to South Vietnam in 1970. The largest gain, however, may come in U.S. investment, which currently accounts for only three percent of Vietnam's total foreign investment, with Singapore, Taiwan, Japan, South Korea, and Hong Kong all ranking higher.

The 100-page agreement covers a range of measures, large and small, designed to lure foreign investors. For example, over a phased period, there will be automatic licenses for many export businesses, rules on joint ventures in advertising and tourism, liberalization of the operations of foreign banks, and elimination of discriminatory pricing in key sectors. "The accord sets a course for greater openness to the outside world, promoting economic reform and market principles, and transparency in law and regulatory policy," testified U.S. Trade Representative Charlene Barshefsky before a mid-September hearing of two House committees. "The agreement will...contribute to a broader process of normalization with Vietnam, with both great symbolic and strategic importance for the United States," she argued.

The challenges of implementing the pact- the section on intellectual property rights (IPR) is 25 pages alone- are not underestimated by either side. On September 22, U.S. Under Secretary of Commerce Todd Dickinson went to Hanoi and Ho Chi Minh city to discuss training and other aid to help officials in both countries recognize the need to work on effective implementation measures. A few days later, Deputy Assistant U.S. Trade Representative for Asia and the Pacific Joseph Damond also went to Vietnam to meet with government officials charged with implementing the accord, and pledges U.S. assistance and advice tailored to meet local needs. If the agreement passes the U.S. Congress, it would be a vital step in resuming full ties with Vietnam.

The historic signing of the trade agreement with Vietnam and Secretary Cohen's visit to the region and his promotion of future multilateral defense exercises both show that the U.S. recognizes that a stable, prosperous Southeast Asia will be one in which the U.S. is involved and committed but one in which the ASEAN nations themselves take responsibility for their own future.

**Economic analysis for U.S.-ASEAN relations was provided by Jane Skanderup, Assistant Director of Programs and Development of the Pacific Forum CSIS.

Chronology of U.S.-ASEAN Relations July-September 2000

July 10, 2000: The U.S. House of Representatives passes Resolution 322, which praises the efforts of Vietnamese Americans to improve human rights in Vietnam and recognizes the sacrifices made by members of South Vietnam's armed forces during the Vietnam War.

July 11, 2000: Thailand approves the purchase of 16 used FA-16 U.S. jet fighters at \$133 million for delivery within two years. The deal might still fall through due to inability to raise the necessary funds.

July 13, 2000: Philippines President Estrada signs the implementing rules and regulations for a new e-commerce law at a conference hosted by the Global Information Infrastructure Commission (GIIC), a project originating at the Washington-based Center for Strategic and International Studies.

July 13, 2000: U.S. and Vietnam sign a bilateral trade agreement under which the U.S. extends normal trading relations status to Vietnam, and Hanoi undertakes market-opening measures including lowering barriers and tariffs to U.S. goods and services.

July 19, 2000: U.S. Senate unanimously passes Senate Concurrent Resolution 113 in support of Burma's democracy movement and "implementation of the results of the free and fair elections of 1990."

July 2000: The U.S. Marines and the Royal Thai Marines engage in a joint live-fire exercise as part of the Combined Afloat Readiness and Training (CARAT) Exercise.

July 20, 2000: At the opening of CARAT exercise between the U.S. Navy and Marines and the Indonesian Navy, U.S. Ambassador to Indonesia, Robert Gelbard remarks, the "exercise is a statement of U.S. interest in a democracy in Indonesia and an expression of our support for the successful implementation of reforms within the Indonesian military."

July 20, 2000: Indonesian President Wahid signs Presidential Decision 96/2000 which limits foreign ownership to a 49% stake in companies in the telecommunications sector.

July 24, 2000: In a speech to the U.S. House of Representatives, Joseph Putts (R-PA) denounces the Indonesian military and calls for a halt in any military assistance.

July 27, 2000: Seventh ASEAN Regional Forum (ARF) meeting in Bangkok. Deputy Secretary Strobe Talbott states that the U.S. supports regional leaders strengthening their bilateral relationships, including relationships with the DPRK, and supports ARF

proposal to convene an Experts Group to look at issues of organized crime within Southeast Asia.

July 27, 2000: The U.S.-ASEAN Business Council and the Philippine-U.S. Business Council present to President Estrada a detailed plan to increase trade and investment focusing on information technology, agriculture, and energy development and distribution.

July 28, 2000: A resolution to deny President Clinton's request for an extension of a Trade Act waiver for companies doing business with Vietnam is defeated in a 91-332 vote. The waiver gives U.S. exporters doing business in Vietnam access to trade financing programs.

July 28, 2000: Secretary of State Albright states that the "most significant area of U.S.-ASEAN security cooperation is... transnational issues... The United States has a history of close cooperation with most ASEAN countries on narcotics issues...[and we have increasingly made] progress in responding to the growing problem of trafficking in human beings."

July 28, 2000: Secretary Albright attends the ASEAN Post-Ministerial Conference in Bangkok. While in Bangkok, Albright held a series of bilateral meetings with a number of her counterparts, including the foreign ministers of North Korea and Indonesia.

July 29, 2000: Secretary Albright meets with Indonesian Foreign Minister Alwi Shihab to discuss the growing violence in West Timor and the Maluku.

July 31, 2000: NASA deploys a flying laboratory to collect atmospheric and geographic data from, among other sites, Cambodia's Angkor Wat Temple and sites within the Philippines.

Aug. 3, 2000: The UN sets up a resource center in the Maluku to support local and international efforts to address humanitarian needs caused by the religious violence.

Aug. 4, 2000: Leaders of two Philippine Muslim separatists organizations state in interviews that the CIA may be responsible for the bombing of the Philippine Embassy in Jakarta in July in an attempt to destabilize the oil producing members of ASEAN.

Aug. 5, 2000: The U.S. embassy in Jakarta experiences a bomb scare when a bottle filled with substances was found lying on Embassy grounds and a hostile threat against U.S. officials was phoned into the Jakarta police.

Aug. 6, 2000: U.S. State Department reaffirms its calls for Indonesia to eliminate graft in order to spur economic development.

Aug. 7, 2000: Malaysian Prime Minister Mahathir denounces “rich nations,” including the United States, for opposing plans to create a legally-binding framework to address factors causing forest shrinkage and degradation.

Aug. 8, 2000: State Department issues a statement that the U.S. is outraged by the sentencing of Malaysian former Deputy Prime Minister Anwar Ibrahim to nine years in prison and Vice President Al Gore denounces the verdicts “politically motivated” and calls for an appeal.

Aug. 11, 2000: The International Monetary Fund, concerned over the arrest of the Indonesian central bank governor, states that “concerns about the independence of the legal process in this case, as well as the independence of the central bank, have further eroded market confidence... [and] confidence in the ability of the government to implement the economic program with consistency and good governance.”

Aug. 12, 2000: Indonesian President Wahid, in a joint statement with Venezuelan President Hugo Chavez, calls on the UN to lift its economic embargo against Iraq.

Aug. 12, 2000: The Clinton administration relaxes computer export controls on products destined for Vietnam.

Aug. 12, 2000: Secretary Albright warns Indonesian President Wahid against visiting Iraq. Wahid responds, “we are not a lackey of the U.S. [and] are free to go anywhere.”

Aug. 17, 2000: Representatives McKinney (D-GA), Smith (R-NJ), and Kucinich (D-Ohio) write a letter to Secretary Albright raising concern over the August 5 disappearance of Jafar Siddiq Hamzah, a U.S. resident and Acehnese human rights activist, stating, “we consider the safe return of Mr. Hamzah to be a litmus test of the Indonesian civilian government’s ability to exercise control of its military.” Hamzah’s murdered body is found later in the month.

Aug. 17, 2000: Singapore’s senior minister Lee Kuan Yew announces that the Asian Monetary Fund couldn’t exist independently of the International Monetary Fund.

Aug. 17, 2000: A UN spokesman announces that despite a request from the National Commission on Human Rights in Indonesia, the UN has no plan to send PeaceKeeping Forces to the Maluku Islands. Ethnic violence over the last year has left over 4,000 people dead.

Aug. 18, 2000: Vietnamese Policy Minister Le Minh Houg accuses “imperialist countries” of continuing to support the violent overthrow of his government and recounts the past effort by “American imperialism and its lackeys...who have not given up their evil intention of sabotaging the peaceful life of our people.”

Aug. 21, 2000: A *Singapore Straits Times* editorial on American’s high defense budgets and modest foreign aid program notes that “the U.S can either use its power and wealth to

strengthen multilateral institutions, in which case it may never need to use its military power, or go it alone, in which case it may have to.”

Aug. 21, 2000: Indonesia removes the internet from its list of industries closed to foreign investment and opens telecommunication investment provided it is with a local partner.

Aug. 21, 2000: A Senior Clinton administration official states that it is unlikely Congress would approve the U.S.-Vietnam trade agreement this year, given concerns over Vietnam’s “foot-dragging” on certain mandatory reforms.

Aug. 21, 2000: Indonesia announces it has used up a \$400 million U.S. Department of Agriculture export credit guarantee allocated in 1999/2000 and is hoping to get an extension worth up to \$100 million. The credit financed sales to Indonesia of soybeans, soybean meal, cotton, and wheat.

Aug. 22, 2000: Ambassador to Indonesia Gelbard refutes a *Jakarta Post* claim that the U.S supports the Papuan struggle for independence.

Aug. 23, 2000: Philippine President Estrada rejects U.S. offers to help solve the four month-old Abu Sayyaf hostage crisis stating, “we can solve this on our own.”

Aug. 23, 2000: The United Nations halts all aid operations in West Timor after the severe beating of three refugee relief workers by pro-Indonesian militiamen.

Aug. 26, 2000: The U.S. government donates \$500,000 to fund polio immunizations in Aceh, West Papua, Maluku, and East Nusa Tenggara in Indonesia.

Aug. 27, 2000: Three of East Timor’s independence leaders, including Xanana Gusmao, resign from the main independence group, the National Council of Timorese Resistance (CNRT).

Aug. 28, 2000: Indonesian Air Force Chief Marshal calls on the U.S. government to lift its embargo on the sale of military aircraft spare parts to Indonesia.

Aug. 28, 2000: A White House released a statement on U.S. contributions toward UN operations in East Timor states, in part, that “at this point, our rotational presence operations [in East Timor] are envisioned to continue through December 2000.... It is, however, our objective to reduce the rotational presence operations, as well as to re-deploy the U.S. Support Group East Timor as soon as circumstances permit.”

Aug. 29, 2000: Abu Sayyaf kidnappers abduct Jeffrey Craig Edwards Schilling, an American. The Muslim rebels claim Schilling is a CIA operative and threaten to execute him.

Aug. 29, 2000: The UN High Commissioner for Refugees (UNHCR) announces the resumption of operations in West Timor after a six-day suspension following attacks on UN workers.

Sept. 1, 2000: President Clinton expresses his hope that relations between Malaysians and Americans will continue to expand, stating that “together, our nations face a variety of challenging regional and global issues,” as Malaysian Prime Minister Mahathir begins a three-day visit in the U.S.

Sept. 5, 2000: The State Department releases its 2000 Annual Report on International Religious Freedom in Malaysia, Vietnam, Burma, and Indonesia.

Sept. 6, 2000: Three UN staff members, including the American Carlos Caseras, are killed in an attack by hundreds of pro-Indonesian militia in West Timor.

Sept. 8, 2000: Singapore requests from the U.S. the sale of an estimated \$81 million of arms and military-related hardware and software.

Sept. 12, 2000: The U.S. urges Thailand to open a new round of bilateral talks on air traffic rights. The two countries signed a bilateral agreement on air rights in 1996 but Thailand has been accused of stalling liberalization to protect Thai Airways.

Sept. 12, 2000: State Department releases a joint statement by female Foreign Ministers, including Secretary Albright, condemning Myanmar authorities for their mistreatment of pro-Democracy activist Aung San Suu Kyi.

Sept. 15, 2000: Secretary of Defense Cohen visits the Philippines. Cohen states that the “successful Balikatan 2000 exercise is going to be followed by other exercises and we intend to expand the exercise schedule and ship visits... [in addition we] have a joint defense assessment team that is conducting a comprehensive examination of the Filipino defense capabilities and needs....”

Sept. 15, 2000: About 4,000 U.S. sailors and Marines deliver food aid to East Timor and assist in various construction projects throughout Dili as part of the CARAT 2000 exercises.

Sept. 19, 2000: Indonesia rejects a proposed plan for a UN mission to West Timor.

Sept. 19, 2000: Assistant State Secretary Stanley Roth describes the U.S.-Vietnam Bilateral Trade Agreement as a “milestone” and very much in the interests of the United States.

Sept. 20, 2000: USAID announces the provision of a \$14 million grant to Indonesia to fight HIV/AIDS.

Sept. 20, 2000: Secretary Cohen, in Bangkok, describes the Thai-U.S. relationship as a partnership and praises the Thailand's role in peacekeeping throughout the region.

Sept. 23, 2000: The head of Indonesian security in East Nusa Tenggara and Bali questions the presence of 600 U.S. Marines on the border between East and West Timor and claims that U.S. Marines have trespassed into West Timor.

Sept. 27, 2000: Admiral Dennis Blair, commander-in-chief of the U.S. Pacific Command comments that the U.S. is concerned about rising terrorism in Southeast Asia.

China-ASEAN Relations:

China 's "New Security Concept" and ASEAN

by Carlyle A. Thayer*,
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During the third quarter China's Vice President Hu Jintao made state visits to Myanmar, Thailand, and Indonesia. In Jakarta, Hu enunciated a "new concept of security." China hosted visits from the President of Laos and Prime Minister of Vietnam. China's Foreign Minister Tang Jiaxuan attended the 33rd ASEAN Post-Ministerial Conference, 7th ASEAN Regional Forum (ARF) and other associated meetings before visiting Singapore. There was also increased activity this quarter regarding China's military relations with several regional states. In September China hosted an ARF meeting of heads of defense colleges, where its Defense Minister advocated China's "new concept of security." Talks with ASEAN on a South China Sea Code of Conduct continued but made little progress.

High-Level Visits

China's Vice President Hu Jintao embarked on a five-nation tour including Myanmar, Thailand, Indonesia, Belarus and Kazakhstan from July 16-30, while a variety of ASEAN officials visited China during the quarter.

Myanmar. Vice President Hu began the Southeast Asia leg of his overseas trip with a three-day state visit to Myanmar from July 16-18. Hu's visit marked the 50th anniversary of the establishment of diplomatic relations. Hu was received by and held substantive discussions with Maung Aye, Vice Chairman of the State Peace and Development Council (SPDC). Hu also called on Senior General Than Shwe, SPDC Chairman and Chief of Defense Services, and on Lt. Gen. Khin Nyunt, SPDC Secretary-1. In discussions, Myanmar reaffirmed its support for a "one-China policy" and that it will never develop official ties with Taiwan. On July 16, China's Deputy Trade and Economic Cooperation Minister, Chen Xinhua, and Myanmar Deputy National Planning and Economic Development Minister, Zaw Tun, signed three agreements dealing respectively with economic relations, science and technology, and tourism.

China and Myanmar have been *de facto* allies since 1988. Vice President Hu's trip must be seen as part of a long-term strategy to maintain China's influence in Yangon. China seeks to influence Myanmar foreign policy, protect overland trade routes, suppress illegal narcotics smuggling, and counter Indian influence. Chinese military assistance to Myanmar has in fact prompted a change in Indian policy from support for the pro-democracy movement to countering China. In this regard, General V.P. Malik, chief of

the Indian army, visited Myanmar twice this year. [*Editors' note: See this quarter's guest commentary by South Asia expert Satu Limaye, for more on India's relations both with ASEAN states and with China.*]

Thailand. Vice President Hu Jintao paid an official visit to Thailand from July 18-22 to mark the 25th anniversary of the establishment of diplomatic relations. Prime Minister Chuan Leekpai used this occasion to raise the matter of illegal narcotics smuggling, an issue that is currently a very important national security concern in Bangkok. Chuan asked his guest for Chinese assistance in persuading Myanmar to undertake serious efforts to eradicate its vast illegal drug manufacturing and smuggling trade. Vice President Hu delivered a speech on China's economy and future development strategy to commercial groups and ethnic Chinese residents. Hu's visit to China is a reflection of the long-standing close ties between these two countries and is part of a strategy to ensure that one of America's military allies is susceptible to other avenues of influence.

In late August, Thailand's Deputy Foreign Minister, M.R. Sukhumbhand Boriphat, accompanied by the Secretary General of the National Security Council, Khachatphai Buruphat, and the Deputy Secretary of the Office of the Narcotics Control Board, Sorasit Saengprasoet, visited China for discussions with the Ministry of Public Security on narcotics suppression in the Golden Triangle area. The Thai delegation held discussions with State Councilor Luo Gan, Deputy Minister of Internal Security Bai Jingfu, and Deputy Foreign Minister Yang Jiechi. The Chinese side responded to this representation by stressing the importance of adhering to the principles of the UN Charter and "mutual respect and mutual non-interference in the internal affairs of each other." Both sides, however, agreed to sign an agreement on collaboration in narcotics suppression at a later date.

Indonesia. Vice President Hu then journeyed to Indonesia for a four-day official visit to mark the 50th anniversary of establishment of diplomatic relations. He arrived first in Bali and visited Yogyakarta before arriving in Jakarta. Hu held talks with his counterpart Megawati Sukarnoputri, paid a courtesy call on President Abdurrahman Wahid, and held separate meetings with Amien Rais, chairman of the People's Consultative Assembly, and Akbar Tanjung, Speaker of the House of Representatives. During Hu's visit a treaty on mutual legal assistance on criminal matters was signed.

On July 24, Hu delivered a major speech to the Indonesian Council on World Affairs entitled "Working Hand in Hand to Build a Peaceful, Stable, Developed, and Prosperous Asia in the 21st Century." Hu called for concerted efforts in four areas: economic development, regional economic cooperation, fostering a "new security concept," and the establishment of a new equitable international political and economic order. Hu highlighted ASEAN-East Asian cooperation (ASEAN Plus Three) as a model of regional economic cooperation.

Hu predictably railed against the "Cold War mentality and hegemonism and power politics." He declared that the Five Principles of Peaceful Coexistence, the Ten Principles of the Bandung Conference, and the United Nations Charter formed the foundation stone for international norms governing state-to-state relations. According to Hu, "a new security concept that embraces the principles of equality, dialogue, trust and cooperation,

and a new security order should be established to ensure genuine mutual respect, mutual cooperation, consensus through consultation and peaceful settlement of disputes, rather than bullying, confrontation, and imposition of one's own will upon others. Only in that way can countries coexist in amity and secure their development.”

China supports the Wahid government for multiple reasons. China hopes that in the long-term it can influence the “natural leader” of Southeast Asia, gain support for resisting outside interference in domestic affairs, and counter U.S. influence. China and Indonesia share a common concern to prevent outside interference--in Tibet and western China, and in Aceh, Maluku, and Papua respectively.

Laos. Khamtai Siphandon, Lao President and Secretary of the Lao People's Revolutionary Party, paid a state visit to China at the invitation of President and CCP General Secretary Jiang Zemin from July 13-15. Khamtai's visit came amidst reports of serious political divisions in the Lao leadership and a spate of unprecedented urban bombings. The two presidents discussed progress on negotiating a long-term cooperative framework along the lines of similar documents China has recently signed with regional states. Khamtai also held discussions with Premier Zhu Rongji and Li Peng, chairman of the National People's Congress Standing Committee. In discussions with Zhu Rongji, Khamtai explored “new ways and new ideas” for cooperation and projects which have “market demand,” “economic returns,” and would benefit the long-term growth of the Lao economy. Laos seeks economic, political, and ideological support from both Vietnam and China in order to maintain the current communist regime in power.

Vietnam. Since the July signing of a bilateral trade agreement between Vietnam and the United States, Vietnam has shown keen interest in how China will implement a similar accord and manage its accession into the World Trade Organization. Vietnam dispatched a number of delegations to China to study both the practical and ideological aspects of this process. For example, Politburo member Nguyen Minh Triet visited Beijing, Dalian, Guangzhou, Shanghai, and Shenyang in July “to learn from China's experiences.” Politburo member and Minister of Public Security, Le Minh Huong, paid a separate visit that month as a guest of the Ministry of State Security. Finally, a delegation from China's Hainan province was received in Hanoi by Politburo member and ideological watchdog, Nguyen Duc Binh.

The most important Vietnamese delegation was that led by Prime Minister Phan Van Khai who visited Beijing from September 25-28 for discussions with his counterpart Premier Zhu Rongji. Just prior to his trip, Vietnam hosted the latest round of negotiations with China on demarcating the Gulf of Tonkin. At the conclusion of these talks no major developments were announced but both sides pledged to speed up their negotiations so as to reach an agreement before the end of the year.

According to *Xinhua*, the main purpose of Khai's working visit was “to review trade and economic cooperation... [and] discuss directions and measures to further promote bilateral trade and economic relations...” Both sides had earlier set a target of raising two-way trade to \$2 billion in value during 2000. On the eve of Khai's visit it was

announced that during the first seven months two-way trade had reached \$1.3 billion, indicating that the target could be exceeded.

Phan Van Khai was accompanied by his Industry Minister, and deputy ministers for Planning and Investment, Finance, Trade, and State Bank, and a large number of government officials, specialists, journalists, and businessmen. The two premiers discussed a number of economic, investment, and trade topics including Chinese aid to industrial projects (electricity, textile, and copper) and the future signing of a fishery agreement once negotiations on demarcating the Tonkin Gulf have been concluded. Premier Zhu once again pointed out that trade relations had not reached their full potential and that more needed to be done to make economic ties more effective. Both leaders agreed that it was in their mutual interests to speed up and reach a maritime demarcation agreement by the end of the year. The next round of discussions is scheduled for October in Beijing.

Khai also held meetings with National People's Congress Chairman Li Peng and President Jiang Zemin. Khai and Jiang reportedly held identical views "on developing socialism according to their own circumstances and conditions." Jiang stated that China wanted to maintain close contacts and consultations with the Vietnamese leadership and was ready "to expand economic and trade cooperation." For his part, Khai observed that the present state of bilateral relations was "the best they have ever been in history" and that Vietnam would like "to learn from China's experiences in economic development."

Vietnam is presently preparing for its ninth party congress, scheduled for March 2001. The recently released draft Political Report makes clear that the VCP will pursue a "socialist orientation" while opening up and integrating with the world economy. China represents the only ideological bedfellow that offers legitimization for Vietnam's developmental path.

Singapore. Foreign Minister Tang Jiaxuan paid a three-day official visit to Singapore late July where he held discussions with his counterpart Jayakumar on enhancing their bilateral relations, especially in life sciences, information technology, culture, education, and legal affairs. The two ministers also discussed Sino-ASEAN relations, ASEAN-East Asia relations (ASEAN Plus Three), Asia Pacific Economic Cooperation, East Asia-Latin America Forum, and the forthcoming Asia-Europe conference. Tang also met with Prime Minister Goh Chok Tong and Senior Minister Lee Kuan Yew. During the course of Tang's visit, Singapore officials reaffirmed their support for a "one-China policy." However, Chinese anger was aroused in September when Senior Minister Lee Kuan Yew visited Taiwan and held separate discussions with President Chen Shui-bian and with representatives of the Mainland Affairs Council, Strait Exchange Foundation, and the Kuomintang on cross-Straits ties.

ASEAN Post-Ministerial Meeting, 7th ARF, and ASEAN Plus Three

Foreign Minister Tang Jiaxuan flew to Bangkok in July where he attended the 1st meeting of the foreign ministers of ASEAN and China, Japan, and South Korea; the 7th ASEAN Regional Forum; the 33rd ASEAN Post-Ministerial Conference; and the

ASEAN-China dialogue. Tang met separately with his Thai, Vietnamese, and Indonesian counterparts. Tang used his speech to the ARF to criticize U.S. ballistic missile defense plans. Tang argued: “the Cold War mentality is still affecting the way some countries perceive world politics and international relations. Bilateral military alliances are consolidating. Multinational military exercises are increasing. Some people are hawking the theater missile defense (TMD) program against the tide of our times. Such developments are compromising the regional confidence-building efforts and aggravating the instability of the regional security.”

The meeting of the foreign ministers of the ten ASEAN states and China, Japan, and South Korea was the first ever held. Participants decided to make it a regular feature on the region’s political calendar. While previous meetings of ASEAN Plus Three officials have been focused on economic cooperation, this meetings signaled a shift to political and security concerns. The ASEAN Plus Three ministers reviewed and endorsed activities flowing from the Joint Statement on East Asian Cooperation adopted in Manila in late 1999. They also endorsed the Mekong Basin Development scheme, human resource development, illegal drugs suppression, and the invitation by the G-8 to consult with ASEAN prior to future summits. In the political realm, the foreign ministers welcomed the inter-Korean summit held in June and issued a separate declaration supporting the sovereignty, territorial integrity, and national unity of Indonesia.

South China Sea Code of Conduct

During the third quarter there were no publicly reported incidents between Philippine naval vessels and Chinese fishing boats in the area around Mischief Reef that were prevalent earlier. Philippines’ Foreign Affairs Undersecretary Laurel Baja, speaking to a forum commemorating twenty-five years of Sino-Philippine relations, said that conflicting territorial claims involving the Spratlys hinder Manila and Beijing from sustaining mutually beneficial ties, despite existing bilateral agreements on trade and investments. Baja suggested that bilateral relations could be promoted by “intensified and parallel exchanges that could take place in all levels among the government, military, defense, and security officials from the two countries.”

In a speech delivered in Jakarta in July, PRC Vice President Hu Jintao stated, “[China] has put forward the proposal of ‘shelving disputes and going for joint development’ in relation to the Spratlys question and has been actively participating in making a Code of Conduct for preserving peace and stability in the South China Sea.” China consistently opposes discussing South China Sea territorial conflicts in multilateral forms. According to an August 27 editorial in *The Bangkok Post*, when Thailand attempted to raise the Spratly Island question at the 7th ARF, “the Chinese slapped down the Thai proposal brusquely and rudely. Never, they threatened, will Beijing discuss the Spratlys in a forum--even though six nations claim the archipelago.”

Despite this objection, however, Chinese officials have discussed a Code of Conduct with their ASEAN counterparts. In August, China hosted the third meeting of the ASEAN-China working group on a Code of Conduct for the South China Sea in Dalian. This meeting discussed a consolidated draft Code that emerged from discussions held in Kuala

Lumpur in May. The new draft states that the Code should be applied to the Spratly Islands alone but officials are still working on a formulation that will satisfy both Vietnam (which wants the Paracels included) and China (which wants the Paracels excluded). China has also tried to insert wording which would in effect restrict U.S. military exercises in the “waters around” the Spratly Islands. China has also opposed wording that would restrict or prohibit construction on features in the area. China’s position is more vague, calling for restraint in “activities that might complicate and escalate disputes.” It was left to Vietnam, chair of the ASEAN Standing Committee for the next year, to declare that the China-ASEAN meeting in Dailan had “reached consensus on some major principles of the East Sea Code of Conduct... Differences, however, remained.” Chinese officials, for their part, called on “relevant countries to show political sincerity and flexibility” and labeled the Code a political not a legal document. “The major difficulties are not on the Chinese side,” according to a Chinese foreign ministry spokesperson. According to Foreign Affairs Undersecretary Baja, the meeting failed to make progress because all of the officials taking part lacked a mandate. Baja suggested that the issue to taken up by higher-ranking officials, possibly at an ASEAN Senior Officials Meeting in Hanoi in October.

Military Relations

During the third quarter China received military delegations from four regional states. In July, Achmad Sutjipto, Chief of Staff of the Indonesian Navy, visited Beijing to holds talks with Fu Quanyou, Chief of the PLA General Staff, on strengthening cooperation between their two navies. Later that month China’s Defense Minister Chi Haotian met with his Vietnamese counterpart, Pham Van Tra. In August Lao Minister of National Defense, Choumali Saignakon, also held discussions with Chi Haotian in Beijing. In September, China announced a military assistance grant to Cambodia for personnel training valued at \$2.7 million. Later, Kun Kim, Deputy Commander-in-Chief of the Royal Cambodian Armed Forces, visited Beijing for discussions with Zhang Wannian, Vice Chairman of the Central Military Commission and Fu Quanyou, PLA Chief of the General Staff.

In July two Chinese naval ships, the guided missile destroyer *Shenzhen* and the supply ship *Nancang*, dropped anchor at Malaysia’s Port Klang for a four-day goodwill visit before deploying to Tanzania and South Africa. Rear Admiral Huang Jiang, PRC Chief of Staff of the South Sea Fleet, held discussions with Vice Admiral Datuk Sri Abu Bakar Addul Jamal, Chief of the Royal Malaysian Navy, during his stay.

Fifty-eight participants from twenty-one countries plus eight observers attended the 4th ARF meeting of the Heads of Defense Colleges held in Beijing from September 6-8. The main topics for discussion included Asia Pacific security, enhancing cooperation between defense colleges, war games and simulations, and strengthening education in the information age. The meeting was addressed by Chi Haotian, China’s Defense Minister, who argued in his opening address that the ARF’s stress on dialogue and consultation represented a “new security concept” and the trend of “multi-polarization” in the region. Chi noted that regional flash points still exist, “hegemonism and power politics have shown new traces of development” and “democracy and human rights” were being used

as excuses for intervention, and “separatism was gaining ground. All these will endanger or jeopardize the security and stability of the region. That’s why we advocate that all countries adopt the new security concept built upon equality, dialogue, mutual confidence, and cooperation.”

Policy Considerations

China’s advocacy of a “new security concept” coincides with U.S. initiatives to enhance security through new multilateral activities involving the region’s military forces in training for peacekeeping and humanitarian assistance missions. China’s “new security concept” serves to promote further dialogue on confidence building measures. These include a seminar on defense conversion and a regional maritime information center. U.S. proposals are focused on more practical military-to-military exercises. U.S. officials are at pains to include China in their proposals. The United States must work hard to ensure that China and the U.S. proposals do not become a zero sum game. The U.S. will have to be more accommodating and sophisticated in its response to the “ASEAN way” and security multilateralism under ARF auspices.

**The views expressed in this article are those of the author and do not reflect the official policy or position of the Asia-Pacific Center for Security Studies, Department of Defense, or the U.S. Government.*

Chronology of China-ASEAN Relations July-September 2000

July 1, 2000: Twenty-fifth anniversary of the establishment of diplomatic relations between China and Thailand. Former Thai Prime Minister Anan visits China to participate in celebrations.

July 6, 2000: China and Vietnam exchange letters of ratification on their Land Border Treaty signed in December 1999.

July 6-10, 2000: A delegation of the Vietnam Communist Party (VCP) pays a visit to China at the invitation of the Central Committee of the Chinese Communist Party (CCP).

July 10, 2000: Cambodian Minister of State and Co-Minister of Interior Affairs leads a delegation to Beijing.

July 11, 2000: Chief of Staff of the Indonesian Navy visits Beijing and holds talks with Chief of the PLA General Staff on strengthening cooperation between their two navies.

July 11-12, 2000: Le Minh Huong, Minister of Public Security and member of the VCP Politburo, visits Beijing.

July 11-14, 2000: Two Chinese naval ships pay a four-day goodwill visit to Malaysia.

July 12, 2000: *Voice of Vietnam* announces that China will provide \$300 million in official development aid to assist in the renovation and expansion of the Thai Nguyen Iron and Steel Company and the Ha Bac Chemical and Urea Company.

July 13-15, 2000: Khamtai Siphandon, Lao President and Secretary of the Lao People's Revolutionary Party, pays a state visit to China at the invitation of PRC President Jiang Zemin.

July 16-18, 2000: Chinese Vice President Hu Jintao pays three-day official visit to Myanmar as guest of Maung Aye, Vice Chairman of the State Peace and Development Council, signs economic, science-technology, and tourism agreements.

July 18, 2000: Indonesian Foreign Minister declares that Indonesia still supports a "one-China policy."

July 18-22, 2000: Hu Jintao pays an official visit to Thailand to mark the 25th anniversary of the establishment of diplomatic relations.

July 19, 2000: Pham Van Tra, Minister of National Defense and member of the VCP Politburo, meets with a Chinese People's Liberation Army border military district delegation visiting Hanoi.

July 21, 2000: Chinese Defense Minister Chi Haotian meets with his Vietnamese counterpart, Pham Van Tra, in Beijing.

July 22-25, 2000: Hu Jintao makes a four-day official visit to Indonesia. Hu delivers a major speech that sets out China's "new concept of security." A treaty on mutual legal assistance on criminal matters is also signed.

July 24-25, 2000: 33rd ASEAN Annual Ministerial Meeting is held in Bangkok. The Joint Communiqué reaffirms ASEAN's "one-China policy" and expresses the hope to see positive developments in cross-Strait relations.

July 26, 2000: The Chinese Export-Import Bank signs an agreement with Cambodia's Ministry of the Economy and Finance for a loan of U.S. \$11.9 million to finance a plywood factory.

July 26, 2000: Chinese Foreign Minister Tang Jiaxuan attends the 1st meeting of the foreign ministers of ASEAN and China, Japan, and South Korea in Bangkok. Tang meets separately with Thai Foreign Minister Surin Pitsuwan and Vietnamese Foreign Minister Nguyen Dy Niens.

July 27, 2000: Foreign Minister Tang attends the 7th ASEAN Regional Forum meeting in Bangkok.

July 28, 2000: Minister Tang attends the 33rd ASEAN Post-Ministerial Conference in Bangkok.

July 28, 2000: Minister Tang meets with his Indonesian counterpart, Alwi Shihab in Bangkok.

July 29, 2000: Minister Tang attends the ASEAN-China dialogue meeting in Bangkok

July 29-Aug. 1, 2000: Chairman of the Board of Directors of the Bank of the People's Republic of China pays a working visit to Laos.

July 30, 2000: Foreign Minister Tang pays reciprocal visit to Singapore and meets with Prime Minister Goh Chok Tong and Senior Minister Lee Kuan Yew.

Aug. 1, 2000: Lao Deputy Prime Minister and Minister of National Defense visits China.

Aug. 1, 2000: The Bank of China recommences banking operations in Malaysia after a hiatus of more than forty years.

Aug. 6-Sep. 16, 2000: King Norodom Sihanouk goes to China for medical treatment. On 11th September President Jiang Zemin receives King Sihanouk at the Diaoyutai State Guesthouse.

Aug. 8, 2000: Lt. Gen. Khin Nyunt, Secretary-1 of the Myanmar State Peace and Development Council, receives visiting Chinese Deputy Foreign Minister We Donghe.

Aug. 9, 2000: 21st session of the China-Philippine Joint Trade Commission meets in Beijing.

Aug. 9-18, 2000: Chinese Communist Youth League delegation visits Hanoi.

Aug. 11, 2000: President Tran Duc Luong accepts the credentials of China's new ambassador to Vietnam, Qi Jianguo.

Aug. 14, 2000: Yin Yun, Chairman of the Yunnan Province Chinese People's Congress, visits Cambodia and holds discussions with Prime Minister Hun Sen.

Aug. 15, 2000: A new border bridge linking Hekou city, Yunnan province and Lao Cai province in Vietnam is opened to traffic.

Aug. 21, 2000: Delegation of the All China Federation of Trade Unions pays working visit to Laos at invitation of the Lao Federation of Trade Unions.

Aug. 24-25, 2000: Third meeting of the ASEAN-China working group on a Code of Conduct for the South China Sea is held in Dalian.

Aug. 27-Sep. 1, 2000: Thailand's Deputy Foreign Minister accompanied by the Secretary General of the National Security Council and the Deputy Secretary of the Office of the Narcotics Control Board visits China for discussions with the Ministry of Public Security on narcotics suppression in the Golden Triangle area. Both sides agree to sign an agreement on collaboration in narcotics suppression in October.

Aug. 29, 2000: National People's Congress Chairman Li Peng hosts a banquet in New York in honor of parliamentary leaders from ASEAN who are attending the Millennium Conference of Presiding Officers of Parliaments.

Aug. 29, 2000: Brunei Minister of Industry and Primary Products Resources visits Beijing for discussions on the forthcoming APEC meeting in Brunei.

Aug. 30, 2000: The *People's Daily News* announces that China, Thailand, and Vietnam will set up a joint Rice Pool to sell rice on the international market.

Aug. 30, 2000: Director-General of China's Defense Ministry visits Phnom Penh and announces Chinese military assistance for training purposes valued at \$2.7 million.

Sept. 1, 2000: Chinese leaders send separate greetings to Vietnam on the occasion of the 55th founding anniversary of the Socialist Republic of Vietnam.

Sept. 6-8, 2000: China hosts the 4th ARF meeting of the Heads of Defense Colleges.

Sept. 7-9, 2000: Thai Deputy Prime Minister Supachai Panitchpakdi attends the 4th China Investment and Trade Fair in Xiamen.

Sept. 7-9, 2000: China and Vietnam open new round of negotiations on sea border in Gulf of Tonkin at the assistant to the foreign minister level. On 13th Sep. it is announced that "the two countries have agreed to accelerate these negotiations... hoping to reach an early solution which is acceptable to both sides."

Sept. 12-19, 2000: Delegation of the VCP Office of the Central Committee pays a working visit to China as a guest of the CCP Central Committee.

Sept. 17-20, 2000: A CCP delegation attends the first International Conference of Asian Political Parties held in Manila.

Sept. 19, 2000: Singapore Minister of Communication and Information Technology, Yeo Cheow, visits Beijing.

Sept. 21, 2000: Vietnam's Minister of Industry Dang Vu Chu visits Beijing.

Sept. 21, 2000: Li Peng receives a delegation from Vietnam's National Assembly for discussions on social security legislation.

Sept. 22, 2000: Kun Kim, Deputy Commander-in-Chief of the Royal Cambodian Armed Forces, visits China.

Sept. 23-26, 2000: Singapore Senior Minister Lee Kuan Yew visits Taiwan and holds discussions with President Chen Shui-bian on cross-Straits issues.

Sept. 23-27, 2000: Trade fair organized by Fangcheng City, Guangxi Zhuang Autonomous Region, is held in the town of Dongxing on the Sino-Vietnam border.

Sept. 25, 2000: Finance Ministers from ASEAN and China, Japan, and South Korea meet in Prague to discuss a proposed regional currency swap in advance of the ASEAN Plus Three summit scheduled to be held in Singapore 24-25 November.

Sept. 25-28, 2000: Vietnamese Prime Minister Phan Van Khai visits China for talks with his counterpart, Zhu Rongji.

China-Taiwan Relations: *Relaxed, but not Re-linked*

by David Brown,
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Cross-Strait tensions have relaxed. The pace of cross-Strait developments has slowed from the torrid period following Taiwanese President Chen Shui-bian's election, but there has been no breakthrough for dialogue. While PRC Vice Premier Qian has expounded some new ideas, Beijing remains focused on exploiting differences within Taiwan to pressure President Chen to accept its one-China principle. Under criticism from some Democratic Progressive Party (DPP) supporters, Chen has said he can go no further in accommodating Beijing. Meanwhile, problems at home are demanding more of Chen's attention. While there has been no breakthrough for dialogue, cross-Strait economic ties continue to expand, with both governments preparing for eventual World Trade Organization (WTO) membership. The good news is that tensions have eased, the situation has stabilized, and both sides want to resume dialogue. The bad news is that there has been no breakthrough on a formula for resuming dialogue and the prospects for resumption in the coming months are not bright. While there is no reason to expect a confrontation to erupt in the foreseeable future, cross-Strait political relations remain in an inherently unstable situation subject to disruption by unanticipated events.

The Search for Dialogue Stalls

President Chen's statements at his press conference and during his meeting with visiting Americans in late June that he could accept the 1992 consensus on "one-China, respective interpretations" prompted criticism both from Beijing and from DPP "fundamentalists," for whom independence is the defining issue. Beijing criticized Chen for not accepting its interpretation of the 1992 consensus, and the DPP fundamentalists charged that he had gone too far in accommodating Beijing's views. In the following weeks, Chen and others in his administration took steps to reassure DPP supporters. Chen said that in his comments he had not accepted and could not accept Beijing's view that one-China means the PRC. At the same time, Mainland Affairs Council (MAC) Chairperson Tsai Ing-wen reiterated on July 6 that the Taipei could accept the one-China, respective interpretations position.

One key element of reassurance to DPP hardliners was that Chen did not endorse the effort of some DPP moderates to modify the "Republic of Taiwan" plank in the DPP Party Charter. At the DPP convention in mid-July, the sponsors of this modification

withdrew their proposal stating *inter alia* that it would be premature to change that language until Beijing renounced the use of force. Chen told the convention that he had gone as far as he could in accommodating PRC concerns and that the ball was in Beijing's court. Since then, Chen has generally avoided floating new formulas on the one-China issue.

A host of delegations from Taiwan have visited the PRC in recent months including groups from the New Party, Kuomintang (KMT), James Soong's People First Party (PFP), media and business delegations, and several former senior KMT government officials. The PRC has used these meetings to keep up its pressure on Chen to accept the one-China principle. Following the last of the three political party visits, Chen Yali of Beijing's Association for Relations Across the Taiwan Strait (ARATS) was quoted in *People's Daily* as saying that all Taiwan's opposition parties accept the one-China principle. Chen was urged to do likewise.

After meeting Qian Qichen, the Vice Premier and Vice Chairman of the Central Leading Group on Taiwan Affairs (CLGTA), several Taiwan visitors reported that Qian had used a more flexible formula in stating that "Taiwan and the Mainland are both parts of one China"--a potentially significant formula. Interestingly, this harkens back to ideas expressed a few years ago by ARATS Chairman Wang Daohan but not then endorsed by the party leadership. Now, they are being stated authoritatively. On at least one occasion, President Jiang mentioned this formula privately to Americans. Although this formula has not been reported in the PRC media, Vice Premier Qian was asked about it in an on-the-record interview on September 11 with overseas media and explained that the accurate way of stating it is: "There is only one China; the Mainland and Taiwan both belong to one China; China's sovereignty and territory cannot be divided."

When asked about reports that Qian had used this new formula, President Chen said such reports need to be treated carefully because PRC media coverage of the meetings do not mention Qian's statements. Chen also cautioned that Beijing continues to take one line with Taiwan and another abroad. Internationally, Beijing has not deviated from the position that the PRC is the sole legal government in a one-China that includes Taiwan--a position that undercuts the appeal of Qian's new formula. Nevertheless, Qian's new language could become an important element in the search for a formula for resuming dialogue.

Beijing remains deeply suspicious of Chen because he has stopped short of endorsing the one-China principle. In Taipei, there is parallel frustration that Chen's conciliatory statements have not elicited a favorable response from Beijing. When Chen stated in August that unification was not the only option for Taiwan--a statement that indirectly acknowledged the future possibility of unification (and was therefore criticized by DPP fundamentalists)--Beijing saw this as confirmation of their suspicions that Chen has not abandoned the possibility of independence as another option. Mutual suspicion remains a fundamental impediment to cross-Strait relations.

Chen's public statement that unification was not Taiwan's only option prompted a sharp warning from China's Taiwan Affairs Office (TAO) that his comments reflected a "dangerous drift toward separatism." The following day, DPP Chairman Hsieh Chang-ting responded by stating that the DPP did not exclude unification as an option for the future provided it would be accepted democratically by the people of Taiwan. Hsieh's remarks in turn produced more criticism from DPP fundamentalists, some of whom argued that his willingness to countenance eventual unification was cause for his removal.

Building consensus on cross-Strait policy remains a daunting challenge. To this end, the Supra-party Task Force (STF) chaired by Nobel laureate Lee Yuan-tseh convened in early September, but without formal participation by the KMT or PFP. Chen continues to place considerable importance on the STF, which he has tasked with crafting a domestic consensus on ethnic harmony and cross-Strait relations. At the STF's first meeting, Chairman Lee put forward his view that the 1992 consensus on one-China, respective interpretations could form the basis for a resumption of cross-Strait dialogue--a proposal which immediately sparked controversy.

As this quarter drew to a close, Chen Shui-bian reiterated his desire to make a breakthrough on direct transport, trade, and postal contacts with the Mainland, eliciting a PRC response that the first step must be acceptance of the one-China principle. Meanwhile, Qian Qichen has proposed that direct transportation might be arranged using the "Hong Kong formula," under which private shipping representatives worked out procedures for Taiwan ships and aircraft to continue calling at Hong Kong after reversion in 1997, eliciting a response from Taipei that direct links would need to be negotiated in the established cross-Strait institutional channel.

In sum, there has been a considerable amount of megaphone diplomacy this quarter. There is no shortage of erstwhile intermediaries, most prominently Singapore Senior Minister Lee Kuan Yew. Lee, who played a key role in facilitating the 1993 Wang-Koo meeting in Singapore, has said there is an urgent need to restart cross-Strait dialogue. Though his visit was criticized by Beijing and by many in Taipei, Lee was well received by Chen and other government leaders. There have also been occasions when mid-level officials from each side responsible for cross-Strait issues have met abroad in track two (non-governmental) contexts. However, with Beijing insisting that Taipei accept the one-China principle, there has still been no direct institutional communications between ARATS and its Taiwan counterpart, the Straits Exchange Foundation (SEF). SEF has tested ARATS' boycott by sending it messages on practical cases involving Taiwanese in difficulty on the Mainland, but ARATS has not responded. Taiwan's MAC commented quite correctly in September that the situation had stabilized but that cross-Strait dialogue is in "cold storage."

Gleanings from Beidaihe Meetings

Taiwan, particularly how to handle Chen Shui-bian, was a focus of the annual Beidaihe leadership meetings in August. These meetings produce no reports, but some indications

can be gleaned from Chinese statements and actions. As expected, there was no major policy shift on Taiwan. President Jiang received Congressman Archer during the meetings and told him that there would be no change in the basic policy of peaceful unification under the “one country, two systems” formula. Beijing sources report that there was consensus at Beidaihe that as long as Chen does not declare independence there would be no need to apply military pressure on Taiwan and Beijing could continue to watch Chen’s actions. PRC Defense Minister Chi told Secretary Cohen in July that, while Beijing would not give up the right to use force, it had no plan to use force against Taiwan.

During the summer, PRC leaders have expressed continuing suspicions about Chen Shui-bian. Visiting Americans have reported senior leaders’ criticism belittling Chen’s credibility--“How can we deal with someone who can’t even control the policy of his own government?”--and emotional comments--“Chen won’t even state publicly that he is Chinese!” These perceptions undoubtedly affected the debate at Beidaihe. Judging from Chinese actions, the policy appears to be to keep maximum pressure on Chen to accept the one-China principle and to undermine his standing in Taiwan. This means public criticism whenever Chen stops short of Beijing’s conditions. It means united front tactics working through opposition groups on Taiwan to pressure Chen, and it means trying to exacerbate tensions within the DPP to weaken Chen’s core constituency. All of this has been reflected in Beijing’s actions since Beidaihe. Where Qian’s new formula fits in all of this is not clear. Is it a caveated carrot dangled before Taiwan oppositionists to make Beijing appear reasonable and generate pressure on Chen, or a serious effort to find a mutually satisfactory formula on one-China?

Chen’s Domestic Problems

At home, domestic problems are demanding more of Chen’s attention. The administration’s inability to arrange a *modus vivendi* with the KMT majority in the Legislative Yuan is viewed as a problem that could paralyze the administration’s ability to govern. The annual budget has been presented to the Legislative Yuan, but consideration of it has been delayed by KMT procedural motions. Controversial policy issues lie on the horizon. The most complex and important is whether to continue construction of Taiwan’s fourth nuclear power plant. With the KMT in favor and the DPP opposed, the government is badly split.

While Taiwan’s economy has continued to do well by many indicators, including strong gross domestic product and export growth, public concern about the economy has been reflected in the stock market decline. Despite administration efforts to prop up the market, the TAIEX stock index was down more than 25 percent in late September from where it stood on Chen’s inauguration. The KMT has been quick to criticize the administration’s “mismanagement” of the economy.

These domestic problems cut two ways. On the one hand, they are making growing demands on President Chen’s attention, which was heavily focused on cross-Strait issues

in the first months after his election. On the other hand, they increase his incentive to achieve a breakthrough on cross-Strait issues to counterbalance his domestic difficulties.

Cross-Strait Economic Ties Continue to Grow

Despite the very considerable tension in cross-Strait relations earlier this year, economic ties grew apace. In August, Taiwan's Board of Foreign Trade announced that cross-Strait trade had increased 29 percent in the first half of 2000, reaching \$15.3 billion. Statistics released by Beijing's TAO portray the same picture and indicate that Taiwan was the PRC's second largest source of imports. Taiwan investment in China continues strong although the usual differences between PRC and Taiwan statistics obscure the picture. PRC figures indicate that contracted investment increased 32 percent in the first half, but that actual investment declined by a small amount. Cross-Strait travel has also increased substantially with the PRC reporting that Taiwanese made 1.3 million trips to the Mainland in the first six months.

There is considerable evidence that firms on both sides are positioning themselves for eventual WTO membership. With Taipei's Information Industry Institute reporting that the percentage of Taiwan's production of personal computers that are assembled on the Mainland increased in the first half to 50 percent, it is not surprising that the Taiwan Electric Equipment Manufacturers are urging Taipei to ease investment restrictions. A new period of investment fever is underway with many prominent Taiwan companies exploring investments that go beyond the limits currently authorized by Taipei. Taipei has been considering to what extent to ease the current investment restrictions, which still embody Lee Teng-hui's "be patient, go slow" policy. While speculation is rife, decisions on easing restrictions are still pending.

The Taipei press reported that Chinese and Taiwanese firms have been actively discussing a common standard for third generation mobile phones for use on both sides of the Taiwan Straits. The Shanghai press has reported that the PRC has approved Taiwan's China Air Lines acquisition of a 25 percent stake in Shanghai-based China Cargo Airlines, a deal that would also require approval in Taipei. Taipei is considering authorizing Taiwan banks to establish representative offices on the Mainland.

The unusual threats made earlier this year that Beijing would not permit Taiwan firms that support independence to profit from Mainland trade appear to have subsided. In August, Vice Premier Qian told visiting Taiwan industrialists that the PRC would continue to encourage cross-Strait economic ties, assist Taiwan investors, and work for direct trade, postal, and transportation links. One economic issue on which politics did intrude involved the PRC position on Taiwan's entry into the WTO. In July, Beijing's negotiator Long Yongtu told the WTO Working Party that Beijing wished to include in its accession protocol a statement that Taiwan would be granted admission to the WTO as a separate customs territory "of China." Washington promptly stated that the introduction of such political statements would be inappropriate. Under pressure from the U.S. Senate, which was debating Permanent Normal Trade Relations (PNTR) legislation in September, the White House went on record that it would not accept such

language in the PRC accession arrangements. Although this statement prompted a PRC Foreign Ministry reiteration of Beijing's position, the U.S. administration believes Beijing recognizes that it will not be possible to get such language through the WTO.

MAC chairperson Tsai has stated publicly that Taipei is preparing to ease restrictions on imports from the Mainland after WTO entry. She has described China and Taiwan's WTO entry as being a turning point in cross-Strait relations as it will require both governments to adjust their institutions and create a new model for interaction. Both Taipei and Beijing are considering opening quasi-official trade promotion offices across the Strait after entry. In September, the MAC released a study which concluded that opening direct trade and travel between the offshore islands and Mainland, the "mini three links," was feasible. On September 14, Tsai announced Taipei's desire to begin gradually implementing the "mini-three links" this year by legalizing the existing unauthorized small-scale trade between the offshore islands and Mainland.

Policy Implications

The good news is that tensions have eased, the situation has stabilized, and both sides want to resume dialogue. The bad news is that there has been no breakthrough on a formula for resuming dialogue and the prospects for resumption in the coming months are not bright. While there is no reason to expect a confrontation to erupt in the foreseeable future, cross-Strait political relations remain in an inherently unstable situation subject to disruption by unanticipated events. The Clinton administration's view that Chen's pragmatic approach has created opportunities for dialogue has been made amply clear to Beijing, including most recently at the Clinton-Jiang meeting in New York. Many Americans in and out of government will continue to urge both sides to resume dialogue. Meanwhile, the continued growth of economic ties is encouraging, and the prospect of entry into the WTO is seen by many on both sides as opening up new possibilities for dealing with the economic aspects of cross-Strait relations.

Chronology of China-Taiwan Relations July- September 2000

July 1, 2000: President Chen reiterates he cannot accept Beijing's definition of one-China.

July 3, 2000: Chen endorses Beijing's bid to host 2008 Olympics.

July 4, 2000: Premier Tang Fei says National Unification Guidelines need updating.

July 6, 2000: Mainland Affairs Commission (MAC) Chair Tsai reaffirms "one-China, respective interpretations" position.

July 8, 2000: U.S. Under Secretary of State John Holum tells PRC that the U.S. will not rule out providing Taiwan with theater missile defense (TMD).

July 12, 2000: PRC Defense Minister Chi tells U.S. Defense Secretary Cohen PRC will not attack Taiwan; Cohen urges dialogue with Taipei.

July 15, 2000: Democratic Progressive Party (DPP) Convention decides not to change “Republic of Taiwan” plank in DPP charter.

July 18, 2000: Chen says he has made all the concessions he can on cross-Strait issues.

July 26, 2000: *Xinhua* commentary calls MAC Chair Tsai a “separatist.”

July 27, 2000: At World Trade Organization, PRC proposes Taiwan accession as a “separate customs territory of China” provision, U.S. objects.

Aug. 3, 2000: People’s Liberation Army (PLA) begins major military exercise on China coast.

Aug. 4, 2000: Taipei’s supporters renew Taiwan’s UN bid.

Aug. 14, 2000: President Jiang tells Congressman Archer that the PRC’s Taiwan policy remains unchanged.

Aug. 19, 2000: While abroad, Chen says unification is not Taiwan’s only option.

Aug. 22, 2000: Taipei press reports that PLA SU-27 fighter aircraft crossed mid-line in Strait.

Aug. 26, 2000: Taiwan delegation reports Vice Premier Qian used flexible formula that “Taiwan and Mainland are both parts of one China.”

Aug. 28, 2000: *Xinhua* criticizes Chen’s reluctance to chair National Unification Council.

Sept. 2, 2000: Supra-party Task Force chaired by Lee Yuan-tseh convenes.

Sept. 5, 2000: Taiwan Affairs Office (TAO) criticizes Chen for a “dangerous drift toward separatism.”

Sept. 6, 2000: DPP Chairman Hsieh says DPP doesn’t rule out eventual unification.

Sept. 8, 2000: UN again sets aside resolution on Taiwan’s participation.

Sept. 8, 2000: U.S. President Clinton and PRC President Jiang meet in New York on the sidelines of the UN Millennium Summit.

Sept. 11, 2000: Vice Premier Qian repeats, in an on-the-record interview with overseas media, that “there is only one China, the Mainland and Taiwan both belong to one China, China’s sovereignty and territory cannot be divided.”

Sept. 14, 2000: MAC announces intention to open “mini three links” from this year.

Sept. 16, 2000: Chen says the time to normalize cross-Strait trade relations has come.

Sept. 21, 2000: Qian suggests “Hong Kong Formula” for arranging direct transport links.

Sept. 23, 2000: Chen says “three links” must be negotiated through Straits Exchange Foundation and the Association for Relations Across the Taiwan Straits.

Sept. 23, 2000: Taiwan Foreign Minister Tien Hung-mao returns from WTO-related European tour.

Sept. 25, 2000: Singapore’s Lee Kuan Yew arrives in Taipei to discuss cross-Strait issues.

Sept. 28, 2000: U.S. notifies of \$1.3 billion arms sale to Taiwan.

China-Korea Relations:

The Insatiable Sino-Korean Economic Relationship: Too Much for Seoul to Swallow?

by Scott Snyder
Representative, the Asia Foundation/Korea

Despite booming economic and tourist exchanges between Seoul and Beijing, some serious economic friction came to the fore in the last quarter. Officials in Seoul are getting a rather nasty taste of Beijing's inflexibility on several political issues that may become serious turning points in the Sino-Korean relationship if not handled effectively. Although the dispute over China's dumping of garlic in the South Korean market was settled this quarter--allowing resumed Korean exports of hundreds of millions of dollars worth of polyethylene and mobile phone equipment in exchange for an import quota ceiling on Chinese garlic exports to Korea--a new, potentially even more damaging dispute over lead fragments found in crab and blowfish imports from China has created a firestorm of indignation among the Korean public in late August over safety of imported Chinese seafood. These complaints are balanced by continued Korean interest in developing China's information technology (IT) sector, the possibility of China's inclusion in a future Northeast Asian free trade area, and the initiation of practical trilateral consultation on financial coordination issues among South Korea, China, and Japan. However, Chinese pressure to block the long-awaited visit of the Dalai Lama, the renewal of direct economic links between the ROK and Taiwan, and China's continued detention of scores of ethnic Korean Chinese citizens hired by Korea's National Intelligence Service are among the prickly issues that are being suppressed or postponed in anticipation of Chinese Premier Zhu Rongji's upcoming October visit to Seoul in conjunction with the ASEM (Asia-Europe Meeting).

The Bitter Aftertaste of the Garlic Dispute

Only about six weeks were required for Seoul and Beijing to reach a settlement in mid-July of its biggest trade dispute to date, a dispute over Chinese garlic which had flooded the Korean market in 1999, with a ten-fold increase in Chinese market share to 35% of the ROK's garlic market in only one year. In response to Korea's punitive 315% tariffs on garlic imports from China, Beijing had slapped a ban on imports of polyethylene and mobile phone equipment, two rapidly growing sectors for South Korean exporters to China that dwarf the size of the garlic trade, causing losses of almost \$100 million to Korean companies during the period of the dispute. Beijing's strategy worked, as Korean polyethylene and mobile phone equipment companies quickly mobilized to put pressure on government officials in Seoul to make rational economic concessions. However, the

dispute also left a bad taste in the mouths of working-level ROK government officials, who reportedly found their Chinese counterparts to be utterly uncompromising and parochial in their approach to these trade issues. This “preview” experience does not appear to bode well for the PRC government’s ability to adapt to the requirements that will accompany World Trade Organization (WTO) entry.

The compromise on garlic was essentially an ROK concession to allow continued garlic imports up to limits slightly less than 1999 levels. The first 20,000 tons of frozen or pickled garlic imports from China are allowable at the usual 30% tariff, while imports in excess of that quota would be subject to a 315% punitive tariff, and up to 11,895 tons raw garlic imports from China would be permitted subject to a 50% tariff. The agreement essentially attempts to cap Chinese garlic imports in order to contain future damage to Korean garlic growers, but accepts the share of the Korean market that Chinese growers have already captured during the past year. The rapid resolution of the garlic dispute was a triumph of economic rationality, but with a heavy price to be paid by Korean garlic growers.

PRC Ambassador to the ROK Wu Dawei projected that, with the garlic war over, more than 1.5 million people would travel between China and South Korea and that bilateral trade would reach \$32 billion this year, continuing a blistering double-digit pace of growth despite the temporary interruption in Korean exports of polyethylene and mobile phone equipment. It also re-opens the Korean push for expanded market share in China’s telecommunications sector, with the Korean Ministry of Information and Telecommunications actively working to push for greater access to the Chinese market by Korean firms through adoption of a CDMA (code-division multiple access) mobile network to go along side China’s dominant GSM (Global Service for Mobile Communication) system. Unfortunately, the garlic dispute was relatively easy to resolve compared to the wide range of agricultural and trade disputes that have already emerged to beset Sino-Korean economic relations in the third quarter.

Crabby South Korean Consumers Reject More Iron in Their Diets

No sooner was the garlic dispute settled than a new scandal involving Chinese seafood imports arose, this time involving scraps of iron metal inserted into crabs and blowfish, ostensibly to increase the price by weight of the various seafood products. Examination of boxes of crabs and blowfish bound for the ROK have revealed a significant number of cases in which lead pellets or scraps have contaminated seafood imports. The revelation in late July that at least 874 Chinese blue crab and 75 blowfish imports had been contaminated with unhealthy metals provoked a firestorm in Seoul, emptied Korean crab restaurants, and incited protests against the ROK government’s customs and quarantine practices and against Chinese food imports by a number of consumer groups. Womenlink, a civic group active in promoting women’s issues, organized demonstrations and released a statement complaining that “the recent series of incidents involving tainted food have driven us to suspect the safety of all food products at markets. We may have to run metal detectors over the seafood on dinner tables.” The problem is compounded in the view of the public by Korea’s increasing dependence on seafood imports from China,

which constitutes over 41 percent of seafood imports according to the ROK Ministry of Maritime Affairs and Fisheries.

Beijing and Seoul have launched investigations into the source of the lead-filled seafood products and appear to have narrowed possible suspects to Chinese export houses or fishermen possibly based in Dandong, China (apparently excluding the possibility that Korean importers may have used the lead to increase the value of the product). One Korean importer, 43-year-old Yang Won-se, was arrested but he denied any knowledge that the seafood he was responsible for importing had been contaminated. PRC Ambassador Wu denied sole Chinese responsibility for export of lead-contaminated seafood to Korea in a September 8 speech to a forum of ROK National Assembly members, suggesting that additional investigations would be needed to determine responsibility for the incidents.

The major concern with Korea's increasing dependency on Chinese food imports is the need to guard against the wide range of scams that may constitute a threat to public health in the ROK. For instance, in addition to the use of lead pellets to increase the weight of seafood products, Chinese exports to Korea recently included 2,000 tons of white sesame seeds that had been coated with toxic tar-based dyes so that they might pass as more expensive black sesame seeds, along with herbal medicines that have been mixed with stones, bricks, lead pellets, and nails. In addition, there is growing ill feeling in Korea over Chinese protectionism targeted against imports of Korean ginseng to China, a long-time leader in international market share.

China Information Technology and Telecoms Gluttony: The Bright Side of Sino-ROK Trade Relations

Despite the growing number of Sino-ROK agricultural disputes, the relationship continues to be driven by a combination of perceived opportunity to capture a place in the growing China market and Korea's geographic location and ability to produce cost-competitive, dependable consumer goods for the growing Chinese middle class. Location may be less important in a globalized world, but to the extent possible Korean companies are seeking to use it to their advantage as a means of getting into the China market. The best example is the bustling demand for ferry and container shipping services between Korea and China as a result of limited international port capacity in China. Sixteen new container vessels are to be put into service by the end of the year, linking Korea's Mokpo with China's Yonun and linking Incheon with China's Yontae city. The Korea International Trade Association projected Chinese demands for large consumer goods such as washers, freezers, and televisions to skyrocket, and Korean *chaebol* have gained a significant market share in production low-cost dependable household goods that are being sold to Chinese consumers.

The South Korean IT financial bubble during the first half of the year has burst, but the shake-out is still in process. In the meantime, one way of strengthening one's competitive edge both to survive and make oneself attractive to venture investors in the Korean IT sector is to form alliances and become a player in the Chinese IT market,

particularly in light of China's anticipated accession to the WTO. One example of the interest in promoting links between Korean and Chinese ventures is an agreement between the Korea Overseas Trade Association (KOTRA) and its Chinese counterpart, the China Council for Promotion of International Trade (CCPIT), to link website databases of Korean and Chinese companies respectively. A major joint Sino-South Korean IT Forum was held in Seoul at the end of August with participation from major Chinese IT players. Among the featured speakers were Song Jun, President of Tsinghua University Enterprise Group; Sun Jiaguang, member of the Chinese Academy of Engineering; and Fang Fang, CEO of Asia2B Holding Ltd. in Hong Kong. Major tie-ups announced during the third quarter included a joint venture consulting firm between Beijing-based CAPI Venture led by Majia, the son of a well-known Chinese economist Ma Hong, and UTC Venture, a Korean counterpart. Dacom and Shanghai Telecom have also agreed to build a high-speed 45M broadband network connecting Korea and China. MPMan.com also will supply China's Founder group with 80,000 MP3 players during the next year.

Expanding the Economic Pie: ROK, Japan, and PRC Explore Regional Cooperation

A great deal of discussion on regional economic cooperation has taken place in the aftermath of the Asian financial crisis, with two main trends developing that may involve trilateral cooperation among South Korea, Japan, and China. The first initiative is focused on expanding regional trade cooperation and has led to specific proposals for a free trade zone including South Korea and Japan. In the course of ROK-Japan discussions, however, the Korean vision that has been put forward has usually also included Chinese participation. The latest example is a proposal for a Yellow Sea-Rim Free Trade Belt that was pushed by the ROK Ministry of Commerce, Industry, and Energy at a meeting with local officials from Kyushu in Japan and has also been actively promoted by the Minister of Commerce, Industry, and Energy Shin Kook-hwan. The Ministry has also expressed interest in working with China and Russia to conduct a feasibility study on developing a natural gas field in Irkutsk, Russia that could be used to supplement Korean and Chinese energy needs.

The second area of potential cooperation has focused on financial sector collaboration and has become the primary direct follow-on from the Japan, ROK, PRC breakfast meeting among leaders that was held at the ASEAN Plus Three meetings in Manila last November. A three-way economic research project was finally launched in September in Beijing to explore possibilities for regional environmental, financial, and trade cooperation, particularly in the context of China's entry into the WTO, which will be led by the Korea International Institute of Economic Policy, Dentsu Institute, and the Development Research Center under the State Council of the PRC.

Anticipating Zhu Rongji's Visit: A Sweet or Sour Moment for the Sino-Korean Relationship?

Much of the activity and seeming lack of activity on the political front during this quarter must be seen in light of governmental preparations for the upcoming October bilateral

meetings with Premier Zhu, the last member of China's ruling elite to visit Seoul, in the context of the ASEM meeting. The Korean government has used the anticipated visit as leverage in its search for a satisfactory result of investigations into Chinese exports of lead-contaminated seafood to Korea. Seoul will also continue to press hard for Zhu to authorize expansion of CDMA technology as an acceptable market standard in China's mobile phone sector, a decision that would benefit companies such as Samsung Electronics, LG Information and Communications (LGIC), and other Korean exporters who recorded 55% increase in exports over last year's performance in the first half of the year. On the other hand, South Korea has conceded on a wide range of issues in anticipation of Zhu's visit and as part of the ongoing broader perception that China's supporting role is critical to the success of Kim Dae-jung's engagement of North Korea. Most notably, the ROK government has once again stepped back from giving the green light to South Korean Buddhist organizations to invite the Dalai Lama for a first-ever visit to Korea, after having explained to Chinese counterparts on a number of occasions last spring that the South Korean citizenry has increasingly demanded that the government allow the Dalai Lama to visit. The ROK government has also put off restoration of direct air links with Taiwan following the election of President Chen Shui-bian in deference to Chinese wishes.

Perhaps the most apt symbol that Sino-ROK competition has gotten out of hand involved some ugly behavior following a 1-0 win by the South Korean national team in a "friendly" match held in Beijing last July, where several South Korean spectators were physically assaulted by angry Chinese fans, sparking a diplomatic protest by the Korean Embassy in Beijing. Despite "friendly" relations, the current mood is one of bitter competition and occasional confrontation just below the surface. The ROK government has thus far kept quiet an ongoing dispute with the PRC over the fate of dozens of ethnic Korean Chinese nationals who are being held for suspected ties to South Korea's National Intelligence Service, and has (for the time being) successfully defused further public clashes over South Korean non-governmental organization activities involving North Korean refugees in China despite occasional continued arrivals of North Korean defectors in Seoul via a "third country." The ROK government has also proposed negotiating an extradition treaty as an increasing numbers of South Koreans who have fled from prosecution have taken up residence in China. One provocative factoid is that China has replaced the United States as Korea's most contentious trading partner, according to the Korea Commercial Arbitration Board.

ROK President Kim Dae-jung himself will be eager to sustain Chinese cooperation and support for his Sunshine Policy, both in the form of encouraging Chinese interest in and support for the inter-Korean railway project that, if implemented, would reconnect ROK rail traffic through North Korea to China's northeast. Beijing's interest in the project was demonstrated through its offer to assist with minesweeping in preparation for reconnecting the railroads in North and South Korea, but that request was turned down by the ROK government. Despite visionary talk about re-establishing a South Korean link to the Trans-Siberian Railroad, only the link between South Korea and China through North Korea is likely to have any practical economic significance in terms of regional economic integration or trade facilitation. Kim Dae-jung has also publicly commended

the Chinese reform experience as a potential model for North Korea's leadership to consider following. Beijing continues to be an important venue for convening inter-Korean dialogue in various forms, the latest and most intriguing of which comes in the form of a joint inter-Korean research center on possibilities for practical economic cooperation involving officials from the ROK Ministry of Commerce, Industry, and Energy.

A more serious issue is how President Kim raises the issue with Premier Zhu of Chinese support for the inter-Korean peace process through a "two-plus-two" formula, whereby the two Koreas would negotiate a peace treaty to be guaranteed principally by the PRC and the United States. This discussion will be particularly interesting for a variety of reasons, including the potential impact of such a discussion on the Sino-U.S. relationship and the Korean need for positive U.S.-PRC cooperation on Korean issues as part of Kim Dae-jung's inter-Korean reconciliation strategy. Most significantly, President Kim's meeting with Zhu Rongji will be the first major top-level meeting following the initiation of inter-Korean cooperation. This factor may change the nature and balance of the strategic relationship between Beijing and Seoul, but to what extent and with what effect remains to be seen.

Chronology of China-Korea Relations July-September 2000

July 11, 2000: Former ROK Foreign Minister Hong Soon-young is formally appointed as the ROK's new ambassador to the PRC.

July 12, 2000: Korea Overseas Trade Association (KOTRA) President Hwang Doo-yun and China Council for Promotion of International Trade Chairman Yu Xiaosong sign agreement allowing database information sharing regarding Korean and Chinese companies between Korea's Silkroad 21.com and China's China Products.com.

July 14, 2000: Trade dispute over Chinese garlic exports to South Korea.

July 15, 2000: Representatives from KOTRA and the China External Trade Association (CETRA) held their first trade promotion meeting in Taipei since the ROK cut ties with Taipei in order to normalize relations with the PRC in 1992.

July 28, 2000: ROK national soccer team wins friendly match against Chinese national team in Beijing, sparking altercations and drawing diplomatic protest from the Korean Embassy in Beijing.

Aug. 3, 2000: Weekly flight service is established between Beijing and Cheju Island.

Aug. 3, 2000: ROK and PRC governments sign a fishing pact designed to clarify limits of commercial fishing areas near the mouth of the Yangtze and adjacent to Cheju Island, respectively.

Aug. 28, 2000-Sept. 4, 2000: ROK Joint Chiefs of Staff Chairman Cho Yung-kil leads a week long nine-person delegation to the PRC at the invitation of his PLA counterpart Gen. Fu Quanyou, the first-ever visit to China by a Chairman of the ROK Joint Chiefs of Staff.

Aug. 31, 2000: Korea-China IT Forum is held in Seoul.

Sept. 4-5, 2000: Japan, ROK, and PRC Environment Ministers agree to launch a November workshop on “yellow dust” from China at Fourth Ministerial Conference on Environment and Development held in Japan.

Sept. 4-6, 2000: The Ministry of Commerce, Industry, and Energy proposes the formation of a Yellow Sea-rim Free Trade Belt at a meeting with Japanese counterparts in Kyushu, Japan.

Sept. 5, 2000: South Korea, China, and Japan-based research institute heads discuss strengthening economic cooperation between the three Northeast Asian countries in Beijing.

Sept. 5-6, 2000: Agreement is signed to conduct feasibility study among the ROK, PRC, and Russia on the development of the Irkutsk natural gas oilfield and pipeline by the year 2008.

Sept. 8, 2000: PRC Ambassador to the ROK addresses a forum of the National Assembly Asia Pacific Policy Studies, led by Rep. Moon Hee-sang of the ruling Millennium Democratic Party, touching on the issue of China’s tainted seafood imports and the PRC’s objections to a visit by the Dalai Lama to Seoul.

Sept. 8, 2000: ROK President Kim Dae-jung proposes to reactivate the Four-Party Talks involving the two Koreas, the United States and China, while in New York at the UN General Assembly meeting with the idea that a “two-plus-two” format would allow for a peace agreement by the two Koreas that would be endorsed by the United States and the PRC.

Sept. 8, 2000: Vice Foreign Minister Ban Ki-moon meets with PRC Ambassador Wu Dawei to discuss the Chinese tainted food imports, the prospective visit to Seoul by the Dalai Lama, and other matters following Ambassador Wu’s speech to National Assembly members.

Sept. 17, 2000: The Korean Fair Trade Commission recommends that antidumping duties of 26.7% be imposed on Japanese and Chinese batteries deemed harmful to domestic industry.

Sept. 18, 2000: ROK government withholds permission for the Dalai Lama to visit Seoul on November 16. Buddhist groups indicate they will pursue the invitation as scheduled by seeking public support to overturn the ROK government decision.

Sept. 19, 2000: China Unicom President Yang Xianzu meets with Information and Communication Minister Ahn Byung-yub in Seoul and says that Zhu Rongji would discuss China's CDMA market opening with ROK President Kim Dae-jung during his visit in October.

Japan-China Relations:
Waiting for Zhu ...

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Tokyo and Beijing worked to smooth the increasingly sharp political edges of their bilateral relationship this quarter in advance of PRC Premier Zhu Rongji's October visit to Japan. Of particular concern to Tokyo were the activities of Chinese maritime research ships in areas that Japan defines as within its Exclusive Economic Zone (EEZ) as well as the operations of People's Liberation Army (PLA) navy ships in international waters off Japan. Within Japan's ruling coalition and, in particular, within its dominant Liberal Democratic Party (LDP), these actions produced a backlash against the government's proposed special yen loan package for China, resulting in Tokyo's decision to postpone final consideration until after the Foreign Minister's August 28-31 visit to China.

Foreign Minister Kono's visit was the diplomatic highpoint of the quarter. In Beijing, Kono met with President Jiang Zemin, Premier Zhu Rongji, and Foreign Minister Tang Jiaxuan. However, an understanding to provide Tokyo with advance notification of Chinese activities within the disputed EEZ, reached during the Kono visit, did not long outlive his departure from Beijing. The reappearance of a Chinese research ship set off another round of China bashing within the LDP, even as both governments met to negotiate procedures for mutual prior notification.

History also remained very much alive. Contributing to the growing criticism of China within the LDP was Beijing's cancellation of Transport Minister Morita Hajime's visit to China. Although Beijing attributed the decision to scheduling difficulties, voices within the LDP attributed it to the Minister's August 15 visit to the Yasukuni Shrine to Japan's war dead. Meanwhile, the Japanese government began the excavation and recovery of chemical weapons left behind in China by the Imperial Army at the end of the war.

Defense White Paper ... A China Threat?

The Japan Defense Agency (JDA) submitted its Defense White Paper 2000 to the Cabinet for final approval in early July. On China, the White Paper broke new ground, for the first time clearly stating that Japan falls within the range of China's missiles. The previous White Paper had lacked the country specific designation, preferring the ambiguous reference to Asia as being within China's missile range. The report also called attention to increasing Chinese maritime research and PLA naval activities in waters around Japan, and China's lack of transparency with regard to the PLA. Press

commentary in both Japan and China noted the White Paper's increasing focus on China.

In Japan, the *Mainichi Shimbun* found the attention and detail paid to China striking, in contrast to previous years. While the JDA argued that the report was simply a representation of reality, and not an effort to hype a China threat, the *Mainichi* speculated if this was actually the case, given the Agency's interest in the development of a theater missile defense (TMD) system and the acquisition of mid-air refueling capabilities. Nevertheless, the editorial recognized that concerns over China's missiles, its maritime activities, and lack of transparency were natural. The *Mainichi's* answer was to deepen and intensify Japan's security dialogue with China. The *Asahi Shimbun* suggested that, with the improving situation on the Korean Peninsula, the detailed references to China's missile threat represented an attempt by the Japanese government to pre-empt growing opposition to the development of ballistic missile defenses.

In China, *The People's Daily* labeled the report a pretext for Japan's participation in TMD development. The newspaper allowed that China was used to Japan's right wing politicians flogging a "China threat," but found the White Paper demanding attention because it marked the first time such implications had appeared in an official government document. The PLA's *Liberation Daily* stepped up the attack. In its analysis "Warnings of Separate and Hidden Plot," the newspaper argued that the detailed analysis of China's missile force was aimed at diverting the attention of neighboring Asian countries from Japan's own military expansion. The article went on to warn that Tokyo was shifting from the defense of the homeland to a broader regional strategy, using China's military activities as a pretext for Japan's military expansion. The commentary defended the Chinese military as appropriate in scale and within the bounds of international law.

Chinese ships, the Yasukuni Shrine, and the LDP

The activities of Chinese maritime research vessels in areas that Japan considers within its own EEZ as well as the operations of PLA warships in international waters off Japan increasingly drew the attention of the Japanese government, political leadership, and media. Tokyo claims that the Japanese side of a line running midway between Japanese and Chinese shores is Japan's EEZ. Beijing, however, refuses to accept this position and argues that it has the right to conduct maritime research over the continental shelf that extends from China's mainland to the islands of the Okinawa chain.

Within the LDP, pressures were building for a reconsideration of the government's 17.2 billion special yen loan package for China in response to the research and naval activities. The strongest advocates for reconsideration were from among the LDP's next generation of political leaders and within its Foreign Affairs Department, where increasingly sharp and critical opinions of China were being voiced.

The fact that Chinese research activities, confirmed by Japan's Coast Guard and reported by the *Sankei Shimbun* on August 7, continued without notification did not improve the

political climate in Tokyo. The next day at an internal LDP Foreign Affairs meeting, former Postal Minister Hajio Eitaro found China's actions to be a threat to Japanese sovereignty and called for the most vigorous of protests. Takemi Keizo argued that for the government to decide now on the special loan package would be "to send China the wrong signal." At an August 9 meeting of the House of Councilors Foreign Affairs and Defense Committee, Takemi noted that China's maritime activities were damaging the foundations of Japan's relations with China. He went on to argue that, given the course of events to date, the government should not be talking about cooperative relations. An unidentified LDP operative called the May transit of the Tsugaru Strait by a PLA navy vessel an "openly provocative act."

On, August 27, the day before Foreign Minister Kono Yohei traveled to Beijing, the *Yomiuri Shimbun* carried an article, based on Foreign Ministry sources, which highlighted China's stepped up naval activities in Japan's EEZ, naming seven ships and giving dates and areas of activities since the beginning of July. Overall, since the beginning of the year, 19 such incursions, 17 by research ships and 2 by PLA navy, had been detected by the Japanese government.

Adding fuel to the smoldering political fire was Beijing's decision to put off the pending visit of Transportation Minister Morita Hajime. The decision came shortly after Morita made a private and unofficial visit on August 15 to Yasukuni Shrine where the spirits of Japan's war dead are venerated. Beijing asserted that the cancellation was the result of scheduling difficulties; however, within the LDP and the Foreign Ministry, not a few saw it as being tied up in the Yasukuni visit. In the face of the growing hawkish mood toward China within the LDP, the government was unable to secure final political approval for the special yen loan package in time for Foreign Minister Kono's visit to Beijing.

The LDP finally approved the special yen loan package at a coalition conference on September 7, after an intense two-hour debate. Addressing the meeting, Foreign Minister Kono asked the parties' understanding for the assistance package, while making it clear that he found China's naval activities "difficult to understand." The LDP's Shiozaki Yasuhisa argued that it would be difficult to explain the loan decision to the Japanese people while a Chinese ship was again operating within Japan's EEZ.

Kono in Beijing

Kono's visit ran from August 28 through the end of the month. In an NHK broadcast before his departure, the Foreign Minister said that he thought it important to confirm if a relationship based on mutual trust and confidence is definitely being established. During his stay in Beijing, Kono met with his counterpart Tang Jiaxuan, President Jiang Zemin, Premier Zhu Rongji, and Vice Premier Qian Qichen.

Kono's visit was aimed at addressing outstanding bilateral issues, in particular the activities of Chinese research ships and PLA navy vessels, and thus laying, in Kono's words, a foundation for an improvement of Japan-China relations in advance of the October visit of China's premier Zhu Rongji. The *Nihon Keizai Shimbun* reported that it

was expected that Kono would express the view that, under the Law of the Sea Treaty, Tokyo should be given prior notice of the activities of Chinese maritime research ships in Japan's EEZ. As for the activities of the PLA navy in international waters around Japan, Kono was expected to argue that Japan viewed such actions not as violations of international law but as regrettable, coming as they did from a friendly neighboring country. Shortly before Kono's departure, Japan's *Kyodo News Service* reported the two governments had reached basic agreement on advanced notification procedures to cover the activities of Chinese research ships in Japan's EEZ.

At his August 28 meeting with Foreign Minister Tang, Kono told his counterpart that China's actions were impairing the development of a relationship based on mutual trust and asked that Beijing exercise self-restraint. Kono explained that, without prior notification, these activities could not be permitted. Moreover, the lack of any explanation from Beijing only served to feed discontent in Japan. Addressing the then yet to be approved special yen loan package, Kono expressed concerns about the increasingly critical atmosphere in Japan. In particular, he cited China's lack of transparency on defense policy and China's own on-going economic assistance programs to third countries, even as Beijing sought aid from Japan. In the final analysis, Kono noted that the support and understanding of the Japanese people were indispensable to economic cooperation.

In reply, Tang made clear that China considered its maritime research activities as perfectly normal. As for PLA naval activities in waters around Japan, Tang assured Kono that "the situation Japan is concerned about no longer exists." Tang cited the publication of China's Defense White Paper as evidence of its transparency and noted that Beijing had initiated its economic assistance programs long before the beginning of Sino-Japanese economic cooperation in 1979. Tang also urged Japan to deal carefully with a possible visit to Japan by Taiwan's former President Lee Teng-hui. He did not, however, raise sensitive issues relating to Japan's cooperation with the United States in missile defense research and development. Neither did he take up the history-related issue of the Yasukuni Shrine. The two Foreign Ministers set October 12-17 as the dates for the visit of Premier Zhu Rongji to Japan.

The three-hour meeting, an hour beyond the two hours scheduled, produced an agreement to establish a bilateral prior notification mechanism to deal with maritime research activities. Details were left to negotiations between working-level officials. (On September 15, the two sides met in Beijing and agreed to accelerate work on establishing a mutual prior notification mechanism.) Reporting on the August 28 meeting, the *Asahi Shimbun* observed that behind China's willingness to reach agreement on the research ships issues was Beijing's recognition of the indispensable nature of Japan's Official Development Assistance (ODA) to the future success of plans to develop its interior western provinces.

On Tuesday, Kono met with President Jiang Zemin. Kono told Jiang that the agreement on mutual prior notification would serve to advance the building of a relationship based

on trust and mutual confidence, while Jiang, in turn, stressed the great importance he attached to Zhu's coming visit to Japan.

Jiang went on to say that, based on the respective positions of the two countries--Japan, as an economic superpower, and China, as the world's largest developing country--he saw no reason that the bilateral relationship should not continue to expand successfully in the coming century. He stressed the importance of thinking about the big picture and repeatedly emphasized the importance of China's relations with Japan. Jiang was optimistic about the future of Sino-Japanese relations and referred back to his warm welcome of 5,000 Japanese tourists at the Great Hall of the People in May as evidence of the importance he attached to relations with Japan. He considered friendly relations between the two neighboring countries as the normal state of affairs and could think of no reason for this to change. Should problems arise, the two countries should look for ways to address them in a spirit of understanding and friendship.

While Kono found relations "moving in the right direction," he also was clear and direct that "much remains for us to accomplish if we are to build the sense of trust between Japan and China." Kono referenced Beijing's negative reaction to the China section of Japanese Defense Agency's Annual Report, continuing concerns about a revival of Japanese militarism and criticism of Japan's ballistic missile defense cooperation with the U.S. At the same time, he recognized that from time to time some statements of a tiny minority of Japanese people regarding issues of past history have engendered distrust of Japan. The Foreign Minister underscored that Japan's defense policy is "exclusively devoted to defense" and found it "unfathomable to conceive that Japan would ever engage in competitive military expansion in Asia with China...." At the same time, Japan was concerned about China's ongoing military expansion and its missile force. This was causing some in Japan to view China as a threat. Kono also touched on the fact that "media reports state that it is virtually unknown to the people of China that Japan provides more than 30 billion yuan in economic cooperation ... and that such assistance is not properly appreciated." This, he noted, causes "bewilderment among the people of Japan."

During his meeting with Premier Zhu Rongji, Kono was told that neither the activities of China's research ships nor those of the PLA navy near Japan should be considered as expressions of hostile intent. Zhu noted that such activities were in accordance with international law and not of the sort to give rise to the unease and negative reactions that had developed in Japan. Zhu also touched on the postponing of Transport Minister Morita's visit to China, which, he said, was simply the result of scheduling problems. He was concerned lest this misunderstanding should affect China's relations with Japan.

Anonymous Chinese officials tried their hands at spin control, arguing that recent problems were the result of poor inter-governmental coordination. From Beijing, the *Asahi Shimbun* reported that a Communist Party official, upon receiving a PRC Foreign Ministry report of the PLA navy's activities prepared in response to a representation by the Japanese ambassador, expressed his exasperation over the PLA's activities. Up to that time, according to the story, news of the navy's activities had not penetrated upper

reaches of the party leadership. The story also quoted a Chinese military source as pointing out that the navy really does not think at all about the effect of its actions on Sino-Japanese relations and is totally separate from the government. The article went on to point out that the PLA is under the authority of the Central Military Commission. Thus differences between the PLA and the government often develop and problems arise because it is difficult for these differences to reach the upper levels of Party leadership. The story also cited a similar lack of coordination between China's Foreign Ministry and the Railways Ministry as the reason for postponing Transportation Minister Morita's visit.

Back in the EEZ ...

On September 8, the Japanese press carried stories reporting the return of a Chinese research ship to Japan's EEZ. According to the reports, the Chinese ship had been operating in the area since September 5, less than a week after Kono's return to Japan. On September 7, the Japanese government through its ambassador in Beijing protested, calling for the immediate cessation of activities, withdrawal of the ship, and for the earliest possible meeting of the two sides to work out the details of the prior notification mechanism. Meeting with reporters that afternoon, Chief Cabinet Secretary Nakagawa announced that the government had not received "prior notification" of the ship's activities. This was "difficult to understand" in light of the Foreign Minister's recent visit to China. Meanwhile, in a meeting with Japanese reporters in Beijing, Chinese diplomatic officials emphasized the leadership's unity with respect to the importance attached to relations with Japan and placed the blame for the incident on the weakness of China's internal coordinating mechanisms.

On September 12, Vice Minister for Foreign Affairs Kawashima called in the Chinese ambassador to protest the incursion, which, in light of the agreement between the Foreign Ministers, he termed "extremely regrettable." The Vice Minister called for the earliest possible meeting at the working level to work out the details of the prior notification mechanism; until then, he urged self-restraint on the part of China. The Chinese ambassador replied that the incursion was accidental, the action of an individual, and not something the Chinese government wanted to see. Because the action was not intentional, the ambassador trusted that atmospherics of Sino-Japanese relations would not suffer.

On September 12, Zhu Rongji met with a group of visiting Japanese parliamentarians. The Japanese delegation asked that the resumption of research activities be suspended, particularly in light of the Kono-Tang agreement on prior notification. In reply, Zhu stated that the details of such activities were not known among China's top leadership but that they did conform to international law and held no hostile intent toward Japan. However, Zhu told the legislators that, "if such actions on the part of China invite negative feelings among the Japanese people, they should cease." Zhu's statement, the *Tokyo Shimbun* noted, marked the first time such expressions came from China's top leadership. Zhu also noted that Japan's actions also gave rise to strong emotions in China, citing in example the visit of Cabinet-level officials to the Yasukuni Shrine.

In mid-September, Japan's Coast Guard Agency sent its 2000 White Paper to the cabinet for final approval. With regard to Chinese maritime research, the Agency reported a doubling of such activities within Japan's EEZ, from 16 ships in 1998 to 33 in 1999. Through September 10, the total for 2000 stood at 24 ships.

On September 26, LDP Secretary General Nonaka met in Tokyo with senior Chinese diplomats on the maritime research issue. Nonaka found it regrettable that the efforts of the two governments to work out a prior notification mechanism had repeatedly ended in failure and asked the Chinese to exercise self-restraint during the negotiations. The Chinese replied that careful attention had to be paid to details, if the mechanism were to be effective. The Secretary General also touched on the ODA issue, noting that Japanese thought that at least some part of the ODA program is being used by China for military purposes and expressing expectations for a higher degree of transparency.

Dealing with Remnants of History

On September 13, Japanese chemical weapons experts, working together with PLA counterparts, began the process of recovering the chemical weapons left behind in China by the Imperial Army at the end of the Second World War. Under obligations assumed by Japan with the coming into force of the chemical weapons convention, Japan is committed to destroying an estimated 700,000 weapons by 2007. The initial operation is expected to last approximately two weeks. The recovered shells will be maintained in safe storage facilities pending construction of destruction plants and an agreement on neutralizing technologies.

The Japanese team consisted of 75 Japanese, including 8 defense officials, while the Chinese team totaled 200, including some 40 PLA soldiers. At the initial recovery site, Beian in Heilongjiang Province (Manchuria), 350 kilometers north of Harbin, 500 unexploded chemical artillery shells (among 150,000 conventional shells) are estimated to have been left behind by the Imperial Army.

On the Korean Peninsula...

The historic June summit meeting between South Korea's President Kim Dae-jung and North Korea's leader Kim Jong-il highlighted China's growing influence on the Peninsula. Post-summit analysis in the Japanese press underscored this reality. Kim Jong-il's unexpected March visit to the Chinese embassy in Pyongyang, his secret visit to Beijing at the end of May, and his over three-hour meeting with Jiang Zemin were notable examples of China's influence in the North. At the same time, as noted by the *Asahi Shimbun*, China's briefing of the visit to embassies in Beijing, starting with South Korea, showed the importance China attached to relations with the South.

In Japan, the success of the summit immediately raised questions related to the presence of U.S. forces on the Peninsula, North Korea's willingness to address sensitive issues with Tokyo, and the necessity of ballistic missile defense. In a July 15 interview in the

Sankei Shimbun, Sato Kastumi, President of the Modern Korea Research Institute, noted that China's political influence had gradually become clear. In contrast to the United States, China had played a major role in orchestrating the South-North summit.

On July 29, during his visit to China, Foreign Minister Kono met Vice Premier Qian Qichen. Qian touched on Japan's efforts to normalize relations with North Korea, observing that he felt some progress had been made, but that it will be difficult for North Korea to abandon plans for its own satellites and its missile program. As long as missile development continues, problems between the two countries are not likely to be resolved.

Economic Relations

Japan's major automobile companies, Honda and Toyota, focused on developing the China market. Honda and its Chinese joint venture partner announced on July 4 a decision to expand production of the Honda Accord from the base of 30,000 vehicles annually to 50,000 annually beginning in the autumn of 2001. If the present favorable business environment continues, production could reach as high as 100,000 vehicles in a short time. Plans are also in the offing to seek Beijing approval to produce lower emission, compact models.

On July 12, Toyota President Okuda Hiro opened Toyota's Tientsin compact automobile assembly plant. At the opening ceremonies, Okuda announced that Toyota wanted to contribute to China's automotive age by supplying the market with a low cost, efficient, and economical automobile. Okuda also made clear that Toyota's late entry into the market had much to do with the length of time required to secure Beijing's approval for the manufacturing operation. The development of the Toyota-Tientsin automobile will be assisted by an infusion of technology from Daihatsu, a Toyota ally. Initial production target is for 100,000 vehicles annually.

During Foreign Minister Kono's August 30 meeting with Zhu Rongji, the Premier touched on China's plans for a high-speed rail line linking Beijing and Shanghai, a source of intense competition between Japanese and German companies. Zhu noted that reports in some Japanese newspapers that he was personally backing Germany's linear technology and giving no thought to Japanese technology "were not correct." (In June, during his visit to Germany, Zhu was present at the signing of an agreement providing for a linear technology test track to be built in Shanghai.) Zhu went on to say that in such a large-scale project decisions on technology should not be made in an "overly rash manner." Zhu's remarks were interpreted as evidence of his appreciation for Japanese proposals to construct the Beijing-Shanghai railroad based on its own *shinkansen* (bullet train) technology.

Implications for U.S. policy

A stable relationship between Tokyo and Beijing is one that comports with U.S. security interests in the Asia-Pacific. The efforts of the two governments to deal with the existing problems and put their relations on a firm, politically sustainable foundation thus works to support U.S. interests. A key test will come in October when Premier Zhu Rongji travels to Japan.

Chronology of Japan-China Relations July-September 2000

Early July: Japan Defense Agency sends Defense White Paper 2000 to cabinet for final approval that reports, for first time specifically, that Japan falls within range of China's missiles and also focuses on Chinese maritime research activities in Japan's Exclusive Economic Zone (EEZ).

Jul. 12, 2000: Toyota-Tientsin joint venture begins operation.

August: Increasing criticism of China and Chinese maritime research activities within LDP. Prior to Foreign Minister Kono's departure for Beijing, Tokyo puts off efforts to secure Diet approval of special yen loan for China

Aug. 9, 2000: Japanese House of Councilors Foreign Affairs and Defense Committee meet to discuss China's maritime activities,

Aug. 15, 2000: Transportation Minister Morita visits the Yasukuni Shrine.

Aug. 27, 2000: The *Yomiuri Shimbun* reports that Chinese naval incursions into Japan's EEZ have increased, with 19 detected thus far this year.

Aug. 28-31, 2000: Foreign Minister Kono meets with President Jiang Zemin, Prime Minister Zhu Rongji, and Foreign Minister Tang Jiaxuan in Beijing. Foreign Ministers agree to establish mechanism for prior mutual notification of maritime research activities in respective EEZs

Sept. 7, 2000: Japanese Diet approves special yen loan for China.

Sept. 7, 2000: Japanese embassy in China protests the activities of Chinese ships in Japan's EEZ.

Sept. 8, 2000: Newspapers report that Chinese ships are once again active in Japan's EEZ despite the agreement for prior notification.

Sept. 12, 2000: Japanese Vice Minister for Foreign Affairs Kawashima calls in Chinese ambassador to protest Chinese ship incursions.

Sept. 12, 2000: Chinese Premier Zhu Rongji meets with a group of visiting Japanese parliamentarians.

Sept. 13, 2000: Japan begins excavation and recovery of chemical weapons abandoned in China by the Imperial Army at end of World War II.

Mid-September: Japan's Coast Guard Agency sends Coast Guard White Paper 2000 to Cabinet for final approval.

Sept. 15, 2000: Japanese and Chinese diplomats meet in Beijing; agree to accelerate efforts to reach agreement on mutual prior notification mechanism.

Sept. 22, 2000: Japanese Foreign Minister Kono welcomes the U.S. Senate vote to extend permanent normal trading status to China and expresses the belief that the vote will accelerate China's accession to the World Trade Organization (WTO). Tokyo has long regarded China's entry into the rules-based WTO as a key step in advancing China's participation as a "constructive partner" in the international economy.

Sept. 25, 2000: Sino-Japanese discussions resume on mutual prior notification mechanism.

Sept. 26, 2000: Liberal Democratic Party Secretary General Nonaka discusses maritime research issue with senior Chinese diplomats in Tokyo.

Japan-Korea Relations: What's Behind the Smile?

by Victor D. Cha,
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The highlight of the quarter in Japan-ROK relations was the September summit in Atami, Japan between Japanese Prime Minister Mori and ROK President Kim Dae-jung. President Kim continued his role as *de facto* interlocutor between Japan and North Korea, even as Seoul and Tokyo quietly and unassumingly continue building up good will. Meanwhile, the roadblocks to Japan-DPRK normalization and dialogue remained immovable, although there were some promising signs. As one looks down the road of Japan-DPRK dialogue, even *best case* scenarios appear somewhat unsettling from a Japanese security perspective.

Japan-South Korea: Summits and Silence

The highlight of the quarter in Japan-ROK relations was the September Mori-Kim summit at Atami, Japan. Agreements were made to conclude a bilateral investment treaty by the end of 2000 and there were substantive discussions on North Korea. President Kim Dae-jung, assuming the role of a *de facto* interlocutor between Japan and the DPRK, supported Tokyo's decision to grant an additional 400,000 tons of rice to the North (as World Food Program donations), and urged Prime Minister Mori Yoshiro to seek bilateral meetings with the North (having urged the same of Pyongyang two weeks earlier). Proposals were also raised for exploring three-way cultural exchanges among the two Koreas and Japan.

This summit did not have the flash or impact of earlier ones between Kim and Obuchi but given the history of Seoul-Tokyo relations, sometimes quiet and unassuming meetings are the best signs of a strong relationship. Xenophobia did not reign in South Korea when imports of formerly banned Japanese products increased more than two-fold during the past quarter (a function of Seoul's decision to abolish remaining import controls in June 1999). Japan did not balk in the least at leading the G-8 Summit's efforts at producing a special statement on the Korean *détente* (these actions were deeply appreciated by Seoul). And perhaps most important, the euphoria that has accompanied the improvement in North-South relations has not yet been vented in a negative way toward Japan. Because modern Korean conceptions of nationalism and identity are rooted in almost direct opposition to Japan, the potential for emotional events such as the family reunions that took place on August 15 (*kwangbokchol* or Liberation Day) to generate anti-Japan hysteria was far from minimal. As a testament to the distance that the

Japan-ROK relationship has come, this event--and the Korean media's portrayal of this event--was celebrated in proactive Korean terms (mostly) rather than negative anti-Japan ones.

Japan-North Korea: Roadblock

The roadblocks to Japan-DPRK normalization and dialogue remained immovable this past quarter. As expected, given North Korean negotiating behavior, Japan offered token amounts of aid through international channels to help jump-start another round of normalization dialogue (August). The aid was offered after the normalization talks but the pattern of aid for dialogue -- either in advance or retroactively -- is clear.

There were some encouraging signs during the quarter. Tokyo and Pyongyang agreed to a third round of homecomings for Japanese wives (residing in North Korea) in September--arguably, the North has found yet another new bargaining chip with this issue (i.e., politically important for Japan and relatively cost free for the DPRK). Mori and DPRK ceremonial head of state Kim Yong-nam agreed to meet at the UN Millennium Summit in New York (before the North's much publicized problems in Frankfurt that resulted in the cancellation of their New York visit). Japanese investors expressed interest in Hyundai projects in North Korea (the Mt. Kumgang tourism complex and the Kaesong industrial park).

As a new turn in the path to normalization, pro-North Korean residents in Japan (Chongryon) were allowed to visit relatives in the South for the first time and resident associations in Japan sympathetic to both the North and the South (Mindan) may move in the future to hold talks. These developments are welcome but they probably do more for North-South relations than they do for Japan-ROK or Japan-DPRK relations.

The normalization talks led by Japanese Foreign Minister Kono Yohei and DPRK Foreign Minister Paek Nam-sun were the centerpiece event for this quarter for Tokyo and Pyongyang. The talks produced agreements in principle to timelines on the return of cultural assets. Perhaps most promising, there appeared to be an implicit acceptance of a formula on the difficult issue of compensation. Following the model of the 1965 pact with South Korea, Japan proposed to offer not historical compensation but "economic aid" (the North could call it whatever it wants to its domestic audience). The North did not outright reject this idea which gives optimists the impression that it may be amenable to the formula. Again, optimists hope that the aid package to come with normalization would then prompt the North to resolve the abductions issue in some political fashion. Pessimists see other problems down the road (see below), not to mention the absence of any goodwill among the Japanese general public even if the North addresses the abduction issue. The latter is important because it essentially means that the domestic-political atmosphere in Japan will be cool to any deal that is eventually made.

Japan's Dilemma: What's Behind the Smile?

Furthermore, as one looks down the road of Japan-DPRK dialogue, even best case scenarios appear somewhat unsettling from a Japanese security perspective. For Tokyo, as for all the other countries in a process of engagement with North Korea, the future greatly hinges on the extent to which DPRK intentions have changed fundamentally from revisionist and aggressive ones to a more cooperative and moderated outlook. Both skeptics and optimists would agree that the recent spate of “smile” diplomacy conducted by Pyongyang reflects a change in tactics largely for the purpose of regime survival.

The rub is whether there is more behind the smile. Among the three allies, one imagines a spectrum of views: at one extreme, Kim Dae-jung and the ROK Sunshine Policy bank on a transformation of preferences behind the smile; in the middle stands the United States, which hopes for the same but the skepticism is palpable; and at the other end stands Japan. The latter statement may sound strange, given that Japan has remained in line with the Perry process of trilateral coordination and supports the engagement policy. But how much of this support stems from a belief in engagement *per se* and how much stems from Japan's dutifully being a good ally? One could argue that Tokyo sits at the farthest end of this spectrum not because it is inherently more pessimistic than its allies, but because even in an *optimistic* extrapolation of the current situation, it may end up in the *worst-off* position. In other words, the critical fork in the road that will prove the current worth of these engagement initiatives is whether DPRK cooperation will move beyond the economic issues to the harder military and security issues.

In a best case scenario, one might imagine the North forgoing development and testing of the longer-range ballistic missile programs (i.e., Taepo-dong I and II) because these have the highest value-added for Pyongyang. The North can expect asymmetric returns and/or compensation for giving up a “potential” program (TD-I) and a future one (TD-II). In a best case scenario, the North might even agree to military hot lines, advanced notification and observation of troop movements and exercises, regular meetings of a military committee, and even some mutual conventional force reductions. These sorts of concessions (admittedly very optimistic) by the North would satisfy South Korean, Japanese, and U.S. concerns regarding peninsular security and nonproliferation; what they would not address are Japanese concerns about the North's medium-range missile arsenal.

With an estimated range of 1,000-1,300 kilometers and payloads of 700-1,000 kg, the No-dong is among the North's most developed missile programs after the Scud B and Scud C missiles. In 1999, it is estimated that the DPRK produced between 75 and 150 missiles, of which one-third were sold to foreign countries. Unlike the Taepo-dong program which is still in the development and testing stage, experts estimate that the No-dong became operational in 1994 and that the North has deployed at least four missile battalions (about nine to ten launchers per battalion). Arguably these deployed capabilities are the most immediately threatening to Japanese security. At the same time, they also constitute the demonstrated operational security capabilities that Pyongyang is least likely to part with. Japan may therefore be stuck between a rock and a hard place.

The “final bargain” for the DPRK in the future may be to trade some conventional arms cuts and its potential long-range ballistic missile aspirations for money and the guarantee of regime survival. This may bring a moderation of non-proliferation and peninsular security threats for the U.S. and ROK, but it will not bring security to Japan as fully as one would hope because of the residual and real No-dong threat.

Looking Ahead

Such hypotheticals about the future may be farther forward than people like to think. After all, there is enough uncertainty regarding North Korea in the present. Nevertheless, this is a very real problem down the road, and it is one that will test the trilateral coordination process among the allies. Perhaps most problematic, it is a dilemma that arises if things with North Korea *go the way we want them to*. “Be careful what you wish for” must be in the minds of some far-sighted Japanese strategists as they adhere with trepidation to the trilateral process of engagement.

Chronology of Japan-Korea Relations July-September 2000¹

July 3, 2000: After the late June Trilateral Coordination and Oversight Group (TCOG) meeting, the U.S. and Japan release a statement welcoming the inter-Korean family reunion deal.

July 5, 2000: Bank of Korea reports that third quarter expectations of a strong yen will benefit Korean exporters.

July 8, 2000: Japanese Prime Minister Mori asks ROK President Kim Dae-jung to convey to DPRK leader Kim Jong-il Japan’s intentions for DPRK normalization talks.

July 10, 2000: From Jan-May 2000, imports of Japanese products by the ROK rise 210% to \$353 million.

July 13, 2000: Japanese Foreign Minister Kono Yohei meets with South Korean counterpart Lee Joung-binn to discuss June’s inter-Korean summit, and the contents of a G-8 special declaration on the Korean Peninsula.

July 14, 2000: South Korea’s Ministry of Posts and Telecommunications gives license to Dacom Japan to operate telecom services in Korea.

July 15, 2000: President Kim announces his intention to visit Japan in the autumn.

¹ Compiled with research assistance from Yvonne So.

July 15, 2000: Parliamentarians from South Korea's Millennium Democratic Party and Grand National Party criticize the government for acting too cautiously on the Tok-do dominion issue with Japan. Lawmakers plan to conduct a fact-finding visit to the disputed islets.

July 20, 2000: The Federation of Korean Industries encourages Japanese companies to participate in inter-Korean economic cooperation, requesting assistance to develop DPRK's infrastructure.

July 20, 2000: DPRK announces it will expand its "omni directional diplomacy" to improve relations with major power, including the U.S. and Japan, and to normalize ties with the European Union, Canada, and New Zealand.

July 20, 2000: Former ROK Prime Minister Kim Jong-pil is appointed new head of the Association of ROK-Japanese Policy Makers.

July 23, 2000: The Korea International Trade Association (KITA) announces that South Korea's trade deficit with Japan is \$6 billion, up 63.7% from 1999.

July 27, 2000: President Kim sends a thank-you message to PM Mori for spearheading the adoption of a special statement on the Korean Peninsula at the G-8 Summit.

July 28, 2000: Japan's 2000 Defense White Paper says that despite *détente* on the Korean Peninsula, Japan still needs to take precautions against the DPRK security threat.

July 31, 2000: Ambassadors representing the four executive board-member nations of Korean Peninsula Energy Development Organization meet in Seoul.

Aug. 1, 2000: In a 6-point joint statement, ROK and DPRK officials agree to hold "pan-Korean" ceremonies to commemorate the nation's liberation from Japanese colonial rule and agree to allow pro-North Korean residents in Japan to visit relatives in South Korea for the first time.

Aug. 1, 2000: Mori and President Kim exchange reports on their recent dealings with DPRK via telephone, and agree to continue coordinating policies toward DPRK.

Aug. 3, 2000: The directors of Korea and Japan's Culture Department hold a meeting on the 2002 Korea-Japan National Exchange Year Project, discussing culture, arts, science, youth exchanges, and tourism.

Aug. 5, 2000: The National Alliance for the Protection of Tok-do, a coalition of 11 ROK groups, seeks support from DPRK, suggesting joint academic conferences and the establishment of liaison offices in Seoul and Pyongyang to exchange information on the Tok-do issue.

Aug. 7, 2000: In Japan, pro-ROK Mindan seeks ties with its pro-DPRK counterpart, Chongryon.

Aug. 10, 2000: South Korean exports, led by rising exports of Korean computers, semiconductors, and wireless communications equipment, take up 12.2% of the Japanese import market, their biggest share since 1989.

Aug. 11, 2000: The Korean National Tourism Organization reports that two million Japanese tourists visited Korea in 1999, up 31% from 1997.

Aug 14, 2000: DPRK criticizes U.S.-Japan joint military drill plans, claiming they will threaten next week's diplomatic talks with Japan.

Aug. 18, 2000: For the first time in five years, Japan is the number one exporter to the ROK.

Aug. 21, 2000: After a 4-month hiatus, DPRK and Japan resume bilateral negotiations, addressing Japanese colonial compensation and DPRK's alleged kidnapping of Japanese citizens.

Aug. 25, 2000: DPRK and Japanese Foreign Ministers Paek and Kono end their three-day normalization talks in Tokyo.

Aug. 26, 2000: The North Korean Central Broadcasting Station (KCBS) reiterates strong calls for a Japanese apology for its former colonization.

Aug. 28, 2000: Japanese investors pledge \$1 billion to Hyundai Group for projects in DPRK.

Aug. 30, 2000: Japanese government expresses regret over Seoul's plan to repatriate Shin Kwang-soo, a former DPRK agent suspected of abducting Japanese nationals two decades ago.

Sept. 2, 2000: Under the auspices of the World Food Program, Japan announces it will grant food aid worth 400,000 tons of rice to DPRK.

Sept. 2, 2000: At TCOG meeting, ROK, U.S. and Japan reaffirm their policy toward the DRPK, highlighting the importance of inter-Korean dialogue and the continued implementation of the Agreed Framework.

Sept. 4, 2000: To boost economic cooperation between South Korea, Japan, and China, ROK Ministry of Commerce, Industry, and Energy announces it will send a delegation to Japan to discuss the potential formation of a "Yellow Sea-rim free trade belt."

Sept. 5, 2000: ROK and Japanese navies hold 2nd ROK-Japan Navy talks in Taejon.

Sept. 5, 2000: Leading Japanese politicians including Japan's opposition Liberal Party head, Ichiro Ozawa, visit Seoul to promote political cooperation, PM Lee asks Japan to legislate a bill that would grant voting rights in local elections to ethnic Koreans in Japan.

Sept. 9, 2000: Japan's Chief of Mission to South Korea warns that the light water reactor project for North Korea will be delayed unless Pyongyang accepts international inspections and reiterates that ties between Japan and the DPRK will not be normalized until questions regarding Pyongyang's weapons of mass destruction and its abduction charges are resolved.

Sept. 10, 2000: President Kim urges DPRK to improve relations with the U.S. and Japan, citing security and economic recovery as beneficial results of normalized relations.

Sept. 11, 2000: The foreign and defense ministers of the U.S. and Japan state that despite the ROK-DPRK thaw, their countries will continue to build their defenses against possible DPRK threats.

Sept. 12-18, 2000: Japan and DPRK hold a third round of homecomings for 16 Japanese women married to DPRK nationals.

Sept. 22, 2000: President Kim visits Tokyo for talks with PM Mori.

Sept. 22-27, 2000: Chongryon members visit Seoul for the first time.

Sept. 23, 2000: The Korean Council for Women Drafted into Military Sexual Slavery by Japan petitions the ROK government to prevent Japan from publishing textbooks with distorted facts of its imperial history.

Sept. 23, 2000: President Kim asks Japan to help DPRK rehabilitate its economy and to promote 3-way cultural exchanges between the two Koreas and Japan.

Sept. 24, 2000: *Rodong Sinmun* asserts that the DPRK has no connection with the alleged kidnapping of Japanese citizens. The report accuses Japan of kidnapping 200,000 Korean women as sexual slaves during World War II.

Sept. 25, 2000: President Kim and PM Mori agree to conclude a Bilateral Investment Treaty by year-end.

Japan-Russia Relations:
Back to the Drawing Board?

by Joseph Ferguson,
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Russian President Vladimir Putin and Japanese Prime Minister Mori Yoshiro met twice this summer in Japan. The first meeting took place at the G-8 Summit on Okinawa in late July. Not much was expected of this meeting and results bore out the predictions. The second meeting was an official summit in Tokyo in early September. The atmospherics were perfect. Putin dined with the Emperor, lunched at the *Keidanren*, and even had time to tumble on the judo mat. Not had a Russian leader been so warmly welcomed in Japan since Soviet Premier Mikhail Gorbachev visited in 1991. Unfortunately, the results of his talks with Mori were mediocre at best and a spy scandal threatened to damage relations even more. Meanwhile, economic relations are as stagnant as ever; trade statistics for the first six months of the year amounted to a mere \$2 billion. Though the Japanese Ministry of Foreign Affairs assessed the summit and overall Russo-Japanese relations positively, it is difficult to escape the feeling that relations have only moved backward since early 1998.

Pre-summit Maneuvering

Vladimir Putin emerged as the star of the Okinawa summit. Fresh from a visit to North Korea, Putin held a captive audience of G-8 leaders. German Chancellor Gerhard Schroeder described his report on the situation in North Korea as “brilliant.” Other leaders crowded Putin’s schedule, and Mori was only able to meet with him for about an hour. They talked about the agenda for their upcoming summit. Neither side was prepared to enter into a lengthy discussion on bilateral matters. This actually may have been the best time to catch Putin in a generous mood. These were the halcyon days before Russia’s “Black August,” when the terrorist bombing in central Moscow, the sinking of the nuclear attack submarine Kursk, and the Ostankino television tower fire fell upon Russia and Putin in rapid succession. His response to the latter two tragedies left many Russians questioning his leadership skills. This was to have a profound influence on Putin’s behavior in Tokyo.

Several days after the Putin-Mori meeting on Okinawa, Nonaka Hiromu, Secretary-General of the Liberal Democratic Party (LDP), shocked the Japanese public and the Ministry of Foreign Affairs by stating that the territorial dispute should not stand in the

way of a peace treaty between Japan and Russia. This has been Russia's position all along. Foreign Minister Kono Yohei was quick to dismiss this idea and soon MOFA had the prime minister toeing this line as well. But this was apparently no mere slip of the tongue for which Japanese politicians are so famous. Nor were Nonaka's remarks necessarily directed toward Moscow. In fact, Nonaka seemed to be embroiled in an inter-governmental spat involving both the LDP and MOFA. Several LDP leaders (including deputy chief cabinet minister Suzuki Muneo, who acted as one of former Prime Minister Obuchi's special envoys to Russia), and a few members of the Foreign Ministry, unhappy with the direction of Russia policy, floated a trial balloon. MOFA's Russia school, led by ambassador Tamba Minoru, were quick to quash this experiment, engaging the services of the prime minister. However, it appears that within the ranks of the Russia school there is a debate under way. The question is, how much clout can a conciliatory group amass in Tokyo? Members of MOFA's Russia school, once the most dedicated of cold warriors, have steered Soviet and Russia policy for over five decades. They appear unwilling to relinquish the helm.

Another event prior to the September summit that could be seen as a pre-summit gesture was Putin's stopover in Sakhalin, prior to his arrival in Tokyo. This should obviously have been seen as a signal to Tokyo that Putin was in no mood to bargain, especially after the *Kursk* and Ostankino incidents. The Sakhalin administration of Governor Igor Farkhutdinov is most adamant about not handing over the southern Kurile Islands to the Japanese. Putin's visit was designed to demonstrate to all Russians that he had no intention of handing over territory. In a similar vein, the head of the Russian State Fishery Committee Yuri Sinel'nik published a lengthy piece in the *Nezavisimaya Gazeta*, claiming that the waters of the seas around the southern Kuriles can yield up to \$1 billion annually in fishing revenues. The message from Russia was clear: no to territorial concessions.

The Tokyo Summit

Given these signposts, it is no surprise that Putin's visit to Tokyo produced negligible results. Fifteen documents encompassing trade and investment, security, the environment, and military cooperation were signed by the two leaders, but both sides came away from the summit rather disappointed. The Japanese expected some sort of new initiative to emerge. In fact, they rolled out the red carpet for Putin. Mori went all the way to the airport to meet Putin, and the emperor came to greet the Russian President at the door of his residence in Akasaka Palace, a gesture rarely extended to foreign guests. How they could not read the signs in the wake of the *Kursk* disaster is beyond the comprehension of many observers in Moscow. Similarly, Putin hoped that the recent signs of economic growth in Russia would be a stimulus to renewed Japanese interest in Russian investment. Putin had announced in Sakhalin that liberal Russian Minister of Trade and Economic Development German Gref would gain control over the portfolio containing production-sharing agreements (PSAs). This is seen as a boost to investment protection in the energy field. But both Mori and business executives at the *Keidanren* pointed out to Putin that until the poor investment climate in Russia and the Russian Far East is rectified, no large-scale Japanese investment can be expected.

It was reported that Putin invoked the 1956 joint declaration during his discussions with Mori. It called for Japanese control of the two southernmost and smallest of the disputed islands in exchange for a peace treaty. It was unclear at the time whether the two remaining islands would remain on the table for discussion. The *Asahi Shimbun* reported that there were some in the Japanese government who still support a treaty based on the 1956 joint declaration. Apart from the disagreements on interpretations and starting points, many Japanese officials expressed optimism about Putin and his ability to deliver. In private talks with this author in Tokyo after the summit, several government officials and advisors expressed appreciation that between the two visits to Japan, Putin seemed to have done his homework, demonstrating a good grasp of the historical details and legal technicalities of the territorial dispute. They feel that Putin could possibly be the leader to make territorial concessions. However, they stressed that rapid progress is essential, and that a policy of inaction by Russia over the next few months could damage relations to an even greater extent.

In spite of the relatively sanguine mood at the governmental level, the mood among the respective publics was not positive. Russian editorials published prior to the summit warned Putin that he should not give in. The respectable centrist paper *Kommersant* exhorted Putin not to “sell-out the Motherland.” Two other centrist papers, *Vremya* and *Nezavisimaya Gazeta* published pieces on the 55th anniversary of the Japanese surrender (September 2), asserting essentially that, “to the victors the spoils.” Japanese editorials decried the meager results of the summit after the fact. The *Sankei Shimbun* warned that anti-Russian sentiment in Japan was bound to grow given a continued stalemate over the territorial issue. The *Yomiuri Shimbun* argued that no more large-scale economic assistance should be extended to Russia until a peace treaty is signed. Even the normally placid *Nihon Keizai Shimbun* scolded Putin for being too concerned about short-term domestic political considerations. Some Japanese commentators and Putin himself pointed to the general positive trend in Russo-Japanese relations over the past several years. But this seemed to be putting a brave face on what was an utterly unspectacular summit. In the end, both leaders agreed to continue discussions in the future. There is talk of a Mori visit to Moscow before the end of the year, but it seems that this would serve little purpose at the present.

Just days after Putin’s visit to Tokyo, a Maritime Self Defense Forces (MSDF) officer, Lt. Cmdr. Hagiwara Shigehiro, was arrested on suspicion of having divulged classified information to a Russian naval attaché. The Russian press was quick to latch on to the event as Japanese posturing after the unsuccessful conclusion to the summit. But Russian Foreign Minister Ivanov was quick to deny that there was any significance to the arrest. He said that it would have no bearing whatsoever on the relationship. Mori and Putin were both quick to second this. It now appears that the materials passed on included information on shipboard defense systems. Of concern to many is that the U.S. Navy and the MSDF deploy similar systems. Whatever the nature or sensitivity of the information, the Japanese public came away with a further negative image of Russia after the disappointing summit.

An Energy Bridge

Russian energy monopoly Unified Energy Systems (UES) has been making earnest efforts to find investment for the construction of a proposed Sakhalin-Hokkaido “Energy Bridge.” On July 21, UES and the Sakhalin regional government signed an agreement to coordinate efforts to construct a 4,000-megawatt gas-fired power station in an effort to export electricity to Japan by the year 2012. Initial estimates for such a project stand at \$9.6 billion. But analysts in Moscow are rather pessimistic about such a plan, especially given the reluctance of Japanese investors to finance such a grand project. However, the Sakhalin Energy Consortium (Sakhalin-2 – the only Sakhalin project that is actually producing at the moment) is considering assisting the project, by selling some of its production to UES. Japan’s Mitsui and Mitsubishi Corporation are participants in the Sakhalin 2 consortium. In addition, UES is reportedly in negotiation with the Japanese trading company Marubeni. Accompanying Putin to Tokyo was UES chief Anatoly Chubais, who was there to discuss his plans with potential Japanese investors. He was given a lukewarm reception. Though plans for energy bridges and petroleum pipelines look good on paper, the infrastructure and funding needed to realize such ambitious projects are enough to scare away the boldest of investors. Nevertheless, price spikes such as the recent rise in crude prices can provide the financial incentives to get such projects off the ground. Meanwhile, the Sakhalin-2 project continues to grow; during the first year it produced one million tons of crude oil. This should give impetus to the other five Sakhalin offshore projects that are due to start producing in 2-3 years. Japanese firms have invested in two of these projects, and expect interest in Japan to grow over the next few years.

Northeast Asia in Flux

The decision by U.S. President Bill Clinton to hold off on the development of a national missile defense system (NMD) could ironically have adverse consequences for Japanese policy toward Russia and China. Now that the United States has indefinitely put off the development of an NMD system (at least for a year, perhaps longer), Washington will likely decide to proceed with the development of a theater missile defense (TMD) system. Such a system will probably include Japanese involvement, given Tokyo’s ambiguous relationship with China and North Korea’s continued penchant for antics. Russia has already announced its opposition to both a NMD system and, in line with strategic partner China, a TMD system in Northeast Asia. China sees both the NMD and the TMD system as threats to its strategic nuclear arm. Russia sees TMD as a springboard to the development of a NMD system. There could be more pressure on the Japanese from the Russian side to *not* help the U.S. to develop TMD. Already it seems to be working. The *Sankei Shimbun* reported that the Japanese government has “gone cold” on missile defense. Japan continues to insist that, “the TMD system purely aims at defense” (in the words of Chief Cabinet Secretary Nakagawa). But Russian and Chinese pressure will continue. Sino-Japanese relations have not improved since Premier Jiang Zemin’s controversial visit to Tokyo in 1999. As long as issues such as nuclear testing, Official Development Assistance, TMD, spy ships, Taiwan, and the history question

continue to plague relations between Beijing and Tokyo, Japanese leaders will have the option of developing a “Russia card.”

President Putin appeared to have a new card in his vest after his visit to North Korea. It was expected that he would use this as the key to a Russian re-emergence in Northeast Asian affairs. Putin had reportedly discussed with DPRK leader Kim Jong-il a North Korean offer to desist from the development of ballistic missiles, in return for economic assistance in the form of free satellite launches. Putin hoped he had the key to disarming one of the American rationales for building an NMD or TMD system. But no sooner had “Black August” begun than Kim Jong-il announced that his comment to Putin had been made jokingly. Although Kim Jong-il did not completely deny the validity of the offer, messages coming from Pyongyang were ambiguous at best. It seems that Putin needs to go back to the drawing board and reengineer Russia’s relations not only with Japan, but also with North Korea.

Japan and Russia find themselves again at crossroads in bilateral relations, and in relations with the other nations of Northeast Asia. Many seasoned observers in Moscow and Tokyo are confident, however, that the two nations will eventually recognize their need for one another in an arena that seems permanently in flux.

Chronology of Japan-Russia Relations July-September 2000

July 7, 2000: A group of 42 elderly Japanese citizens visit the Southern Kurile island of Iturup/Etorofu where they lived before being expelled at the end of World War II.

July 12, 2000: Russian Foreign Minister Igor Ivanov and Japanese Foreign Minister Kono Yohei meet in the Japanese city of Miyazaki, on Kyushu, and discuss the upcoming G-8 Summit. Ivanov and Kono also discuss Russo-Japanese political and economic relations.

July 12, 2000: The U.S. government asks Japan to help foot bills totaling about \$400 million to help pay for processing plutonium from dismantled Russian nuclear weapons. This is about 20 percent of the \$2 billion that Washington and Moscow agreed to provide for processing 34 tons of plutonium in Russia.

July 18, 2000: Fuji Bank announces final plans to go ahead with an investment of over \$600 million in Russian energy giant Gazprom’s trans-Black Sea gas and oil pipeline project, “Blue Stream.” Fuji is to team with 10 other Japanese banks and financial institutions, including Sumitomo and Sanwa Banks.

July 19, 2000: Anatoly Chubais, Chief of United Energy Systems of Russia, the national electric utility, announces his plan to construct two power stations on the Russian island of Sakhalin with the aim of linking Japan and Russia via a \$10 billion energy bridge project.

July 23, 2000: Prime Minister Mori and President Putin hold an hour-long meeting at the G-8 Summit in Okinawa. They discuss Putin's upcoming visit to Tokyo and his recent visit to Pyongyang.

July 26, 2000: During a visit to Tokyo, Russian Communications Minister Leonid Reiman announces the signing of a major contract for the purchase of Japanese satellite equipment by a Russian state-owned company, Kosmicheskaya Sviaz (Space Telecom). Japan's NEC Corporation and Sumitomo Shoji trading company, together with Mitsui Corp., are going to supply the Russian company with satellite electronics for a total sum of \$102 million.

July 27, 2000: In a departure from Tokyo's traditional stance that the two issues not be separated, Nonaka Hiromu, Secretary-General of the Liberal Democratic Party (LDP), opines that the territorial dispute should not stand in the way of a peace treaty between the two nations.

Aug. 14, 2000: The World Bank announces a \$250 million loan payment to Russia. Japan plans to add a matching \$150 million.

Sept. 3-5, 2000: President Putin visits Japan, meeting with Japanese Prime Minister Mori, Emperor Akihito, and a delegation of Japanese business executives from the *Keidanren*. While in Tokyo, Putin and Mori sign over 15 joint documents on foreign policy, bilateral relations, economy and security.

Sept. 8, 2000: A Maritime Self Defense Force officer, Lt. Cmdr. Hagsaki Shigehiro, is arrested on suspicion of having divulged classified information to Captain Viktor Bogatenkov, a Russian naval attaché serving at the Russian embassy in Tokyo.

Sept. 10, 2000: Russian and Japanese naval ships take part in a joint exercise off of Kamchatka. Taking part on the Russian side are two anti-submarine ships of the Pacific Fleet and on the Japanese side the destroyers Hiei and Hamagiri.

China-Russia Relations:

Putin's Ostpolitik and Sino-Russian Relations

by Yu Bin,
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In contrast to the lack of contact between Russian and Chinese top leaders for the first half of the year, the newly inaugurated Russian President Vladimir Putin began the third quarter in a whirl of presidential diplomacy which took him to Dushanbe (Tajikistan), Beijing, Pyongyang, Okinawa, and Tokyo. The three summit meetings between top Russian and Chinese leaders in less than two months, on both bilateral and multilateral occasions, were part of Putin's "eastern-phase" diplomacy.

Shanghai-Five: First Acquaintances

The annual "Shanghai-Five" summit meeting in Dushanbe, Tajikistan on July 5-6 was the first time Putin met his Chinese counterpart, Jiang Zemin, since Putin assumed the Russian presidency. The Putin-Jiang "mini-summit" during the "Shanghai-Five" regional forum apparently focused on the Anti-Ballistic Missile Treaty (ABM) and the U.S. proposed national missile defense (NMD) system. To dispel China's concern over the Russian proposed "booster phase" missile defense and possible cooperation with the U.S., Putin took the initiative to explain Russia's "principal position" on the issue of NMD. Jiang Zemin, though he "appreciated" Putin's explanation, nonetheless expected to "further strengthen and deepen" the Moscow-Beijing cooperation in this area of "global security and stability." The Chinese president was quoted as saying that China "supports Russia's position that the integrity of the ABM Treaty must be maintained." The report, however, did not mention other aspects of Putin's suggestions for joint Russian-U.S. and Russian-European efforts to develop theater anti-missile systems.

The two-day regional summit was not just a symbolic occasion to ink the 20-point joint communiqué prepared by the five foreign ministers prior to the summit. China and Russia tried to obtain some substantial gains from the summit, including joint opposition to NMD and theater missile defense (TMD), as well as enlisting support for PRC's position on the Taiwan issue and Russia's actions in Chechnya. The five nations also agreed to rename and expand "Shanghai-Five" into "Shanghai Forum" which would include Uzbekistan. [*Editors' note: This also opens the door for possible Indian participation as suggested by Russia. For more, see this quarter's guest commentary.*]

On separate occasions during the regional summit, Russian and Chinese presidents put forward their own issues on the agenda. Putin expressed Russia's intention to increase its military presence in some central Asian states. Unlike Eastern Europe, there is no institutionalized Western effort in central Asia to squeeze out Russia's influence. Instead, political instability in almost all of these former Soviet states presents Russia with real opportunities to renew its traditional ties. Already in Tajikistan, some 25,000 Russian troops are establishing a permanent presence along Tajikistan's southern border with Afghanistan. Putin visited Uzbekistan in November 1999, and the region was the first place for his presidential diplomacy. After years of "neglect," the new president clearly wants to reassert Russian influence in Central Asia for economic, strategic, and anti-terrorist reasons.

While the Central Asian states are inching back to Moscow's military umbrella, which remains perhaps the only meaningful power pillar for a much-weakened Russia, Chinese President Jiang Zemin used the occasion to deepen China's economic relations with these former Soviet republics by inviting them to participate in China's ambitious plan to develop its western region. Meanwhile, Jiang conducted state visits to Tajikistan and Turkmenistan before and after the regional summit.

Despite this strategic maneuvering between Moscow and Beijing over the smaller Central Asian states, the Dushanbe conference was a timely occasion for Putin and Jiang to put final touches on various issues for their next "working summit" in Beijing (July 18-19).

Putin's "Assault on The [Great] Wall"

Despite their shared interest in many other areas of mutual concern, the Russians and Chinese apparently had different expectations for the much anticipated but delayed Beijing summit. For some in Russia, Putin's "assault on The [Great] Wall" (Russian diplomats' reference to Putin's presidential trip to China) should pass the "test" of Chinese hospitality -- the test that used to send Yeltsin "into a spin," remarked a Russian commentator, "when [Yeltsin] felt so moved that he dumbfounded the whole world with some impromptu remarks about the nuclear issue." For the Chinese, however, policy continuity from Yeltsin to the new president was perhaps one of their paramount concerns.

In practical terms, both sides needed to get accustomed to one another while coping with new challenges to their respective national interests. Leaders in Beijing were anxious to see how the new president played out his self-proclaimed "European pragmatism and Asian wisdom." At a minimum, how would Putin's "quality-but-not-quantity" approach to summit meetings with Chinese leaders sustain the momentum in bilateral relations? The first summit between Beijing leaders and the new president was a particular challenge to Putin, whose career path actually had relatively little to do with Asia. His Chinese counterparts were not only thoroughly educated in Russia and spoke fluent Russian in addition to English, they also seasoned themselves in dealing with Putin's predecessor during the previous decade. Although Putin is the "un-Boris" and always seems on the cool side, the young (in relative terms) Russian president surely discovered

that China no longer only meant food with chopsticks, but presents a rising power with which Russia shares past and future.

Despite the unfamiliar and uncertain chemistry, Putin's visit turned out to be fruitful for both sides. The short working summit was focused on the Sino-Russian "strategic coordination partnership" and urgent issues such as NMD and TMD. The border issue was not even on the agenda, despite strong demand by some local Russian officials in the Far East to take the issue to the Beijing summit. With the joint statement on the ABM Treaty and the "Beijing Declaration," China secured its strategic partnership with the new Russian leader, who somehow let his Chinese counterparts wait "with impatience" during the first half of the year as he toured around the world. It was not a surprise, therefore, to see that the beginnings of the two most important documents signed in Beijing were devoted to the issue of policy continuity. All the previous commitments by the two sides--promoting multi-polarity, strategic regional border stability, policy coordination at all levels, non-interference in each other's internal affairs, and economic development--were reaffirmed.

Perhaps the most significant outcome of the summit was a more unified stance on NMD, about which Moscow and Beijing have had not-so-complete overlapping interests. With its huge (though somewhat rusted) nuclear arsenal, Russia could live with the U.S. NMD. From a Chinese perspective, however, the same system could immediately render China's minimalist nuclear retaliatory force obsolete.

The signing of the ABM statement in Beijing was a timely relief for China. It stipulates that Russia and China "are firmly opposed to the NMD" and warns that U.S. unilateralism would entail grave consequences not only the national security of Russia, China, and other countries, but also to the security of the United States itself and global strategic stability. Beijing hoped that it would be impossible for the Clinton administration to ignore the joint statement by two nuclear powers and permanent members of the UN Security Council.

For its part, the Russian side believed that the summit "substantially promoted trustful partnership and strategic cooperation," with the Joint Statement on anti-missile defense being "the most tangible and important." Before leaving Beijing for North Korea, Putin told reporters that if the United States disturbs the balance of forces made possible by the 1972 ABM Treaty, a response is bound to follow, and "I believe that neither Russia nor China will remain idle. We will try to restore the balance."

The timing of the two summit meetings between Russian and Chinese heads of state may have also been aimed at impacting President Clinton's decision on September 1 to postpone the initial NMD construction. Shortly after the "Shanghai-Five" meeting in Dushanbe (July 5-6), the Pentagon's test of its high-speed missile interceptor failed again (July 7). Putin then used his telephone conversation with Clinton on July 10 to put more pressure on the U.S. side. In the following two weeks, Putin consolidated an anti-NMD "alliance" with China in Beijing, "rediscovered" North Korea, and impressed other G-8 leaders and Japanese Judo lovers in Okinawa. Meanwhile, President Clinton literally

locked himself at Camp David for an elusive Mideastern peace accord, which perhaps had more to do with his place in history than Mideastern reality. Putin's presence at Okinawa effectively created a tie of 4:4 between the pros and cons over the NMD issue when Canadian Prime Minister Chretien, German Chancellor Schroeder, and French President Chirac all joined Putin in announcing their doubts/objections to breaking the 1972 ABM Treaty. Toward the end of the Okinawa conference, even Clinton and Putin issued a joint statement for "cooperation in the field of strategic stability." Clinton's announcement to delay the NMD deployment just a few days before the UN Millennium Summit opened in New York on September 6 averted a renewed coordinated effort by Moscow and Beijing to criticize U.S. unilateralism.

From a Chinese perspective, both the joint ABM statement and "Beijing Declaration" underscored the Taiwan issue without direct reference to Chechnya. In his talks with Jiang, Putin was quoted as saying that Russia "firmly supports China's grand course of national unification with Taiwan." The joint statement on the ABM Treaty also reinforced China's position on TMD, a potentially explosive factor in troubled cross-strait relations with Taiwan as well as Beijing-Washington relations.

Partly because of the better-than-expected result from the brief summit, the Chinese side took the initiative to raise the issue of "how to further advance Sino-Russian relations of strategic partnership." President Jiang proposed a treaty on friendly cooperation for "all-encompassing cooperation between the two countries in political, economic, scientific, technological, military-technical, and international areas" in the new millennium. Believing that the summit "met Moscow's boldest expectations," Putin accepted Jiang's proposal to draft the agreement and said that it should define bilateral relations for decades to come. The proposed friendly cooperation treaty is expected to be signed in 2001 when Jiang Zemin visits Russia.

China Trade: Lights at the End of the Tunnel?

While Putin's visit to Beijing focused on strategic and general policy issues, the weak trade relationship between Moscow and Beijing was apparently a main factor for drafting a friendship and cooperation treaty which prioritizes trade and economic cooperation as the key for a long-term strategic partnership. According to Russian Foreign Minister Igor Ivanov, the agreement would enable Russia to tap its "enormous unused potential for mutually-beneficial cooperation with China in high technology as well as trade."

In broader terms, the emphasis on economics in the proposed friendship treaty reflects the basic principles of Russia's new foreign policy doctrine released a week before Putin's visit to China. The new doctrine scales down Russia's foreign policy goals to "more rational, more profitable" ones, particularly in the economic area. It was not a surprise, therefore, to see that most of the intergovernmental accords signed during Putin's brief stay in Beijing were in the non-political and non-strategic areas. These include: joint energy development; construction and operation of a fast neutron experimental reactor; banking and financial cooperation; education cooperation; and three additional accords regarding cooperation in energy sale, shipment, and transportation.

The two-way trade between China and Russia has actually been on an upswing in the first half of 2000 to \$3.56 billion, a 31.5% increase from the same period last year. China's imports from Russia, mainly fertilizer, rolled steel, refined oil, aluminum, and timber, reached \$2.68 billion, up 22.4% from the same period last year. China's exports to Russia, including garments, footwear, foodstuff, electronic products, and machinery, grew 70% to \$880 million. Still, the \$5 billion trade volume for 1999 was just a fraction of China's near \$100 billion trade with the U.S. The investment situation appeared at least equally discouraging. Years of effort to promote mutual investment have led to a mere \$140 million actuated Chinese investment in Russia and \$220 million of Russian investment in China. In the energy area, until 2005 when the proposed pipelines are complete, all Russian oil exports to China have to be transported by rail, whose limited capacity was the root cause for the insignificant share (1.5%) of Russian petroleum in China's total oil import (60 million tons in 2000).

Obviously, the lack of private effort from both sides and market deficiency in Russia were the main causes of low-level economic interaction. This led to a situation in which the only meaningful promoters for bilateral economic relations were the two governments. During Putin's visit, an accord was signed to assist China in constructing a fast-neutron cycle reactor with a capacity of 60 MW. China would become the second country to get such a reactor. Apart from financial benefit, Russia would get new jobs in the nuclear power sector.

Meanwhile, Vneshekonombank and the Bank of China signed an accord in Beijing to consider each other as priority business partners in the fields of Russo-Chinese trade and financial cooperation. The agreement supports investment projects in both countries and cooperation in the field of credit, including clearing operations in hard currency and clearing services to companies involved in Russo-Chinese border trade.

The highly publicized summit was somehow unable to resolve the issues concerning the construction of an \$1.7 billion oil pipeline from Russia to China, as the two sides were still at variance over several issues, in particular the route that the pipeline would take. Because of the enormous investment, the two sides agreed to take the issue to the next round of talks to be held in November during the Russian prime minister's visit to China.

Military Relations: Planning for the Next 15 Years

The Beijing summit also provided opportunities for the two militaries to meet again. Top defense officers held closed-door sessions to work out specific steps toward closer ties presumably in two separate yet related areas: short-term arms transfers and a long-term (15 years) cooperation plan.

The most recent large military contract between Russia and China was concluded in August 1999. As part of this multi-billion-dollar deal, Moscow supplies China with approximately 38 Su-30 and 22 Su-27 fighter aircraft. The contract would also grant China a license to produce Su-30s within the next few years.

Meanwhile, several other actual and possible deals are either being processed or discussed, including China's purchasing two additional Sovremenny destroyers for about \$1 billion and equipping China's diesel-electric submarines with Klab-S antiship missiles capable of hitting surface target 300 kilometers away. With the heightened tension across the Taiwan Strait and Taiwan's vow to take the war to the mainland, the People's Liberation Army (PLA) is eager to buy and/or license-produce additional S-300PMU and TOR-M1 air defense systems. Meanwhile, licensed production of the guided artillery shell Krasnopol M has already begun in China.

Prior to the Beijing summit, the Russian side prepared "a package of offers" for China which would require only "political decisions." Russian military-industrial complex insiders disclosed that these proposed deals, once approved, would be able to provide many major Russian companies "orders for the coming five to seven years."

These items, however, are what some Russians defined as "primitive forms of mediation in military trade," with Russia being the seller and China the buyer. The next phase of Sino-Russian military cooperation, accordingly, should focus on the more "advanced" forms, such as the joint development and manufacture of munitions and weapons.

Such thinking fits the two-stage, 15-year cooperation plan discussed during Putin's visit to Beijing. During the first five years (2000-2005), China would purchase from Russia up to \$15 billion of new generation weaponry in the form of either manufactured items or production licenses. Meanwhile, joint exercises and military training would be expanded across all military branches. Perhaps the most important aspects of the Sino-Russian military cooperation would be in the areas of joint research and development for the next generation of airplanes, missiles, and laser-based and other high-tech weapon systems. Joint efforts in developing these systems would be the focus for the second and longer-term phase of the plan (2005-2015).

Implications for the U.S. and Asian Security

The joint Russian-Chinese anti-NMD statement and proposed long-term Sino-Russian military cooperation, however, are by no means mere blank opposition to anything Washington does. In reality, strategic necessity and their respective national interests require both not to seek confrontation with the West in general and with the U.S. in particular. Shortly after the summit with Jiang, Putin told those at the G-8 Summit that neither China nor Russia was seeking any confrontation with the West and only the West itself can introduce confrontation to relations with the two poorer continental powers. Both Jiang and Putin later appeared on U.S. television to directly address to American audience. Jiang's attempt to maintain a ubiquitous smile and cheerleader style while facing Mike Wallace's relentless assault on China during the CBS *60 Minutes* program on September 2 was hardly confrontational. Putin's interview with Larry King on CNN shortly thereafter showed adequate pragmatism in the midst of mounting domestic and international criticism on his indifference and/or ineffectiveness during disasters such as the Kursk submarine and Moscow's Ostankino television tower fire.

The limit to Russian and Chinese opposition to the United States is largely derived from a simple reality that perhaps more than any time in their respective histories, China and Russia are engaged in the world trading system dominated by Western powers plus Japan. This strategic fact of life also explains why economic relations between Russia and China have been so insignificant and difficult to expand, despite the need for much more robust bilateral trade.

For the same reason, the current level of military cooperation between Beijing and Moscow does not necessarily target the U.S. alone, at least for the PRC. Although Taiwan is the main concern of the PRC, the perceived worsening regional security environment for China since the second half of the 1990s is perhaps an equally important factor in the minds of its defense planners. At the beginning of the new century, Asian security is indeed at a crossroads. Aside from an ever-powerful Japan and the increasingly difficult Taiwan issue, the nuclearized conflict between India and Pakistan has recently taken an even more dangerous turn, with both accelerating the development of their respective delivery systems. On September 18, India's missile "godfather" declared that the country is now capable of making inter-continental ballistic missiles (ICBM). A sea-based ICBM system with a range of 10,000 kilometers will be tested in 2001. India recently decided to acquire its third aircraft carrier from Russia and to build another one in the next ten years. Recent joint naval exercises with Vietnam and other ASEAN countries have extended India's naval presence to the South China Sea, an area where China is competing with others for sovereignty.

Even Vietnam is now poised for major military modernization by becoming one of the top five arms importers from Russia, with 12 Su-27 and Su-27 fighter planes, and OSA-2 missile boats. Vietnam is also showing interest in purchasing MiG-31, more Su-27, and Su-30 fighter planes to eventually bring the total number of Su-27 and Su-30 planes to 30. The issue of arms supply was the top agenda during Vietnamese Prime Minister Phan Van Khai's talks in Moscow in early September.

"Don't Ask, Don't Tell": Beijing-Moscow vs. Washington-Taipei

Before Putin's July trip to Beijing, a widely circulated piece of news in Asia was about Putin's offer to China of direct military assistance in a Taiwan Strait crisis. Singapore's largest Chinese language newspaper *Lianhe Zaobao* (United Morning Post) broke the news by supplying great details of the alleged "Putinism." The Russian president was quoted as instructing the Russian military that, in case the U.S. military involved itself in the Taiwan Strait situation, Russia would dispatch its Pacific Fleet to cut off the route of the U.S. fleet in order to keep the latter far away from the Taiwan Strait. The story was recycled many times by many Asian news outlets, caused major stock market tumbles in Taiwan, and was even picked up by a periodical under the official Chinese newspaper *Renmin Ribao* (*RMRB*).

While hypothesizing with many "ifs," the *RMRB* story never questioned the authenticity of the story. Nor did the Kremlin and other top Russian officials publicly deny the

“rumor” except the disbelief and disagreement voiced by some lower-level Russian officials. Perhaps the most unusual muteness was kept by Washington. Neither top officials nor major media in the United States ever reacted to the “rumor.”

The collective official silence over the widely-spread rumor, however, may signify a quiet but significant turn in major power politics in East Asia; that is, all sides are opting to do more while talking less. Unlike Boris Yeltsin’s a-lot-of-thunder-but-little-rain, the younger Russian president may even enjoy the “don’t ask, don’t tell” game.

For its part, Beijing, too, opts for less talk but more work. Unlike the 1995-96 missile launching for maximum psychological impact on Taiwan, the PRC has been carefully and seriously preparing itself for the eventuality of a military showdown with Taiwan. While the door to peaceful unification with Taiwan remains open, military exercises of all sizes are matters of routine. By late fall, all major Chinese cities including Beijing and Shanghai tested their air defense sirens and emergency mechanisms for the first time in 50 years.

These policy changes in Beijing paralleled similar tactics adopted by Taiwan’s independence-minded president Chen Shui-bian. For Beijing, Chen’s “soft-talking” actually covers more determined and sophisticated efforts to steer the island away from the Mainland. It remains to be seen how far the game of strategic ambiguity will be played out in East Asia.

Chronology of China-Russia Relations July-September 2000

July 4, 2000: Foreign ministers of the “Shanghai-Five” (Russia, China, Kazakhstan, Kyrgyzstan, and Tajikistan) meet in Dushanbe, Tajikistan.

July 4, 2000: China and Russia reportedly signed a \$1.4 billion accord to manufacture additional Su-27 jet-fighters in Shenyang, China. A \$2 billion agreement signed in 1996 by China and Russia licensed China to assemble up to 200 Su-27s.

July 5-6, 2000: The 5th annual “Shanghai-Five” annual summit meeting is held in Dushanbe, Tajikistan. Name is changed to “Shanghai Forum” as Uzbekistan joins.

July 7, 2000: A 800,000-kw Russian-made thermal power generating unit, the largest of its kind in China, starts producing electricity in northeast China’s Liaoning Province.

July 10, 2000: Russian President Putin calls U.S. President Bill Clinton, informing the latter of his trip to China and North Korea in the coming week. A major topic of discussion is the U.S. NMD system.

July 17-18, 2000: President Putin visits Beijing for his first official summit with his Chinese counterpart Jiang Zemin. The two sides sign nine documents including the Beijing Declaration and Joint Statement on Anti-Ballistic Missile Treaty.

July 19-21, 2000: Participants from China, Kazakhstan, Russia, and Mongolia meet in China's Xinjiang Uygur Autonomous Region. An Altay Regional Cooperation Agreement is signed to promote multilateral cooperation in animal husbandry, cultivation, mining, and tourism.

July 22, 2000: Russian presidential representative in the Far Eastern Federal District states that Ussuriiski and Tarabarov islands, which were left out of the recently set Russian-Chinese demarcation limits, "definitely" belong to Russia.

July 24-31, 2000: A delegation of Russia's Unity Party visits China at the invitation of the Central Committee of the Communist Party of China.

July 25, 2000: Russian Foreign Minister Ivanov stops in Shanghai for an economic conference before traveling to Bangkok, Thailand for the 7th ASEAN Regional Forum (ARF).

July 26, 2000: Russian President Putin and Chinese Chairman Jiang Zemin hold an hour-long telephone conversation. Putin briefs Jiang on his visit to North Korea and the two leaders exchange views on ways to further develop Russian-Chinese relations. Jiang informs Putin that he is in charge of the drafting of the friendship and cooperation treaty and suggests speeding up the drafting process.

July 27, 2000: Russian Foreign Minister Ivanov meets with Chinese Foreign Minister Tang in Bangkok, Thailand where both take part in the 7th ARF.

July 27, 2000: The governor of the Russian Khabarovsk territory states that the Ussuriiski and Tarabarov islands on the Amur river, which China calls disputed, "are a native Russian territory."

July 28, 2000: Russia's Deputy Foreign Minister Georgy Mamedov "on the instruction of the Russian leadership" informs the Chinese ambassador in Moscow Wu Tao of the results of the G-8 Summit in Okinawa and President Putin's talks in Japan with the heads of the leading industrial countries. The two also touch upon "the priorities of keeping global strategic stability."

Aug. 14, 2000: Russia delivers the first group of China-ordered Su-30 fighter aircraft to the Chinese air force. This is the first of up to 40 similar jets the Russians agreed to sell the Chinese.

Aug. 22-24, 2000: Dai Bingguo, chief of the International Department of the Central Committee of the Chinese Communist Party, visits Moscow.

Aug. 22-24, 2000: A Chinese public security delegation visits Habarovsk. A protocol is signed on the order of deportation of border transgressors. Border guards of the Russian Far East and the Heilongjiang province record for the first time the order of expulsion of Russian and Chinese citizens violating passport regime and committing other violations.

Aug. 28-31, 2000: Russian and Chinese border guards meeting in Vladivostok produces a protocol on cooperation between the two countries' border services. Earlier joint efforts significantly reduced the number of violations on the Russian-Chinese border in the Primorye region from 317 in 1998 to 224 in 1999, and to a mere 87 in the first six months of 2000.

Sept. 6, 2000: Representatives of Russia, China, and South Korea initial in Moscow a tripartite agreement on the involvement of Korea's Cogas company in a feasibility study for the construction of a pipeline from the Kovyktinskoye gas-condensate field to China and South Korea and the development of the Kovyktinskoye field.

Sept. 7, 2000: Russian Prosecutor General's Office and Federal Security Service officials hand over to Chinese authorities two citizens of China who had fought for rebels in Chechnya. An understanding was reached at the July summit in Beijing that Chinese citizens detained in Russia would be extradited to China.

Sept. 7, 2000: Initiated by China, a separate and first-ever summit attended by leaders from the five permanent members of the UN Security Council (China, Russia, the United States, France, and the United Kingdom) is held on the sidelines of the UN Millennium Summit.

Sept. 8, 2000: Russian Deputy Foreign Minister Alexander Losyukov states in Tokyo that it was possible in theory to develop military-technical cooperation not only between Russia and Japan, but also trilateral cooperation including China.

Sept. 12-14, 2000: The director of Russia's Federal Border Guards Service visits Beijing. The visit focuses on joint efforts to fight the illegal drugs trade, illegal immigration, and setting up border crossings. Agreement was reached on a proposal from the Russian side to set up a joint working group which "will seek to inquire objectively into illegal immigration."

Sept. 11-19, 2000: Li Peng, Chairman of China's National People's Congress (NPC), visits Russia with a group of 50 NPC deputies. Li's group visits Russia's "science town" Novosibirsk in central Russia and port city of Vladivostok.

Sept. 21, 2000: Chinese Ambassador to Russia Wu Tao in Vladivostok states that China intends to open a general consulate in Vladivostok in the Primorye region in Russia's Far East where every third joint venture in the region involves Chinese capital.

Sept. 21-25, 2000: China's naval destroyer *Zhenghe* visits Russian Pacific Fleet at Vladivostok for a friendly port call.

India-East Asia Relations: India's Latest Asian Incarnation

by Satu P. Limaye**

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India is in its third incarnation as an Asian player. Whether the expanded India-Asia interaction in 2000 is sustainable or short-lived remains to be seen. One certainty, however, is that post-nuclear test ties between India and the region were nearly normalized during 2000. Strong economic growth in India (despite slowed reforms, economic sanctions, and Asia's incomplete recovery), as well as a stable Indian government, and focused diplomatic efforts buttressed this trend. It is against this background that India's relations with key Asian powers, China, Japan, Southeast Asia, and Russia in the year 2000 must be seen.

India's first incarnation as an Asian power stretched from the inaugural Afro-Asian conference that Delhi hosted just prior to independence in 1947 until the 1962 Sino-Indian Border War. This was the high period of India's efforts to engage (and, some suspected, lead) Asia through support for anti-colonial struggles, Asian solidarity, and a new international order based on nonalignment and *panchshila* (five principles of peaceful coexistence).

From 1962 until the early 1990s India went missing in Asia. The reasons were many. Defeat at the hands of China sapped India's confidence (it may have cut short Prime Minister Nehru's life) and soured Asian countries on India's prospects. Preoccupation with Pakistan, including wars in 1965 and 1971, diverted Indian energies. Indira Gandhi spent the 1960s and 1970s consolidating power. During the 1970s and 1980s, India's Moscow connection and estrangement from the U.S. alienated much of Asia. After the 1970s oil shocks, India was drawn closer to the Middle East, upon which it relied for energy, business, and remittances. New Delhi's bungled handling of Vietnam's invasion of Cambodia, the former Soviet Union's invasion of Afghanistan, and its own application for ASEAN dialogue-partner status also angered key Asian states. Meanwhile, India's arms procurement and naval expansion, though exaggerated, fueled worry about New Delhi's intentions. Compounding the numerous diplomatic mistakes, India's stubborn insistence on an inward-looking economy made it increasingly irrelevant to a dynamic Asia. Mostly, India isolated itself.

The rebirth of India's Asia role derived from the twin shocks of Soviet collapse and near financial default in the early 1990s. The importance of being Asian became stark. Enhanced ties with Asia were seen as a step to possible inclusion in the broader Asia Pacific community, including regional economic and political organizations. This web of inclusion was deemed vital if India was to avoid over-dependence upon any one power;

compensate for the loss of political, economic, and military support from the ex-Soviet Union and East Bloc countries; and escape isolation and marginalization in a new world order. For Asia, better ties with India were an element of hedging; increasing economic and political flexibility among various Asian powers, forging a broader front against Western pressures on human rights, democracy, and trade issues; and creating constructive bilateral partnerships in trade, joint ventures, and technology (especially software and information technology). Individual Asian countries also sought specific benefits from improved links with India such as military training and military spare parts. These mutual efforts bore some fruit, including exchanges of high-level visits across the region, patched-up Sino-Indian ties, confidence-building and transparency measures, military exchanges, and India's inclusion in regional groupings such as the ASEAN Regional Forum (ARF).

The factors facilitating this trend included mutual concerns about China (in hand with a rapprochement between India and China), a significant weakening of the Indo-Soviet/Russian relationship with a parallel improvement in U.S.-India relations, declining Indian military spending, and the end to specific disputes such as Cambodia and Afghanistan. Moreover, political stability for the first half of the 1990s under the Congress-led government of Narasimha Rao and a round of economic reform created the impression that the Indian elephant was awakening.

But, this second incarnation of India being Asian lasted only from the early 1990s until the mid-1990s. Progress was hampered by government turnovers in India, frustration in Asia with the slow pace of India's economic reforms, a lack of Indian diplomatic follow-through, as well as Asia's own financial crisis and political pre-occupations (e.g., Indonesia).

A new round of Asian activism by India followed its nuclear blasts in May 1998. India launched efforts at damage control and re-engagement with Asian countries, and they responded. Surprisingly, this process was sustained despite an undeclared India-Pakistan war in Kargil in the summer of 1999.

India and China in 2000: "Knot" Not Undone

India's naming of China as the threat that prompted its 1998 nuclear tests led to a folksy exchange between the two civilizations. China's ambassador to Delhi, Zhou Gang, advised India "it is up to the doer to undo the knot." India's foreign minister, Jaswant Singh, retorted with a Rajasthani proverb that "it takes two to undo a knot." The "knot," of course, was India's "China threat" claim. China sought a retraction as a precondition for normalizing ties. India wanted a reciprocal statement from China. The countries compromised on each other's request, but with clever qualifications. During Foreign Minister Singh's June 1999 visit to Beijing, the first in eight years by an Indian foreign minister, he stated that India does not view China as a threat. China's Foreign Minister Tang Jiaxuan grudgingly accepted Mr. Singh's statement. In March 2000, Tang went on to say that "generally speaking China and India do not pose a threat to each other..." And

in July 2000 President Narayanan noted that India and China were “not necessarily rivals.”

Notwithstanding this knot’s successful untying, the exchange symbolizes a fundamental reality about contemporary Sino-Indian ties: there are a number of undone, more difficult knots. In 2000, despite the reinvigoration and surface friendliness of bilateral ties, these knots were as resistant to untying as ever.

The Border Dispute: PRC’s Broader vs. India’s Border Emphasis. An early casualty of India’s nuclear tests was the Joint Working Group on the Boundary Question (JWG) meeting scheduled for October 1998. This was the first lapse of the JWG in a decade. Following preliminary consultations in February 1999, the 11th JWG meeting was finally held in April 1999 and the 12th JWG meeting was held in April 2000. No progress was made in either round.

During President Narayanan’s May-June 2000 visit to China to mark the fiftieth anniversary of bilateral relations, he pressed for speedier progress on resolution of the border dispute. His counterpart, Jiang Zemin, counseled patience, saying that the problem was “left over *by* history.” Mr. Narayanan responded that it must not be “left over *for* history.” However, during PRC Foreign Minister Tang Jiaxuan’s trip to Delhi in July 2000 there was agreement to accelerate the process of demarcating the Line of Actual Control (LAC) in the middle sector, including the possibility of additional meetings of the JWG. Although this is incremental movement at best, 2000 did witness the continuation of the restarted JWG process, and at least raised the prospect of faster progress.

Fundamentally, however, India still regards the border as a central, high-priority issue and China does not. President Jiang Zemin’s *Four-Point Proposal on Bilateral Relations* to President Narayanan and Foreign Minister Tang Jiaxuan’s *Five-Point Proposal for Relations with India* during his July 2000 visit to India make clear Beijing’s effort to place the border dispute in the broader context of bilateral relations. Though Rajiv Gandhi in 1988 accepted, in principle, this shift in emphasis, India remains frustrated that little has been achieved, especially given the progress in resolving China’s borders with other neighbors. For its part, as Assistant Foreign Minister Wang Yi stated in mid-September 2000, China remains convinced that India seeks a one-sided solution to the border.

Pakistan in Sino-Indian Relations. Since 1990, the PRC has adopted a more equidistant stance on Kashmir. After India’s nuclear tests, in an apparent effort to exert pressure on India, the PRC briefly floated the idea of a multilateral meeting to help resolve the Kashmir dispute. A month later, however, China reverted to the PRC’s post-1990 position emphasizing bilateral, peaceful negotiation. During the May-June 1999 Kargil conflict, the PRC appeared to have counseled restraint to Pakistan and privately urged it to withdraw backing for the insurgents. During Foreign Minister Tang Jiaxuan’s July 2000 visit to the subcontinent, he continued to support dialogue between India and Pakistan as the “right path” for resolution of India-Pakistan differences. This

equidistancing may have gone so far that Tang also went out of his way to assure Pakistan that Sino-Indian ties would not affect Sino-Pakistani ones. For this reason, Indians were a bit unnerved in September when Chinese Assistant Foreign Minister Wang Yi reportedly stated that “the only way out is the peaceful settlement [of Kashmir] with help from the international community.” He also advised India to include Pakistan in any talks with insurgent groups. It is unclear whether this statement marks any lasting shift in the overall trend towards a more equidistant position between Pakistan and India by China. China has also not budged from its description of Sino-Pakistan relations as an “all-weather friendship” and a “comprehensive, constructive partnership.”

The PRC’s military, nuclear, and missile relationship with Pakistan, however, remains profoundly problematic for Sino-Indian relations. In July 2000, President Narayanan again requested clarification that China’s Pakistan relationship is not aimed at India. Foreign Minister Tang duly obliged during his visit to the subcontinent. Indians are unconvinced. Throughout mid-2000 there were numerous reports of missile transfers by the PRC to Pakistan. Indians are convinced that China uses Pakistan to “contain” India in South Asia, preventing India’s emergence as a possible challenge to China. Combined with the rapid growth of China’s economic and military strength and its revived relations with Russia, Indians have become extremely anxious about the Sino-Pakistan relationship. India regards Pakistan as China’s most important link in a chain of strategic encirclement. China, on the other hand, regards Pakistan as a major partner (even reportedly suggesting that it is on par with the U.S. relationship with Israel) with which it has a normal, legitimate “state-to-state” relationship. Untying this complicated knot will be extremely difficult.

India’s Nuclear Weapons Program: The New Knot. China does not have a record of unduly pressing India on nuclear nonproliferation. China itself joined the Nuclear Non-Proliferation Treaty (NPT) only in 1992 and once opposed the Comprehensive Test Ban Treaty (CTBT). India’s nuclear tests have brought a different stance. China has justified its opposition to India’s nuclear weapons program on the basis of United Nations Security Resolution (UNSCR) 1172, rather than unilateral reasons. But China also did not impose sanctions on India. It is unclear just how committed the PRC is to UNSCR 1172. As recently as March 2000, a Chinese foreign ministry spokesman, Zhu Bangzao, stated that resolution 1172 should “be sincerely and fully implemented by India.” UN Security Council Resolution 1172 calls on India to not only sign and ratify the CTBT, but also to sign the NPT as a non-nuclear weapons state (NNWS). India has stated that it will not accept the resolution. At least two Indian newspapers reported that President Jiang Zemin made no mention of UNSCR 1172 during President Narayanan’s visit. Nevertheless, China’s reference to 1172 is stronger than all other major powers including the United States and even Japan (see section on India-Japan relations). At the first-ever March 2000 security dialogue between India and China, little progress was reportedly made on the nuclear issue, but it is noteworthy that this has become a subject of bilateral dialogue. The Chinese publicly profess little concern about India’s nuclear weapons capability, though this may be posturing.

The bottom line is that pressing for adoption of UNSCR 1172 helps portray China as a responsible player on arms control and non-proliferation and indirectly criticizes the U.S. for its purported lack of commitment to the resolution that was explicitly stated in the June 1998 Joint U.S.-China statement on South Asia. China does not unduly complicate relations with Pakistan by highlighting 1172 because Pakistan has long-held that it would sign and ratify both the NPT and CTBT if India were to do so. China's non-proliferation policy toward India has a lot to do with Sino-U.S. relations, and comparatively little with India itself.

India-China Relations in 2000: Not Undone. For all the India-China talk in 2000 about common interests (e.g., a bilateral World Trade Organization agreement), more areas of agreement than difference, shared commitment to a multipolar world, resumption of military and naval visits, and even appeals to third world solidarity, bilateral relations remain mired in the past. On concrete issues big and small--such as India-Pakistan relations, nuclear weapons, or the border dispute as well as India's bid for a UN Security Council seat or sponsorship of the Convention on International Terrorism--India and China disagree. India, for its part, remains confused about what kind of relationship it wants with China, and how to achieve it. It is not an environment conducive to untying knots.

India and Japan in 2000: Samurai Meets Swami

India-Japan relations plummeted after India's 1998 nuclear tests. Japan's "adverse" actions, which the Indian external affairs ministry lists on its website, ranged from initiatives to condemn India's tests, raise the Kashmir issue at the UN, and induct Pakistan into the ARF, to having Empress Michiko's keynote address at the 26th Congress of International Board of Books for Young People canceled and substituted with an audio-visual message. In return, India refused to accept assistance for a cyclone disaster and slapped access restrictions on Tokyo's ambassador, among other steps.

Near normal ties were restored by early 2000 following visits by Indian External Affairs Minister Jaswant Singh in November 1999 and by Defense Minister Georges Fernandes in mid-January 2000. The centerpiece of Japan-India relations in 2000, however, was the visit of Prime Minister Mori Yoshiro in August, the first by a Japanese Prime Minister to South Asia in a decade. Four issues were at the heart of the visit: India's signature of the CTBT, the status of sanctions, economic cooperation, and Japan's attitude towards India-Pakistan relations.

The Nuclear Issue. Considering Japan's earlier energetic and wide-ranging responses to India's tests, Prime Minister Mori came to India with a sharply limited brief on India's nuclear policy: CTBT signature. He offered a number of carrots, including the further promotion of "amicable relations, respect, and praise from the international community as a responsible nation, and initiatives together for nuclear disarmament and nonproliferation." All Mori got from the Indians was Prime Minister Vajpayee and External Affairs Minister Singh's promise to abide by India's voluntary, self-imposed moratorium on conducting further nuclear tests. Prime Minister Mori also expressed a "wish to cooperate with India in order to start negotiations immediately and settle the

FMCT [fissile material cut-off treaty] within five years.” PM Vajpayee “agreed.” Japan’s Ministry of Foreign Affairs issued a statement that Prime Minister Mori was “impressed by [the Indian Prime Minister’s] very constructive comments.” More than pressing India, Japan appeared bent on seeking a “fig leaf” that would allow it to restart its Overseas Development Agency (ODA) to India. It was also clear from Mori’s visit that, in the words of Japanese Ambassador Hirabayashi Hiroshi, “the Japanese government has come to the conclusion to build multifaceted relations with India while working on non-proliferation issues together.” In other words, Japan is moving off the non-proliferation dime.

Economic Sanctions and Economic Cooperation. India’s Foreign Secretary Lalit Mansingh made clear prior to Prime Minister Mori’s visit that India would not appeal for a lifting of sanctions, and publicly it did not. He further pointed out that India had “coped with the sanctions very well and...established the point that sanctions are counter-productive and we won’t be intimidated by them. We believe sanctions are an irritant in bilateral relations.” (This contrasted starkly with General Pervez Musharraf’s complaint to Mori that Japan’s sanctions are “unfair and unjustified.”) Indeed, before Mori’s India trip, commentary in the Japanese press complained that the sanctions were harming Japan’s businesses and bilateral relations with India while having no effect on India’s signature of the CTBT. That Japan was searching for almost any justification to resume some aid to India was evident from Mori’s conclusion that India’s position on the CTBT and FMCT was such a “progressive stance” that additional loans ought to be made to two large, ongoing development projects.

Mori also sought to re-engage India’s private sector. He rather exaggeratedly offered that “we cannot talk about the international economy without referring to India.” He also launched an Indo-Japanese Information Technology (IT) Promotion and Cooperative Initiative that included a training program for Indian engineers, multiple entry visas for Indian businessmen, and IT business missions from Japan to India. This is a tiny effort in India’s IT sector compared with India’s cooperation with Germany and the U.S. For example, Japan gets only 4% of some \$5.7 billion in Indian software exports while the U.S. gets 60%. Germany offers some 10,000 visas for Indian computer engineers and the U.S. nearly 60,000. Japan and India also agreed to set up a high-powered panel to promote private sector cooperation.

The Pakistan Factor. In 1998 and 1999, Indians were incensed by Japan’s efforts to internationalize the Kashmir issue and bring Pakistan into the ARF and Tokyo’s muted reactions to Kargil. During his 2000 visit to the region, Mori seemed to go out of his way to soothe Japan-India relations. Aside from the fact that he spent four days in India and only one in Pakistan, Mori indirectly put the onus on Pakistan for the breakdown in dialogue by saying “I emphasized to General Pervez Musharraf, Chief Executive, the need to take steps for any early return to democracy, to control terrorism and to create an environment conducive to the resumption of dialogue with India [emphasis added].” Prime Minister Mori also subtly blamed Pakistan for Kargil by recounting that “in February last year, Prime Minister Vajpayee made a historic visit to Lahore...However, the fighting that broke out in Kargil after the visit betrayed Vajpayee’s good intentions,

and we also deeply regretted it.” Mori also praised Vajpayee for his early August efforts at talks.

Despite Mori’s focus on the actions that Pakistan needs to take, such as “effective measures against terrorism” and the need for a bilateral dialogue, he stated that Japan “will support as much as possible confidence building measures between the two countries,” implying that Japan would remain engaged in the dispute. And he strongly insisted that India should not resist dialogue, as it has been doing.

India-Japan in 2000: Who’s the Samurai, Who’s the Swami. The changing dynamics of India-Japan relations suggest India is playing the “tougher” role in the relationship. India has not compromised on the CTBT, not asked for any relief on sanctions, and pushed for a security dialogue. Japan has pleaded for a CTBT compromise that would allow it to restart aid, offered India a number of high-level panels and economic visits, and named the relationship “Global Partnership between Japan and India in the 21st Century.” The irony is that Japan-India relations have never been so multifaceted, active, and future-oriented as they have since India conducted nuclear tests.

India and ASEAN/Southeast Asia: “We Hindustani, You Aseani”

With all of Southeast Asia, India has gone from defending its nuclear blasts to making a case for its positive role in the region and exchanging numerous high-profile visits with key countries. At the 1998 ARF meeting’s traditional skits, India’s foreign minister Jaswant Singh sang “why such a fuss over a few crackers in the Thar. They weren’t as loud as Nevada or Lop Nor/Sherrif [Nawaz Sharif, former Prime Minister of Pakistan] took his ones and joined the fun/Evita [U.S. Secretary of State Madeleine Albright] lost some sleep, Juan [China’s President Jiang Zemin] proliferated in the sun...We Hindustani, you Aseani.”

In a June 2000 speech in Singapore, Singh was less defensive and more proactive saying that “the engagement of a militarily stronger, economically prosperous, democratic, and secular India imparts greater stability to the region.” India’s circulation of a concept paper on anti-piracy and offer to host a workshop on the subject in October 2000 also indicates a desire to play a more active role in regional affairs. Such initiatives have been combined with new overtures as well as enhanced ties with old friends across the region, including naval visits and even exercises.

India in ASEAN and ARF. By the seventh ARF meeting in July 2000, criticism of India’s nuclear tests had all but ceased. Unlike in the UN Security Council, G-8, or P5, ASEAN and the ARF have taken a relatively mild stance on India’s tests though individual member’s reactions have varied. The entire reference to South Asia in the seventh ARF meeting consisted of two sentences noting that views were exchanged on South Asia, some countries expressed continuing concern, and hopes were expressed for efforts to bring about positive developments in the region. If anything, the nuclear blasts in the subcontinent have pushed ASEAN and ARF to make stronger statements about disarmament.

Also on the nuclear issue, India has offered to “fully respect” and make legally-binding the Southeast Asia Nuclear Weapons Free Zone (SEANWFZ). Of course, non-ASEAN accession to the SEANWFZ is open only to nuclear weapons states (NWS). Therefore, as Singapore Foreign Minister Jayakumar stated, the matter of India acceding to the SEANWFZ “does not arise,” but “the spirit of it will not be lost on the ASEAN countries.” Clearly, India’s offer was an attempt to get *de jure* recognition for its nuclear weapons status.

ARF’s decision not to include Pakistan was also announced at the seventh ARF meeting. India had opposed Pakistan’s membership. Just before the fifth ARF meeting in July 1998, two months after the nuclear tests, Japan had pushed for Pakistan’s inclusion. Then as this year, there was no consensus on including Pakistan. However, the decision not to include Pakistan likely has less to do with India’s objections than ASEAN’s determination that India-Pakistan tensions fall outside the “geographical footprint” of key ARF activities, and a desire not to complicate and detract attention from ARF’s other country challenges.

India and Southeast Asia. Singapore has been the key country for India’s engagement with Southeast Asia; it is the country coordinator for the ASEAN-India dialogue. This is hardly surprising, given Singapore’s sizable, and politically well-organized, ethnic Indian population. In mid-January 2000, Prime Minister Goh Chok Tong paid his first visit in five years to India, during which two task forces were established for finance and information technology cooperation. Prime Minister Goh, however, chided India for paying less attention to the region than it should, saying “I want India to look towards Southeast Asia, ASEAN, and Singapore. I know India places importance to relations with the U.S. and Europe.” In June 2000, External Affairs Minister Jaswant Singh went to Singapore and made a major policy speech addressing India’s role in Asia, perhaps in response to this urging.

Another old friend of India’s in the region, Vietnam, was also the focus of India’s diplomacy in 2000. Returning the President of Vietnam’s December 1999 visit, India’s defense minister Georges Fernandes paid a visit in late March 2000. This was the first visit by an Indian defense minister to Vietnam. Agreements were reached on joint naval training to combat piracy, jungle warfare and counter-insurgency training, repair of MiG aircraft, pilot training, and assistance on small and medium arms production. Mr. Fernandes hailed Vietnam as India’s “most trusted friend and ally” and noted that Hanoi “stood by us” after the nuclear tests because “they understand that if [India] went nuclear there were good security reasons for it.” The implied shared China threat is unmistakable. Vietnam reportedly confirmed its support for India’s standing membership in an expanded UN Security Council.

2000 was also a year of renewal in India’s other Southeast Asian ties. Indonesia headed this list with the visit of the newly elected President Abdurrahman Wahid in February, Wahid’s first foreign visit. Friendly post-colonial ties between India and Indonesia had soured after the fall of Sukarno. Indonesia’s president acknowledged the past but sought a future-oriented relationship by saying, “there was a time when we were so close. We

have to restore the relationship. India could assist us in overcoming our economic difficulties.” To this end, President Wahid brought 70 businessmen with him to Delhi. For India, Indonesia offers both concrete and symbolic benefits. Apart from a large potential market for Indian goods, Indonesia offers much needed natural gas and petroleum products and reconstruction opportunities for Indian labor and companies. Indonesia’s transition to democracy, largely secular Muslim outlook, and multi-ethnic, linguistic, and religious challenges mirror those of India. Both countries, in launching an Indian-Indonesia Joint Consultative Forum, emphasized the need to work together “as part of efforts to strengthen cooperation among Asian countries.”

In 2000, India also improved ties with both Myanmar and Thailand, two countries with whom Delhi has had lukewarm relationships in the recent past. Thailand’s Foreign Minister Surin Pitsuwan visited India in mid-July 2000 and stated that “[Bangkok] regards India as a pillar of stability and prosperity of the entire region.” This was a markedly effusive utterance by a Thai official given Bangkok’s sharp criticism of India’s nuclear tests and general wariness about India’s regional intentions. Foreign Minister Surin also termed India’s bid for a UN Security Council seat “legitimate.” Thailand, Myanmar, and India also continue to interact through BIMSTEC, the Bangladesh, India, Myanmar, Sri Lanka, Thailand Economic Cooperation grouping. The third ministerial meeting was held in New Delhi in July 2000.

India, after sharp criticisms of the Burmese military government’s suppression of democracy in 1988, has recently pursued a “constructive engagement” approach mirroring that of ASEAN. In 2000 alone, Indian Chief of Army Staff General V.P. Malik visited Myanmar twice within six months. The second ranking leader of Myanmar, General Maung Aye, reciprocated by visiting Delhi. India’s most senior bureaucrat in the Home Affairs Ministry, Kamal Pandey, also visited Rangoon in August. Myanmar apparently wishes to have more equidistance between China and India, and India would like to wean Myanmar away from over-reliance on China, especially militarily. India also wants Myanmar’s assistance in curbing insurgency, drug trafficking, and smuggling.

India also hosted Cambodian Prime Minister Hun Sun in February. This was the first visit by a Cambodian Prime Minister in 20 years. The two countries signed agreements to promote cooperation on economics, science and technology, tourism, and agriculture.

All in all, the year 2000 was a dynamic and constructive year in India’s relations across Southeast Asia. Later this fall, India is expected to conduct joint training and exercises with Vietnam and Japan. Also, according to press reports, Indian navy ships are scheduled to visit ports in Malaysia, Singapore, Vietnam, China, South Korea, and Japan.

India-Russia Relations in 2000: *Da, Nyet, Mozhet Byt*

After two decades of a quasi-alliance relationship (between 1971-1991), “yes”, “no”, and “maybe” characterize the contemporary state of India-Russia relations. It is a mixed picture. There is a firm “*da*” to enhanced military and political cooperation, a “*nyet*” to

any alliance relationship, and a “*mozhet byt*” regarding the role of China and Pakistan in Russia-India relations.

The Sino-Russian-India Triangle. For India, the renewed Sino-Russian relationship, especially advanced weapons sales from Moscow to Beijing, has been a matter of serious concern. Russia’s attempts to placate India, in part through a mooted of a Russia-India-China axis, has elicited little enthusiasm from either India or China. Russia appears to be serious in building ties with China, but not ones that are inimical to India. For example, in November 1998, some months after India’s nuclear tests, the PRC-Russia joint statement on the issue did not mention India or Pakistan by name or refer to UNSCR 1172. Russia claimed that it had worked hard to achieve these results, as it had in keeping a critical reference to the tests out of the July 1998 meeting of leaders of Central Asian republics, China, and Russia.

In 2000, the importance of India to Russia was made clear in several ways, as was a dramatic verbal deference to Indian sensitivities about China. In January, for example, the final draft of Russia’s military doctrine included India among various countries (including China) targeted for Russian military and defense cooperation. In July, the new Russian foreign policy doctrine cited China and India as Russia’s two priority countries in Asia. After Boris Yeltsin left the scene and Vladimir Putin arrived in March 2000, Russian statements favorable to India further increased. In July, Russia’s head of the international cooperation department at the Defense Ministry, General Leonid Ivashov, suggested that it would be no problem for India to join the Shanghai Five grouping that brings together Russia, China, and three Central Asia republics. Even more dramatic was Ivashov’s statement at the end of the previous month that in transferring “Russian-made weapons and military hardware to other countries, including China, Russia is above all guided by the principle of doing no harm to the existing Russian-Indian relations and maintaining stability in the region.” Will Russian actions match these warm words? *Mozhet byt.*

Pakistan in Russia-India Relations. The close Indo-Soviet/Russia relationship has made Pakistan a minor factor in bilateral relations. Russia has reiterated its support for a bilateral settlement of India-Pakistan disputes on the basis of the Simla Agreement. During the Kargil episode in the summer of 1999 and the hijacking of an Indian airlines plane in late 1999, Russia was solidly supportive of the Indian government. Mutual India-Russia concern about what they deem international terrorism led the two countries, in April 2000, to sign a protocol to enhance cooperation to fight international terrorism and religious extremism.

While close Russia-India ties are unlikely to be complicated by Pakistan (unlike India’s relationships with the U.S. and China) Russia has worked cooperatively with Pakistan too. For example, in January 2000, Russia announced that it would write-off close to \$60 million of Pakistan’s debt, or about a third of the total. The total Pakistan owes to Russia is about \$175 million. Russia thus became the 12th member of the Paris Club to restructure or re-negotiate its debts with Pakistan.

India-Russia Military and Strategic Cooperation. India, possessing almost 70% of its military hardware from the old Soviet Union, continues to rely on Russia for spare parts and equipment. Two of Russia's major arms export organizations assured Delhi during 2000 of "timely deliveries" of spare parts and equipment. At the same time, a representative of one organization expressed concern about India putting out tenders for the overhaul of Russian-made weapons. He feared that Eastern European companies would bid low, get contracts with India, and then provide shoddy goods. A subsequent breakdown in Russian platforms would lead to blaming Moscow. Russia therefore prefers that India not go straight to certain arms factories but seek assistance through organizations such as Promexport. Whether such complaints are targeted at turf protection or are sincere efforts to service India well is unclear. But it is clear that both countries have decided to better their close military cooperation that was frayed by the collapse of the Soviet Union. For example, to further promote "military cooperation and enhanced decision-making," India and Russia agreed to establish a Commission on Military-Technical Cooperation during Minister of Defense Georges Fernandes' June 2000 visit to Moscow. The Commission is to have two working groups: one will focus on defense policy issues, the other on defense production.

Throughout 2000, the two countries continued to discuss major Indian military purchases including T-90 tanks and India's acquisition of a Kiev-class aircraft carrier (the former "Admiral Gorshkov"). Reportedly, Russia has agreed to transfer the de-commissioned aircraft carrier to India, but India is supposed to finance its modernization and acquisition of weapons systems, including two squadron of the naval version of the MiG-29 fighter. The cost is expected to be \$2 billion for the deal and three or more years are likely to be required for the modernization. The T-90 deal is supposed to be signed before President Putin's visit to India in early October.

Aside from military hardware cooperation, Russia and India have stressed their defense-political commonalities. For example, India has mouthed its objection to a unipolar world, stated that while it does not seek a "bloc" with Russia and China, "a coordinated action plan can be devised," and publicly spoke out against U.S. deployment of ballistic missile defenses (Defense Minister Fernandes did so a day after returning from Moscow). Both countries have time and again reiterated their concerns about terrorism and religious extremism. All this *bonhomie* aside, Russia and India are not likely to have the kind of quasi-alliance relationship of the Cold War era, although during President Putin's planned visit to India in October, it is expected that the two countries will sign a Declaration on a Strategic Partnership.

Looking Ahead

India's latest Asian incarnation is lively. Though begun in 1998 as largely a damage limitation exercise in the wake of its nuclear tests, by 2000 India's engagement with Asia was not only sustained, but considerably expanded. Moving from damage limitation and defensiveness to enhancing existing and initiating new ties, India has once again become more Asian in political, economic, and possibly security terms. Asian countries, for the most part, have reciprocated India's interest in improving ties. And yet, on both India's and Asia's side, it is not clear that the current activism can be maintained. On India's part, a sustainable Asian engagement will depend upon governmental continuity, political

stability, enhanced economic attractiveness, and a focused diplomacy. On Asia's part, similar factors as well as a stronger perception of India's usefulness will have to develop. In this context, India's bilateral relationships with key Asian countries/areas will be individually important, but less than a whole India-Asia relationship.

***The views expressed in this article are those of the author and do not reflect the official policy or position of the Asia-Pacific Center for Security Studies, USCINCPAC, the U.S. Department of Defense, or the U.S. Government.*

Expanded Chronology of India-East Asia Relations

Jan. 1992: At fourth ASEAN Summit in Singapore, ASEAN Heads of Government agree to establish Sectoral Dialogue on trade, investment, and tourism with India.

Mar. 1993: India and ASEAN formalize Sectoral Dialogue relationship and establish an ASEAN-India Joint Sectoral Cooperation Committee (AIJSCC), an ASEAN-New Delhi Committee (ANDC), an ASEAN-India Business Council (AIBC), and an ASEAN-India Joint Management Committee (JMC).

Jan. 1994: The first AIJSCC meeting is held in Bali, Indonesia.

Feb. 1995: The second AIJSCC meeting is held in New Delhi and Goa, India.

Dec. 1995: At fifth ASEAN Summit in Bangkok, India is elevated to the status of full Dialogue Partner, opening the door for participation in the ASEAN Regional Forum (ARF).

July 1996: India participates for the first time at the third ministerial ARF meeting in Jakarta.

Nov. 1996: The AIJSCC is replaced by the AIJCC to reflect India's move from sectoral to full dialogue partner. The first meeting of the AIJCC is held in New Delhi.

July 1997: India participates at the fourth ARF meeting in Kuala Lumpur.

Feb. 1998: First ASEAN-India Senior Officials Meeting (SOM) political consultations are held in New Delhi.

July 1998: India attends the fifth ARF meeting in Manila two months after carrying out several nuclear tests.

July 1999: India attends sixth ARF meeting in Singapore.

Dec. 1999: President of Vietnam visits India.

Jan. 2000: Indian Chief of Army Staff General V.P. Malik visits Myanmar.

Jan. 4, 2000: Russia and Pakistan announced that it would write-off close to \$60 million of Pakistan's debt to Russia, or about a third of the total. Russia is the 12th member of the Paris Club to restructure or renegotiate Pakistan debts. Islamabad's total debts are just over \$3 billion.

Jan. 5, 2000: Karmapa Buddha leaves Tibet for India.

Jan. 10-14, 2000: Defense Minister Fernandes visits Japan. Both sides agreed to commence a regular security and defense-related dialogue and expand defense personnel exchanges, education, and training. This is the first visit to Japan by an Indian defense minister.

Jan. 14-15, 2000: Russian First Deputy Prime Minister Dr. Viktor Khristenko visits India.

Jan. 16, 2000: The final draft of the new Russian military doctrine identifies "top priorities in Russia's military and defense cooperation with foreign countries, which will be accorded to Belarus, CIS countries, traditional and strategic partners India and China and some other nations."

Jan. 17-22, 2000: Prime Minister of Singapore Goh Chok Tong makes third visit to India, but first in five years. Agreement is reached to set up two joint task forces for finance and information technology.

Jan. 24-25, 2000: Foreign Office consultations are held in Seoul.

Jan. 27, 2000: Acting President Putin calls Prime Minister Vajpayee to congratulate him on the 50th anniversary of the creation of the Republic of India.

Jan. 28, 2000: India and the Philippines sign a Bilateral Agreement on Promotion and Protection of Investments.

Jan. 31-Feb. 1, 2000: Japan-India Business Cooperation Committee's 30th meeting is held in New Delhi.

Feb. 8-9, 2000: President of Indonesia visits India.

Feb. 8-10, 2000: Australian Labour Party Shadow foreign minister visits India.

Feb. 8-12, 2000: Deputy Premier of Western Australia and Minister for Commerce, Trade, and Regional Development leads a delegation of Australian businessmen to India to promote trade.

Feb. 14, 2000: India and Japan hold 7th round of Foreign Secretary-Deputy Minister level talks as part of annual foreign ministry exchange.

Feb. 17-19, 2000: Cambodian Prime Minister visits India, the first such visit in 20 years.

Feb. 18, 2000: PRC and India sign agreement on World Trade Organization accession.

Feb. 20-22, 2000: Former Prime Minister Hashimoto visits New Delhi for a seminar organized by the Tata Energy Research Institute (TERI).

Feb. 27-Mar. 1, 2000: Economic mission sponsored by Ministry of International Trade and Industry (MITI) visits India.

Feb. 29-Mar. 2, 2000: State Duma Speaker Gennady Seleznyev visits India for the first session of the Indo-Russian Parliamentary Commission.

Mar. 2000: China and India hold first-ever security dialogue meeting in Beijing.

Mar. 7, 2000: First round of Indo-Japan Energy Talks is held. According to a shared statement posted on both countries' websites, issues discussed include the international and regional energy situation, demand and supply outlook, and energy situation and energy policy. The two countries agree to continue discussion on how to cooperate with each other in the energy field.

Mar. 24-28, 2000: T.S. Krishna Murthy, Election Commissioner, leads a delegation to Moscow to observe the presidential elections that were held on March 26.

Mar. 27, 2000: Prime Minister Vajpayee calls newly-elected President Putin to congratulate him on his election victory.

Mar. 27-30, 2000: Defense Minister Fernandes visits Vietnam.

Mar. 28, 2000: Fourth MEA-MITI dialogue is held. The dialogue was established in 1994 to discuss bilateral and global economic issues.

Apr. 1, 2000: 50th anniversary of India-PRC diplomatic relations.

Apr. 18, 2000: India supports a PRC move not to bring U.S. motion critical of human rights in China to a vote.

Apr. 26-28, 2000: HRH Princess Hajah Masna, Ambassador-at-Large of Brunei, visits India.

Apr. 26-28, 2000: Russian Security Council Secretary Sergie Ivanov visits India, sign protocol with Indian National Security Advisor Brajesh Mishra on cooperation between the two Security Councils.

Apr. 27-29, 2000: India participates in the Japan-hosted “Asia Anti-Piracy Challenges 2000” conference in Tokyo; “special mention” is given to India’s naval and coast guard joint operation that successfully recaptured a hijacked Japanese cargo vessel, stating that “for Japan and India, this incidence would go a long way in strengthening mutual relations.”

May 4-5, 2000: MITI chief visits New Delhi, the first Japanese cabinet minister to visit India since July 1997 and first MITI Minister visit since 1995. Broad ranging economic agenda, with specific aim to step up bilateral trade in software to \$500 million by 2002.

May 7-10, 2000: Japan Training Squadron makes visit to Mumbai, India.

May 22-25, 2000: Chief Justice of India visits Russia at the invitation of the Chairman of the Supreme Court of the Russian Federation.

May 26-Jun. 2, 2000: Indian President Narayanan visits China to mark 50 years of diplomatic relations.

June 2000: Defense Minister Fernandes leads official delegation to funeral service for Japanese PM Obuchi.

June 1-3, 2000: External Affairs Minister Singh visits Singapore and delivers a speech entitled “India and ASEAN: Security Paradigm AD-2000.”

June 8, 2000: PRC suggests several specific steps to develop bilateral trade and tourism to visiting Indian delegation.

June 15, 2000: Russia’s gas giant Gazprom and the state-owned Gas Authority of India Ltd. initial a 20-year contract with the Indian Ministry of Oil and Natural Gas for prospecting, development, and operation of a major gasfield in the Bay of Bengal.

June 22-24, 2000: External Affairs Minister Singh visits Moscow.

June 25-31, 2000: Defense Minister Fernandes visits Moscow.

June 27, 2000: Russian Deputy Minister Klebanov announces that a contract will be ready in two weeks allowing India to buy \$700 million worth of T-90C tanks.

June 28, 2000: Russia and India announce establishment of a Commission on Military-Technical Cooperation.

June 29, 2000: General Leonid Ivashov, head of the Russian Defense Ministry’s international department, is quoted as saying that Russian military sales to other countries, including China, are “above all guided by the principle of doing no harm to the existing Russian-Indian relations and maintaining stability in the region.”

July 4, 2000: Indian Chief of Army Staff General V.P. Malik visits Myanmar. This is reportedly the second visit within six months.

July 5, 2000: India and Russia sign an agreement to expand cooperation in the nuclear sciences. Agreement is also reached to extend their integrated long-term program on scientific and technological cooperation.

July 5, 2000: India's Defense Minister Fernandes asks U.S. to give up BMD tests just after his visit to Russia.

July 6, 2000: Third meeting of the Bangladesh-India-Myanmar-Sri Lanka-Thailand Economic Cooperation Ministers in India.

July 8-10, 2000: Thailand's foreign minister Surin Pitsuwan visits India, states that "we regard India as a pillar of stability and prosperity of the entire region," and reportedly calls that India's bid for a Security Council seat "legitimate."

July 10, 2000: New Russian foreign policy doctrine is released. China and India are named as priority countries in Asia. Russia also urges CTBT signature by India and Pakistan.

July 10-12, 2000: Australian Prime Minister John Howard visits India, the first visit at this level in 11 years.

July 14, 2000: Senior Defense Ministry official tells foreign correspondents on the eve of President Putin's trip to China and North Korea that "Russia, India, and China have common goals--they stand for a multipolar world, are opposed to U.S. plans to build a national missile defense, and reject military diktat in international relations." He also suggests that India could join the Shanghai Five forum including three Central Asian states, Russia, and China.

July 21, 2000: Japan-hosted Group of Eight meeting communiqués (one on regional issues and a final one) make reference to South Asia and Disarmament, Non-Proliferation, and Arms Control. The South Asia section calls for resumption of dialogue in the "spirit of Lahore" and calls on India and Pakistan to "carry out fully the concrete measures set out in the UNSCR 1172, including signing and ratifying the CTBT." The final communiqué states that the G-8 "remain committed to promoting universal adherence to and compliance with the NPT."

July 27, 2000: India attends seventh ARF meeting in Bangkok. Pakistan is not accepted for ASEAN membership due to a lack of consensus.

July 28, 2000: Japan Foreign Minister Kono and Indian Minister of External Affairs Singh talk in Bangkok. Kono presses India on the CTBT, Singh is non-committal.

July 30-Aug. 1, 2000: ROK Foreign Minister Lee Joung-binn visits India and meets with External Affairs Minister Singh.

Aug. 3, 2000: *Far Eastern Economic Review* reports that the Rashtriya Swayamsevak Sangh (National Volunteer Corps), a Hindu nationalist organization, is rebuilding its Rangoon office. The alleged purpose is to use cultural links to woo Myanmar away from China. It is unclear whether the government of India approves of the effort.

Aug. 18, 2000: A seven member Chinese military delegation visits Delhi, the first such exchange since India's nuclear tests in 1998.

Aug. 21-25, 2000: Prime Minister Mori visits South Asia. First visit by a Japanese PM in 10 years.

Aug. 29, 2000: India's Air Force Chief Air Marshall A.Y. Tipnis says India will retain MiG-21s despite a high number of accidents. He also confirms that negotiations are underway for India's purchase of Russian Sukhoi Su-30 combat aircraft.

Aug. 31, 2000: A senior official with Russia's Rosvooruzhenye arms exporter says that a \$1 billion deal for India's purchase of T-90 tanks would be signed before President Putin's October visit to India.

Aug. 31, 2000: India's most senior civil servant in the Home Ministry, Kamal Pandey, leads a delegation to Rangoon, Myanmar to discuss drug trafficking and smuggling, but also trade and commerce.

Sept. 10, 2000: Chinese Assistant Foreign Minister Wang Yi appears to blame India for the slow progress on border negotiations and suggests that a Kashmir settlement may benefit from help from the international community.

Sept. 15-18, 2000: Indian navy ships visit China.

Oct. 2-10, 2000: Russian President Putin visits India.

About The Contributors

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