

# Comparative Connections

A Quarterly E-Journal on East Asian Bilateral Relations



Regional Overview:

## Inaction for Inaction, with Unhelpful Reactions

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Hopes of progress in Six-Party Talks negotiations evident in the closing days of the previous quarter were quickly dashed as anticipated disagreements over verification of North Korea's nuclear declaration created a stalemate still in evidence at quarter's end. The only movement was backward, as "action for action" was replaced by inaction and worse. Last year, Secretary of State Condoleezza Rice made news by not showing up at the annual ASEAN Regional Forum ministerial. This year she went and hardly anyone noticed. The democratic process made for interesting watching this quarter, not only in Thailand and Malaysia, but in East Asia's most established democracy, as Japan saw its third leader in the 24 months since Prime Minister Koizumi departed the scene. The once presumably left for dead U.S.-India nuclear deal was reincarnated by the Indian Parliament this quarter with the U.S. Congress following suit at quarter's end and President Bush's signature in early October. Finally, the U.S. sneezed this quarter and the rest of the world did catch cold, even as Wall Street struggles with a serious bout of pneumonia. Economic policy also dominated the "foreign policy debate" between Senators Obama and McCain, with no questions and only sparse references to Asia throughout.

### **Six-Party Talks: No steps forward, two (or more) steps back**

The U.S. learned once again this quarter that playing "chicken" with North Korea – where two cars race toward one another with each hoping the other will swerve first – is mostly likely to produce head-on collisions. The issue, as anticipated, was verification of the North's "complete and correct" declaration of "all its nuclear activities" – recall that Pyongyang finally delivered the much-anticipated declaration, almost six months behind schedule, at the end of last quarter. The "who swerves first" game was over the promised quid pro quo – removal of North Korea from the U.S. State Sponsors of Terrorism List. The required notification was made to Congress to set the stage for Pyongyang's removal on Aug. 11, but President Bush made it clear that he would not take this action unless and until Pyongyang agreed to an intrusive verification regime that would allow the U.S., at a minimum, to confirm the plutonium figures contained in the still unreleased but generally assumed to be incomplete "complete" declaration. Aug. 11 came and went and the quarter ended with Pyongyang's name still on the list.

As noted last quarter, the U.S. State Department issued a "fact sheet" that clearly and precisely spelled out its definition of "verification," to include short notice access to declared or suspect sites, access to nuclear materials, environmental and bulk sampling of materials and equipment, interviews with nuclear workers and specialists, and access to documentation and records for all

nuclear-related facilities and operations. Pyongyang signaled in no uncertain terms that they did not share this definition, insisting instead on a “trust, don’t verify” approach that it had to know was totally unacceptable to Washington (and presumably the other members of the six-party process, who remain generally silent on this issue, beyond statements of general support for the process and calls for “flexibility,” etc.).

At quarter’s end, the primary U.S. interlocutor, Assistant Secretary of State for East Asia and the Pacific Christopher Hill, was preparing to once again go to Pyongyang to devise a new “grand bargain” to move the process forward. We will look for another “breakthrough” next quarter, while recalling last quarter’s observation: “If we have learned nothing else about North Korea we should know one thing by now: while Pyongyang might not be too good at living up to its own promises, it will not budge an inch if it perceives that others are not living up to theirs.” Can delisting be far away?

### **Still unanswered questions**

We call our readers’ attention to the “what we (still don’t) know” section of last quarter’s regional overview. None of the open questions about the contents of the June 26 North Korean declaration has yet to be officially answered and new ones have risen. What was already clear at the end of last quarter was that the “complete and correct” declaration did not contain information about Pyongyang’s suspected uranium enrichment program or its presumed proliferation activities – these were “addressed” (as opposed to explained or revealed) in side notes. Suspicions that the declaration only contained information about Yongbyon (and not any other plutonium-related facilities, such as weapons fabrications labs, storage facilities, or even details on the test site) appear to have been confirmed this quarter, along with *de facto* acceptance of the North Korea view that the promised one million tons of heavy fuel oil or equivalent payment was for the declaration and disablement of Yongbyon facilities only. In short, “all” now apparently means “Yongbyon,” which also means that Pyongyang will be asking for more payments to reveal its other plutonium-related facilities, if or when the process ever proceeds that far.

Pyongyang also took the game of “chicken” a step further when it announced that it planned to reverse the Yongbyon disablement process. Undisclosed “activity” at the site indicates that some amount of effort was being expended to do just that but it was not clear at quarter’s end how much reassembly was underway or how long it would take. While disablement was supposed to have already been “more than 90 percent complete” and U.S. officials had been boasting that a resumption of activity at Yongbyon would take “at least a year,” a reactivation in short order would put a lie to such estimates and would no doubt have the unintended (by North Korea) consequence of increasing demands for greater intrusion and verification of the disablement process if it were to eventually resume.

All of this has taken place side by side with the ongoing drama regarding Dear Leader Kim Jong-il’s health. We have no special insights on this question and no reason to doubt that some type of health crisis (a stroke?) took place. But it seems clear that someone is in charge in the North, since Pyongyang has taken a number of steps to raise the stakes and increase tensions this quarter, and such actions are not taken arbitrarily or without someone’s hand on the wheel.

## **Half a loaf . . . but the right half!**

At quarter's end, speculation was running high that Washington, eager to revive the process to preserve President Bush's legacy, would soon blink and meet Pyongyang more than half way in order to once again jump start this process. This may (or may not) be true. It would be naive for Pyongyang to think that Washington would yield on core national security issues, but some increased flexibility may be in the offering. While half a loaf is not as good as a whole one, what is most important is getting the right half. As the administration has long (and rightly) contended, the North's plutonium holdings remain the key. How much has been produced and extracted? How much of that was consumed by the October 2006 nuclear test? Is the North really prepared at some point to surrender its fissile materials (at a price yet to be determined)? If these questions can be verifiably answered, the other questions can wait until subsequent phases.

## **Six-Party ministers meet**

The original Feb. 13, 2007 joint agreement that started the most recent round of Korean Peninsula denuclearization had called for a ministerial-level meeting "to confirm implementation of the Joint Statement and explore ways and means for promoting security cooperation in Northeast Asia." The six foreign ministers did meet for the first time in Singapore on July 24, along the sidelines of the annual ASEAN Regional Forum (ARF) ministerial meeting but, at China's apparent insistence (since it wasn't hosted by and in Beijing) the gathering was considered an informal one and not the promised official ministerial. At any rate, it would have been hard for the ministers to declare success at that point and, as outlined above, any hopes that the meeting would help jumpstart the process were in vain.

## **Condi attends the ARF; does anyone notice?**

Suppose they threw a party and everyone showed up; would anyone notice? When it comes to the ARF, the answer is: apparently not. While the informal ministerial among the Six-Party Talks participants did attract some attention, the fact that they were all there for the ARF ministerial seemed lost in international coverage of the event. To the extent the ARF proceedings were mentioned, more ink was spilled over the side squabble between North and South Korea over what would be in the Chairman's Statement than over the results of the July 24 ministerial itself – Seoul blocked a reference calling on the ROK to "fully implement" the 2000 and 2007 summit accords and Pyongyang successfully lobbied to remove a statement of concern over the fatal shooting of a South Korean tourist at the Mt. Kumgang resort area that had appeared in the original draft. Even a relatively benign phrase stressing the importance of "the resolution of security and humanitarian concerns" that originally had appeared in the paragraph concerning the Korean Peninsula was subsequently put in a separate one-line paragraph which said, "The ministers also emphasized the importance of addressing the issue of humanitarian and people concerns of the international community." All was not lost however. Pyongyang did sign ASEAN's Treaty of Amity and Cooperation, showing that the spirit of cooperation lives on!

The lack of press attention to the ARF's deliberations is understandable; the results were pretty minimal. The assembled ministers did reaffirm the ARF's importance as "the main multilateral

political and security forum in the region” and emphasized the need for intensified cooperation in disaster relief operations, tasking its InterSessional Meeting (ISM) on Disaster Relief to draw up an ARF Disaster Relief Work plan. It also encouraged Myanmar “to take bolder steps toward a peaceful transition to democracy” and repeated its call for the early release of Aung San Suu Kyi and other “political detainees.” The ARF also agreed to the establishment of an ISM on Non-Proliferation and Disarmament with particular focus on regional implementation of UNSCR 1540. The ministers also welcomed the establishment of an ISM on Maritime Security to “provide an annual platform for discussion of maritime security issues.” The ministers also expressed appreciation to the Pacific Forum and the Rajaratnam School of International Studies for their study on preventive diplomacy best practices and lessons learned and tasked senior officials to study the recommendations.

It is also worth noting in passing that while Secretary Rice’s previous absences at ARF meetings drew wide-scale attention and criticism (including from these authors), she is now tied with Madeleine Albright and Warren Christopher for second place in terms of ARF meetings attended, at two apiece; Colin Powell stands alone among U.S. secretaries of state with a four-for-four perfect attendance record.

### **ASEAN Ministers endorse ASEAN Charter**

When the ASEAN 10 met for their own ministerial prior to the ARF and other ASEAN Plus X events, their focus was on patting themselves on the back over their ASEAN Charter while encouraging (pressuring?) those who had not yet ratified it to do so. Perhaps it is no coincidence that the three main holdouts were ASEAN’s three messiest democracies: Indonesia, the Philippines, and Thailand. (Myanmar/Burma, the other remaining holdout at the time, announced its ratification in conjunction with the meeting.) Thailand finally ratified the Charter in mid-September and both the Philippines and Indonesia were expected to follow suit in early October. Also heralded was the fact that Australia, China, Japan, New Zealand, and Russia joined the U.S. in appointing an “Ambassador for ASEAN Affairs” – for once, Washington was ahead of the curve in showing its support for the Charter process and greater ASEAN integration.

### **ASEAN Plus Three retreat**

Part of the ministerial gathering, ASEAN Plus Three (China, Japan, Republic of Korea) ministers met for the ninth time but for the first time in a “retreat format,” in order to facilitate a “frank, open, and interactive dialogue.” They launched a modest \$3 million ASEAN Plus Three Cooperation Fund to support development projects and stressed the need for enhancing regional financial stability in light of the global financial crisis. They also reaffirmed that ASEAN Plus Three would remain “the main vehicle towards the long-term goal of building an East Asia community, with ASEAN as the driving force.” More important, at quarter’s end the Plus Three states reportedly were moving forward with ASEAN to expedite a previously established plan to form and administer an \$80 billion fund for use in another Asian financial crisis.

## **EAS ministers also meet informally**

The ministerial gathering also saw the first “informal consultations” among East Asia Summit (EAS) ministers. The EAS involves the ASEAN Plus Three members plus Australia, New Zealand, and India; its fourth summit is set for Bangkok in December 2008. While applauding its informal, “leader’s led” format, the ministers also acknowledged that it was important for the discussions to “translate into tangible projects and concrete results.” The EAS will continue to focus on energy security and will also pursue “concrete cooperation” regarding food security, in such areas as the production, transportation, and preservation of food.

## **Democracy developments**

It was a messy and confusing quarter for Asia’s democrats. Thailand’s opposition appears democratic in name only, but it appears to enjoy the support of the armed forces. Cambodia went through the rituals, although they lacked substance. Malaysia looks set for a real struggle as the opposition settled in to truly contest power in Kuala Lumpur. And in Japan, a new prime minister is expected to break the logjam. We are not holding our breath.

**Thailand.** The political chaos in Bangkok continues. Daily demonstrations had been a fact of life since May but in late August opposition supporters stormed onto the grounds of Government House and set up camp. While sympathy strikes disrupted rail and air traffic – hurting the country’s tourist industry – a general strike fizzled. The military refused to crack down on protestors - no surprise as the military was largely sympathetic to their views. After all, the military overthrew former Prime Minister Thaksin Shinawatra and Prime Minister Samak Sundarvej has been accused of being a stand-in for the deposed billionaire.

As unrest increased, Samak declared a state of emergency, which the army refused to enforce. In one of the more bizarre resolutions of a political crisis, in early September the prime minister was forced to resign when the Constitutional Court ruled that his appearances on a televised cooking show constituted a conflict of interest. He was replaced by Somchai Wongsawat, Thaksin’s brother in law. That went over well: the opposition argued that he too was a puppet of the former prime minister (that would be Thaksin, who, fearing prosecution, had refused to return home after the Olympic Games) and vowed to continue their occupation. The quarter ended with protests escalating as opposition forces tried to block Parliament from conducting business. At least one person was killed and hundreds have been injured while rumors of coups are again rampant.

Samak and Somchai may not be popular in Bangkok, but they still represent the majority of Thai voters. Unfortunately for them, the opposition is well organized and well financed – and contemptuous of democracy. It opposes Thaksin’s populism and his attempt to break the grip of the old order in Bangkok. While many applaud the military’s refusal to use force against protestors, the truth is the military is permitting lawlessness to undermine a government that it opposes. The armed forces are more subtle than they were two years ago when it imposed martial law, but the result is no less undemocratic.

**Cambodia.** On July 27, Prime Minister Hun Sen's Cambodian People's Party (CPP) won another landslide election, picking up 17 seats to claim 90 of the 123 seats in the country's Parliament. The main opposition party, the Sam Rainsy Party (SRP), took 26 seats and smaller parties claimed the rest. The ballot was considered by most observers to be less tainted than those of the past – the government benefitted from a booming economy, requiring less repression than usual – but it was still a far cry from a fair election. Two months later, Hun Sen was re-elected prime minister, continuing his 23-year rule in Phnom Penh, as opposition parties boycotted the parliamentary session in futility.

The political processes in Thailand and Cambodia stoked nationalist tensions that led to a faceoff at the Preah Vihear temple on their shared border. The 900-year-old temple has been disputed by the two countries for decades. In a ruling that bothers Thais to this day, it was awarded to Cambodia by the International Court of Justice in 1962. Earlier this year, the Thai government backed Cambodia's bid to list Preah Vihear as a United Nations World Heritage Site. A gesture in favor of cultural conservation was used by the opposition in Bangkok as a club to beat the Samak government, arguing that it was abandoning Thai claims to the complex. This ultimately forced the resignation of the Thai foreign minister. Both sides rushed military forces to the temple in July and maintained a wary but incident-free eye on each other until they pulled back in August – tensions diminished after the Cambodian ballot in July. The troops remained in the area, however, and shots were exchanged in early October that left three soldiers wounded.

Neither side wants a confrontation. But, the standoff is vivid proof of how domestic politics can produce international incidents. Both governments are provoking and responding to nationalist pressures. Just as troubling is the ineffectiveness – or unwillingness – of ASEAN to even attempt to soothe the tensions. Thus far the regional organization has stayed out of the fracas, preferring to let the two governments work it out themselves. That strategy may succeed, but it is timid and demonstrates little confidence in ASEAN's ability to work out a solution among its members – or even the desire to show it can help.

**Malaysia.** Prime Minister Abdullah Badawi's troubles continue to mount. After his ruling Berisan Nasional coalition was battered in March elections with its worst showing ever, the prime minister faced mounting calls to resign. Anwar Ibrahim, the former deputy prime minister of Malaysia who years ago was fired and jailed on charges of corruption and sodomy after falling out with then-PM Mahathir Mohamad, claimed his own seat in Parliament after winning an August by-election. Anwar has pledged to dethrone the Berisan Nasional coalition that has ruled Malaysia since independence; upon entering the legislature, the opposition named him their parliamentary leader.

His victory, despite heavy campaigning by the government, including the prime minister and the deputy PM, suggests his ambitions are not mere fancy. He faces several formidable obstacles, however: the political machine of a ruling coalition that has been in power for half a century and new charges of sodomy. Anwar again denies the allegations and says they are politically motivated. The biggest challenge he faces is the ambivalence among voters about his call to end all racial preferences, which have been a staple of government policy for decades. The prospect of a change in government is real, but it is still a long shot. The question is how Malaysia will deal with the uncertainty and the tensions that arise as its political consensus evolves.

**Japan.** On Sept. 1, Japanese Prime Minister Fukuda Yasuo surprised his nation by announcing his resignation after less than a year in office. The phlegmatic prime minister stepped down after a fitful and frustrating term in office, during which his approval ratings slid along with the Japanese economy – it lurched into recession by the second quarter – and he appeared unable to win the confidence of the people or move the Japanese bureaucracy. Five Liberal Democratic Party (LDP) candidates joined the race to succeed him, with former Foreign Minister Aso Taro prevailing by a substantial margin. Aso was then elected prime minister by the Diet, a formality given the LDP's majority in the Lower House.

Some observers worry that Aso would embrace a nationalist agenda, but the data suggests that he will have to put conservative foreign policy inclinations aside and focus on economic issues. His first objective is shoring up the LDP's dwindling approval ratings and preparing the party for a general election that must be called by next year. There was speculation that he might use the bounce that usually accompanies the formation of a new Cabinet to call a snap vote, but the odds of losing the government's supermajority in the Lower House, a slumping economy, and the resignation of a Cabinet minister after only four days quickly put that notion to rest. By all appearances, Japanese policymakers will be focused on domestic issues for some time to come, with resulting spillover effects – read: hesitancy, delay, paralysis – on foreign policy and relations with allies, friends, and neighbors.

### **U.S.-India nuclear deal**

The nonproliferation community has been sharply divided over the U.S.-India civilian nuclear agreement since it was reached two years ago. Proponents call the deal a victory that brings a persistent objector in the global nonproliferation regime and strengthens international safeguards; opponents argue it rewards a persistent objector for its obstinacy and will inspire other wanna-be proliferators to demand similar treatment and could lead to the unraveling of the Nuclear Nonproliferation Treaty (NPT).

This quarter, the deal moved forward when the Indian Parliament gave its approval in July, the International Atomic Energy Agency said OK in early August, and the 45 members of the Nuclear Suppliers Group (NSG), a coalition that sets rules for trade in nuclear technology and materials, agreed in early September to exempt India from its rules and allow them to conduct nuclear trade with Delhi. That agreement was preceded with considerable arm-twisting by President Bush and Secretary of State Condoleezza Rice.

The benefits of the deal are evident. It will help India develop alternative sources of energy and lessen demand for oil in a rapidly growing economy. It will cut greenhouse gas emissions for one of the world's top sources of such gases. It will provide new trade: at the end of the quarter France signed its own agreement with India to expand civilian nuclear cooperation. And, most significantly, the agreement eliminates the biggest obstacle to a more robust relationship between the U.S. and India, the world's two biggest democracies and potential partners in a whole range of endeavors. (For some, that includes building a common front against other, not-so-democratic countries....)

That last item cuts two ways, however. Other governments have seen the speed with which the Bush administration has cut a deal with India and they detect cynicism and the willingness to subordinate nonproliferation concerns to geopolitics. For them, this deal undermines the U.S. position as a leader in the fight against nuclear proliferation and could even undermine U.S. alliances by turning a blind eye to the spread of nuclear weapons to the “right” countries. Nonetheless, at quarter’s end, the House and Senate approved the agreement, and President Bush was scheduled to sign it in early October.

## **Economic crisis**

As we go to press, there is no apparent resolution to the global financial crisis. The U.S. has approved the \$700 billion rescue/bailout plan but most experts think that won’t do the trick. European financial institutions are being hammered equally hard while their Asian counterparts grapple with uncertainty. In addition to the financial crisis, it is clear that underlying economic fundamentals in the U.S. are pretty shaky too – clearing up the financial mess won’t fix those equally compelling problems.

The impact of the financial meltdown in Asia is unmistakable. For the most part, the concern isn’t financial instability at home: Asia’s exposure to subprime mortgages is relatively low. Healthy foreign exchange reserves provide a cushion – and diminish fears of a 1997-style meltdown. But, Asia is already feeling the effects of a U.S. slowdown. Japan’s stock market has fallen 40 percent over the last year and has reached a four-year low. India’s stock market hit a two-year low as well, while Indonesia’s market is down 10 percent. South Korea’s market has fallen 32 percent thus far this year, and its currency has lost a third of its value against the dollar this year. Central banks throughout the region have cut interest rates to combat the contagion, although some economists now worry that “looser” money could spur inflation.

Some see a bright side to this calamity. The rush of cash-rich Asian banks and sovereign funds into the United States to snap up “bargain” investments could lead to greater integration within the Asia Pacific economy. Mitsubishi UFJ, for example, is buying 24.9 percent of Morgan Stanley. The Singapore investment fund Temasek is now the largest shareholder in Merrill Lynch, having purchased \$6 billion in shares since December. China Investment Corp., with a \$200 billion bankroll, is reported to be interested in investing in the U.S. financial sector, but it is wary about political sensitivities triggered by its involvement. Ideally, such investments will undercut the appeal of protectionism and give all countries of the region a larger stake in mutual prosperity (although the emotionalism that drives protectionist impulses is fiercely resistant to such logic).

No matter what the outcome, the financial crisis has undermined U.S. standing in the region. The implosion of subprime securities raises questions about the credibility of U.S. financial acumen. The crumbling of credit markets has badly damaged the appeal of the U.S. financial model and the deregulation ethos that the U.S. – and institutions that back the “Washington consensus” – has exported. Finally, the dithering in Washington over the response and the failure to take quick action has made the U.S. look ineffectual and rudderless.

The question is how the region and the world will respond. At the opening of the United Nations General Assembly in September, all the assembled grandees acknowledged the need for structural reform to tackle this crisis and ensure that there won't be more in the future. Indian Prime Minister Manmohan Singh captured the prevailing mood when he said "There is a need for a new international initiative to bring structural reform in the world's financial system with more effective regulation and stronger systems of multilateral consultations and surveillance. ... This must be designed in as inclusive a manner as possible." Australian Prime Minister Kevin Rudd seeks a set of globally agreed best practices for financial regulation. Asian Development Bank head Kuroda Harukiko called for establishment of an "Asian Financial Stability Dialogue" among regional finance ministers, central banks and financial regulators to coordinate regulatory development and improve surveillance of the financial markets. All respectable leaders and economists have urged their counterparts to resist the protectionist temptation.

That is likely, if only because doing nothing is the easiest option. Huge sums of money are at stake and contributions to regional solutions diminish the flexibility available for national responses: every yen, won, or RMB committed to a regional fund is one that may not be available if needed at home. And reaching agreement on the terms of intervention or assistance when the stakes are so large is difficult. Not surprisingly, European attempts to take concerted and coordinated action have been unsuccessful. Still, "plus three" financial officials (from Japan, Korea, and China) will meet on the sidelines of the annual International Monetary Fund meeting in Washington in October to discuss the \$80 billion "Asian fund" that has been in the works for two years, which is designed to help cushion financial shocks in the region. An opportunity for top-level leadership and guidance was lost when the summit of "plus three" leaders scheduled to be held in Kobe, Japan in September was postponed following Fukuda's resignation.

### **The candidates and Asia**

The first U.S. presidential debate between Republican standard bearer Sen. John McCain and his Democratic opponent, Sen. Barack Obama was supposed to be on foreign policy. However, the debate was more than half over before foreign affairs could be squeezed in among the questions regarding the financial crisis. There were no questions specifically addressing Asia and scant reference to the region beyond a few tough words about North Korea and the need to stem its, along with Iran's, nuclear ambitions. Iran, Iraq, and Afghanistan issues ruled the day, with Russia earning honorable mention.

In truth, there is little significant difference between the two regarding Asia. McCain is more supportive of the Korea-U.S. Free Trade Agreement; Obama would insist upon some changes, although it remains to be seen if they would be substantive or merely cosmetic. McCain seems less likely to engage in dialogue with North Korea but both support the Six-Party Talks and neither has offered an alternative approach much less solution. Rather than engage in more speculation on their respective policies, we have asked both camps to answer a series of questions regarding their respective Asia policy stances and their responses form the basis of this quarter's Occasional Analysis at the end of this issue. The electoral results are likely to dominate the next quarter's report.

## **Regional Chronology**

### **July-September 2008**

**June 29-July 31, 2008:** *RIMPAC*, the world's largest multinational naval exercise with more than 35 ships, six submarines, and 150 aircraft from more than 10 countries is held in the waters near Hawaii.

**July 1-2, 2008:** Chinese officials meet representatives of the Dalai Lama in Beijing.

**July 2, 2008:** The Russian Duma approves the U.S.-Russia Civilian Nuclear Power Agreement or the so-called 123 Agreement, wherein the U.S. provides aid to help Russia dismantle its nuclear, chemical and other weapons.

**July 7-8, 2008:** The G8 summit is held in Hokkaido, Japan. The G8 leaders representing the U.S., Japan, Russia, France, Britain, Canada, Italy and Germany are joined by African leaders and the leaders of China, India and other rapidly growing economies.

**July 10-12, 2008:** Six-Party Talks are held in Beijing after a nine-month hiatus. The four issues on the agenda are development of a verification and monitoring mechanism, an economic aid plan to North Korea, planning for a meeting of the six foreign ministers, and devising the framework for the "third phase" of implementation.

**July 11, 2008:** South Korean President Lee Myung-bak offers to resume dialogue and provide humanitarian aid to North Korea, but the move is overshadowed by the fatal shooting of a South Korean woman by a North Korean soldier at the tourist enclave at Mt. Kumgang.

**July 14, 2008:** Japan announces new guidelines for school teachers that imply Tokyo's territorial claim to the Dokdo/Takeshima islets. South Korea responds by recalling Ambassador to Japan Kwon Chul-hyun and reinforcing control of islets, saying it is reviewing whether to go ahead with diplomatic events with Japan.

**July 18, 2008:** A WTO dispute panel confirms the judgment that China has violated fair trade rules by discriminating against imported auto parts, ruling in favor of the U.S. EU, and Canada.

**July 21, 2008:** The 41<sup>st</sup> ASEAN Ministerial Meeting is held in Singapore.

**July 21, 2008:** Burma announces that it has ratified the ASEAN Charter.

**July 22, 2008:** Foreign ministers from the 10-member Association of Southeast Asian Nations along with South Korea, China, and Japan hold an ASEAN Plus Three meeting. Plans to carry out the joint statement adopted last year to promote economic, political and socio-cultural cooperation in East Asia are a key topic of discussion. After this meeting, the ministers were joined by Australia, New Zealand, and India for East Asia Summit informal consultations.

**July 23, 2008:** Foreign ministers from the U.S., China, South Korea, Japan, North Korea, and Russia meet on the sidelines of the ASEAN Regional Forum (ARF) to discuss progress being made in the Six-Party Talks on denuclearization of the Korean Peninsula.

**July 24, 2008:** The 15<sup>th</sup> ARF is held in Singapore. Disaster relief dominated discussions. Other topics included North Korea's nuclear program, terrorism, the border dispute between Cambodia and Thailand, and the current food and energy crisis.

**July 24, 2008:** North Korea signs the Treaty of Amity and Cooperation (TAC) following the conclusion of the 15<sup>th</sup> ARF.

**July 28, 2008:** Cambodian National Election Committee announces that Prime Minister Hun Sen won nearly 60 percent of the vote in elections held on July 27 compared with nearly 21 percent for the nearest rival, the main opposition Sam Rainsy Party. International observers raise concerns about voter intimidation.

**July 29, 2008:** World Trade Organization negotiations in Geneva collapse when the U.S., China, India fail to resolve differences over protection for agricultural goods in developing countries.

**Aug. 4-11, 2008:** President Bush visits South Korea, Thailand, and China. He and Mrs. Bush attend the opening ceremonies of the Olympic Games on August 8.

**Aug. 5, 2008:** Mindanao peace talks collapse when the Philippine government and Moro Islamic Liberation Front cancel the signing of a memorandum of agreement on ancestral domain.

**Aug. 6, 2008:** Presidents Bush and Lee Myung-bak meet in Seoul and issue a joint statement pressing North Korea to improve its citizens' human rights, a rare mention of the North Korean human rights issue in a U.S.-South Korean joint statement.

**Aug. 7-8, 2008:** In response to Georgian attacks on Ossetian separatists, Russian troops invade and occupy South Ossetia and from there launch attacks into Georgia proper.

**Aug. 8, 2008:** The 2008 Olympics Games officially open in Beijing.

**Aug. 12, 2008:** President Ma Ying-jeou transits Los Angeles en route to Latin America.

**Aug. 13, 2008:** After two days of talks described as being under the auspices of the Six-Party Talks, Japan and North Korea agree to reopen an inquiry into Pyongyang's abduction of Japanese citizens in the 1970s and 1980s

**Aug. 11, 2008:** The Supreme Court of Thailand issues arrest warrants for former Prime Minister Thaksin Shinawatra and his wife Pojaman after they fled to London instead of appearing before the Supreme Court to face corruption charges.

**Aug. 15, 2008:** In a ceremony marking the 63<sup>rd</sup> anniversary of the end of the Second World War, Japanese Prime Minister Fukuda Yasuo expresses his country's remorse for military aggression during the war and stays clear of the Yasukuni Shrine.

**Aug. 17, 2008:** President Ma transits San Francisco en route to Taiwan from South America.

**August 18-22, 2008:** South Korea and the U.S. stage a joint military exercise named *Ulchi-Freedom Guardian*, with about 10,000 U.S. troops participating. The South Korean Army takes charge of the exercise with assistance from the U.S. troops in preparation for the transfer of full control of Korean troops to Seoul in 2012.

**Aug. 19-21, 2008:** The 39<sup>th</sup> annual Pacific Island Forum Leaders Meeting is held in Niue. Issues discussed include Fiji's return to democratic rule, climate change, and Australia's recently announced guest worker scheme. Frank Bainamarama, the interim prime minister of Fiji boycotts the meeting.

**Aug. 25-30, 2008:** Chinese President Hu Jintao pays state visits to South Korea, Tajikistan and Turkmenistan. Hu also attends the 8<sup>th</sup> annual summit of the Shanghai Cooperation Organization (SCO) on August 28 in Dushanbe, Tajikistan.

**Aug. 29, 2008:** The Japanese government unveils economic stimulus package of \$107 billion.

**Sept. 1, 2008:** Japanese Prime Minister Fukuda resigns.

**Sept. 2, 2008:** Thai Prime Minister Samak Sundaravej declares a state of emergency in Bangkok to put down a running battle between supporters and opponents of the government.

**Sept. 2, 2008:** The IAEA reports that it was informed on Aug. 18 that North Korea had suspended disablement of the Yongbyon nuclear facility.

**Sept. 5, 2008:** Fukuda Cabinet approves *Defense White Paper 2008*, which cites concerns about the lack of transparency in China's military build-up and Russian military drills close to Japan.

**Sept. 6, 2008:** The Nuclear Suppliers Group agrees to provide an exemption that permits its member states to engage in civil nuclear cooperation with India.

**Sept. 8, 2008:** The White House formally withdraws an agreement for civilian nuclear cooperation with Russia from congressional consideration.

**Sept. 9, 2008:** Thailand's Constitutional Court rules that Prime Minister Samak violated the Constitution by accepting payments for appearances on cooking shows while in office, forcing him to resign.

**Sept. 9, 2008:** North Korean leader Kim Jong-il's failure to appear at a military parade celebrating the 60<sup>th</sup> anniversary of the founding of the Democratic People's Republic of Korea prompts speculation regarding his health and rumors that he has suffered a stroke.

**Sept. 15, 2008:** China files an appeal at the World Trade Organization, challenging the ruling in favor of the U.S., European Union and Canada in a dispute over car parts.

**Sept. 17, 2008:** Thailand's Parliament elects Somchai Wongsawat as prime minister.

**Sept 17, 2008:** Thailand signs an agreement to join Singapore, Malaysia, and Indonesia in maritime patrols aimed at securing the Malacca Straits.

**Sept. 17, 2008:** Thailand's Prime Minister Somchai says he is prepared to hold talks with his Cambodian counterpart Hun Sen to resolve the border dispute between the two countries.

**Sept. 18, 2008:** North and South Korea meet in Panmunjom at the request of Pyongyang to discuss energy assistance to the North under the framework of the Six-Party Talks.

**Sept. 18, 2008:** The DPRK Foreign Ministry releases a statement that North Korea no longer wishes to be removed from the U.S. State Sponsors of Terrorism List and confirms that it has begun reassembling the Yongbyon facility that can produce weapons-grade plutonium.

**Sept. 18, 2008:** Thailand becomes the eighth of ASEAN's ten members to ratify the ASEAN Charter. Indonesia and the Philippines are expected to follow suit in October.

**Sept. 21, 2008:** Indonesia-mediated peace talks between the Thai government and representatives of the Muslim community in southern Thailand conclude with both sides agreeing that "the settlement should be conducted peacefully through dialogue forums, and should be in line with the Constitution of Thailand."

**Sept. 22, 2008:** "Workshop on Large Scale Disaster Recovery in APEC" opens in Taipei.

**Sept. 22, 2008:** The head of China's General Administration of Quality Supervision, Inspection and Quarantine, Li Changjiang, resigns amid a scandal over toxic milk that has killed four children and sickened nearly 53,000.

**Sept. 22, 2008:** North Korea asks International Atomic Energy Agency (IAEA) inspectors in Yongbyon to remove seals and surveillance equipment so they can "carry out tests at the reprocessing plant, which they say will not involve nuclear material."

**Sept. 22, 2008:** Aso Taro is elected president of Japan's Liberal Democratic Party.

**Sept. 22-26, 2008:** The 63<sup>rd</sup> session of the UN General Assembly is held in New York.

**Sept 23, 2008:** Burma's military government announces the release of 9,002 prisoners, including the country's longest-serving political prisoner, Win Tin, and four people elected to Parliament in the landslide victory of opposition parties in 1990.

**Sept. 24, 2008:** Japan's Parliament confirms the election of Aso Taro as prime minister.

**Sept. 24, 2008:** The IAEA announces that North Korea has expelled the UN monitors from its reprocessing plant at Yongbyon and plans to introduce nuclear material to the facility next week.

**Sept. 25, 2008:** The *USS George Washington* arrives at Yokosuka Naval Station becoming the first nuclear-powered aircraft carrier to be deployed in Japan.

**Sept. 25, 2008:** Cambodia's Parliament re-elects Hun Sen as prime minister, extending his 23-year tenure, at a session boycotted by parties disputing the results of the July general election.

**Sept. 26, 2008:** APEC Disaster Recovery Workshop moves from Taipei to Sichuan.

**Sept. 30, 2008:** The Japanese government announces a six-month extension of economic sanctions against North Korea in response to Pyongyang's failure to reopen an investigation of Japanese abductees and its decision to restart nuclear processing at the Yongbyon complex.

**Sept. 30, 2008:** U.S. Assistant Secretary of State for East Asian and Pacific Affairs Christopher Hill arrives in Seoul to confer with counterparts in the six party talks on North Korea's nuclear programs and prepare for an Oct. 1 visit to Pyongyang.

**Oct. 3, 2008:** The Bush administration notifies Congress of a \$6.5 billion arms package for Taiwan.