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SULTAN HAJI HASSANAL BOLKIAH
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Preface

This publication is the outcome of the East Asia Security Outlook (EASO) seminar conducted on the 20 January 2011 by Sultan Haji Hassanal Bolkiah Institute of Defence and Strategic Studies (SHHBIDSS).

The main objective of EASO seminars is to share views, perspectives and outlooks on the current security environment of East Asia. The contributors in this publication have covered various important topics from the relations among major power, bilateral relations and security issues affecting the region. This publication also cover an array of challenges faced by the region from ASEAN as a regional organization, economically and in term of non-traditional security. These topics serve as an update on the wide range of challenges faced by the East Asian region.

SHHBIDSS would like to thank the contributors, its staff and all others who are involved in making our EASO this year a success.

Muhammad Shahrul Nizzam Umar

Director

Sultan Haji Hassanal Bolkiah

Institute of Defence and Strategic Studies

List of Acronyms

AANZFTA	Australia and New Zealand Free Trade Area
ADB	Asian Development Bank
ADMM	ASEAN Defence Ministers Meeting
AEC	ASEAN Economic Community
AFP	Australian Federal Police
AFTA	ASEAN Free Trade Agreement
AIA	ASEAN Investment Area
AICHR	ASEAN Intergovernmental Commission on Human Rights
AMMTC+3	ASEAN+3 Ministerial Meeting on Transnational Crime
ANF	Aids to Navigation Fund
APEC	Asia Pacific Economic Cooperation
APSC	ASEAN Political Security Community
APT	ASEAN Plus Three
ARF	ASEAN Regional Forum
ASC	ASEAN Security Community
ASDF	Air SDF
ASEAN	Association of the Southeast Asian Nations
ASEANAPOL	ASEAN Chiefs of National Police
ASG	Abu Sayaff Group
ASPC	ARF Security Policy Conference
ASSC	ASEAN Socio-Cultural Community
ATS	Amphetamine Type Stimulants
BIMSTEC	Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation
BNPP	Barisan Nasional Pembebasan Patani or Patani National Liberation Front
BRN	Barisan Revolusi Nasional
CCP	Chinese Communist Party
CEPA/CECA	Comprehensive Economic Partnership'
CICIR	China Institute of Contemporary International Relations
CPC	Central Committee of the Communist Party of China
CPP	Communist Party of the Philippines
CSOs	Civil Society Organisations
DI	Darul Islam
DPJ	Democratic Party of Japan
DPRK	Democratic People's Republic of Korea
EAC	East Asian Community
EASG	East Asia Study Group

EAVG	East Asia Vision Group
EEZs	Exclusive Economic Zones
EPA	Economic Partnership Agreement
EU	European Union
FAO	Food and Agriculture Organization of the United Nations
FDI	Foreign Direct Investment
FPDA	Five Power Defence Arrangement
FTA	Free Trade Agreement
FTAAP	Free Trade Area of the Asia Pacific
G-8	Group of Eight
GDP	Gross Domestic Product
GFC	Global Financial Crisis
GMIP	Gerakan Mujahidin Islam Patani or Islamic Mujahidin Movement of Patani
GNP	Gross National Product
GSDF	Ground SDF
ICAC	Independent Commission Against Corruption
ICJ	International Court of Justice
ICT	Information and Communication Technology
IEDs	Improvised Explosives Devices
IMET	International Military Education and Training
IMF	International Monetary Fund
IP	Intellectual Property Theft
ISC	Information Sharing Center
JCG	Japan's Coast Guard
JETRO	Japan External Trade Organization
Ji	Jemaah Islamiyah
JMSDF	Japan's Maritime Self Defense Force
JSDF	Japan Self Defense Force
JSEPA	comprehensive New-Age Economic Partnership
KNU	Karen National Defence Organisation (later Karen National Union)
MALINDO-INCSEA	Malaysia-Indonesia Prevention of Incidents at Sea Agreement
MDMA	Ecstasy
MGCI	Mekong - Ganga Cooperation Initiative
MILF	Moro Islamic Liberation Front
MNLF	Moro National Liberation Front
MTDP	Mid-Term Defense Program
NAFTA	North American Free Trade Agreement

NATO	North Atlantic Treaty Organization
NDPG	National Defense Program Guideline
NEAT	Network of East Asian Think-Tanks
NLD	National League for Democracy
NPA	New People's Army
OSCO	Organised and Serious Crimes Ordinance
P4	Trans-Pacific Strategic Economic Partnership
PACOM	Pacific Command
PAD	People's Alliance for Democracy
PLA	People's Liberation Army
PLAN	People's Liberation Army Navy
PoA	Plan of Action
PRC	People's Republic of China
President SBY	President Susilo Bambang Yudhoyono
PSI	Proliferation Security Initiative
PULO	Patani United Liberation Organisation
RAAF	Royal Australian Air Force
ReCAAP	Regional Cooperation Agreement on Combating Piracy and Armed Robbery Against Ships in Asia
RIMPAC	Rim of the Pacific Exercise
RMSI	Regional Maritime Security Initiative
ROK	Republic of Korea
SAARC	South Asian Association for Regional Cooperation
SARS	Severe Acute Respiratory Syndrome
SBPAC	Southern Borders Provinces Administrative Centre
SCC	Security Consultative Committee
SCO	Shanghai Cooperation Organization
SCS	South China Sea
SEACAT	Southeast Asian Cooperation Against Terrorism
SEANWFZ	Southeast Asia Nuclear Weapons Free Zone
SLOCs	Sea Lines of Communication
SOMTC	Senior Officials Meeting on Transnational Crime
TAC	Treaty of Amity and Cooperation
TNI	Indonesian Armed Forces
TPP	Trans-Pacific Partnership
UN	United Nations
UNCLOS	UN Law of the Sea
UNESCO	United Nations Organization for Education, Science and Culture
UNODC	United Nations Office of Drugs and Crime Prevention

UNTOC	United Nations Convention against Transnational Organized Crime
US	United States
VAP	Vientiane Action Programme
WMD	Weapon of Mass Destruction
WPNS	Western Pacific Naval Symposium
WTO	World Trade Organization
ZOPFAN	Zone of Peace, Freedom and Neutrality

THE UNITED STATES, JAPAN AND AUSTRALIA: SECURITY LINKAGES TO SOUTHEAST ASIA

Sheldon W. Simon

The United States (US), Japan and Australia have been described as the post-Cold War democratic neo-liberal anchors for Asia-Pacific security. This description seems apt because liberal capitalist democracies depend on open trade and investment for growth and prosperity. Nevertheless, strategic imperatives for the three allies differ: the US is a global power with concomitant security interests of which the Asia-Pacific is a single—albeit very important—component; Japan is a major Asian economic player whose security concerns have focused on its Northeast Asian neighbours; and Australia, although a close American ally and friend of Japan's, is primarily involved with threats to Southeast Asian stability and the South Pacific. These differing—though not incompatible—priorities play out in their relations with Southeast Asia.

Both Australia and Japan are island nations, dependent on long, vulnerable sea lines of communication (SLOCs). Australia's primary sphere of strategic interest extends from the mid-Indian Ocean through the Straits of Malacca and South China Sea (SCS) to the Southwest Pacific. Japan's SLOCs are encompassed by Australia's. Both the Royal Australian Air Force (RAAF) and Japan's Maritime Self Defense Force (JMSDF) maintain P-3C Orion surveillance aircraft that cover these regions, in Japan's case up to the northwest Pacific and the East China Sea. The two countries' air patrol craft maintain electronic data links allowing them to share information on ship movements throughout the areas of combined operations.¹ Of course, the US Seventh Fleet also patrols these areas.

The Southeast Asian Ten—ASEAN—have evolved over 40 years from mercantilist to essentially open and outward oriented polities. Their security situation in the early 21st century is less fear of conventional military threats from neighboring countries than new challenges frequently referred to as “non-traditional threats,” including infectious diseases, piracy, terrorism, drug and human trafficking, and international crime. While the US retains its Cold War alliances in Southeast Asia (Thailand and the Philippines), these have been modified and supplemented post 9/11 to become “coalitions of the willing,” states that coalesce around specific common security practices such as the Proliferation Security Initiative (PSI) and the Regional Maritime Security Initiative (RMSI)—to be discussed below. While Southeast Asian states preserve long standing security ties with the US, they are wary of great power games and pursue sophisticated diplomatic strategies designed to keep all great powers involved in regional affairs while insuring none dominates. Moreover, because of all the great powers, the US is a distant hegemon,

Washington remains the balancer of choice on China's periphery.²

The American Security Position in Southeast Asia

In the post-9/11 world, two concerns dominate US security policy for Southeast Asia: the first is a long standing commitment to maintain freedom of the SLOCs for international commerce—a public good which benefits all trading states; the second is radical Islamist terrorism, and Washington has placed a high priority on countering this threat in bilateral relations with Southeast Asia as well as in its diplomacy toward such regional organizations as ASEAN, the ASEAN Regional Forum (ARF), and the Asia Pacific Economic Cooperation (APEC). As William Tow and Amitav Acharya have argued, the US has moved from alliance exclusivism to allied coalition building that share common concerns, particularly with respect to counterterrorism. To command US interest and support, Southeast Asian states are asked to demonstrate their commitment to suppressing terrorist activities within their territories.³

In effect, the US is offering assistance to Southeast Asia partners that face internal security challenges from opposition forces that employ terrorist tactics. Tow and Acharya note: "Washington's focus on counterterrorism has provided the Bush administration with an opportunity to pursue an egalitarian approach to bilateralism in the Asia-Pacific," one that must demonstrate "a genuine American sensitivity to the unique insurgency and terrorist threats facing each regional ally...."⁴ Although this may be true, there is still a potential downside: the US could become involved in the domestic politics of its Southeast Asian partners as well as in determining the legitimacy of their governments. While the Philippines to a considerable extent and Indonesia to a lesser degree welcome US counterterrorism support, both Thailand and Malaysia have declined Washington's offers of direct assistance (discussed below). Those who are reticent about direct American counterterrorist involvement were not reassured by Washington's 2006 National Security Strategy document that states while diplomacy is always the preferred course of action, the US will "not rule out the use of force before attacks occur, even if uncertainty remains as to the time and place of the enemy's attack."⁵

However, Southeast Asian strategists may have picked up on a subtle revision of US strategy issued by the US Pacific Command (PACOM) in November 2008. The new strategy, approved by Pacific Commander Admiral Timothy Keating, is "based on partnership, presence, and military readiness." Its predecessors were more assertive, stating that strategy was "rooted in partnership and military preeminence." In a cover letter authorizing the new strategy, Admiral Keating explained that "it underscores the fundamental importance of sustained and persistent cooperation and collaboration in times of relative peace to mitigate situations that could lead to conflict and crisis". Without openly saying so, the

new strategy appears to abrogate American military “unilateralism” of which the Bush administration has been accused and to emphasize instead the importance of cooperative security, particularly in the face of non-traditional security threats. This new PACOM strategy also fits with the ARF’s goal of preventive diplomacy whereby countries identify and work together to resolve conflicts before they can rise to a tension level leading to open hostilities. Moreover, PACOM officers have also stated that US government agencies other than Defense—the State Department, Agency for International Development, and Treasury, among others—must become more deeply involved in regional security so that the Defense Department can focus more on the military dimension. Calling for a “whole-of-government approach”, the revised strategy demands “a high degree of coordination [and] integration” across departments and agencies. Finally, the new document applauds Australia and Japan for joining the US “in developing a trilateral partnership dedicated to improving security in the region.” At bottom, the new strategy constitutes another assurance to Asia that PACOM remains “an engaged and trusted partner committed to preserving the security” of the region.⁶

The Trilateral Partnership in US-Southeast Asian Security

In a September 2007 Honolulu address, the US Pacific Commander Admiral Timothy Keating stated that the US prefers “multilateral over bilateral exercises, engagements, [and] theater security cooperation...increasingly interweaving systems...”⁶ This security conception underpins Washington’s interest in the trilateral dialogue. Initial discussions among the US, Australia, and Japan took place at the Hanoi ARF meeting and Australia-US ministerial dialogue, both convened in July 2001. Although Australia and Japan had close bilateral security relations with the US prior to the 2001 discussions, Canberra and Tokyo had few security links with each other, a notable exception being the RIMPAC naval exercises. By 2005, the trilateral dialogue was raised to the ministerial level. Although the dialogue covers a variety of topics, from a Southeast Asian perspective, the most salient topics include terrorism, WMD proliferation, and preparation for possible pandemics. Nevertheless, most Southeast Asian governments express little interest in the dialogue. If anything, some view the meetings as efforts by wealthy, developed powers outside Southeast Asia to devise an alternative to the impotent ARF that is dominated by ASEAN.⁷

Australia in particular has developed bilateral security dialogues with Indonesia, the Philippines, Vietnam, and Thailand. Additionally Malaysian and Singapore defense relations with Canberra go back decades through the Five Power Defense Arrangement (FPDA). Moreover, Australia has signed counterterrorism memoranda with Indonesia, Malaysia, Thailand, and the Philippines; and through APEC, the three dialogue partners and Southeast Asian states have also agreed to counterterrorism action plans related to international trade. (Only Malaysia has

objected to APEC's counterterrorism requirements, complaining the organization is moving beyond its commercial mandate.)⁸

The Australia-Japan defense relationship was significantly strengthened with a 2003 Memorandum of Understanding that regularized defense departments' consultation and coordination. Joint naval exercises constitute the dominant form, and the two defense forces have also worked together in Cambodian peacekeeping (1992-1993) and in East Timor where Japan Self Defense Force (JSDF) engineers have engaged in reconstruction. Additionally, Japanese personnel have been involved in monitoring developments in Aceh and offering an aid package to the Philippines in Mindanao. Moreover, Japan dispatched a thousand JSDF personnel for humanitarian assistance to Aceh after the December 2004 tsunami.⁹

The 2009 Japan-Australia Declaration institutionalizes cooperation across several dimensions: peacekeeping and disaster relief, joint military exercises, annual defense policy talks, and exchanges of navy and air force visits, including bilateral naval exercises. Australia also works with Japan on PSI, including a 2008 counter-WMD exercise near Japan.^{9a}

Counterterrorism: The Focal Point of Trilateral Security

After September 11th and the 2002 Bali bombings, Australian and US priorities in Southeast Asia focused single-mindedly on counterterrorism. In May 2006, Australia announced a four year \$70 million aid plan for Southeast Asia to combat terrorism. Support and training would be provided for border control, WMD surveillance, and efforts to counter terrorist propaganda. The Australian Federal Police (AFP) would also step up law enforcement, forensics, and technical training for regional police forces. Coordinating with Canberra, the US inaugurated a Rewards for Justice Program that allocated millions of dollars for the capture of Jemaah Islamiyah (JI) leaders who were wanted for the Bali attacks and other depredations in Indonesia and the Philippines.¹⁰

ASEAN has generally welcomed this external support, though its own counterterrorism actions have been more cautious, reflecting the multi-confessional demographics of several ASEAN states. At its January 2007 summit, ASEAN leaders signed their first convention on counterterrorism but insisted that "terrorism cannot and should not be associated with any religion, nationality, or ethnic group." Moreover, unlike the hardline American approach to terrorism, ASEAN pledged to try to rehabilitate and reintegrate convicted terrorists back into society.¹¹ Additionally, ASEAN states vary in their commitment to UN counterterrorism initiatives. While all ten ASEAN members now submit counterterrorism reports to the UN 1540 and 1373 Committees which deal with counterterrorism and WMD proliferation, most of these reports have been late, and

some are superficial. The most comprehensive came from Singapore, Indonesia, Thailand, and the Philippines, while Cambodia, Laos, and Burma provided scanty documents. Additionally, although the majority of ASEAN members have signed on to the NPT, the Chemical Weapons Convention, and the Biological and Toxin Weapons Convention, little progress has been made in ratification. With the notable exception of Singapore, export control systems of Southeast Asian states remain unsophisticated and weak.¹²

The Maritime Dimension of Southeast Asian Security

Multilateral maritime security is an ASEAN priority. While the declaratory target is piracy, in effect, anti-piracy capabilities are much the same as those required for maritime counter-terrorism. In 2002, the ASEAN Work Program adopted in Kuala Lumpur called for information sharing on pirates and also the need to seek technical and financial assistance from dialogue partners, including Australia, Japan, and the US. A major ARF meeting in March 2005 brought together maritime security experts to discuss applicable technologies for situational awareness. Singapore led in demonstrations of its advanced port security.¹³ The desire for anti-piracy (and counterterrorism) technical assistance receives additional support from the UN Law of the Sea (UNCLOS) Article 43 that provides for cooperation between user states and littoral states bordering a strait. The Malacca Straits states (Indonesia, Malaysia, Singapore) have asked user states to share the costs of ensuring maritime safety and security. International Maritime Organization meetings in Jakarta (2005) and Kuala Lumpur (2006) urged user countries to fulfill their UNCLOS obligations to share safety and security costs. However, only Japan has offered to contribute. Meanwhile, at the 2002 Kuala Lumpur meeting, Singapore, Indonesia, and Malaysia tabled four projects that could be funded by user states: wreck removals, situational awareness build ups to respond to hazardous incidents, providing Automatic Identification System (AIS) transponders to small ships, and replacement and maintenance of navigational aids.¹⁴ None of these was directly related to counterterrorism; nevertheless, implementation could establish a habit of cooperation.

The US has been particularly interested in promoting naval cooperation. Its annual CARAT exercises with Southeast Asian navies have included surveillance, SLOC protection, and mine-countermeasures. Nevertheless, there exists a disjunction between the American navy's focus on littoral operations and expeditionary forces versus regional navies that are interested in sea-denial capabilities to defend their littorals. Moreover, Southeast Asian states have a strong commitment to sovereignty in their territorial seas that even extends to their EEZs. This jealous protection of sovereignty constitutes a significant obstacle to the cooperation needed for countering maritime piracy and terrorism. Moreover, piracy ranks relatively low among regional governments' priorities. Illegal fishing and smuggling rank higher

because their financial and human costs are greater.¹⁵

When the US Pacific Command announced a RMSI designed to call on available maritime forces to protect Southeast Asian SLOCs, Malaysia and Indonesia objected to the notion of patrols conducted by extra-regional countries. To preempt this project, Operation MALSINDO was devised whereby the three littoral Malacca Straits states would be responsible for Straits security. The first trilateral patrols were launched in July 2004. By 2006, 17 ships had been allocated to the patrols: seven from Indonesia, five from Malaysia, and five from Singapore. Yet these ships may only patrol within the territorial waters of their own states. No hot pursuit protocol has been devised. Instead, "reverse hot pursuit" agreements have been discussed among Malaysia, Indonesia, and the Philippines which would allow the ships of one state to drive the ship being pursued into the coastal waters of a neighbor whose own navy (or coast guard) would be waiting.¹⁶ In actuality, piracy in the Straits of Malacca as a proportion of straits traffic is quite low. Most pirates come from Indonesian waters and prey on fishing craft from communities on the Malaysian side. In August 2006, Lloyds Maritime Insurance was sufficiently assured that Southeast Asian piracy was under control that it lifted the insurance surcharge for ships transiting the Straits it had imposed a few years earlier.

In 2003, motivated by the prospect of North Korea providing WMD contraband to "rogue states" such as Syria and Iran, Washington inaugurated the PSI with likeminded states that agreed to open their own flagged vessels for cargo inspection and to interdict suspicious ships when they entered the territorial waters of PSI members. Japan and Australia as well as Singapore were among the original PSI adherents. Exercises occur regularly on interdiction tactics.¹⁷ Indonesia and Malaysia see PSI as an encroachment on sovereignty, while the Philippines lack the naval capability to participate. Other ASEAN PSI members include Brunei, Cambodia, and the Philippines though they have not participated.

Coast Guards have the potential for a greater role in maritime security along the Southeast Asian littoral. As maritime police rather than navies, they maintain a lower political profile and are less threatening to countries particularly sensitive to sovereignty. Indicative of Coast Guard agencies' importance to Asia-Pacific security is the 2006 decision by the US-led Western Pacific Naval Symposium (WPNS) to invite Coast Guards to participate in WPNS sea exercises. The Australian navy also exercised with a Japanese Coast Guard vessel in the 2003 Exercise Pacific Protector in the Coral Sea, a part of the PSI.¹⁸ For Southeast Asian navies, the littorals are vital human and economic spaces that need to be protected against criminal and terrorist activities. Coast Guards are better equipped and trained for this role than western navies with expeditionary forces that view the littorals as a space from which large forces can leap from the sea to the land.¹⁹ These navies are not constabulary forces. Coast Guards are. Of the three trilateral countries, Japan's

Coast Guard has been the most attentive to Southeast Asian needs. Tokyo trains Southeast Asian coast guard personnel in Japan and has hosted Port Security Seminars in Southeast Asia as well as working individually with Indonesia to help Jakarta create an independent coast guard.²⁰

US Military Relations with Southeast Asia

While it is clear that trilateral security coordination toward Southeast Asia is limited at best, individually, the US, Australia, and Japan have assisted regional security development in ways that are mutually reinforcing. Unsurprisingly, Washington is more broadly and deeply involved in the region's security than its two allies with military assistance and joint exercises that began in the 1950s. In recent years, these exercises have stressed anti-piracy skills. US CARAT exercises are annual events that pair American naval, marine, and coast guard elements with Southeast Asian partners from Indonesia, Malaysia, Thailand, the Philippines, Singapore, and Brunei. Similarly, the annual Southeast Asian Cooperation Against Terrorism (SEACAT) inaugurated in 2002 enhances cooperative responses to maritime terrorism and transnational crime. The US also shares information on maritime activities in Southeast Asia with regional partners to strengthen "Maritime Domain Awareness". An interesting feature of SEACAT exercises is that although primarily bilateral, the US has held some of them simultaneously with more than one partner, providing multilateral value.^{20a}

The closest American security relationship is with its only former colony, the Philippines. During the Cold War, Philippine air and naval bases constituted key repair, R&R, and deployment positions for America's Pacific forces that could be dispatched either north for a Korean or China contingency or west to the Persian Gulf. The Cold War's end and rising Philippine nationalism led to the cancellation of this basing arrangement in 1992. However, a decade later, after 9/11, Washington and Manila renewed their security links as part of what Renato Cruz De Castro calls "the war of the third kind...a form of political violence waged by organizations other than the state against state actors".²¹ In the Philippines, a small but lethal Al Qaeda-linked terrorist group, Abu Sayyaf, and elements of a similar Indonesia-based terrorist organization, JI, became the impetus for a transformed Philippine-US alliance. The US did not attempt to renew the Philippine bases arrangement. Indeed, the new Philippine constitution prohibits the basing of foreign troops on Philippine territory and also forbids foreign soldiers from fighting alongside Philippine forces on the nation's soil—these restrictions a reaction to the overly close US relationship with Philippine dictator Ferdinand Marcos prior to the expiration of the bases treaty.

For the US, renewed security cooperation with the Philippines constituted an example of how Washington would work with allies and friends who were

challenged by radical terrorist organizations. In the Philippine case, these included Islamist groups as well as Manila's more traditional protracted fight with the communist New Peoples Army. Washington portrays its current security assistance to the Philippines comprising counterterrorist training, equipment, and civic action (medical and dental aid, the building of roads and schools in southern Philippine areas threatened by Abu Sayyaf, and construction of potable water supplies) as ways of assuring other Southeast Asian states that Al Qaeda will not be able to obtain sanctuaries in the ASEAN region. American actions in the Philippines constituted Washington's initial effort to engage ASEAN in cooperative security that addresses the transnational challenges of terrorism and piracy.²²

The Philippine government is aware of its own military shortfalls; the reduction of American military aid in the 1990s led to the obsolescence of most of the defense forces equipment. Counter-insurgency in the new century, therefore, requires a significant renewal of US assistance to initiate military modernization. The political cost to the Arroyo administration has been negative reactions from nationalist politicians and leftist groups. US aid has concentrated on building the Philippine capacity to suppress domestic insurgents. Unlike the Cold War period, aid has not been designed to help the Philippines defend against external threats. Therefore, Manila's ability to control its air and sea spaces has not been significantly augmented in the first decade of the 21st century.

In 2002, the Philippine-US Mutual Defense Board agreed on a confidential Five Year Plan that provided for American training and equipment for a counter-insurgency Philippine Rapid Deployment Force. This agreement also included the construction of bases and arms caches. As these arrangements evolved over the decade, US forces assisted their Philippine counterparts in field-intelligence through technical means (UAVs, radio and electronic intercepts).²³ Several hundred American trainers are in the Philippines at any time. They come from the Pacific Command Special Forces. Philippine light reaction companies are trained by Americans in Mindanao and better equipped than regular Philippine army troops.²⁴

Counterterror operations in Mindanao are independent of the annual *Balikatan* exercises conducted under the Philippine-US Defense Treaty. *Balikatan* has taken place primarily in Luzon and focuses on upgrading general Philippine armed forces sufficiently to engage in joint exercises with US forces. However, Washington's primary interest continues to be counterterrorism in the south. In late 2006, the US Navy offered to support and equip a Philippine coast watch system with radar to be put in place by 2008. Philippine Coast Guard personnel were sent to the US to undergo antiterrorist training. Australian Special Forces are also contributing to this enterprise.²⁵

In the course of this close cooperation between US Special Forces and Philippine soldiers, allegations were made by the respected Philippine Center for Investigative Journalism in a January 2007 report that US personnel facilitated the rescue of hostages held by Abu Sayyaf and that the killing of two major Abu Sayyaf leaders in September 2006 occurred with the assistance of US surveillance. If true, these activities would appear to be on the edge of legality insofar as American personnel were not directly involved in Philippine military action. The Philippine press regularly reports that FBI and CIA agents along with Australian police and intelligence work with the Philippine military to track down Abu Sayyaf and JI militants. However, the Americans always insist that their actions stop short of direct participation in firefights.²⁶

Although the Philippine Constitution prohibits foreign bases, according to the Philippine press, the US has established a small forward operating base in Sulu where pre-positioned equipment is maintained and a small number of rotational US personnel are permanently deployed. The product of a US Pacific Command concept, these “lily pads” would be available to US forces for joint exercises with host countries and as supply points for military activities in the region, as required. The US presence in Mindanao is strategically positioned near the Makassar Strait at the southwestern rim of the SCS. As for joint military exercises planned for 2008, this year’s *Balikatan* is devoted entirely to civic action in efforts to win the “hearts and minds” of poverty stricken populations—troops working with civilians on roads, sewer systems, and providing clinics. Nevertheless, complaints persist from human rights organizations that elements of the Philippine armed forces continue to engage in extra-judicial killings of leftists and journalists. These concerns have been incorporated into the most recent American military aid provisions, linking a portion of that aid to certification that the Philippine armed forces implement the recommendations of the UN Special Rapporteur on extrajudicial executions.²⁷

As in the Philippines, **Indonesia**’s military capabilities eroded in the 1990s, partially as a result of the 1997-98 regional financial crisis. Although Indonesia along with Singapore and Malaysia constitute the Malacca Strait littoral, until recently, the US did little to enhance Jakarta’s naval and air force capabilities. In its dealings with the Indonesian armed forces (TNI) the Bush administration took advantage of US sympathy for Indonesia’s December 2004 tsunami travails by expressing the hope that International Military Education and Training (IMET) could be restored. This program was withdrawn in 1992 when the Indonesian military launched a bloody attack on proindependence protestors in East Timor. The sanctions were further tightened in 1999 when the Indonesian army was accused of directing the killing of some 1500 people in East Timor in an unsuccessful effort to prevent the territory’s independence. The IMET ban was written into law by Congress in 2002 when US lawmakers insisted that Indonesian generals were blocking an investigation into the killing of two US school teachers in Papua province.

Subsequently, Indonesian authorities have taken steps to improve cooperation with the FBI and brought charges against a member of a Papuan separatist group for the killings of the two Americans. This development coincided with President Bush's stress on the importance of strengthening counterterrorism cooperation with Indonesia in a January 16, 2005 joint press conference with then Deputy Defense Secretary Paul Wolfowitz. Indonesian Defense Minister Sudarsono announced that "my job is now to try to reconfigure the Indonesian defense force...so that it will be more accountable to democracy....[T]here's no excuse for some of their alleged human rights abuses that have been taking place over the past 25 years." Sudarsono went on to ask the US to improve TNI training, "a very important part of consolidating democracy...." Wolfowitz concurred: "I think we need to think about how we can strengthen this new elected democratic government...to help build the kinds of defense institutions that will ensure... that the Indonesian military, like our military, is [a] loyal function of democratic government." Wolfowitz promised to raise the IMET issue again with Congress.

The US Pacific Command had already reestablished some ties with the TNI by sponsoring a series of conferences on civil-military relations, democratic institutions, and nonlethal training—major components of IMET, which also includes combat training. The Pentagon argues that training in the US can help create a more professional and disciplined force. However, the long hiatus in US-Indonesian military relations increased sentiment within the TNI to steer clear of the US because Washington stopped providing much of what it gave during the Cold War.²⁸

By the end of 2005, the US restored military relations with Jakarta. The Bush administration persuaded Congress that the world's most populous Muslim country, now a democracy, known for a predominantly moderate approach to Islam, was a key to Southeast Asian stability and security, especially since it sits astride the region's vital sea lanes. The State Department announced a new plan to help modernize and reform the Indonesian armed forces. With US arms sales once again available, the TNI declared the refurbishing of F-16s, F-5s, C-130s, and OV-10s "priorities." The TNI also became the largest US beneficiary of counterterrorism training combining local constabulary with Indonesian military personnel involved in over 100 events under the US Pacific Command Theater Security Cooperation Program.²⁹

At the June 2007 annual Shangri-La Dialogue in Singapore, Indonesian Defense Minister Juwono Sudarsono summed up Jakarta's view of US armed forces by noting that America "remains the security provider" with "the largest number of ships, planes, and missiles in the Asia-Pacific." However, Juwono also pointed out that China and Japan were developing capabilities "to codetermine the terms and conditions of western Pacific security...." In March and April 2007, the

Indonesian and US Armies and Marine Corps signed agreements for joint training at the brigade level with an emphasis on UN peacekeeping operations. By 2008, US military aid for Indonesia had increased to \$15.7 million, though part of that sum was contingent on Jakarta's willingness to account for past human rights abuses by the TNI. For anti-piracy and coastal patrol operations, in January 2008, Washington provided the Indonesian police with 15 new patrol boats.³⁰

The other states abutting the Malacca Straits and the SCS, Singapore, Malaysia, and Thailand, have also received US security assistance. Although Thailand, as the Philippines, has been designated a "major non-NATO ally" and provides the location for the Pacific Command's largest annual Southeast Asian exercise, Cobra Gold, nevertheless, Washington's closest security partner arguably is Singapore. When the US abandoned the Philippine bases, Singapore offered American forces access to its air and naval facilities, including Changi Naval Base's deep water pier, sufficient for Nimitz-class aircraft carriers. In 2005, this multi-layered defense relationship was formalized via a Closer Cooperation Partnership in Defense and Security that covered counterterrorism, military exercises, and defense technology. Singapore is also an active participant in the PSI and Container Security Initiative and is the only ASEAN state to sign on to the development of the American Joint Strike Fighter (F-35) project. The island state has also set up radiation detection devices at container ports and tightened air cargo security. In late 2005, Singapore's air force and navy carried out their first combined exercise at 29 Palms, California, on the US military reservation—though how desert warfare fits Southeast Asia's jungle environment is something of a mystery.³¹

Although Malaysian and US political relations can sometimes be testy, military links are positive. In April 2007, Malaysian defense chief Gen. Abdul Aziz Zainal praised the long standing cooperation between the two countries armed forces in training, joint exercises, and intelligence sharing and went on to say that Malaysia would welcome more US navy port calls. Although Malaysia has not signed on to the PSI, it has sent observers to PSI exercises.³² Kuala Lumpur is also planning to acquire additional F-18s for its airforce.

As for Thailand, the US by law had to significantly cut a relatively small military assistance program in the wake of the September 2006 military coup. Nevertheless, the multinational Cobra Gold exercise was held in 2007, and counterterrorism aid continued even while the Thai military was in power. Elections in late 2007 and the formation of a new democratically elected government has led to the restoration of military assistance, including the IMET program in 2008. On a separate dimension, in April 2007, US Special Operations commander in the Pacific, Maj. Gen. David Fridovich offered to help train Thai forces in counterinsurgency, citing the effective relationship between US Special Operations trainers and the Philippine military in Mindanao. Thai army troops have been attempting to suppress a virulent Muslim

insurgency in its southern provinces since early 2004 with no success. The Thai government immediately declined the American offer with critics saying any direct US involvement would only exacerbate the problem. However, Thai Army Commander Gen. Sonthi Boonyaratglin stated he would appreciate access to US intelligence, especially on foreign financial contributions to insurgents.³³

Malacca Straits Security – A Multinational Enterprise

Australia, Japan, and the US, as the littoral states, are concerned about the future safety and security of the Malacca Straits. Nevertheless, prior to 2004, the littorals displayed little enthusiasm for trilateral security measures, owing to differing threat perceptions and heightened sensitivity over sovereignty issues. For Singapore, international trade is its life blood. Any threat to that trade is literally existential. Therefore, both security cooperation among the littorals and assistance from Western navies to keep the Malacca Straits open are welcome to the city-state. Moreover, Singapore believes it has been targeted by Al Qaeda because of the city-state's close links to the US and because Western countries have major business interests in Singapore.^{33a}

By contrast, neither Malaysia nor Indonesia place either maritime terrorism or piracy at the top of their security agendas. For Malaysia, the main maritime security challenges are illegal trafficking in people, small arms, and narcotics. Although piracy is a concern, Malaysian authorities note that most Southeast Asian attacks originate in Indonesia where governance, socio-economic conditions, as well as the professionalism and capabilities of security are much lower than Malaysia's. For Indonesia, the central maritime security challenges are illegal fishing and smuggling. Indonesia derives fewer economic benefits from the Straits than either Malaysia or Singapore. Most ships entering the Straits are either transiting in either direction or heading for ports in Singapore and Malaysia. Nor does Indonesia accept the piracy-terrorism nexus underlying Singapore's Straits policy and to a smaller degree, Malaysia's.^{33b}

In contrast to Somalian coastal waters, for the past few years, piracy has been down along the Malacca Straits; in 2008, the lowest number of incidents in years.^{33c} (See discussion above.) While Indonesia's remote Anombas islands have been the source of small scale attacks on fishing trawlers and islands in the southern Philippines contain Muslim insurgents who sometimes engage in maritime crimes, Malacca Straits traffic flows unimpeded. Unlike the Somali pirates who are well armed and organized with safe havens along the Somali coast, Southeast Asian pirates tend to be Indonesian fishermen who have fallen on hard time. For the most part, they rob crew members but seldom attempt to seize the vessels they board.^{33d}

For several years, the Malacca Straits states—with which Thailand is now participating—conducted parallel though independent anti-piracy patrols. In 2005, these efforts were enhanced through greater coordination (discussed above). These efforts now include an “Eyes in the Sky” component by which one country’s surveillance aircraft with personnel from the other three littoral states on board monitor suspicious maritime activity and notify their respective navies to take action. The US offered to assist these efforts. Singapore endorsed the American offer, but Malaysia and Indonesia demurred, saying that direct US involvement would violate their sovereignty. Nevertheless, Malaysian defense minister Najib stated that the US would be welcome to provide aircraft for “Eyes in the Sky” as long as the personnel on board were exclusively from the straits states.³⁴

In January 2007, Admiral Mike Mullen, then the US Chief of Naval Operations, in a Singapore visit, praised the coordinated Malacca Straits states’ anti-piracy patrols as a “model maritime network” and offered US information technology. (Incorporating the naval capabilities of friendly states in a common security endeavor is the concept behind Admiral Mullen’s “thousand ship navy.”) Subsequently, in March, then Commander for the US Pacific Fleet Admiral Gary Roughead stated there was no need for the US navy to patrol the straits because the littoral states were “doing very well. We cooperate closely with these countries”.

Nevertheless, several observers question the effectiveness of the littorals’ endeavors, suggesting they are more show than substance and pointing out that airborne surveillance is of little use since these observations cannot be transmitted in real time to forces on the surface. Although steps were taken in 2006 to link surface and air patrols via an agreement among the littorals, there is little evidence to show the situation has changed. Moreover, the air patrols occur only during the day; and most piracy is a night time activity.^{34e}

Singapore takes maritime security threats more seriously than its neighbors, requiring that all vessels in the Singapore Strait be equipped with identification transponders. Singapore Navy security teams also deploy on selected ships entering the city-state’s waters. In late 2005, Malaysia created a national coast guard and placed armed police aboard ships carrying high value cargo through Malaysian waters. Indonesia, too, is increasing maritime patrols and has requested more patrol boats from South Korea and Japan.

The littoral states have been pressing users of the Malacca Straits to contribute a fair share of the costs needed to ensure their navigational safety. Malaysian Deputy Prime Minister and Defense Minister Datuk Seri Najib Tun Razak in mid-March 2007 stated that user states that want to see better safety arrangements should help finance their upgrade. He praised Japan’s Nippon Foundation, which has proposed a special fund to which shipping companies could contribute to finance

navigational aids and the removal of shipwrecks from the Straits. In November 2008, shipping industry members and some user states agreed to contribute \$5.4 million to assist the littoral states with Straits security. The money will go to the Aids to Navigation Fund (ANF). Japan continues to be the largest contributor with additional pledges from the United Arab Emirates and South Korea. The ANF has set its 2009 budget at \$8 million for the upkeep of 51 navigational aids along the Straits. At the end of 2008, however, the Fund was \$2.6 million short. The US has financed four reconnaissance radars along the Makassar Strait, used particularly by large tankers as an alternative to Malacca. And, Washington has also provided 15 high-speed patrol boats to Indonesia, some of which are based at Batam opposite Singapore—a vulnerable choke point. Focusing on Indonesia's needs, Washington is funding a tactical communications center in Jakarta in addition to the radar installations along the northern Sumatra coast.^{34b}

A separate US exercise, SEACAT, was held in mid-August 2007 involving navies from Singapore, Brunei, Indonesia, Malaysia, the Philippines, and Thailand with US ships from the Seventh Fleet. In this exercise, each Southeast Asian navy steamed bilaterally with the US ships in a variety of scenarios. For example, the Singapore exercise focused on the tracking of ships transiting through the Singapore Strait as well as an anti-terrorist simulation involving the hijacking of a merchant ship.³⁵

The Japanese and Australian Roles in Southeast Asian Security

Unlike more broad-gauged American security relations with Southeast Asia, Japan and Australia have focused on counterterrorism and transnational crime. Canberra has entered into security agreements with Indonesia, the Philippines, and Thailand, while Japan has been concerned primarily with assistance in the maintenance of open SLOCs. Australia is a key partner in the longstanding 1971 FPDA with the UK, New Zealand, Singapore, and Malaysia. The FPDA Integrated Air Defense System provides for the rotation of combat aircraft from all five states to Malaysia's Butterworth Air Force Base. FPDA armed forces exercise together annually. However, the only Southeast Asia relationship Australia dominates is with East Timor. Canberra is its ally and guarantor, intervening when Dili seemed on the verge of political chaos in May 2006 and again in February 2008. Australia's position in East Timor complicates its relations with Indonesia, though common counterterrorism needs, especially after the 2002 Bali bombings, have led to renewed military and police ties. On February 7, 2008, Jakarta and Canberra ratified a 2006 agreement on counterterror, intelligence, and maritime security cooperation scheduled to run until 2011.

Security relations with Singapore are very close. The two countries' armed forces are the most advanced and capable in the region. Personnel exchanges are high, and Singapore armed forces regularly train in Australia, prepositioning some

equipment at Australian training areas. The Singapore Air Force has operated a pilot training facility in Western Australia since 1993, and in August 2005, Singapore was given access to the Shoal water Bay Training Area in Queensland where they may deploy up to 6600 personnel and their equipment for up to 45 days each year through 2009. Australia has also provided military equipment to Southeast Asian states, in May 2007, donating 28 high-speed gunboats to the Philippine navy for use in its southern waterways. Australia, the US, and the Philippines are particularly concerned about sea boundaries between Borneo and the Philippines where smuggling, pirates, human trafficking, and JI militants cross at will. With Australia's help, the Philippines is also setting up 17 coastal watch stations from Palawan to Davao Province equipped with fast patrol boats and helicopters.³⁶

For Japan, dealing with piracy in Southeast Asia has been its primary security concern. As early as 2000, Japan convened a conference of regional coast guards to discuss mutual anti-piracy measures. The most recent achievement was the Regional Cooperation Agreement on Combating Piracy and Armed Robbery Against Ships in Asia (ReCAAP). By 2007, 14 countries had ratified the agreement, including Brunei, Cambodia, Laos, Burma, the Philippines, Thailand, Singapore, and Vietnam alongside Japan. To formalize this collaboration, an Information Sharing Center was established in Singapore in November 2006 to which Japan's Coast Guard (JCG) has assigned personnel. Japan has also sent three patrol ships to Indonesia as part of its counter-piracy and counterterrorism program, implying that this did not constitute a prohibited weapons export but rather support for the maritime police, permitted under Japanese law.³⁷ From 2006, Japan has helped the Malaysian maritime forces with a variety of tracking devices, high capacity computers, and advanced radio communication systems. Tokyo also pledged \$15 million for Indonesian patrol craft. In late 2008, Japan appropriated \$15.6 million toward the Enhancement of Vessel Traffic System in the Malacca and Singapore Straits. The money is for a vessel traffic system center in Batam that will oversee traffic safety and security in the Straits.^{37a}

According to Richard Samuels, the JCG has changed the rules of naval engagement, asserted new maritime rights, circumvented the ban on arms exports, and has moved toward the "right of collective self defense, a capability Japan had long denied itself".³⁸ The JCG now deploys a special operations unit dedicated to counterterrorism operations. A 2006 JCG White Paper listed "securing the safety of the sea lanes" among its core missions. This is the basis for assisting Southeast Asian states with training and technology to help police the Malacca Straits.³⁹

Conclusion

The trilateral countries and Singapore would like to “securitize” anti-piracy efforts in Southeast Asia by linking them to counterterrorism. This linkage would make maritime security cooperation a part of the national security strategies of Southeast Asian participants alongside Washington, Tokyo, and Canberra. However, the other ASEAN members do not concur. Protective of their sovereign prerogatives, they insist that piracy and maritime terrorism should not be conflated and that piracy is a criminal activity, therefore, subject to national criminal jurisdictions. No external powers should be involved in suppressing pirates.⁴⁰ In effect, this means that Southeast Asian states will limit American, Australian, and Japanese security activities to technical assistance, financial support for regional armed forces, training of coast guards, and naval and air joint exercises—the last dominated by the United States.

Singapore remains the exception as the only ASEAN state whose armed forces qualitatively match those of the trilateral members. Singapore’s interest in playing in the “big leagues” was dramatically demonstrated in *Malabar-07-02*. In the largest multinational Asian naval exercise in decades, Singapore joined large naval contingents from the US, India, Japan and Australia from September 4-9, 2007 in the eastern Indian Ocean. While the 12 previous *Malabar* exercises were exclusively bilateral events conducted by India and the US in the western Indian Ocean, this set of war games was held in the Bay of Bengal off the Andaman islands and near the western entrance to the Malacca Straits. It featured over 30 warships and 200 aircraft from the five nations. Singapore sent its most modern frigate, while the US deployed two aircraft carriers, the *USS Nimitz* and *USS Kittyhawk*, a nuclear submarine, two guided-missile cruisers, and two guided-missile destroyers. India provided its single aircraft carrier, *INS Virant*, and a number of surface combatants, Japan two warships, and Australia a frigate and a tanker.

The exercises had a range of scenarios including mock air battles involving Indian and US carriers, sea strikes near the Malacca Strait, as well as anti-piracy and anti-gunrunning drills off the Andaman island chain. The exercise came at a time when the then US chief of naval operations, Adm. Mullen, called for a “1000 ship navy” consisting of countries that have a common concern in protecting the SLOCs from piracy and illegal trafficking as well as the proliferation of WMD. Humanitarian relief from the seas was also a component of the exercise. Some analysts have described *Malabar-07-02* as a response to China’s “string of pearls” strategy, whereby the PLA Navy has gained access to Indian Ocean ports of Burma and Bangladesh. Others see the exercise as the beginning of an “alliance” of Asian democracies. However, the commander of the US Seventh Fleet, Vice Admiral Doug Crowder, underplayed these speculations, insisting that the war games held not far from Burma, were directed against no country but rather provided

for the common good of keeping the sea lanes open for international commerce. Similarly, the commander of US Pacific Command, Adm. Keating, stated: "There is no—let me emphasize no—effort on our part or any of those countries' parts, I'm sure, to isolate China..." The high-level American assurances followed angry expressions from Beijing that the war games constituted an effort to "contain" it in the Asia-Pacific region. Nevertheless, the US, Australia, Japan, and India are all engaging in strategic consultations that began on the sidelines of the May 2007 ARF meeting in Manila.

Whether *Malabar-07-02* will be a one off event or the beginning of more elaborate multinational security exercises in and around Southeast Asia remains to be seen. ASEAN members will view future exercises involving large numbers of external forces with some anxiety as a potential encroachment on their responsibilities for the maintenance of security in their own neighborhoods. External assistance to build these capacities continues to be welcome as can be seen in current arms sale to ASEAN armed forces. However, any external efforts to usurp regional security roles will be resisted. For the trilateral states a balance must be struck with Southeast Asia whereby regional strategic interests are supported but not replaced.

Finally, mention should be made of multinational security efforts involving both littoral and user states, particularly the 2004 Japan-initiated ReCAAP. This arrangement includes the ten ASEAN states, Japan, China, South Korea, India, Sri Lanka, and Bangladesh. It brought Southeast Asia, South Asia, and Northeast Asia together for the first time on maritime security. ReCAAP involves three kinds of activities: information sharing, capacity building, and operational cooperation. An Information Sharing Center (ISC) is its centerpiece whose primary purpose is to improve incident response. Both because of its central location and modern communications, Singapore was chosen to host the Center. As a result of Singapore's selection, however, neither Indonesia nor Malaysia has ratified the agreement. Jakarta felt insulted because it sees itself as *primus inter pares* among the ASEAN states; and Malaysia feared that ReCAAP would overshadow Kuala Lumpur's International Maritime Bureau. Singapore financed the entire start-up costs of the ISC, \$1.1 million.⁴¹ Note, too, that not only is the US not involved in ReCAAP but also that the Agreement was struck in part as a way of avoiding unilateral Americans decisions on regional security taken without much consultation with the region's members.

Potential exists for greater cooperation among user states—not only the US, Japan, and Australia but also possibly China and India—to enhance economic development projects in Indonesia and the southern Philippines with an emphasis on improving governance.

As this paper demonstrates, capacity building is occurring in the Straits states with

assistance from user governments; but this capacity building remains exclusively bilateral between the donors and recipient countries. A greater focus by the donors on helping Indonesia and the Philippines particularly improve communication, surveillance, and coastal interdiction capabilities would significantly contribute to Southeast Asian Straits' safety and security. ASEAN's new Charter has a strong maritime component in the prospective ASEAN Security Community (ASC). Collaborative external support for littoral states' joint patrols could go a long way toward the realization of the ASC.

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SINO-JAPANESE RELATIONS: IMPLICATIONS TO THE EAST ASIAN SECURITY

Rajaram Panda

Introduction

The bilateral relationships between Japan and China have oscillated between acrimony stemming from historical baggage and economic positives as both define their engagement with a view to reap economic dividends. Though this has been the nature of the bilateral ties since diplomatic relations commenced from September 1972, some recent developments threaten to take the bilateral ties to their lowest ebb, vis-à-vis for example their relations with other Asian countries. Having overtaken Japan as the second largest economy in the world, China continues to rise both economically and militarily, while Japan's decline continues to slide downward. China's rising demand for resources has led it to scramble for this precious material from all over the world – Afghanistan, Africa, Australia, Central Asia and even in disputed territories in SCS and East China Sea – and this in turn has raised serious security concerns as the Chinese policy has demonstrated assertiveness in resource procurement. The military modernization and power projection ambitions by China send negative signals to the entire Asia Pacific region. Though Japan remains a close ally of the US, the China factor continues to lurk as a concern for the mandarins in Kasumigaseki. Sovereignty claims by China on Senkaku Islands and the entire SCS as of its “core interests” are worrying.

Has the Chinese policy towards Japan remained consistent over the years? If the recent Chinese behaviour is to be assessed, this is clearly not the case. While addressing a delegation of Japanese Diet members in October 1955, Mao Zedong looked positive and spoke of not getting enmeshed with history and look forward positively to build up cooperative economic and political relationship without prejudice and with mutual respect and friendship and not allow historical baggage to undermine the bilateral ties.¹ He reiterated the same sentiment during a meeting with Japanese literary delegation in June 1960.² Such lofty idealism came under severe assault when anti-Japanese riots in April 2005 rocked Chinese cities of Beijing and Shanghai as a backlash to Koizumi Junichiro's repeated visits to Yasukuni Shrine. This single incident demonstrated the fragility of the bilateral ties, the strong economic relationship notwithstanding.

This paper will argue that even while the economic and political ties between the two countries are undergoing periodic adjustments, an element of cooperation and competition characterize the bilateral ties, without undermining in a major

way the broad contours of their relationships. There has been an increase in the mutual political visits by the leadership between the two countries, though high level political visits have been few, indicating lack of complete trust and confidence. Even before the anti-Japanese riots occurred in April 2005, the Chinese sensitiveness of the history came sharply to the fore when Jiang Zemin raised the issue of Japanese militarism in the presence of the Emperor during his visit to Japan in November 1998, much to the discomfiture of the Japanese. This led to the growth of anti-Japanese public opinion in China, and Koizumi's Yasukuni visits fueled this feeling, finally erupting in street demonstration and violence in Beijing and Shanghai.

Japan's security alliance relationship with the US does not make China feel comfortable. The US commitment to secure South Korea's security also makes China feel uneasy. In fact, ever since Japan and the US signed the Security Treaty in 1951, the perception in China has been that it was the US design to have allies in Japan and South Korea to throttle the communist movement initially and later after treaty revision making it possible for the US to deploy ballistic missile defence systems and supply of advanced weaponry to Japan targeted at China's strategic rise.³

China's recent increasing naval activity in the region with a view to control offshore islands and EEZs is accompanied with increase in the defence budget, acquisition of advanced weaponry and systems, leaving a spiral effect throughout the region, resulting in a new arms race. Talks of cooperative framework to address Chinese issue as a concern have not made much headway.

Post-Koizumi era

Relations between Japan and China considerably deteriorated following Koizumi's repeated visits to Yasukuni Shrine. But around in 2006-2007, bilateral relationship qualitatively improved and vision of a new regional order begun to be seen in the horizon. This was because the Japanese people's perception on regional security environment changed and the China's views on Japan-related history also softened. In this process of stabilization of relationship between Japan and China, the role of the US as a stakeholder in securing a more stable regional and international order by making its presence more visible promised to inject a new dynamism to the confidence-building process.

When Japan's Prime Minister Abe Shinzo visited China in October 2006 and his Chinese counterpart Wen Jiabao returned visit to Japan in April 2007, the drift in the bilateral ties during the Koizumi era was arrested to some extent. A major highlight of these visits was that China openly expressed appreciation of Japan's peaceful efforts in correcting historical facts in perspective and acknowledged

Japan's remorse and apology for its past misdeeds. Wen also accorded Japan recognition as a major political power in the Asian region.⁴

This was followed by reciprocal visits by President Hu Jintao to Japan and Prime Minister Fukuda Yasuo to China. Prime Minister Aso Taro who was foreign minister in the Abe administration reaffirmed Japan's position. Simultaneously, the public perception in Japan towards China underwent change. In particular, the younger generation seemed not to be harbouring the historical baggage. The perceived threat from North Korea as well as the rise of China began to shape Japan's national security perspective. The developments in the Sino-Japanese relations during post-Koizumi years gave the impression that both were willing to bury their past suspicions and acrimony. The truism, however, was that Japan's perception of the world had begun to be shaped by the changing security environment in its neighbourhood. As a result, Japan's relations with China began to change qualitatively. In other words, China's rise and military modernization, naval build-up, its assertive stance in SCS, its soft-paddling on the North Korean issue and the recent developments in the Senkaku islands have dramatically led to a rethinking in Japan towards its China policy.

So far as China is concerned, memories of history continue to influence the Chinese psyche and their undercurrents in its Japan's policy cannot be wished away. Though Japan has economically prospered under the US umbrella and the anti-nuclear sentiment is strong, the countries which suffered from Japanese military's excesses during World War II (China and South Korea, for example) always fear a possible resurgence of nationalism in Japan. As a result, their policies have been designed to prevent Japan from becoming a military superpower. Therefore, any discussion in Japan to increase defence spending in response to the deteriorating security environment in its neighbourhood inevitably gives rise to discussion on what happened during the War years and concern that such things are not repeated.

Stance on Taiwan

China has successfully used the history card as and when it suits to browbeat Japan to its advantage. When both Japan and China waged a struggle for supremacy on the Korean Peninsula, Taiwan was ceded to Japan by the Qing dynasty but Taiwan reverted back to China after Japan's defeat in World War II. Ever since, China maintained a tough position that did not allow any Japanese interference in Taiwan affairs. Following the Civil War, when the Nationalist-controlled Republic of China moved to Taiwan in 1949, China maintained the position that the People's Republic of China (PRC) is the true representative of the Chinese and those countries which recognize its break-away province are to be perceived to be unfriendly to China. By pursuing its "One China" policy, it wanted to maintain its

leverage over Japan by reminding Japan of its past misdeeds. China also calculated that if the US tries to intervene in the event of a crisis in the Taiwan Strait, Japan may not be willing to allow the US to make use of its bases.

Though Japan has assiduously tried to mend fence with China by close economic engagement, there still remains structural problems between the two, which cannot easily be resolved through negotiations and compromise.⁵ These are the Taiwan issue, the historical issue and East China Sea and each are interconnected. Of the four players concerning Taiwan - China, Taiwan, the US and Japan - Japan's role is negligible as Japan relinquished its right over Taiwan under the San Francisco Peace Treaty in September 1951 and endorsed China's "One China" policy. But being a maritime nation relying on sea transportation for bulk of its foreign trade, Taiwan's strategic location puts responsibility on Japan to secure seas surrounding Taiwan. Any crisis in the Strait would directly affect Japan's economic survival and therefore security interests are of paramount importance to Japan.

So far as the US is concerned, economic and strategic considerations determine its Taiwan policy. Under the Taiwan Relations Act, the US continues to sell arms to Taiwan to deter China from possible military intervention.⁶ For Japan, any Chinese attempt to absorb a democratic Taiwan with the mainland China by the use of force would complicate the security environment in the region and will be disturbing to democracies of Asia. Being tied with the US on security alliance, any conflict between China and the US would adversely affect Japan as well. On its part, China knows that if Japan supports US military intervention in the event of a crisis in the Strait, it would not be to its interests and therefore would opt to restraint Japan. Seen from this perspective, China's strategy has been to see weakening of the Japan-US security alliance,⁷ constantly browbeat Japan by playing the history card, and dissuade Japan to improve its defence capability.

The second structural problem is the perpetuation of the historical issue. Though the US is an outsider with no direct role in this, as an important stakeholder the US can be in an enviable position to see that relations between Japan and China stemming from historical irritants are not precipitated so as to destabilise Asian order. History at times can be very murky. It is a quirk of history that in the Pacific War, China allied with the US against a common enemy Japan. The role reversed after the War: Japan became an ally of the US and as a member of the West. At the same time, it would not be in the US interests, or for that matter any country, that Japanese militarism reemerges and Japan starts another war. This does not mean to suggest that a rising China is a current welcome prospect for the world. Yet, the China factor does not do away with the lingering perception of suspicion of Japan in the US as the 2007 uproar over the resolution on the 'comfort women' issue in the House of Representatives would demonstrate. The US still carries two images of Japan: as a trustworthy ally and a potentially dangerous nation. Thus the history

card has two aspects: domestically to generate pressure and propaganda inside Japan, and internationally running down Japan's image abroad.

Japan seems confused about its future. It suffers from its self-image of a country with limited role in the global stage. It lacks confidence in its own judgment on military build-up. The right-wing groups have begun to question Japan's meek and miserable role in world affairs after World War II and think that it is time now to correct this historical wrong. They also question the enormous financial cost that Japan pays for maintaining the US military bases. The growing bonhomie between the US and China during the Obama administration also unnerves Japan. Japan fears that if the US and China get closer, Japan will become a minor country with little role in Asia."

The East China Sea Issue/Senkaku/Diaoyudao Islands

The third structural problem between Japan and China relates to the East China Sea. The Senkaku Islands that lie between Japan and China are a bone of contention between the two countries. There are also problems with the demarcation line between the exclusive economic zones in relation to the East China Sea oil field. Since it is believed that the islands contain oil reserves, claims to control this precious resource create potential for a conflict situation to develop.

These are uninhabited islands located about 150 km northeast of Taiwan and are claimed by Japan, China and Taiwan. According to the 1966 UN committee report, these islands are rich in fisheries resource and important economic zones. The sovereignty of the islands has remained as a contentious issue for quite some time and has the potential to become a major flash point.

Sovereignty of the Senkaku Islands is disputed and both Japan and China have contending claims over these. The Chinese call them the Diaoyutai, meaning "fishing platform" in Chinese. The Islands are believed to be rich in oil and near key international shipping routes. Resource is an important determinant in Japan's and China's foreign policy in view of resource as a critical commodity for their continuous economic growth. In view of the rising oil demand in China, China has emerged as a significant factor in world oil market. China relegated Japan to the third largest petroleum consumer in 2003 by becoming the second largest consumer of oil. Being a resource deficient country, Japan is dependent on overseas supplies of its resources needs and now the world's largest energy consumer and second largest energy importer after the US.

The Tiao Yu Tai Islands (Called Senkaku in Japanese) are a group of eight uninhabited islands on the continental shelf, separated from the Liu Chiu islands by a deep water trench.⁹ "These eight uninhabited islands and barren rocks have

a land area of only 6.3 square kilometers. The islands are approximately 120 nm northeast of Taiwan, 200 nm east of the Chinese mainland, and 200 nm southeast of Okinawa. Most of the islets are clustered around the largest island, Uotsuri/Diaoyu, which covers roughly 8 hectares and lies 170 km northeast of Taiwan and 410 km west of Okinawa. Two outlying islets, Kobi-sho/Huangwei Yu and Akao-sho/Chiwei Yu, are located 31 km and 108 km from Uotsuri/Diaoyu Island, respectively. Diaoyu is at 25°45'N 123°29'E. The elevations of the highest points of islands: Diaoyutai 383 m, Beixiaodao 135m, Nanxiaodao 149 m, Chongbeiyuan 28 m.¹⁰

Competing Claims

Both Japan and China have made competing claims over the islands. Japan claims the islands as official Japanese territory in 1895, when it incorporated the islands into its territory through “prior occupation” and continued to exercise effective control over them. From 1885 on, no foreign country lodged any objection. The surveys of the Senkaku Islands had been thoroughly made by the government of Japan through the agencies of Okinawa Prefecture and by way of other methods. These surveys confirmed that the Senkaku Islands had been uninhabited and showed no trace of having been under the control of China. Based on this confirmation, the government of Japan made a Cabinet decision on 14 January 1895 to erect a marker on the Islands to formally incorporate the Senkaku Islands into the territory of Japan. Since then, the Senkaku Islands have continuously remained as an integral part of the Nansei Shoto Islands which are the territory of Japan. These islands were neither part of Taiwan nor part of the Pescadores Islands which were ceded to Japan from the Qing Dynasty of China in accordance with Article II of the Treaty of Shimonoseki which came into effect in May 1895. Japan, therefore, argues that the Senkaku Islands are not included in the territory which Japan renounced under Article II of the San Francisco Peace Treaty. Japan further argues that during the occupation period when the US administered the islands as Japanese territory, no foreign country lodged any objection. The US kept the group of small islets for occasional bombing practice targets, largely for its Liu Chiu based Air Force. Japan claimed that the Diaoyutai Islands are part of Liu Chiu.

China and Taiwan demanded that Japan return the Senkakus based on the 1943 Cairo Declaration. Japan accepted in 1945 when it signed the Potsdam Declaration to end the war with China and the War in the Pacific. In the Cairo Declaration, US President Franklin Roosevelt, British Prime Minister Winston Churchill and Chiang Kai-shek of the Republic of China stated “Japan shall be stripped” of all the territories it had “stolen from the Chinese”, including Manchuria, Taiwan and the Pescadores Islands. When Japan surrendered on 14 August 1945, the Chinese government, then led by Chiang Kai-shek, did not make any effort to incorporate

the islets. Instead, it advanced towards to recover Taiwan in October and held a ceremony on 25 October 1945. When the US put Okinawa, including the Senkakus, under its postwar Occupation only after China had declared finishing recovering Taiwan, China did not object. Since China was a member of the Allied forces and Chiang Kai-shek knew about the America's idea of the area it was going to occupy, China had no difficulty to raise any objection at that time but it did not. Japan officially renounced possession of Taiwan in 1951 when it signed the San Francisco Treaty with the US, Britain and 46 other Western countries to end the postwar Occupation.

Japanese government and a majority of academic experts in Japan argue that "there is no evidence showing China had control over the Senkakus in ancient times". They argue that though the islets featured in ancient Chinese maps and documents, they were merely landmarks for maritime journeys. The truism, however, is that academic debates over interpretations of ancient maps and documents appear endless and highly technical, in particular to those unable to read the original texts in Japanese or Chinese. However, given the realities of today's realpolitik, it remains unclear whether Japan can retain control of the islands for long, academic debates on the islands' history notwithstanding. Japan is afraid of infuriating China further and the government, therefore, has prohibited anyone – including Japanese citizens and lawmakers – from landing or building any structures on the islands, despite its sovereignty claims. Japan Coast Guard ships patrol around the islets 24 hours a day.

In accordance with Article III of the San Francisco Treaty, the Senkaku Islands were placed under the US administration as part of the Nansei Shoto Islands. In 1969, when the Okinawa Reversion Treaty was signed between Japan and the US, it included the Diaoyutai Islands. President Richard Nixon and Prime Minister Sato Eisaku reached an agreement on 9 April 1971, by which the US would return Okinawa and the "South-western islands" which included the Senkaku to Japan in 1972. Subsequently, the administrative rights over these islands were reverted to Japan in accordance with the Agreement between Japan and the US Concerning the Ryukyu Islands and the Daito Islands signed on 17 June 1971. The fact that China expressed no objection to the status of the islands under the administration of the US under Article III of the Peace Treaty indicates that China did not consider the Senkaku Islands as part of Taiwan.

Japan contends that the fact that China did not object to the status of the Senkaku Islands when placed under the US administration in accordance with Article III of the San Francisco Peace Treaty indicates that China did not consider the Senkaku Islands as part of Taiwan. It was only when the UN Economic Commission for Asia and the Far East conducted an oceanographic survey in 1968, which established the presence of rich deposits of petroleum and natural gas resources on the

continental shelf of the East China Sea, the government of China and Taiwan authorities started to make claims of sovereignty over the Islands. This report set off a political dispute between Taiwan, China and Japan which has been going on now for nearly 40 years. Hereafter, Japan argues, Beijing and Taipei started claiming the islands in 1971–71 years after Japan incorporated them in 1895.

China takes a different position. China claims that these islands came under its jurisdiction during Ming Dynasty period (1368-1644) in 1373 AD. Furthermore, China argues, historical documents of 1403 AD record China linkages. Maps published in 1701 also show the islands as Chinese territory. For several centuries they have been administered as part of Taiwan and have always been used exclusively by Chinese fishermen as an operational base. In 1874, Japan took Liu Chiu Islands from China but Diaoyutai remained under the administration of Taiwan, as part of China. In support of its argument, China states that before its occupation as a result of the Sino-Japanese war in 1895, none of the Japanese maps showed that these were ever Japanese territories. They say that Japan “stole” the islets together with Taiwan in the closing days of the first Sino-Japanese War (August 1894 to March 1895) in which Japan was victorious, critically weakening the already ailing Qian Dynasty. Following the Treaty of Shimonoseki (called the Maguan Treaty in China), Japan imposed its rule over the islands from 17 April 1895.

The Japanese have been consistent in asserting that there is no territorial dispute under international law. China, however, asserts that a territorial problem does exist and specified in its own Territorial Sea Law in 1992 that the Senkaku Islands are Chinese territory. International law does not provide any basis for such a contention, however. When Deng Xiaoping made a visit to Japan in 1978 to conclude a peace treaty, he stated that territorial issues would be shelved and promised to prevent any recurrence of incident that had taken place the day before his visit, in which some Chinese fishing boats had made an incursion into the Senkaku Islands’ territorial waters. The truism is that such incursions continued to strain bilateral ties.

Being a partner in the security alliance with Japan, US role is in resolving the dispute between Japan and China is equally important. When Walter Mondale was the US ambassador to Japan during the Clinton administration, he made a controversial statement stating that if a dispute were to arise over the Senkaku Islands between Japan and China, it was outside the scope of the Japan-US Security Treaty. This caused considerable unease in Japan as under the terms of the treaty, joint action is to be taken against “armed attack against either Party in the territories under the administration of Japan”. Japan argued that since the islands are under Japanese control, they are clearly covered by the treaty. Mondale may have temporarily pleased the Chinese but Senkaku Islands being a part of Okinawa Prefecture

where the US has an army base, any military intervention by China would have brought in immediate US military response. It was good that this confusion was buried soon and clarification issued to assuage the Japanese concern or else the Chinese would have been emboldened further if its assertiveness were a guide to that possibility.

If the US would not have acknowledged its treaty obligations as suggested by Mondale, this would have led to two serious problems. First, it would have created a sudden power vacuum and a change in the balance of power would have encouraged China to take recourse to military means to assert its claims. The security environment in the region would have been further complicated in such a situation. It may be remembered that when the US army withdrew from the Philippines in 1992, China and the Philippines resorted to an armed conflict over Spratly Islands. Second: the strains in the recent Japan-US alliance over Hatoyama's "equi-distance" policy and the controversy over relocation of the Futenma airbase would have encouraged an assertive China. The US cannot afford to remain ambivalent whether or not to intervene as a part of its treaty obligation in the event of an armed conflict. If it remains ambivalent, its role as a stabilizer would be dented adversely. Indeed, Article 5 of the Mutually Security Treaty does apply to the Senkaku Islands. Yet the US is reluctant to take any position on the question of ultimate sovereignty of the Senkaku/Diaoyu Islands and expects the claimants to resolve the issue through peaceful means, while urging restraints by both. This does not mean to suggest that the US will be a bystander if a conflict breaks out, though it expresses no opinion on the sovereignty issue.

Issue of Exclusive Economic Zone

The issue of demarcating sea as EEZ is another bone of contention between the two countries. China argues that Okinotorishima Island, the southernmost in the Japanese archipelago, is merely a rock, not an island. China wants to nullify Japan's claim of an EEZ around the small island, which is under Tokyo's jurisdiction. China cites "differences of opinion" over Okinotorishima and the Senkaku Islands. While China acknowledges that Okinotorishima belongs to Japan, it stresses that it did not fall under the classification of an island as defined by the UNCLOS. China says that Okinotorishima is merely a rock, which cannot be used to designate an EEZ, as the Japanese has done.

The issue of EEZ has assumed importance after China started developing natural gas resources in the East China Sea, to which Japan has objected. It is in this area where the two countries' EEZ claims overlap. Japan claims a division of the EEZ on the median line between the countries' coastlines. In dispute between the two is 40,000 square miles of EEZ. While both claim 200 nautical miles EEZ rights, the East China Sea width is only 360 nautical miles. "China claims an EEZ extending to

the eastern end of the Chinese continental shelf which goes deep into the Japanese EEZ beyond the median line.”¹²

The UNCLOS stipulates fair principle of development negotiations and mandates both sides to seek means that are mutually acceptable. In case of disagreement on the demarcation of EEZs between any countries, the law stipulates that the parties concerned should avoid any action that could undermine the prospects of an agreement.¹³ Japan regards China’s gas field drilling near the median line between the two countries as an obvious infringement of the spirit of this law. Tokyo has proposed the division of the sea equally between the two. China rejects this idea as its claim of Chunxiao is only three miles from Japanese territory and therefore rebuffed Japan’s offer to jointly develop the oil field.

China has started drilling in the Chunxiao field tapping natural gas reserves. The Chunxiao gas field in Xihu Sag in the East China Sea is estimated to hold reserves of more than 1.6 tcf of natural gas and is expected to become a major producer in the next decade. Commercial operation has already started. Though China’s gas fields are in the western and north-central parts of the country, offshore basins are becoming increasingly important.

While Japan asserts the view that the intermediate line is the line of demarcation, China argues the theory of the natural extension of the continental shelf. International precedents support Japan’s position. As such the two sides’ assertions are mutually inconsistent. China’s claim on the continental shelf’s extension can be interpreted in virtually the entire East China Sea coming within the Chinese sphere of influence, and Chinese power extending right up to Okinawa’s doorstep.¹⁴

Despite the restraints that Japan has exercised, there is a continuing fear in Japan that China may establish effective control on the islets in the future. Should China one day decide to send 30-40 Chinese to the islets to live there, that would be the end of all issue in realpolitik, argues Tatsuo Urano, Professor Emeritus at Nihon University, and an authoritative expert on international law and territorial disputes.¹⁵

Japan is wary of increased Chinese naval activity around its southern islands. It is watching China’s growing naval capabilities and assertiveness towards its neighbours. Over the past several years, China was involved in disputes with Vietnam and Indonesia over EEZ in the SCS.

Naval Build-up

In its frantic rush to control offshore islands and EEZs, China has been increasing naval activity in the areas contiguous to Japan, causing considerable disquiet in

Japan. Both Japan and China are engaged in mutual blame game and both have been engaged in naval exercises in the vicinity of the Senkaku Islands. Japan has accused China of violating its territorial waters several times. Other countries in the region also have complained of Chinese violation of maritime boundaries, disputed or otherwise. For example, between January and June 1999, Japanese ships entered 21 times the Japanese EEZ of 200 nautical miles without permission.¹⁶ The number of times the Chinese navy intruded into the East China Sea reached 33 till November 2004, which climaxed with the Han-class incident of November 2004, testing Japan-China ties.

On 10 November 2004 when the JMSDF detected a Chinese 091 Han-class nuclear attack submarine in waters between Ishigakijima and Tarama islands of the Sakishima Island chain in southwest Okinawa Prefecture, the Japanese defence minister Ono Yoshinoro ordered the JMSDF to take "naval security action". Though the Chinese submarine withdrew either to Ningbo or Zhoushan ports in China subsequently, this caused considerable disquiet in Japan about its naval preparedness.¹⁷

Chinese intention to dispatch its naval warships to the region is to stand guard to the gas development is stoking fears in Japan. Earlier, China intimidated Vietnam over the conflict surrounding the jurisdiction of the islands in the SCS in order to protect its economic interests such as fishing boats and fisheries facilities and this does not make Japan feel comfortable. As the US has no obligation to take any action in connection with issues over economic sea zones, it is Japan's interests to deal with China with care. But if China's argument regarding the natural extension of the continental shelf were to be accepted, it will bring the entire East China Sea under its virtual control. The US cannot but take notice and take remedial measures. With nearly 70 submarines and a growing surface fleet, the Chinese Navy is now a regular presence in the vital sea lanes of East Asia. Complicating the security environment in the region is the Chinese assertiveness, refusal to agree to common "rules of the road" in international waters, its expansive maritime claims and these have raised suspicions in Japan and other Asian countries.

Japan: Indeed, during the Koizumi-era, Japan demonstrated startling new pro-activism in responding to the events of 11 September 2001 and the ensuing "war on terrorism". This allowed Japan to come out from its Constitutional constraint, albeit slowly, and dispatched JMSDF from November 2001 onwards to provide logistical support in the Indian Ocean for US and international coalition engaged in Operation Enduring Freedom. Japan also dispatched its Ground SDF (GSDF) and Air SDF (ASDF) on non-combat reconstruction missions as part of the US-led "coalition of the willing" in Iraq and Kuwait from 2004 onwards.¹⁸ In view of the changing security environment in the region and increasing Chinese assertiveness, Japan has been incrementally enhancing its defence capability by

increased militarization in its security stance as a precursor to being a “normal” military power and reliable ally of the US ally.¹⁹

However, after Koizumi stepped down from power in September 2006, Japan seemed to have reverted back to its reactive security shell²⁰ and therefore anti-militaristic principles have reassumed its influence. This does not mean to suggest that there is no review in Japan in its security priorities but it has been one of cautious incrementalism. By all indications, Japan is moving in the long-term trajectory to become a “normal” state and what started during Koizumi era continued during Abe, Fukuda and Aso.²¹ It continues under DPJ-ruled Hatoyama and Kan periods as well. Japan seems to be responding to the external security environment by enhancing its capabilities and positioning itself to respond appropriately to potential regional adversaries such as China and North Korea. Co-opting the US in this strategy will enhance Japan’s regional and global profile.

The real military capacities of the SDF as a whole have been steadily and effectively expanded over the past decade and a half. Richard Tanter calls this process as Heisei militarization.²² “Especially in the past five years, through changes in law, foreign policy and security high level doctrine, operational guidelines for cooperation with US forces, SDF rules of engagement, force structure, and military planning, Japan has removed many of the pre-existing restraints on the use of its already materially extremely powerful military forces.”²³

National Defense Program Guidelines, 2010

On 17 December 2010, the Prime Minister’s office in Japan released the National Defense Program Guideline (NDPG), defining Japan’s ten-year defense strategy. This was the fourth, and the first by a non-Liberal Democratic Party government, that delineates a number of major challenges. Issued first in 1976, the 2010 guidelines raised concerns over Chinese Navy’s increased presence and surveillance in its waters around Japan. The new NDPG described Chinese activities a “matter of concern for the regional and international security” but it did not specifically address the territorial dispute over the islands in the East China Sea. There was a distinct departure from the previous guidelines which merely stressed the “need to focus on the trends of China in future”. The new NDPG calls for enhancing security ties with US, India, Australia and South Korea as it feared “immediate” threat from North Korea.

The previous guidelines expired in December 2009. The current NDPG comes at the backdrop of operation “Keen Sword” jointly conducted by the US and Japanese troops aimed at “achieving twin task of checking North Korea’s military provocations and China’s assertion in East China Sea”.²⁴ In the past, pacifist groups fiercely opposed these steps as they saw Japan moving back to prewar militarism.

The same was expected this time but since the security environment had turned volatile following North Korean shelling on South Korea's Yeonpyeong incident, the Japanese government was able to avert a possible protest by opposition parties as well as the peace groups.²⁵

In a major revision, the 2010 NDPG replaces Japan's "Basic Defense Force Concept", which put emphasis on passive deterrence and if necessary, defence against a full-scale (Soviet) invasion, with a "Dynamic Defense Force" aimed at actively deterring the most probable threats to Japan's national security and contributing to regional and global stability. In order to achieve these goals, the NDPG calls for a flexible force structure of mobile units capable of rapid deployment in response to diverse contingencies and enhancing bilateral and multilateral cooperation on a host of non-traditional security issues.

While the new approach calls for developing a "dynamic defense capability", the NDPG surprisingly mandates the SDF to decrease its strength by 1,000 troops, to 147,000 regular forces. The DPJ will have to answer how the SDF will undertake more defense activities with reduced resources. It transpires, therefore, that NDPG does not propose to dramatically building up Japan's capabilities to meet the perceived threats from China and North Korea. What it attempts is to restructure Japan's defence force to bolster crucial capabilities. Therefore, the report calls for an increase in Japan's submarine force to 22 by adding 6 to its existing strength of 16, equip two more of its warships with Aegis missile-defense capabilities and build three additional ground-based missile defense units, while slightly reducing ground troops and cutting the number of tanks from 600 to 400. Japan also plans to purchase Patriot PAC3 interceptors, which are meant to shoot down incoming short and medium-range ballistic missiles, and to step up work on Aegis – a US-led sea-based system to protect ships and troops from ballistic missile attack. Japan already is collaborating with the US on Aegis and Patriot missile interceptors and has an advanced anti-submarine warfare system. The report also called for reducing less-effective weapons systems, including a one-third cut in the Ground SDF's tank corps, which was built during the Cold War years to face a potential Soviet invasion of Japan's northern territory.²⁶

It came out clearly from the 2010 NDPG that Japan's strategic focus shifted towards likely threats from China. Though the NDPG called for modest increase in Japan's military strength to counter China's naval and air buildup, how it will manage maritime tensions in East Asia was not clear. The Mid-Term Defense Program (MTDP) which was released simultaneously will provide guidance for force structure for the next decade. Both the NDPG and MTDP were delayed as the DPJ asked all ministries to rewrite their budget. Hatoyama's handling of the relocation of a US Marines Corps Air Station outside Okinawa also led to the delay.²⁷

The previous defense policy – last revised in 2004 and only sporadically updated since the concept was adopted in 1976 – was “a rather static idea.” While the new concept points towards a slightly more aggressive Japan, the guideline maintained the country’s adherence to its pacifist Constitution and defense-only military orientation. Japan’s new guideline also recommended the country to consider easing its ban on weapons exports, which now make it difficult for the Japanese government and private industry to sell or jointly develop defense technology with other countries. The US is exempt from the ban but lifting it would ease potential roadblocks for transferring US-Japan missile defense technology to Europe as part of a new NATO missile shield. The current NDPG will guide Japan’s defence policy for next 10 years.

China: China has made its intention known to expand its maritime influence into the Western Pacific and the Indian Ocean. When the Soviet Union disintegrated, China’s fear of a possible land war dissipated. As China’s economic and military continued to rise simultaneously, it concentrated to build and expand its naval capability. It had twin objectives: to promote its economic interests by securing sea trade route for maritime commerce, and achieve global prestige as a naval power.

China has been modernizing its naval assets and has expanded its maritime ambitions far beyond its neighbouring seas. Its naval interests are growing on a global scale.³⁰ The People’s Liberation Army Navy (PLAN) commissioned the first of its Song-class submarines in the late 1990s. The Song-class submarine is fitted with the C-801 and C-802 anti-ship cruise missiles, which are capable of submerged launch.³¹ China has also procured sophisticated technologies from Russia, France, the UK, Italy and Israel. Also, China has an ardent desire to possess an aircraft carrier, which has been one of the most significant issues among Chinese leaders.

China’s strategic reach has extended to almost all parts of the world- Central Asia, Africa, South Asia (Pakistan and Sri Lanka), Afghanistan, Caspian Sea and beyond. Resource exploitation and securing supplies from these destinations to sustain its economic growth has been a major driver in China’s spread of influence. China has also developed the dependence of Australia and New Zealand on it by providing a reliable market for resources and primary products from these countries respectively.³² By its naval expansion, China has made efforts to enhance energy transportation security through critical Malacca Straits through which large oil tankers transit.³³

China lost no time in warning that Japan’s new NDPG and plans to build a missile-defence system designed to protect the country from North Korean attack will trigger a dangerous arms race in Asia. Beijing feared Japan’s acquisitions will threaten the balance of power. China denounced Japan’s new plan as “provocative” and “paranoid”. Beijing also announced to send fishery patrol boats regularly

to waters off the contested Senkaku Islands. Jiang Yu, China's foreign ministry spokesperson slammed Japan's views as "irresponsible" and said "China will have no choice but to respond by enhancing its own capabilities". According to Ashley Tellis, a US strategic expert, "China depends heavily on both conventional and nuclear-armed ballistic missiles to offset the technological weaknesses of its armed forces, so a more robust Japanese missile defence system is a real threat to its clout".³⁴

According to Pentagon, China has been rapidly expanding its much smaller nuclear arsenal by over 25 per cent in the last five years. Much of the expansion has been driven by fears that new US ballistic missile defences could undermine the deterrent value of Beijing's nuclear forces. "Experts estimate that China deploys some 130 land-based nuclear-capable ballistic missiles, each capable of delivering a single warhead. Missiles like the medium-range Dong Feng-3A and DF-4 are in the processes of being replaced by the more modern DF 21."³⁵ "The new DF-41 missile that China is developing is expected to be capable of carrying multiple independently-targeted warheads, which are also hard to intercept. China is simultaneously expanding its fleet of nuclear-powered ballistic missile submarines, which can lurk underwater for extended periods of time and are almost undetectable."³⁶

Diplomatic spat in September 2010

The relationship between Japan and China reached a critical point when on 7 September 2010 Japan detained the Captain of a Chinese fishing trawler, which was involved in a collision with Japanese Coast Guard patrol boats near the Senkaku Islands. China was outraged. In a harsh response to Japan's detention of the Captain, China cut off ministerial and higher level exchanges with Japan. The Okinawa court ordered the extension of the detention of the Captain. The Captain was charged with illegally operating in Japanese waters and obstructing Japanese officers from performing their duties.

In a strong countermeasure, China postponed talks with Japan over a treaty on the development of a joint gas field in the East China Sea, which was to be signed in September and sent drilling equipment to the disputed gas field to Shirakaba (called as Chunxiao in China). This was in response to the nationalists in Japan who were putting pressure on the Japanese government to take harsher measures. It may be remembered that when in 2004 seven activists from China had landed on one of the islands near Okinawa, Japan arrested them but after China put pressure, the Koizumi government released them without indicting them.³⁷

Japan toughened its stance this time and refused to release the Captain. Japan also announced plans to reinforce surveillance with P-3C patrol aircraft in the

area. China responded by cancelling a summit meeting with Kan and Chinese Prime Minister Wen Jiabao at the sidelines of the UN General Assembly meeting in New York.³⁸ China too retaliated by arresting four Japanese citizens working on the mainland and cutting dramatically the supply of crucial earth minerals to Japanese corporations.

As it transpires, China is not reconciled to the current status of the East China Sea and is building up military profile in the region. In particular, China's 1992 Law of Territorial Waters and Contiguous Zone that incorporates the island chains in both East and SCS as authorised its Navy to evict foreign vessels operating in these waters. Nationalistic sentiments are also being fanned as allowing the Baodiao activists demanding to punish Japan for its action before the Foreign Ministry demonstrated. Even joining Japan to jointly develop natural gas field was seen as betrayal to its people.³⁹

There are different interpretations to the development of 7 September 2010. Because of the recent statements of Chinese leaders on regional matters smacking bellicosity, China is seen as a regional bully and the standoff over the Chinese trawler captain detained by Japan in coastal waters of the disputed Senkaku Island chain is seen as an example. This view argues that "the two countries have in place coastal fisheries agreements that explicitly and wisely decouple fisheries disputes from any larger territorial disputes, for the express purpose of preventing them from triggering the kind of diplomatic incident that ultimately took place. And those agreements clearly give legal jurisdiction over any infractions off of the Senkaku Islands to the flag state of the vessel in question, and not of the coastal power. In other words, under these agreements, Japan was outside of its legal rights in detaining the Chinese captain. Instead, Tokyo should have immediately turned him over to the Chinese authorities, while pressing them to follow up in terms of legal remedies".⁴⁰

The other view is a narrative of a bellicose and bullying China that "take(s) advantage of its position of regional dominance to muscle its weaker neighbors around on any number of unresolved territorial disputes".⁴¹ This view takes the position that China should have handled the issue in a more restrained manner. It is possible that nationalist elements and hardline factions in the strategic policymaking circles goaded Beijing to take such an approach. If both Japan and China agree to decouple commercial and resource issues from territorial claims, it can be an example to address the region's other maritime disputes.

When Japan decided not to exacerbate the situation and decided to release the detained captain, Japan was perceived to have backed down to Chinese pressure and therefore "lost" the confrontation. But Japan's "surrender" to Chinese "bullying" points to Japan's acceptance to China's sovereignty claims and regional

dominance would remain subject of various interpretations. If China pursues a more aggressive policy on the issue of maritime sovereignty and abjures soft approach of advancing its influence through economic aid and development, and fostering trade linkages, it would have created more enemies than friends. The truism is that the current Chinese behaviour is encouraging other countries to search for hedging strategy. The emergence of those hedging strategies would be unavoidable if China's unilateral muscle-flexing is not self-contained.

The reaction in Japan to China's "bellicosity" was understandable. The "China hawk" Foreign Minister Maehara Seiji who had taken over from "dove" Okada Tetsuya on 16 September rejected China's demand of compensation or apology as "totally unacceptable". He saw no room for compromise on the island issue and that Japan's national interests cannot be compromised. An official of the ministry of foreign affairs in China accused Maehara of using provocative language and being discourteous. But if one compares to what consecutive Russian foreign ministers had said about the Northern Territories, Chinese demands would appear mild. For example, Russia referred to its attack on Japan in 1945 in violation of Japan-Soviet Neutrality Pact as "liberation war" and to the Northern Territories as "spoils of World War II", and therefore far from acceptable.

If a "hawkish" Maehara made some statement on the issue as the country's foreign minister, he was only articulating his views keeping in mind Japan's national interests. If Maehara had made a statement in 2005 while delivering a speech to US think tank and termed China a "realistic threat", citing that China was building up and modernising its military capabilities, he was not speaking half-truth.⁴² Therefore, Japan's *Asahi Shimbun* was unkind to Maehara when it used sentences in an article published on 23 October 2010 as "Chinese government has deep-rooted distrust in Maehara" and "Sources even say that China would take this opportunity to oust Maehara".⁴³ Ito Kenishi, President of The Japan Forum on International relations, laments the "structural vulnerability of the postwar Japanese diplomacy" and advocates that Japanese diplomacy should be articulated appropriately in accordance with the country's national interest.⁴⁴

The spat over the disputed territory seems to have dashed Japan's hope of transforming the disputed sea into a "Sea of Fraternity". Nor Chinese President Hu Jintao's desire to make the area a "sea of peace, friendship and cooperation" seems to be in the horizon. It is a challenge for both Japan and China to resolve the issue amicably and not allow the "flashpoint" to develop into a theatre of conflict and thereby jeopardizing regional security.

Way Out?

A conflict is in neither country's interests and must be avoided. Given the

interdependency of the two countries' economies, it will hurt both if a conflict breaks out. A more practical way to address the issue would be a policy of comprehensive engagement and focus on consolidating multilateral ties and rules-based cooperation throughout the region that aims to "minimise the negatives and maximise the positives" surrounding China's expansion.⁴⁵

There are long-term security risks in the region. China's naval capability is growing and the PLAN is increasing naval anti-access and area denial capabilities. China has developed anti-ship ballistic missiles which has the capability to destroy ships as large as aircraft carriers at a range of over 1,000 miles. This "poses potential threats to states which have territorial maritime disputes with China".⁴⁶ In March 2010, China asserted the SCS as its "core" national interest and later added the East China Sea to this list and if Beijing perceives interference by a third party to its territorial integrity, it will not hesitate to use both economic and military means to defend it. Moreover, these disputes have potential spillover effect. Russian President Medvedev's visit to the disputed Northern Territories for the first time as President raised political tension with Japan.

The existing regional institutional mechanism such as the East Asia Summit and the newly established ASEAN Defence Ministers Meeting (ADMM) Plus⁴⁷ are inadequate to handle such complicated issues. Yet, ADMM Plus has been effective in focusing on non-traditional security issues such as climate change, natural disasters, infectious diseases, transnational crime and terrorism. This is a positive sign. The emergence of the ADMM Plus is important in the sense that it has emerged as a factor in lowering temperature. Whether it will be the precursor to a larger framework for cooperative security framework at a later stage is to be seen. It is in the interests of all the states in the region to address the issues impinging on more than one state in a multilateral forum and thereby contribute to the regional order.

Since China prefers to deal territorial disputes at bilateral level, it is likely not cooperate with others if the issue is internationalised. Handling such disputes leaves China to use military option and therefore regional institution such as the EAS in an embryonic stage may not be effective to prevent conflict. Yet, there seems to be no better alternative at present than to pursue with the existing ones.

Dealing with China is the biggest challenge. If Japan maintains credible naval force in order to maintain stability in East Asian waters, the NDPG may be seen positively. But for China, it is needlessly provocative. Notwithstanding the bold initiative by the Kan Naoto government as outlined in the NDPG, Japan is still constrained not to revise the ban on arms exports. Reversing this policy of ban "would allow Japan to collaborate with other nations on defense technology, thus helping to lower the costs of Japan's own defense procurement. Though Japan's

forces will be one of the strongest and most capable in East Asia, continuation of US presence will remain vital to keep Asian waters peaceful. Efforts must not be abandoned to engage China in constructive dialogue, notwithstanding its assertive posture, as sooner or later China will see the benefits that will accrue from such a process.

Endnotes

¹ See Mao Zedong, "On Sino-Japanese Relations and the Question of a World War", in *Mao Zedong On Diplomacy* (Beijing: Foreign Language Press, 1998), pp. 169-74)

² See Mao Zedong, "US Imperialism is the common enemy of the Chinese and Japanese peoples", in *Ibid.*, pp. 336-37.

³ Wang Jianwei and Wu Xinbo, "Against Us or with Us? The Chinese Perspective of America's Alliances with Japan and Korea, Asia-Pacific Research Center, Institute for International Studies, Stanford University, May 1998, pp.53, available at <http://iis-db.stanford.edu/pubs/10006/WangWu.pdf>. Wang and Wu suggest that China has not always viewed Japan in hostile terms. Indeed, when it opposed Soviet "social imperialism" in 1970s and 1980s, it supported Japan against the Soviet Union on the territorial disputes related to Habomai, Shikotan, Kunashiri, and Etorofu Islands (known as the Kurile Islands) and on the fisheries dispute.

⁴ Takashi Hoshiyama, "New Japan-China Relations and the Corresponding Positioning of the United States – History, Values, Realism in a Changing World", *Asia-Pacific Review*, vol. 15, no. 2, 2008, p. 69.

⁵ *Ibid.*, p. 80.

⁶ See Rajaram Panda, "Hiccups in Sino-US Relations over Arms Sales to Taiwan", 25 January 2010, Issue Brief, http://www.idsa.in/issuebrief/HiccupsinSino-RelationsoverArmsSalestoTaiwan_rpanda_230110

⁷ China was happy when Japan under DPJ-led government of Hatoyama Yukio floated the idea of "equi-distance" relationship with the US.

⁸ These were the views expressed by a delegation of Tokyo-based Japan Institute for National Fundamentals led by its President Yoshiko Sakurai to the IDSA on 13 December 2010.

⁹ "Senkaku/Diaoyutai Islands", <http://www.globalsecurity.org/military/world/war/senkaku.htm>

¹⁰ *Ibid.*, p. 2.

¹¹ Reiji Yoshida, "Senkaku history provides 'proof' for both sides", *The Japan Times*, 23 October 2010, <http://search.japantimes.co.jp/print/nn20101023x1.html>

¹² *Ibid.*, p. 4.

¹³ Reinhard Drifte, "The Future of the Japanese-Chinese Relationship: The Case for a Grand Political Bargain", *Asia Pacific Review*, vol. 16, no. 2, 2009, p. 61.

¹⁴ Hoshiyama, n. 6, p. 87.

¹⁵ Quoted in Yoshida, n. 13.

¹⁶ "Chinese ship violates Japan's EEZ", *Jane's Defence Weekly*, 30 June 1999, p. 16.

¹⁷ The first such case of "naval security action" demarche since World War II was issued in 1999 when two North Korean vessels approached the Noto Peninsula in the Sea of Japan.

¹⁸ Christopher W. Hughes, "Japan's Military Modernisation: A Quiet Japan-China Arms Race and Global Power Projection", *Asia Pacific Review*, vol. 16, no.1, 2009, p. 84.

¹⁹ Christopher W. Hughes, *Japan's re-emergence as a 'Normal' Military Power* (Oxford: Oxford University Press/IJSS, 2004); Faniel M. Kliman, *Japan's Security Strategy in the Post 9/11*

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²⁰ H. Richard Friman, Peter J. Katzenstein, David Leheny and Nobuo Okawara, "Immovable Object? Japan's Security Policy in East Asia" in Peter J. Katzenstein and Takashi Shiraishi, *Beyond Japan: The Dynamics of East Asian regionalism* (Ithaca, NY: Cornell University Press, 2006), pp. 85-107; Paul Midford, "Japanese Mass Opinion Toward the war on Terrorism", in Robert D. Eldridge and Paul Midford, eds., *Japanese Public Opinion and the War on Terrorism* (New York: Palgrave Macmillan, 2008), pp.11-42; and Andrew L. Oros, *Japan: Normalizing Politics, Identity and the Evolution of Security Practice* (Stanford, CA: Stanford University Press, 2008).

²¹ For a full analysis of these long-term changes in Japan's military stance, see Christopher W. Hughes, *Japan's Remilitarisation* (London: Routledge/IISS, 2009).

²² See Richard Tanter, "Japanese Militarization and the Bush Doctrine", *Japan Focus*, (221) www.japanfocus.org/article.asp? At length in Richard, "With Eyes Wide Shut: Japan, Heisei Militarization, and the Bush Doctrine", in *Confronting the Bush Doctrine: Critical Views from the Asia-Pacific*, ed., Peter Van Ness and Mel Gurtov, (RoutledgeCurzon, 2005).

²³ Richard Tanter, "Japan's Indian Ocean Naval Deployment: Blue water militarization in a 'normal country'", 21 March 2006, <http://www.japanfocus.org/-Richard-Tanter/1700>

²⁴ Shamshad A. Khan, "China Threat Propels a new Defence Thinking in Japan", 20 Dec 2010, http://www.idsa.in/idsacomments/ChinathreatpropelsanewdefencethinkinginJapan_sakhan_201210

²⁵ Ibid.

²⁶ "China warns of escalating arms race in Asia", *The Telegraph*, <http://www.telegraph.co.uk/news/worldnews/asia/china/8212643/China-warns-of-escalati...>

²⁷ Charlie Reed and Hana Kusumoto, "Japan Shifts Defense Strategy Toward N. Korea, China", *Stars and Stripes*, 17 December 2010, <http://www.stripes.com/news/pacific/japan/japan-shifts-defense-strategy-toward-n-korea-china-1.129085>

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³⁶ Ibid.

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⁴⁵ Hitoshi Tanaka, "A Japanese Perspective on the China Question", *East Asia Insights: Toward Community Building*, Japan Center for International Exchange, vol.3, no.2, May 2008.

⁴⁶ Kei Koga, "East Asia's Territorial Disputes: Time for Preventive Diplomacy", *RSIS Commentaries* No. 134/2010, 27 October 2010, <http://in.mg50.mail.yahoo.com/dc/launch?gx=1&rand=7e3fttrtj3r4e>

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US FOREIGN POLICY IN EAST ASIA UNDER THE OBAMA ADMINISTRATION: THE CASE FOR THE (NEO-LIBERAL) REENGAGEMENT AND ITS CONSEQUENCES

Renato Cruz De Castro, PhD.

Abstract

This article examines the influence of neo-liberalism on President Barack Obama's foreign policy agenda and re-engagement in East Asia. Using the basic tenets of neo-liberalism, it critiques the Bush Administration's post 9/11 foreign policy. It also compares neo-liberalism and realism/neo-conservatism as US foreign policy approaches to the security challenges of the 21st century. Then, the article analyzes the ideological perspective of President Obama's foreign policy agenda in East Asia. The apparently neo-liberal campaign statements and official pronouncements of President Obama are concretized in his actual foreign policy decisions and actions. This new mode of conducting foreign policy strengthens Washington's relations with its Asian friends and allies; but complicates US-China relations. In conclusion, the article contends that the realization of the neo-liberal agenda in US foreign policy in East Asia is contingent on four factors: prioritization of East Asia over other pressing foreign policy concerns; competence and skills of the Obama Administration's key foreign policy advisers; US economic recovery and renewed competitiveness; and President Obama's reflection in 2012.

*"Ideas help order the world. By ordering the world, ideas may shape agendas, which can profoundly shape outcomes. Insofar as ideas put blinders on people, reducing the number of conceivable alternatives, they serve as invisible switchmen, not only by turning action onto certain tracks rather than others... but also by obscuring the other tracks from the agent's view."*¹

-Judith Goldstein and Robert I. Keohane, 1993

*"...Power, in this Obama doctrine, is not winning the day, vanquishing the enemy. Its purpose is more modest: the pursuit of America's interests or those of its friends."*²

-Roger Cohen, 2011

In January 2009, President Barack Obama assumed the presidency with fresh ideas on the way to pursue America's interests in a changing 21st century international system. His unprecedented and historical electoral victory promises a more

balanced and less confrontational US foreign policy.³ Like President George Bush Jr. in early 2001, President Obama has preconceived notions on US security and the use of American power in international affairs. Accordingly, he would re-engage the world by acknowledging the folds and restraints of the international community and multilateral organizations on the US. However, unlike his realist/neo-conservative predecessor, President Obama sees the world through the ideological prism of neo-liberalism. Neo-liberalism is the Democratic Party's foreign policy ideology. It is based on the US' resoluteness to address terrorism, and other threats to its interests not merely by military means (being the world's only superpower) if necessary, but by envisioning a renewed American leadership in a global society.⁴ It calls for the creation and rebuilding of US partnerships, relationships, and alliances all over the world. Most significantly, this ideology alters the way American foreign policy is expressed and implemented, as well as US behavior in the international scene.

This article examines the neo-liberal influence on the foreign policy agenda of the Obama Administration in East Asia. It addresses this pivotal question: How is the neo-liberal agenda manifested in President Obama's foreign policy pronouncements and actions in general, and with regard to East Asia in particular? It also explores the following questions: What is neo-liberalism? How is it different from realism/neo-conservatism? How did it emerge as the Democratic Party's foreign policy ideology in the aftermath of the US invasion of Iraq? What are the major policy components of neo-liberalism? How does the Obama Administration pursue the neo-liberal agenda in the region? And what are the consequences of these foreign policy goals on US relations with some key East Asian states in general, and on US-China relations in particular?

From Neo-Conservatism to Neo-Liberalism

Neo-liberalism has emerged as a powerful and incisive conceptual critique of the Bush Administration's post 9/11 foreign policy. The new liberals composed of key academics and former officials of the US State and Defense departments identified with the Democratic Party, denounced the Bush Administration for projecting the US as an arrogant and dangerous superpower.⁵ They blamed the apathetic realists and the neo-conservatives in then President Bush's close advisers for the slipping image and standing of America's in the world, which accordingly, had weakened its alliances, increased global resistance to US policy, and boosted the number of terrorist recruits.⁶

Nevertheless, the neo-liberals agree with the realists/neo-conservatives that the 21st century international environment is anarchic, perilous, and unstable. US power must be asserted to protect America's interests and promote global security.⁷ Unlike the liberal-internationalists of the 1920s, contemporary neo-liberals see

power and force as indispensable components of international politics. They also believe that the US can use force when its interests and those of its allies are at stake. However, they criticize the blatant use of power that triggers resistance and resentment from US friends and foes.⁸ They disparage unilateral moves and the use of force outside of multilateral arrangements. The neo-liberals, instead, acknowledge the UN as conduit and venue for the allied countries' approval or rejection of American use of military power. They also champion the use of what Joseph Nye calls "smart power" – the optimal combination of hard and soft power to pursue national security objectives.⁹ Neo-liberals do not have a reproachful view of military power. In fact, they advocate the intelligent use of hard power that recognizes its limits and strategic potential. Furthermore, they also call for its integration into an overarching strategy.¹⁰

Neo-liberalism accepts America's exceptionalism and primacy but cautions the US against getting corrupted by its unlimited power and, turning into an empire.¹¹ It exhorts the US to acquiesce to the objections of allies and international organizations. It favors an activist US foreign policy, and suggests that the Democratic Party return to its anti-totalitarian roots and adopt a measure, similar to its anti-communist stance, to counter global jihad, and China's growing influence in East Asia.¹² In effect, it pushes for a reinvigorated American leadership role by repairing the damages wrought by realist/neo-conservative decisions. Among its major foreign policy prescriptions are:

- A) *A New US Strategy in Facing a Dangerous and Changing World*—Like the realists/neo-conservatives, the neo-liberals view the 21st century international system as a very dangerous place for the US. However, they reject the state-centric notion that egoistic states are the pivotal billiard balls bumping into each other on the pool table of world politics. Instead, the world, for them, is a complex, three-dimensional chess game.¹³ Accordingly, world politics is made up of three separate levels: a top military/strategic chessboard where the US is dominant; a middle economic chess-board where the US, the European Union (EU), Japan, and China are positioned in a multi-polar game; and the bottom transnational chessboard where thousands of transnational actors transact their businesses among themselves or within the territories of sovereign state-actors. The neo-liberals argue that in this chess game, the US cannot exercise its hegemony or simply rely on its military or hard power to get what it wants.¹⁴ Developments in information and communication technology (ICT) have made transnational actors important and have empowered them to play a larger role in world affairs. International terrorism has become agile and lethal because of the democratization of technology. Thus, the neo-liberals do not think that punishing states that sponsor terrorism can eradicate the problem. Instead, they advocate "unspectacular civilian cooperation among states as the best response to international terrorism."¹⁵

- B) *The Role of the US in World Affairs*—The, neo-liberals assume that the world is strife-ridden, and the US, as the only superpower in the world, must prevent or resolve international conflicts. However, they reject the realist/neo-conservative view of a new unilateralism in which US policymakers act without constraints and treat international organizations as convenient tools to serve Washington's interests. Instead, they urge the US to spearhead coalitions of friends and allies to solve common security concerns within the legitimate framework of international organizations. Specifically, Washington must sustain the infrastructure and institutional mechanisms that make possible concerted international actions since 1945—the interlocking sets of bilateral agreements, regional security organizations and alliances, and global institutions.¹⁶ Neo-liberals believe that American leadership and credibility will be enhanced if the US will invest more time and attention to multilateral institutions and will be constrained by them.¹⁷
- C) *On the Use of Force in International Relations*—The neo-liberals supported the use of force against the Taliban in Afghanistan in 2001, and in toppling Saddam Hussein from power in Iraq in 2003. However, they disapproved of the September 2002 US National Security Strategy's heavy focus on military power. Although essential in international affairs, military power has its limitations in resolving global terrorism, financial instability, drug trafficking, the spread of disease, etc. They also blamed the Bush Administration for ignoring the role of soft power—the ability to attract and persuade states, and not to coerce them. To the neo-liberals, military power is still useful in protecting the sovereignty of states, but soft power is becoming increasingly effective in dealing with transnational issues that require interstate cooperation. They also acceded to the use of American power for humanitarian purposes. Generally, the neo-liberals subscribe to the application of smart power to guarantee American security in the 21st international system.
- D) *On Regional Focus*—Neo-liberals were extremely critical of the Bush Administration's agenda of advancing democracy by building more stable and allied regimes in the Middle East. After the overthrow of the Taliban regime in Afghanistan in 2001, the neo-conservatives directed the global war on terror to the Middle East to effect a regime change or to intimidate the "terror masters" or the states that have long supported and harbored Islamic terrorists—Iraq, Syria, and Saudi Arabia.¹⁸ They thought that democratizing these states would resolve the grievances and tensions that had fueled terrorism in the region. The neo-liberals' opposition to this foreign policy stemmed from the following assumptions: 1) democracy cannot be imposed on a society; it can only emerge from within a society; 2) the military invasion of Iraq, the inability of the US military to contain the Iraqi insurgency, and American atrocities and human rights violations (e.g.,

Abu Graib prison) have eroded American prestige to the extent that global public opinion perceived “American as a threat to world peace;”¹⁹ and 3) the decline of US soft power and Washington’s preoccupation with the Middle East have boosted the soft power of other states at the expense of America.²⁰ In Asia, ascendant power China is seen as a peaceful stabilizer while the US is perceived as a spoiler, neglectful of regional affairs and myopically obsessed with its war on terror. Thus, the neo liberals are gravely concerned about China’s growing influence in Asia and in the world, and in the continued downslide of US soft power in many East Asian countries.²¹

Promoting the Neo-Liberal Agenda in East Asia

In the context of East Asia, what then is the neo-liberal agenda? And how is it reflected in President Obama’s pronouncements?

Asia in Terms of Priority

A major neo-liberal move is for the US to cease all efforts to effect regime change and democratization in the Middle East. Definitely, this will result in a balanced American regional priority with East Asia getting the vital attention in the light of China’s emergence. The Congressional Research Service study commissioned by the Democratic Party-dominated Congress in 2008 clearly articulated this neo-liberal motif:

*China’s rising influence has coincided with a period of episodic and inconsistent US attention toward Southeast Asia, or even a developing power vacuum, during the past decade. Since September 11, 2002, the US government has become somewhat more diplomatically engaged in the region and increased foreign aid funding, but with a focus largely limited to counter-terrorism. The perception of US inattentiveness to the region has continued to be reinforced.*²²

China’s emergence in East Asia while the US was engrossed in imposing democracy in the Islamic world dismayed the neo-liberals. They reported that China, Asia’s largest country, experienced high annual economic growth rates of seven to nine percent that tripled its GNP and enhanced its reputation and soft power.²³ The ascendant power also successfully softened its image and prevented other countries from forming a coalition to balance Chinese power and influence.²⁴ In contrast to the Bush Administration’s initial perception of China as America’s competitor for geo-strategic dominance in East Asia, the neo-liberals saw China’s emergence as a complex puzzle. From their perspective, China may stretch its political ambition to match its economic expansion. This could either threaten US interests or integrate China into the existing regional system. China’s future behavior depends largely on Washington’s relations with Beijing, particularly on

burnishing the points of mistrust and friction that could spark a conflict between the two powers.²⁵

In his foreign policy pronouncements on Asia, President Obama touched on neo-liberal themes. He admitted that US relations with East Asian countries stagnated in the past few years.²⁶ He faulted the Bush Administration's campaign against terrorism and weapons of mass destruction, and for America's neglect of its relations with East Asian countries. He acknowledged that the Iraqi war distracted the US from launching major diplomatic initiatives in the region. This redounded to China's strategic advantage with serious implications for Asia and the US. He added that Asia is a complex and evolving region where countries mix economic dynamism and cooperation with tension and deep suspicions.²⁷ He then made the case for the US by demonstrating to the Asian countries America's enduring presence and crucial role in managing the region's security and undergirding its economic development. Compared to Senator John McCain's lukewarm comments on US policy in East Asia, President Obama's statements conveyed the urgency for the US to re-engage Asia to assert US influence despite its current preoccupation with Iraq and the Middle East.²⁸

Facing China's Expanding Influence in East Asia

As aforementioned, the neo-liberals expressed the need for the US to confront Chinese economic and political clout in East Asia, not with unilateral American power, but with strategic engagements and multilateral arrangements. They agreed that Washington's regional influence has been overshadowed by Beijing's economic largesse and active diplomatic offensive. It is interesting to note that the neo-liberals are opposed to any attempt to contain China or adopt a hedge strategy against it. They advocate a linkage strategy that fosters mutual interests between the two countries. They also foresee bilateral and multilateral ties that will shape the way the two countries behave towards each other, and reduce the perceived need to hedge.²⁹ Thus, the neo-liberals favor the creation of a nexus between America's bilateral security alliances and existing regional multilateral organizations like the ASEAN and the ARF.³⁰

Obama's foreign policy pronouncements on China's expanding influence in East Asia echoed the neo-liberal plan. He empathically argued that the Bush Administration's democratization agenda in the Middle East has distracted Washington's attention and policy from Asia and this has given Beijing a strategic leeway in the region. He declared that "American preoccupation has given a strategic advantage to China, with as yet uncertain consequences".³¹ In his view, the US strategy of hedging against China will not disappear in the short-term period because the two countries are unsure of each other's long-term intentions. Therefore, instead of regarding China as challenger to American primacy in East

Asia, the US must enjoin China to cooperate in confronting global problems such as terrorism, proliferation of weapons of mass destruction, failed states, infectious diseases, natural disasters, and piracy. In the same vein, he called on Beijing to help resolve security issues like the North Korean nuclear ambition and the Sudanese crisis. He remarked candidly that the US “will compete with China in some areas and cooperate in others” and that Washington’s “essential challenge is to build a relationship [with China] that broadens cooperation while strengthening its ability to compete”.³²

For President Obama, fostering this common agenda for Asia and the world is only possible if both countries modify their policies.³³ China should boost domestic consumption as an engine of economic growth while the US should adopt sound fiscal policies and invest in infrastructure, education and social services. To entice China into this linkage strategy with the US, President Obama invited Beijing to join the Group of Eight (G-8) and the trilateral nuclear energy cooperation network with Washington and Tokyo. He, however, stressed that US-China relations will work only if Washington strengthens its regional alliances, and moves towards multilateralism.³⁴

Alliances and Multilateral Organizations in East Asia

Generally, neo-liberals are supportive of multilateral organizations, considerate of allies’ approval of American military operations and diplomatic initiatives, and critical of any US foreign policy action or pronouncement that smacks of unilateralism. They assume that international organizations create restraints on any US unilateral action which could debilitate American alliances and increase opposition to Washington’s policy. In Asia, these alliances and multilateral organizations have another important function—to legitimize American presence and restrain China. Mixing American bilateral and East Asian multilateral arrangements not only provides legitimacy to US regional role in Asia but also goads China to contribute constructively to regional activities.³⁵

President Obama cited as well the significance of the US-Japan and US-South Korea alliances in the face of China’s emergence. As the US closest ally in East Asia, Japan can help maintain regional stability and address the security challenges of the 21st century. Sadly, US-South Korea security relations suffered a drift when the Bush Administration vilified and branded North Korea as a member of the “Axis of Evil”. This tactless remark caused undue anxiety in South Korea. To rectify the situation, President Obama pledged to work closely with Seoul on security issues beyond the Korean Peninsula and East Asia.

More importantly, President Obama mentioned exploring alternative multilateral frameworks that transcend America’s bilateral security arrangements. He said:

*As China rises and Japan and South Korea assert themselves... I will work to forge a more effective framework in Asia that goes beyond bilateral agreements, occasional summits, and ad-hoc arrangements... We need an inclusive infrastructure with the countries in East Asia that can promote stability and prosperity and help confront transnational threats, from terrorist cells in the Philippines to the avian flu in Indonesia...*³⁶

He continued: "Our interests demand that we reengage to ensure trans-Pacific linkages are relevant and strong. That means developing new arrangements to meet new and rising challenges and transnational threats that stem from globalization..."³⁷ Membership and participation in such an inclusive infrastructure will make the US as a non-regional actor in East Asian affairs.

Apart from their security functions, multilateral arrangements are essential in the operation of the global economy. President Obama named the APEC Forum as a useful platform for US economic engagement in East Asia. One way of strengthening bilateral alliances is for the US to participate actively in East Asian multilateralism. Unlike President Bush, President Obama appeared more receptive to Washington's signing the ASEAN non-aggression treaty, a precondition for US membership in the exclusive club of East Asian states – the East Asian Summit.

Advancing the Neo-Liberal Goals

Secretary Clinton's February 2009 Asian visit underscored the Obama Administration's incipient and tentative interest in the region. During her tour, she stressed that the Obama Administration would listen and respond to the concerns of allies and partners and would not neglect the region despite America's preoccupation with serious challenges elsewhere.³⁸ Prior to her swing through Asia, Secretary Clinton stated:

*Our new administration wants to focus a lot of time and energy in working with Asian partners and all the nations in the Pacific region because we know that our capacity to solve a lot of global challenges that we're confronting depends upon decisions that are made there...there has been a general feeling that perhaps we didn't pay an appropriate amount of attention to Asia over the last years, being preoccupied with other parts of the world, so I wanted to start at the very beginning demonstrating our commitment there.*³⁹

During her visits to Japan, South Korea, China, and Indonesia, Secretary Clinton expressed the need for international cooperation to answer the serious transnational challenges posed by climate change. She also announced that "the US is committed to a new era of diplomacy and development in which... [it] will use smart power to work with historical allies and emerging nations to find regional

and global solutions to common global problems".⁴⁰ High on her list of priorities are the global economic crisis, energy policy, and climate change.⁴¹ Secretary Clinton also indicated the Obama Administration's policy of vibrant engagement with China. In China, she highlighted the positive aspects of the two countries' relationship—especially the cooperative efforts in dealing with global recession and climate change, and in maintaining a nuclear-free Korean peninsula—while keeping silent on their differences.⁴² Consequently, she revealed Washington's convening of a high-level dialogue that would combine strategic, economic and development issues while staking out America's leading role in this process.⁴³

Secretary Clinton likewise echoed the Obama Administration's commitment to East Asian multilateralism in general, and to the ASEAN in particular. She promised to attend the 2009 ARF Ministerial Meeting in Bangkok in July, and assured that Washington would pursue its accession to the ASEAN's Treaty of Amity and Cooperation (TAC). Previous US presidents have avoided this issue since the treaty went into force in 1976. In Jakarta, Secretary Clinton even visited the ASEAN Secretariat Headquarters—the first US Secretary of State to do so. She conveyed to the ASEAN that the American hard-line policy against Burma had not affected the military regime. Nonetheless, the Obama Administration would consult the regional organization when it reviews US policy vis-à-vis this pariah state in Southeast Asia.⁴⁴

Evidently, the Obama Administration's initial pronouncements and actions point to its neo-liberal program in East Asia. During the Shangri-La Security Dialogue in Singapore late May of 2009, Defense Secretary Robert Gates declared that the US will rebalance the mix of hard and soft elements of American national power, "where military and diplomatic economic, cultural, and humanitarian elements are integrated seamlessly".⁴⁵ He reminded the audience that "America cannot solve the problems of the world alone and the world cannot solve them without America," while assuring them that the US is a "resident power" in Asia.⁴⁶ Interestingly, both Secretary Gates and Secretary Clinton emphasized that the US will maintain a robust military presence in Asia that will be strengthened and deepened through partnership.⁴⁷ However, the most significant step taken in pushing for the neo-liberal agenda in East Asia was made by no less than President Obama when he visited four countries—Japan, South Korea, Singapore, and China—from 13 to 19 November 2009. His visit to the region was aimed to project one simple message—"America is back." The visit provided the Obama Administration the opportunity to emphasize its three important agenda—the centrality of the US alliance network in Asia, the need for a comprehensive engagement with the region's emergent power (China), and growing importance of the ASEAN in particular, and multilateralism in general.⁴⁸

In his major policy address, President Obama underscored the importance of

the bilateral alliances citing in particular bilateral relations with Japan as the centerpiece of American efforts in the region. He pointed out that these alliances are not historical documents from a bygone era, but abiding commitments to each other that are fundamental to America's and its allies' security.⁴⁹ In China, President Obama reiterated that Washington and Beijing should form a partnership whose parameters must be based on a win-win situation and mutual trust. He acknowledged that the two major powers will not agree on every issue. Nevertheless, his administration will always speak up for fundamental values the US considers vital to its interests. This stance signifies the Obama Administration's willingness to continue its predecessor's policy of dualism in US-China relations. This policy is characterized, on the one hand, by a constructive and cooperative engagement in a number of issues with China; and, on the other hand, by the acceptance of differences by the two great powers of their differences that can be managed through governmental dialogues and high-level interactions.⁵⁰ Finally, President Obama's visit to Singapore was aimed to re-engage ASEAN. This is in response to the perceived US neglect of Southeast Asian matters and issues due to the Bush Administrations' preoccupation with the war on terror and Middle East conflicts.⁵¹ Furthermore, it was meant to correct the impression that the US treated Asian multilateral institutions as mere platforms for its announcements and proclamations. Thus, President Obama vowed to take corrective measures to facilitate ASEAN's community-building efforts, and support its broader regional goals, i.e., closer relations among its member states and its development into a cohesive regional bloc. Hopefully, this regional group can constrain China's growing economic clout and political assertiveness in Southeast Asia.

Arguably, the Obama Administration's Asia policy is not much different from the Bush Administration's strategy of buttressing the bilateral alliances and fostering multilateral organizations conditionally. The contrast is in the context within which President Obama's foreign policy agenda was conveyed. Firstly, it was articulated amidst a growing perception that the US has been weakened by economic recession and the two wars in Afghanistan and Iraq. It is also widely believed that American resources and influence are being wasted on counter-insurgency campaigns in Iraq and Afghanistan, while a sluggish economy has eroded US political and military stature in a rapidly changing region. President Obama announced, however, despite its current military preoccupation in other parts of the world, the US is back in East Asia (where it has vital interests), and is actively re-engaging the region. Secondly, it was expressed amidst the flurry of Chinese economic and political undertakings in East Asia. As such, consequent changes in the balance of power in the Asia-Pacific region dictate a drastic diplomatic and strategic attempts at mutual engagement between US and its East Asian allies – Japan, South Korea, the Philippines, and Thailand. With its growing economic and military power, Beijing is slowly eroding American strategic and political clout in East Asia. In the short-term period, China does not intend to

confront the US and to expel it from the region.⁵² Rather, its immediate goal is to reduce America's relative influence in Asia. China lures neighboring states into its sphere of influence through economic linkages and multilateral organizations. If the US shows any sign of accommodating or appeasing China, or expresses a general sense of disinterest to this development, America's allies might doubt the credibility of its commitment to be the quintessential Asia/Pacific power. This will either encourage these states to balance China or gravitate closer to it. What will emerge eventually is a Greater China with a hemispheric clout over Asia.

President Obama's policy was articulated at the time when China's political and economic clout in Southeast Asia has become powerful, entrenched, and alarming. Since the start of the new century, Beijing has dispatched its top officials for bilateral visits and regional conferences, while its investment and trade relations with Southeast Asia states have increased dramatically. Last year, the China-ASEAN Free Trade Agreement (AFTA) entered into force. While the US and West European economies languish, China prospers, and is now the economic behemoth in East Asia. Significantly, through their economic relations with China have grown considerably, small Southeast Asian states still value their freedom of action and refuse to be drawn to a Sino-centric order, and be beholden to Beijing as the only "game in town."⁵⁴ Engagement with the US enables them to foster a regional balance of power based on the realist policy of maintaining equilibrium in the economic/diplomatic relations between the US and China.⁵⁵ Most Asian states tend to engage more closely with the US as they develop contingency plans (or hedging) amidst the changing power relations prompted by the rise of China.⁵⁶ Presumably, as China's political and economic influence expands, these state put more premium on American political and military presence...⁵⁷ In particular, President Obama's message that "America is back" is very reassuring to these small powers worried about a creeping Chinese hegemony, and suspicious of Beijing's aspiration to declare its own Monroe Doctrine that will outside powers like the US from East Asia. Two American analysts validated this observation when they note: "perceptions trump reality and Obama's assertion reinforced the "America is back" message that he wants to deliver and that most of Asia wants to hear".⁵⁸

The (Neo-Liberal) Re-engagement

At the onset of 2010, the Obama Administration quickly impressed upon the region that the "US is back" and is pursuing a policy of re-engagement. This policy involves enhancing the credibility of US security/diplomatic commitments by actively its bilateral alliances and participating in regional multilateralism a confidence and dynamism. It assures America's allies and friends that they can never be a fair game to the emergent regional power, and that there is no need for them to choose between Washington and Beijing. At the same time, this policy

reveals that the US does not seek to contain China. Rather, the US wants China's transformation into a responsible stakeholder in East Asia.

In early January 2010, Secretary Clinton laid down the guidelines for US' participation in East Asia's proliferating multilateral forums. Accordingly, the US will utilize its bilateral alliances as cornerstone of its participation in East Asian multilateralism. Simultaneously, it will be flexible in pursuing the results it wants to achieve.⁶⁰ As an Asia-Pacific power, the US will define which multilateral forums it will support. Secretary Clinton mentioned the ARF and APEC but she did not discount US participation in other multilateral bodies like the EAS and even the ASEAN + Three (the ten ASEAN states with China, Japan, and South Korea).⁶¹ Then in June 2010, Secretary Gates elaborated this re-engagement policy and he emphatically declared that the "United States is a Pacific nation and, is and will remain a power in the Pacific."⁶² He confirmed the Obama Administration's commitment to a strong and effective extended deterrence that guarantees the safety of US allies and friends.⁶³ Corollary to this, he said the US is willing to build the capacity of its Asian allies and friends so that they will not only to secure their own territories, but also to export security abroad.⁶³

The Obama Administration's re-engagement gambit in East Asia became more evident in a series of foreign policy actions undertaken the second half of 2010:

- a) *Secretary Clinton's declaration of Washington's willingness to help mediate the SCS dispute*—During the meeting of the ASEAN foreign ministers in Hanoi, Secretary Clinton stated that the US has interests in the freedom of navigation, open access to Asia's maritime commons, and the littoral states' respect for the international law of the sea in the SCS, and that it is prepared to facilitate multilateral negotiations to settle the competing claims over the Spratly Islands. Her statement broadened an earlier US pronouncements on the SCS dispute that limited American interests to the freedom of navigation, the sanctity of international relations, and the need for peaceful resolution since she offered Washington's facilitative role in the resolving this perennial maritime territorial dispute. Furthermore, her statement bluntly contradicted China's claims to sovereignty in the SCS, which would extend close to the shores of ASEAN countries and would be overlapped in part by territorial claims of four ASEAN claimant states—Vietnam, the Philippines, Malaysia, and Brunei Darussalam.⁶⁴ Although her statement is aimed at diffusing the tension in the SCS in the light of China's growing assertiveness, her Hanoi declaration actually was a sharp rebuke to Beijing, which has insisted for decades that a large part of the SCS and all of its islands belong to it, and that any diplomatic solution regarding this maritime territorial dispute should be resolved only through bilateral negotiations.⁶⁵ Most significantly, by taking such position, Washington cleverly played to the fear of the maritime

Southeast Asian states concerning China's aggressive or assertive stance on various maritime disputes while expressing its own angst about the freedom of navigation in the light of the March 2009 USS Impeccable incident with China.⁶⁶

- b) *Participation in a large-scale US-South Korea naval exercise conducted as a warning to North Korea and China in the aftermath of the sinking of the South Korean frigate Cheonan in March 2010*—From 25-28 July 2010, the US and South Korea conducted one of their largest joint naval exercises with the nuclear-powered aircraft carrier *US George Washington* participating off the east coast of the Korean peninsula. The exercise involved 20 ships and submarines, 8,000 troops and about 200 combat planes including the advanced F-22 Raptor stealth fighter-bombers. This show of force was aimed at North Korea, accused by an international team of experts of torpedoing and sinking the South Korean frigate *Cheonan* in March 2010. The participation of the *USS George Washington* in this large combined naval exercise was also seen as a blunt reminder to Beijing of Washington's overwhelming naval superiority in the region.
- c) *Washington's reaffirmation of the US-Japan security treaty during the Japan-China diplomatic spat over the Senkaku island*—In early September, a Chinese fishing vessel collided with two Japanese patrol boats off the Senkaku Island. The Japanese Coast Guard arrested and detained the captain of the Chinese fishing boat for deliberately ramming one of its patrol vessels. China immediately demanded the return of the ship, the release of the captain, and an apology from Tokyo. The incident generated a major diplomatic row between Japan and China. Secretary Gates and the Chairman of the US Joint Chiefs of Staff Admiral Michael Mullen reaffirmed the US-Japan security treaty during a press conference in response to the question issue of whether Washington will support Tokyo or not. Washington's statement of support to its long-standing ally cleared all doubts in Tokyo about Washington's commitment to the alliance. After Japanese authorities released the Chinese captain, Beijing demanded an apology from Tokyo. The latter snapped back that the second Chinese demand is "unthinkable". Tokyo's unwavering position vis-à-vis Beijing was diplomatically seconded by Secretary Clinton's assertion that the Senkaku Islands fall under the purview of the US-Japan Security Treaty, and Secretary Gates' terse but significant statement that the US "would full its alliance obligation" to Japan. Consequently, these statements strengthened and reaffirmed the need for Tokyo to rely on Washington to balance its old rival in East Asia—Beijing.⁶⁷
- d) *President Obama's 10-day visit in Asia*—In late November 2010, President Obama visited four Asian countries—Indonesia, India, Japan, and South

Korea. The official purpose of the visit was about opening up the fast-growing markets that are located in Asia. However, an analyst said the visits were parts of the Obama Administration's evolving rim-land strategy against China that involves strengthening these states located along China's southern and northern coastal areas as means of creating a maritime buffer zone that can constrain Beijing from expanding to the Western Pacific.⁶⁸ While in Jakarta, President Obama tried to align Indonesia with the US on shared values as he called the host country a "critical partner" in ensuring Asia's prosperity "primarily because it is a country that has figured out how to create a genuine democracy despite a great diversity".⁶⁹ His visit and statement were made at the time when Indonesia was being courted by China with a US\$ 6.6 billion in infrastructure investment. A month earlier, President Obama met most ASEAN heads of state in the 2nd US-ASEAN leaders meeting in New York and conveyed that Washington wants to elevate its partnership with ASEAN to a strategic level and make the regional organization its primary focus area. The US and the ASEAN member-states also discussed and strengthened their common position of seeking a peaceful settlement of the SCS dispute through multilateral diplomacy, and for establishing the SCS as a "maritime commons" rather than a territorial sea. Thus, the meeting made it clear to the ASEAN states that they need not face China alone in resolving the SCS dispute, effectively providing this loose association of small powers a diplomatic leverage in their dealing with the region's emergent power.

The Effects of Re-engagement

The Obama Administration's re-engagement strategy has two key goals: a) to boost US exports to East Asian markets; b) and to balance growing China's economic and political influence in East Asia. This strategy entails American officials stepping up their visits to several capitals in East Asia, engaging key states in bilateral negotiations for new trade pacts and joint military cooperation, and Washington taking tough positions on issues of regional security such as the South and East China Sea maritime disputes, and the nuclear crisis on the Korean peninsula. This re-engagement is happening at a time when many East Asian countries worry about China's activist and assertive foreign policy. With its growing affluence and political confidence, China displays its naval power beyond its coastal territories way into the waters of the South and East China Seas. The PLAN has already a growing fleet of Russian-made diesel-electric Kilo-class submarines and Sovremenny-class destroyers, along with several types of indigenously built destroyers, frigates, and nuclear-powered attack submarines. The PLAN has enhanced its operational capabilities across the waters surrounding Taiwan and has deployed two new classes of ballistic and attack submarines. The long-term goal of this dramatic naval build-up is beyond the SCS and the Taiwan Straits. It is geared to develop China's sea denial capability to prevent the US Navy

from operating in waters that comprise what Chinese naval analysts called the Second Island Chain stretching from the Japanese archipelago to Guam and the Marshall Islands.⁷¹ Consequently, China's naval expansion has not only signalled to the US that it will be a serious rival to American naval supremacy in the West Pacific and East Asia; it has also conveyed its aggressive intentions toward its neighboring states. This, in turn, has complicated China's earlier efforts to project its emergences as beneficial and benign to the region, and created political fissures between Beijing and its smaller and weaker neighboring states.

Undoubtedly, Washington's reengagement is welcomed in many Asian capitals. The rising tensions between China and its neighboring states augur well for the Obama Administration's comeback or reengagement with the region.⁷² A re-engagement assures East Asian states that they need confront China single-handedly, and builds up their courage and confidence to redefine their relations with the emergent power.⁷³ Thus, re-engagement is useful to them. It means diplomatic victory for Vietnam that had complained publicly about China's pressure on its fishermen, and against international oil companies that have been exploring gas deposits off the coast of Vietnam. Secretary Clinton's July 2010 announcement that boosted the US gambit of internationalizing and multilateralizing the SCS dispute by bringing in other parties for multilateral negotiations that can erode China's diplomatic advantage as a great power. For Indonesia, re-engagement is not only a reaffirmation of the two countries' shared democratic values and interests, but also Washington's recognition that Jakarta is an emerging power that will play an increasing influential role in global governance.⁷⁴ For South Korea, it means that the country can afford not to be too politically and economically close to China that condoned North Korea's sinking of its frigate, the *Cheonan*, and the shelling of the island of Yeonpyeong. Finally, for Japan, the re-engagement equates with the strengthening of American air and naval presence in the West Pacific that guarantee immediate response for any Chinese military aggression against maritime territories under Japanese administration.

China has disquieted been by the new American outreach program in East Asia. In early 2009, Chinese commentators noted that the underlying reason for the US "re-engagement" with Asia is to balance China, and that Washington is to strengthen ties with wary East Asian countries and to balance China.⁷⁵ Then in March 2010, Chinese officials warned two ranking Obama Administration's officials that Beijing would not tolerate interference from the US. In response to the aforementioned Secretary Clinton's 23 July statement on the SCS dispute, China's Foreign Minister Yang Jiechi admonished the US for internationalizing the disputes over the Spratlys and Paracel islands. China's indignation to Secretary Clinton's Hanoi Statement stemmed from the fact that she verbally ambushed the Chinese foreign minister in front of a Southeast Asian audience in Vietnam, China's long time protagonist in the SCS dispute.⁷⁶ Furthermore, her declaration on the Spratlys

was conveyed when Washington was aware that the ASEAN claimant states are becoming concerned about China's growing assertiveness with regard to the SCS dispute.⁷⁶ While at the same time, the US was still smarting from the Impeccable Incident and China's lack of cooperation in punishing North Korea for its alleged sinking of the South Korean warship Cheonan in March 2010.⁷⁷ But the worse was yet to come.

In late October 2010, Washington's call for a multilateral approach in the South China Sea dispute was publicly supported by the ASEAN states. This occurred despite Beijing's diplomatic efforts to convince these states not to bring out the issue in public and for ASEAN not to present a common position regarding the dispute.⁷⁸ After the US-ASEAN meeting in New York, a Chinese foreign ministry official told Washington not to mediate in the SCS issue. Moreover, China turned unusually and viciously vocal in criticizing the US during its joint military exercises with the ROK and in claiming the Yellow Sea as its exclusive military operations zone.⁷⁹ Generally speaking, Beijing resents the Obama Administration re-engagement which it considers as a blatant interference by a distant non-Asian power in a region where Chinese influence and political clout might otherwise go unchallenged. In hindsight, the year 2010 was the longest time in a decade in which tension between Washington and Beijing was most intense. It was the period when the two major powers hardened their respective positions in a number of contentious issues, such as the SCS dispute, the currency problem, the Korean Peninsula crisis, the Senkaku diplomatic row with Japan, the Taiwan arms sale, etc.⁸⁰ Observing the alarming trends in 21st century Sino-US relations, Dr. Henry Kissinger warily notes:

Most non-governmental Chinese I encounter (and some in government ones) seem convinced that the US seeks to contain China and to constrict its rise. American strategic thinkers are calling attention to the increasing global economic reach of China and the growing capability of its military forces.

Care must be taken lest both sides analyze themselves into self-fulfilling prophecies. The consequences will be grave. The nature of globalization and the reach of modern technology oblige the US and China to interact around the world.⁸¹

These developments consequently put the Obama Administration's policy vis-à-vis China at risk. On the one hand, the re-engagement policy aims to reassert American presence in East Asia through what Secretary Clinton called "forward-deployed diplomacy, involvement in a number of regional disputes, and enhancement its bilateral alliances through joint military exercises with allies and defense-related consultations.⁸² This clearly indicates that Asian countries can count on the US as a friend and ally, and that American presence in the region

is a key factor in defining their overall relationships with Beijing. Such situation, however, generates an image of the US balancing China as it becomes an emergent power. On the other hand, Washington needs to convey to Beijing that the US does not intend to contain China; rather, it wants the latter to become a responsible stakeholder in the region. Considering the competitive and cooperative nature of US-China relations, it behooves Washington and Beijing to highlight the positive, rather than the negative features of this relationship for some practical reasons.⁸³ Thus, Washington has initiated the following measures to prevent the deterioration of US-China relations: a) opening of a direct back channel to key Chinese political figures;⁸⁴ b) reviving the military-to-military relationship between the two powers which was suspended by Beijing over the Taiwan arms sale;⁸⁵ and c) persuading the Chinese leadership to hold regular joint discussions and consultations to avert any crisis from escalating to militarized confrontations.⁸⁶

Furthermore, the neo-liberal re-engagement policy necessitates a stable China that can work with the US in bilateral and multilateral settings as it assumes a greater role both in regional and global affairs.⁸⁷ Thus, this policy provides and rationalizes a foreign thrust that seems “less unilateral, ideological, and coercive than that of the Bush Administration”.⁸⁸ This deprives Beijing of the opportunity to draw a stark contrast with Washington but hopefully, fosters a security environment in which China finds less fertile grounds for constraining American options in East Asia.⁸⁹ The neo-liberal foreign policy agenda prescribes the appropriate and less forceful application of American power in 21st century East Asia that one analyst describes as “one which is not for winning the day and vanquishing the enemy; but the modest goal of pursuing America’s interests or those of its friends (and allies)”.⁹⁰

Sustaining the Re-engagement Policy?

Early last year, President Obama planned a “spring break” visit to Indonesia and Australia to support vigorously his statement that “America is back in Asia”.⁹¹ Unfortunately, domestic concerns forced him to postpone the trip. In its second year, the Obama Administration was plagued with overwhelming but expected domestic problems. The US economy was (and still is) in deep recession with a high 8.1 percent unemployment rate. The country’s huge financial institutions were on the brink of collapse. Furthermore, the two political parties are polarized over key economic policies. President Obama pushed the US Congress to pass a US\$787 billion economic stimulus package to jump-start the sagging American economy. Clearly, the Obama Administration is thinly stretched in addressing simultaneously, America’s arduous domestic and foreign problems. Assessing President Obama’s two-year record in pursuing the neo-liberal foreign policy agenda in Asia, one American academic coldly observes:

...the administration [Obama] faces a great many obstacles, the major ones being weak economic growth, a fragile financial system, a fatigue factor regarding Iraq and Afghanistan and the massive losses sustained in the recent mid-term election in Congress. These have gradually Japanized the US, at least for now, leading to a very reactive posture in East Asia...⁹²

Realizing the Neo-Liberal Program in East Asia?

Pursuing the neo-liberal vision is one thing; concretizing it in terms of actual foreign policy accomplishments, however, is a more complicated and difficult matter. As one American academic insightfully notes: "... Even if the US had the will and interests to be deployed in Asia, it lacked sufficient resources to do so and was also constrained politically from aggressively transforming the region to its liking."⁹³ Whether or not President Obama can transform the neo-liberal vision in East Asia in reality depends on four factors. These include: the priority given by President Obama to East Asian affairs over other global concerns; the expertise and dedication of his foreign policy and national security advisers; the American people's ability to boost their economic competitiveness and self-confidence amidst the current financial crisis; and most importantly, the re-election of President Obama in 2012 so that he can steer American foreign policy in East Asia way into the 21st century.

Endnotes

¹ Judith Goldstein and Robert Keohane, "Ideas and Foreign Policy: An Analytical Framework," in Judith Goldstein and Robert Keohane (Eds.), *Ideas and Foreign Policy: Beliefs, Institutions and Political Change* (Ithaca and London: Cornell University Press, 1993), p. 12.

² Roger Cohen, "Obama's Post-Iraq World," *International Herald Tribune* (3 September 2010), p. 7.

³ These expectations stemmed from the world's dismay and suspicion over the assertive and unilateral foreign policy of his immediate predecessor, President George W. Bush. Seen primarily as a knee-jerk reaction to the horrible and traumatic 9/11 terrorist attacks in the U.S. mainland, the Bush Administration's foreign policy was characterized by the dramatic application of primarily hard power (military) throughout the Middle East to ensure regional stability, order, access, and adherence to American norms of democratization and liberalism. During his eight years in office, President Bush steered U.S. foreign policy towards the establishment of America's unquestioning hegemony in the region so that the Islamic world would no longer be the breeding ground for terrorists who wish to kill Americans and destroy their properties. Consequently, U.S. foreign policy intimidated America's allies and competitors, and served as a magnifying glass for all the faults and flaws widely attributed elsewhere to the U.S. H.D.S., Greenway, "The Grand Illusion," *International Herald Tribune* (22 October 2008), p. 9, and see Stephen M. Walt, *Taming American Power: The Global Response to U.S. Primacy* (New York: Cornell University Press, 2005), pp. 73-88, and Mark A. Heller, "Restoring America's Standing," *International Herald Tribune*, (8-9 November 2008), p. 6.

⁴ Dana H. Allin, Philip Gordon, and Michael E. O'Hanlon, "The Democratic Party and Foreign Policy," *World Policy Journal* (Spring 2003), p. 10.

⁵ Prominent among them are Joseph Nye Jr., Michael O'Hanlon, Michael Holdbrooke, Dennis Ross, and Michael Fukuyama. Nye and O'Hanlon were high-ranking Pentagon officials, while Ross and Fukuyama worked in the State Department. All of them were connected with the Clinton Administration in the 1990s. See Richard Holdbrooke, "Authentically Liberal: How Democrats Can Defeat Terrorism and Win Elections," *Foreign Affairs* 85, 4 (July/August 2006), pp. 170-176.

⁶ Allin, Gordon, and O'Hanlon, *op. cit.*, p. 11.

⁷ Neo-conservatism argues that the optimal world for American interests and security is one in which a preponderant U.S. promulgates its ideas and values, and embraces its "uni-polar status, whether the rest of the world accepts it or not." Neo-conservatives strongly believed in the need to apply American power to promote American values and democratic ideals among authoritarian regimes in the world. Consequently, the neo-conservatives' idea of merging American power and morality in international relations unduly over-emphasized military power and its role in achieving U.S. objectives. See Sam Tanenhaus, "Bush Brain Trust," *Vanity Fair* (July 2003), p. 117. Francis Fukuyama, *America at the Crossroads: Democracy, Power and the Neoconservative Legacy* (Yale; London: Yale University Press, 2006), p. 63.

⁸ *Ibid.* p. 11.

⁹ Dennis Ross, *Statecraft and How to Restore America's Standing in the World* (New York: Farrar, Straus, and Giroux, 2007), p. 21.

¹⁰ *Ibid.* p. 20.

¹¹ Holdbrooke, *op. cit.* p. 174.

¹² *Ibid.* p. 174.

¹³ Joseph Nye, *The Paradox of American Power: Why the World's Only Superpower Cannot Do it Alone* (New York: Oxford University Press, 2002), p. 39.

¹⁴ *Ibid.* p. 39.

¹⁵ Joseph S. Nye, Jr., "U.S. Power and Strategy after Iraq," *Foreign Affairs*, 82, 4 (July/August 2003), p. 3. http://lip.state.gov/PD?IRC/Article_Alert.nsf/297c1198009b49b85256a30007378a0/a6eb22...

¹⁶ Joseph S. Nye, "Conflicts after the Cold War," *Power in the Global Information Age: from Realism to Globalization* (Ed) (London; New York: Routledge, 2004), p. 47.

¹⁷ Ross, *op. cit.*, p. 334.

¹⁸ For an interesting work on the role of democratization in the Middle East to the overall U.S. war on terror, see Michael A. Ledeen, "The Advance of Freedom: US Foreign Policy and Democratic Revolution," *Harvard International Review* 27, 1 (Spring 2005), pp. 14-17.

¹⁹ See Nathan Gardels, "The Rise and Fall of American Power," *NPQ* (Winter 2005), pp. 6-19.

²⁰ See Joseph Nye, *Soft Power: The Means to Success in World Politics* (New York: Public Affairs, 2004), pp. 73-98.

²¹ Nye, "Squandering the U.S. Soft Power Edge," p. 7.

²² Thomas Lum, Wayne M. Morrison, Bruce Vaughn, "China's Soft Power in Southeast Asia," CRS Report for Congress (Washington, DC: Congressional Research Service, January 4, 2008), p. 16.

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²⁴ Nye, "Squandering the U.S. Soft Power Edge," p. 6.

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INDIA IN EAST ASIA

S.D Muni

A misperception is gradually gaining ground that India's look-east policy, of engaging with East Asia, is of a recent origin and is driven by economic objectives. This misperception is the result of a casual short-range attempt to look at India's policy. India is a civilizational country of sun worshippers of the global east. As such one can identify four broad waves of its engagement with the eastern neighbours ranging from pre-colonial to the contemporary periods; with the colonial and the immediate post-independence periods thrown in-between. Let us briefly identify the main thrusts of India's east-ward engagement during the first three waves, before we take up the contemporary period for detailed discussion.

Historical Evolution

India's pre-colonial engagement with East Asia was primarily of commercial and cultural nature. The only exception to this otherwise peaceful engagement was, if at all, the military missions sent by the ambitious Chola emperors to the Srivijaya Empire between ninth and eleventh century. It is difficult to fix specific dates for this first wave of eastward engagement, as it started before the Christian era, but this period certainly ranged up to the twelfth century. The cultural push to this engagement was provided by the spread of Hinduism and Buddhism both as matters of faith and philosophies, as also to the sharing of art, architecture the living evidence of which can be seen even today in the temples of Angkor Wat (Cambodia), Wat Phu (Laos) and Borobudur (Indonesia). Sanskrit and Pali made a strong imprint on the languages of the eastern region and the varying traditions of Ramayana trace their roots to India's Ramayana epic. Nalanda University in India's Bihar was a major intellectual attraction for the scholars and philosophers from East Asia so much so that the Nalanda project has been re-launched in 2010 to revive and reinforce India's contemporary look-east policy. The commercial links between India and Southeast Asia were a part of the spice trade where manufactured and agricultural products travelled from West Asia and Persian Gulf via India to the countries of East Asia. Orissa, the eastern state of India annually celebrates the trade voyage of its ancestors in the form of 'Bali Jatra' festival. The advent of Islam in 12th century in India following the Muslim rule dissipated this wave of India's cultural and commercial engagement with the East.

The arrival of the East India Company in the sixteenth century that eventually led to the demise of the Mughal Empire and the establishment of British imperial authority over India by 1857 changed the direction of India's commercial and cultural links with the rest of Asia, including the East. However, the second wave

of India's engagement with the East added a new strategic dimension. This was the imperative of the British expansion towards 'east of Suez' underpinned by India's strategic centrality in the Indian Ocean. The strategic dimension of the British reach was the essential component of its trading, economic and imperial interests in East Asia that stretched as far as Hong Kong, covering in its fold Burma and Malaya peninsula as well. Protection of its colonial holdings in Southeast Asia by the British from their Indian base and with the help of Indian soldiers did attach stigma to India's image in the region for future interactions. This also sensitized the leaders of independent India about the strategic centrality of India in relation to the Eastern region.

Post-Independence Initiatives

India's nationalist leadership had launched their struggle for freedom from the British colonial rule in the wider context of decolonization of Asian and African countries. They had established contacts with the other Asian leaders for mutual support. When India's independence came in 1947 as the first success of this decolonization struggle, India continued to work with the struggles of Asian freedom and made it a part of its Asian policy, of which East Asia was an important section. Independent India's eastward orientation can be considered the third wave of India's look-east policy. India's first prime minister and the principal architect of its foreign policy was acutely aware of India's civilizational links and strategic location in relation to East Asia and talked of "closer union" with these countries. At the first Asian Relations Conference organized by Nehru in March 1947, even before India was formally independent, Nehru said:

We are of Asia and the peoples of Asia are nearer and closer to us. India is so situated that she is the pivot of western, southern and Southeast Asia. In the past her culture flowed to all these countries and they came to her in many ways. Those contacts are being renewed and the future is bound to see a closer union between India and Southeast Asia...India has followed with anxious interest the struggle of Indonesians for freedom and to them we send our good wishes.¹

It was a courageous manifestation of India's eastward policy that international help was mobilized by India in support of Indonesia's freedom struggle and Myanmar's (then Burma) fight against internal threats during the later years of 1940s. For Indonesia, India organized a special conference in 1949 and some of the India leaders like Biju Patnaik of Orissa, even took adventurous risks by undertaking unauthorized flights with medicines and even arms to support the Indonesian struggle.² The holding of the Afro-Asian Conference in Bandung in 1955 was reflective of the close working between Indian and Indonesian nationalist leaders. India also got actively involved in peace efforts in East Asia. Its role in the

region, particularly the ASEAN, also became keen to engage India for its own reasons. The end of the Cold War had created an overarching positive ambience and China had become active, under Dang Xiao Ping's leadership to modernize China and make it more acceptable to its neighbours. ASEAN countries which had a flair for broader and multi-lateral regional balance for peace, security and development saw in India a useful partner. More-over the signs of India's economic liberalization that had started flicking since the latter half of 1980s became stronger under Prime Minister Rao's economic compulsions. An opening Indian economy could create impressive opportunities for the dynamic ASEAN economies. India had also managed to calm security concerns of ASEAN countries spurt by Western reports of India's naval expansion during mid-eighties.

The beginning of India's engagement with ASEAN was made in 1992 when India was accepted as a sectoral dialogue partner. It may be of interest to note here that ASEAN granted the status of sectoral dialogue partnership to Pakistan also in 1992, but there was no seriousness or dynamism seen in strengthening this partnership. But India, through its economic drive, soon became a full dialogue partner, in 1995, and as such was also invited to join the ARF, the first security grouping established in the region in July 1994. India's relationship with ASEAN was further elevated when the first annual India-ASEAN Summit was opened in 2002 in Phnom Penh. A major landmark in India's integration with the region has been its participation in the EAS, established in 2005. This was an indication that now onwards there were no barriers to India's active involvement in the affairs of the Asia-Pacific region. It may be recalled that there were reservations on the part of some of the countries like Malaysia and China for the participation of India, along with that of Australia and New Zealand, in EAS, but these reservations were set aside in view of the strong support from rest of the members, particularly Singapore, Indonesia and Japan.⁸ Therefore, when and the ADMM decided to change its format by expanding its membership as ADMM - Plus at its fourth meeting in May 2010, India was invited to join with seven other countries namely Japan, China, South Korea, Australia, New Zealand, Russia and the US. This completes India's integration with regional groupings in East Asia, not only of economic nature but also those dealing with hardcore issues of defence and security in the region.

Outside ASEAN, India has been engaged with the countries of the region in two other forums namely BIMSTEC (Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation) and Mekong - Ganga Cooperation Initiative (MGCI) established respectively in 1998 and 2000. The only multilateral forum in the region where India is not represented is APEC, though there also are strong advocates of India's membership, which for the moment stands frozen. There were sections of analysts and business community in India who felt that Indian economy may still not be prepared to join a much broader regional grouping like

APEC as it may not gain much from this association, but such reservations are gradually melting away. A notable preference in India's approach to regional groupings in East Asia seems to be to actively pursue those where China is not present like in BIMSTEC and MGCI and also to join others in moves to expand such groupings where China is present so as to strengthen multilateral interactions and stable regional balance. India's support for the expansion of EAS to include Russia and the US in July 2010 may be mentioned in this respect. India wants a security architect for the region which is "balanced, open and inclusive".⁹ India has made special efforts to enhance cooperation with the new ASEAN members, namely Myanmar, Laos, Cambodia and Vietnam, all of which also happen to be located on Chinese periphery.

This regional integration of India with East Asia carried through its look-east policy has proved to be advantageous both to India and the countries of the region in concrete terms. For instance, India's bilateral trade with ASEAN has increased many folds under the look-east policy; from \$2.3bn in 1991-92 to more than \$45bn in 2010. Four of the ASEAN members, Singapore, Malaysia, Indonesia and Thailand, account for most of this trade. The phenomenal growth in Sino-Indian trade should also be seen as a part of India's eastward economic engagement. From the eastern side, China, Japan, Singapore and South Korea have also emerged as strong investors in India from its eastern neighbourhood. By 2010, the flow of investments into India from the east is nearly \$15bn, with Singapore alone accounting for more than half of this amount. India in turn has also made matching investments in the East Asian countries, with the highest Indian FDI of US\$14.23bn going to Singapore by 2008-2009.¹⁰ India's conclusion of Free Trade Agreement (FTA) with ASEAN (in 2010) and bilateral 'Comprehensive Economic Partnership' (CEPA/CECA) with Singapore, Malaysia, Japan and South Korea concluded in recent years is bound to provide greater momentum to the prospects of trade and investment. During the Chinese premier Wen Jiabao's visit to India in December, the target of bilateral trade has been raised to US\$100bn by 2015.

The Strategic Dimension

India's defence and security cooperation with the countries of east has also been strengthened under the look-east policy. This aspect has received special attention in India's look-east policy since the beginning of new millennium. Its bold manifestation, both in terms of India's capabilities and willingness, was highlighted in 2002 by Indian escort of US ships in the Malacca Strait to protect them from piracy.¹¹ India acceded to the ASEAN TAC in Southeast Asia on October 8, 2003 during the second India-ASEAN Summit in Bali. At this Summit India and ASEAN also inked a Joint Declaration for Cooperation in Combating International Terrorism. Articulating this new emphasis on the security dimension of India's eastward engagement, its then foreign minister Yashwant Sinha in an address at

the Harvard University on 23 September 2003, said:

The new phase of this policy is characterized by an expanded definition of 'East', extending from Australia to East Asia, with ASEAN at its core. The new phase also marks a shift from trade to wider economic and security issues including joint efforts to protect the sea lanes and coordinate counter-terrorism activities.

Since then India has firmed up "strategic partnership" with a number of countries in the region, including with China, Japan, Indonesia, Australia and Korea. The nature of this partnership varies in content from country to country. An important feature of this partnership are the regular high level political visits between India and the East Asian countries to discuss broader issues of regional and global security as also to firm up critical bilateral cooperation in the areas of defence, security and economic engagements. Defence Minister AK Antony's participation in the ADMM+8 in Hanoi in October 2010 and Prime Minister Man Mohan Singh's visits to Japan, Malaysia, Vietnam and the Republic of Korea during October-November 2010 may be recalled as the latest examples of such high level interactions. Return visits from the East Asian leaders to India have also been many and frequent. Regular consultations on foreign and defence affairs at ministerial and senior official levels have been institutionalized and strategic partnerships of varying depths and intensities have been established with a number of countries. Indian Navy and defence forces hold regular training, exercises and visits with all most all the countries of the East Asian region including with China and in the SCS. In some of the countries, India has set up defence and air force academies to impart training on a permanent basis. India's relations with Singapore are the closest in this respect.¹² India has also started supplying defence equipments and exchanging defence technologies to the countries of the region. The proposals of joint defence production with Singapore and Indonesia are being actively pursued by India.

The strides made by India to engage with the Asia-Pacific region through its look-east policy are impressive but in no way adequate. The other major players in the region like the US, China and Japan are far ahead of India. It has been noted earlier that the range of FTAs and CEPA/CECA put in place and being pursued between India and the region both at the regional and bilateral levels will give a definite boost to its economic engagement. However, India will only be able to harness the full potential of its economic cooperation with the region by hastening the pace of its domestic economic reforms and further opening of its economy to Asia and the world. In defence and security matters, India has to catch up with the fast pace of China, not only in military modernization (specially China's naval expansion) but also in the area of offering military hardware and technologies to the countries of the region. It is worth noting here that Philippines, a traditional military ally of

the US has started exploring the possibilities of acquiring arms from China and ROK is also initiating defence cooperation with China.¹³ India is still new in the field of maritime and military diplomacy. The quality and quantity of its defence production is not yet fully geared to the value and culture of exports. India has surely become conscious of this and initiated procedural and structural changes to cope with the emerging challenge in this respect but building required capabilities will take time. India's naval reach and capability to share greater security burden with the East Asian neighbor would get a boost when its proposed 'amphibious warfare base' is fully established in Andaman & Nicobar Islands by 2020.¹⁴

The unfolding strategic contours and contents of India's look-east policy will be shaped and sharpened by the developments in the East Asian region itself. There are signs of the regional strategic balance being reshaped by the thrust of a rising and confident China and the creeping constraints in the US capability to play its traditional role of ensuring regional stability and security. The revival of tensions in SCS over territorial disputes between China and the Southeast Asian countries, China- Japan spat on the fishing boat incident around the disputed Sankaku/ Diaoyu Island and now the North Korean offensive against the South are all indications of the disturbed regional strategic balance. The East Asian countries are evidently uneasy with these developments and the unexpected assertiveness in China's stance. Besides bolstering their own respective defence capabilities through acquisition of arms, most of them value a broader multilateral strategic balance in the interest of peace and stability. The inclusion of US and Russia in EAS, as noted earlier, was an indication of this concern. The US decision to re-engage itself strategically and strongly with the region is being welcomed and further encouraged by the countries of the region and there is also a growing demand on other rising powers of the region like India to do more than what is being done to ensure a stable regional balance. The East Asian countries find India's response below their expectations.¹⁵ Even the US President Obama during his recent visit (Nov.6-8, 2010) called upon India not only to 'look east' but to 'engage' (i.e. actively participate) with it.

India is certainly willing to step up its economic and strategic interaction in East Asia but seems to be experiencing constraints at two levels in this respect. At one level, India is neither economically deep pocketed nor over stocked by defence goodies as compared to other regional players like the US, China, Japan, Korea or Australia, in meeting the expectations of its regional friends. This weakness may be overcome through the establishment of trade and economic arrangements in the region, and economic reforms and enhanced defence production at home. India has also not made proper use of its soft power in the region which is embedded in its civilizational and cultural linkages, a vibrant diasporas and expanding impact of Bollywood. The mobilization of diaspora linkages in the recent years and the establishment of Nalanda University in 2010 may be seen as indications of

India's awakening towards its soft power assets, but there is huge potential in this respect waiting to be harnessed. It is only by reinforcing its economic, security and cultural cooperation with the individual countries and through multilateral fora in the region that India can augment its potential to play an effective role in the region's strategic balance.

No less critical is the broader strategic dynamics of the region where India faces a quiet dilemma due to uncertainty in the US-China strategic equation. This equation ranges from the scenarios of G2 to an intensifying new cold war between them and either of these extreme possibilities is uncomfortable for India. While the former would tend to isolate India in the region, the latter may force it to take sides between the two contenders. The Chinese proposal to divide the Indian Ocean and the Pacific with the US as their respective areas of influence as also Obama's call on China in November 2009 in Beijing to help ensure South Asian peace and stability raised the levels of anxiety and concern in New Delhi. India had coordinated its efforts with the US, Japan and Australia to provide relief to the Tsunami affected East and has, by now remarkably improved its strategic cooperation not only with the US but also with the traditional US allies like Japan, Australia and the ROK. Indian policy makers are comfortable in working with the US for a stable East Asian regional balance. Shyam Saran, then India's Foreign Secretary said on 28, November 2005 while addressing economic forum in New Delhi: "India and the US can contribute to much better balance in the region... in terms of managing the emerging security situation in Asia...". However, India would certainly not like to piggy-back either the US or a coalition (like any form of 'Asian NATO') put together by it, to confront or contain China so long as its rise remains peaceful and orderly. India is happy to see the revived interest of the US in East Asian affairs. Much before Obama's reassuring visit to India in November 2010, Pranab Mukherjee, then India's Defence Minister speaking in June 2006 at Shangri-La Dialogue in Singapore had said:

India is one of the important legs of the Asian juggernaut along with China, Japan and Indonesia. In the Asia-Pacific region, India's growing ties with the United States and other countries in North and South America brings with it a commensurate role in the region... India's role is crucial for ensuring and maintaining long-term peace, stable balance of power, economic growth and security in Asia. It is a core state whose role is crucial for the economic well-being, institution building, collective and cooperative security, economic integration and trade expansion and political and civilizational dialogue, essential for a growing Asia.¹⁶

This being the driving aspiration of India's look-east policy, it will get a strategic direction and gather further momentum as the equation between a shaky US and a rising China settles down in Asia. India's best bet would be an East Asian region

where all the major players like the US, China and Japan play creative role in harmony with the interests of the rest of the region.

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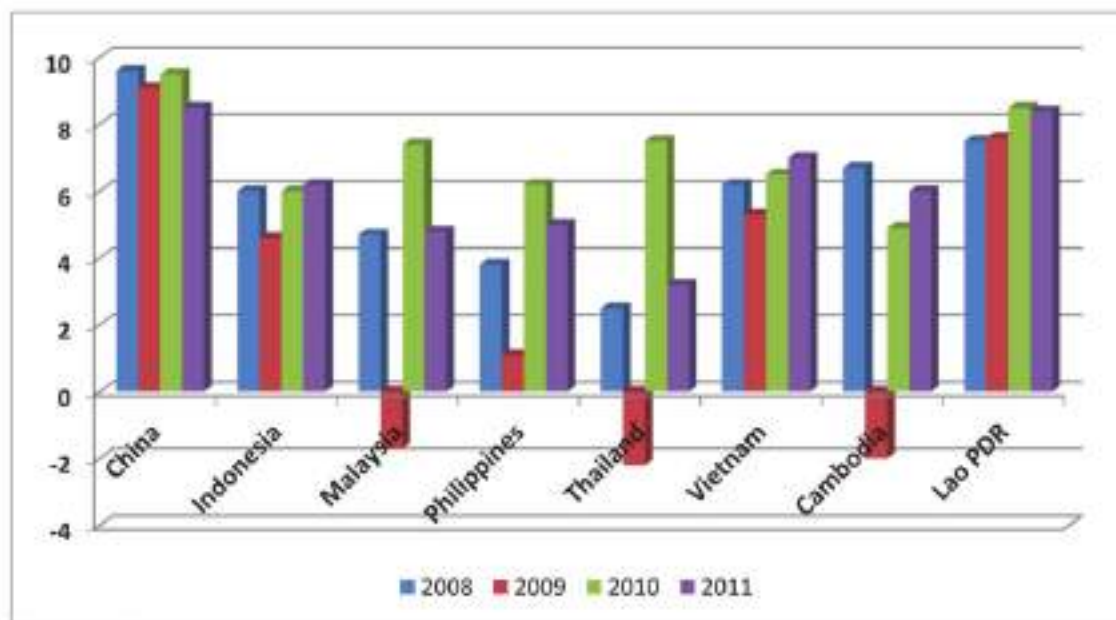
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EAST ASIA: POST ECONOMIC CRISIS

John Ravenhill

Two years on, East Asia appears to have escaped the Global Financial Crisis (GFC) largely unscathed. The resumption of high rates of economic growth in the second half of 2009 more than compensated for the declines that had occurred in many countries in the previous 18 months (Figure 1). Indeed, preliminary evidence suggests that growth rates for developing East Asian economies have recovered to those prevailing in the decade after the Asian financial crises of 1997–8 (Figure 1.2). Resumption of Growth has been strongly associated with the recovery of exports, their level in many countries in the region in 2009–10 being more than 25 percent above that during the GFC (Figure 19). Driven by high levels of investment, East Asia continues to be the most rapidly growing region of the global economy.

Figure 1: Annual Rates of Growth of GDP Selected East Asian Economies (%)



Source: Data in World Bank, *East Asia and the Pacific Economic Update 2010* Volume 2 Table 1 p. 3.

Figure 1.2. Export-Oriented Asia: Real GDP
(2005 = 100; seasonally adjusted)

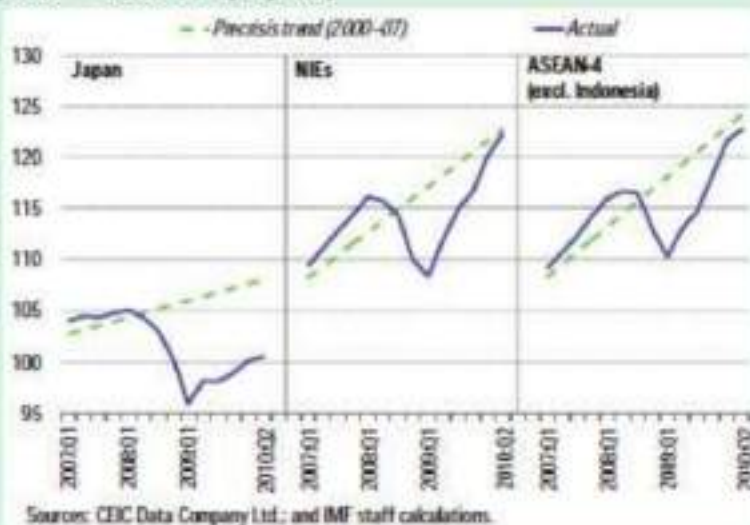


Figure 19: Merchandise Export Growth¹ — PRC, ASEAN-4, and NIEs (\$ value, y-o-y, %)



Today, the principal concerns facing many East Asian governments are those that were prominent in the period before the GFC. Among the most significant of these are: coping with high levels of capital inflows and the consequent risk of asset price bubbles; high levels of commodity prices including foodstuffs, which together with the capital inflows pose an inflationary threat; and currency misalignments.

While these may be familiar challenges, the context in which they are being faced

has been changed dramatically for the worse by the GFC. The world's leading industrialized economies, beset by fiscal crisis and government debt problems, ongoing weaknesses in financial systems, and housing market difficulties, are predicted to grow slowly in the short to medium terms. The IMF expects that we will see a two-speed global economy in the coming years, with growth in industrialized economies lagging badly behind that in developing economies.¹

For East Asia, the key question is whether high rates of economic growth can be sustained in a context in which growth lags substantially in their principal markets. This question relates to two major concerns: the extent to which East Asia has become decoupled from the global economy; and the prospects for protectionist actions by industrialized economies either in the form of trade restrictions and/or currency manipulation.

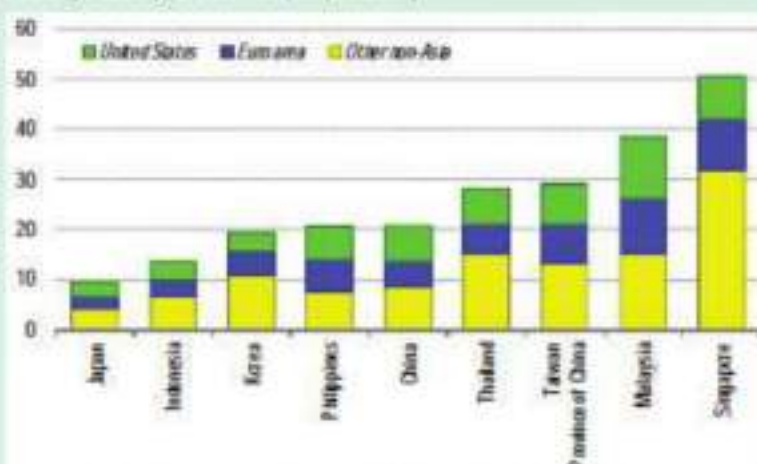
Continuing Dependence on Extra-Regional Markets

Much has been made, particularly by the Asian Development Bank (ADB), of supposedly high levels of intra-regional trade in East Asia, which the Bank suggests are approaching those in the EU and North America. Increasing levels of intra-regional trade are seen by some as evidence that East Asia is “decoupling” from the global economy, and therefore that future growth momentum will be primarily internally driven.² The supposed increase in the share of intra-regional trade in East Asian economies’ total exports rests, however, on substantial double-counting, in particular, of China’s exports and imports through Hong Kong. If the region is defined as ASEAN Plus Three (APT), that is, the ten member states of ASEAN plus China, Japan and Korea (thereby excluding China-Hong Kong trade), then the share of intra-regional trade in the ten economies’ total trade in 2008 (the last year for which data are available) was 37.76 percent, essentially unchanged from the 37.53 percent in 1995, a figure at the end of the period that is substantially below the equivalent for NAFTA.³

Despite the rapid economic growth of China and its assumption of the role as the single most important export market for most other East Asian economies, the region continues to depend heavily on extra-regional markets for sales of final products (two-thirds of the final demand for Asian products comes from outside the region, and non-Asian final demand accounts for about 20% of the total value added within the region – Figure 1.37).

Figure 1.37. Share of Non-Asian Final Demand in Asian Value Added

(Average during 2005–08; in percent)



Sources: Japan External Trade Organization (JETRO), *Asian Input Output Table* (2000); OECD; United Nations, *Comtrade* database; CEC Data Company Ltd.; and IMF staff estimates.

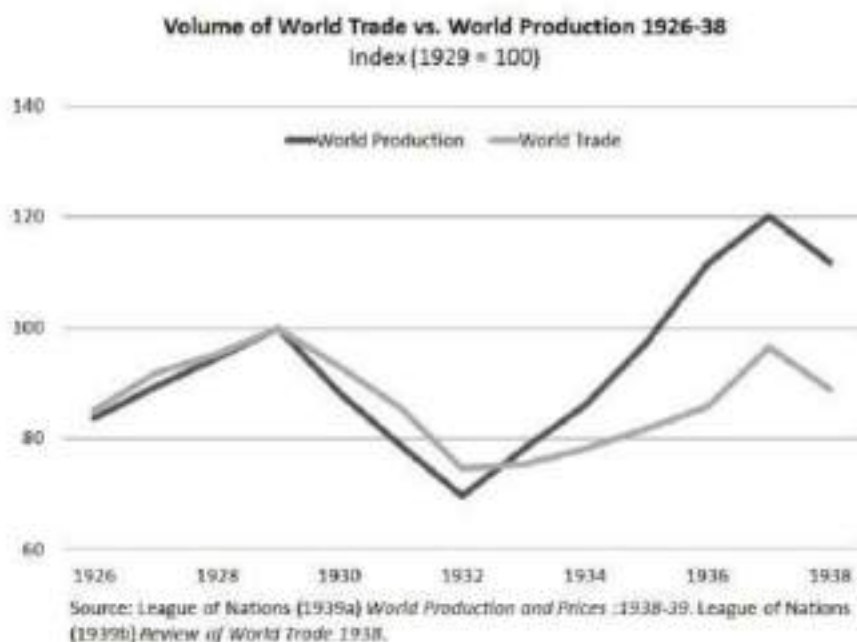
Although a significant re-orientation of regional production networks has occurred in the last decade, with China's role as final assembler increasing substantially, China's own exports have been re-oriented towards European and American markets at the same time that other East Asian economies have become more dependent on the Chinese market. Suggestions that the region has de-coupled from the global economy should have been put to rest by the massive declines in exports for the region's most trade-intensive economies—Malaysia, Singapore, Taiwan, and Thailand—that occurred in the early days of the GFC [even though China's continued to grow strongly throughout the GFC, the demand for regional exports it generated was insufficient to offset the drop in sales to extra-regional markets]. The smaller the economy, the larger its dependence on extra-regional demand for local value-added (Figure 1.37).

The ongoing dependence of East Asia on extra-regional markets raises concerns about the possible response in industrialized countries should current low levels of growth and high levels of unemployment continue. Although there is no reason for complacency, especially given the currently hostile attitude of the US Congress towards trade liberalization, the lack of resort to protectionism in the response of industrialized countries to the GFC is notable, and stands in marked contrast to the experience of the 1930s.

Whereas in the 1930s, protectionist action by the leading economies caused the revival of world trade to lag substantially behind that of world production (it failed to recover to its pre-recession level before the onset of the Second World

War—Figure 2), world trade quickly recovered from the initial downturn in the GFC, growing substantially faster than global GDP in 2009 (Figure 3), with imports into Asia's two largest markets, the EU and the US, despite ongoing high levels of unemployment, nearly reaching pre-crisis levels by the middle of 2010 (Figure 9).

Figure 2



According to a study conducted by the IMF and World Bank, protectionism associated with the GFC affected only one quarter of one percent of global trade. What accounts for the different response of governments to the GFC compared with beggar-thy-neighbour policies adopted in the wake of the great depression of the 1930s? Two factors are particularly important. The first is the increasingly globalized character of production: with production networks spanning many countries, there are powerful domestic forces (both in manufacturing and in retailing) with a strong interest in keeping international trade flowing as freely as possible. Second, the institutional context is very different to that of the 1930s. Global and regional economic institutions and trade agreements provide both a legal framework that increases the costs—material and reputational—of defecting from the norms and rules of free trade, and fora in which socialization into the norms of a liberal trading order takes place. One of the key challenges facing the governments of industrialized countries in the coming years will be to resist protectionist pressures at a time when domestic economic circumstances are particularly adverse.

Figure 3

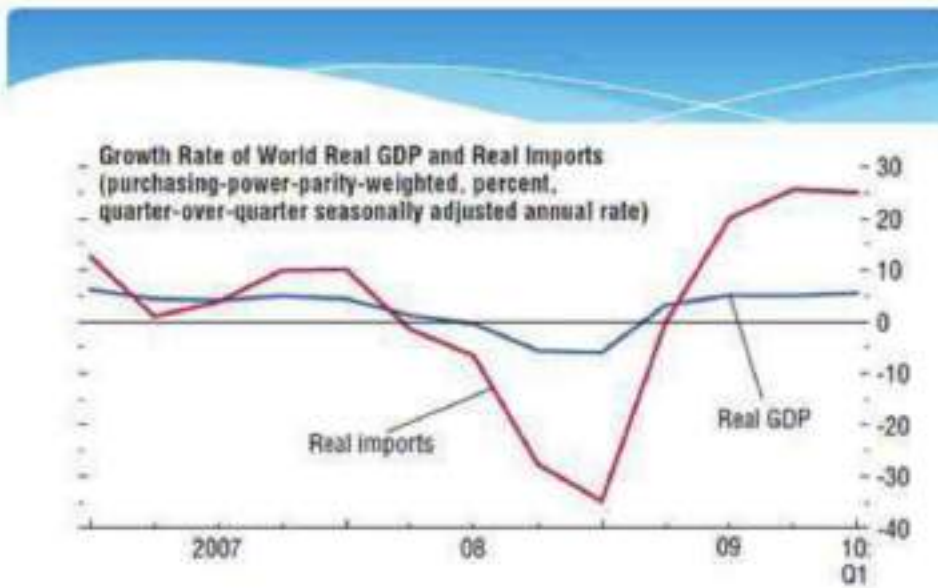
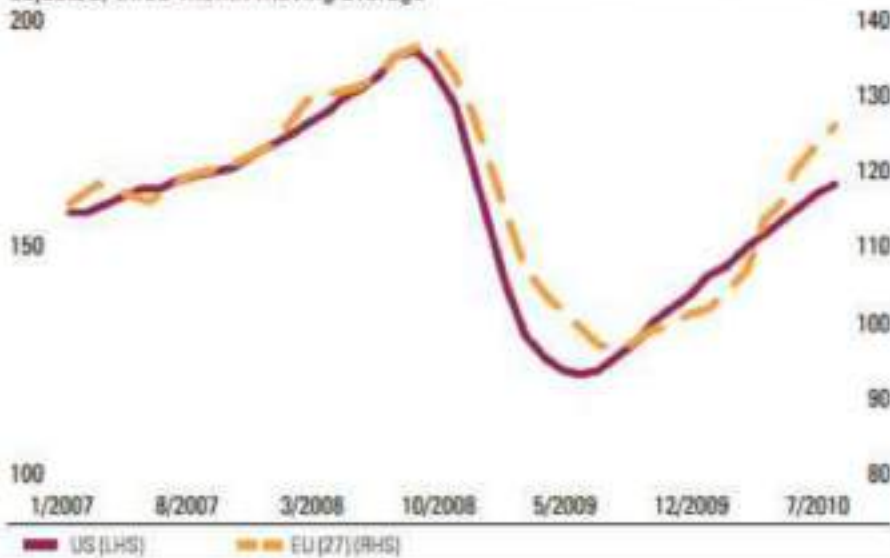


Figure 9. EU and U.S. imports have almost recovered to pre-crisis levels

U.S. imports in billions of U.S. dollars; EU imports in billions of euros; seasonally adjusted, three-month moving average



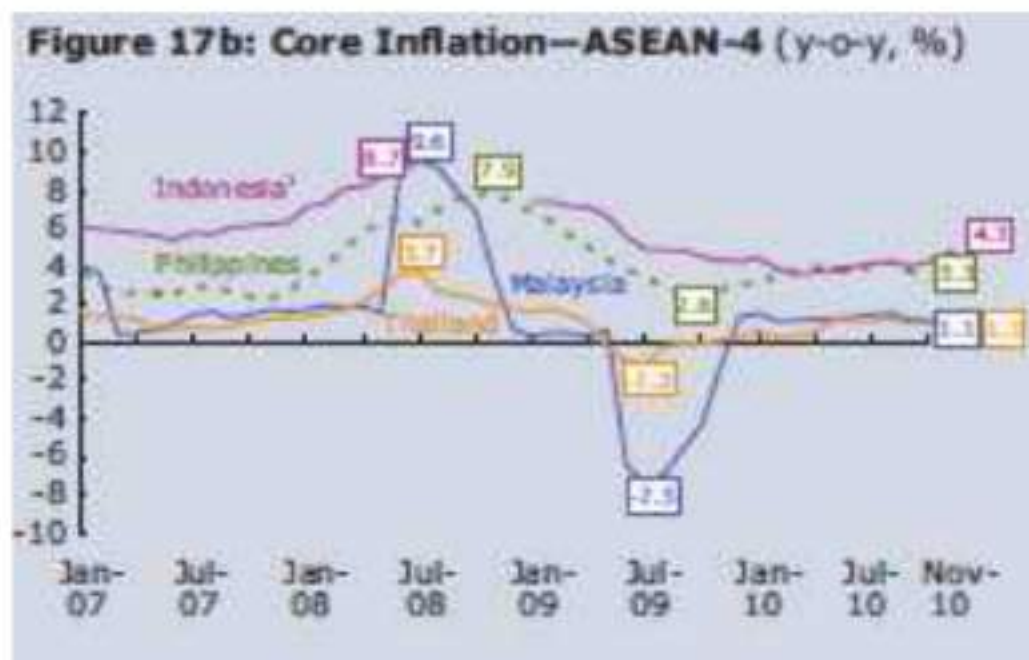
Source: CEIC.

The Risk of Serious Inflation

One of the principal economic challenges for East Asian governments in the period leading up to the GFC was containing consumer price inflation, which exceeded 6 percent in China and Indonesia, over 10 percent in Vietnam, and above 5 percent

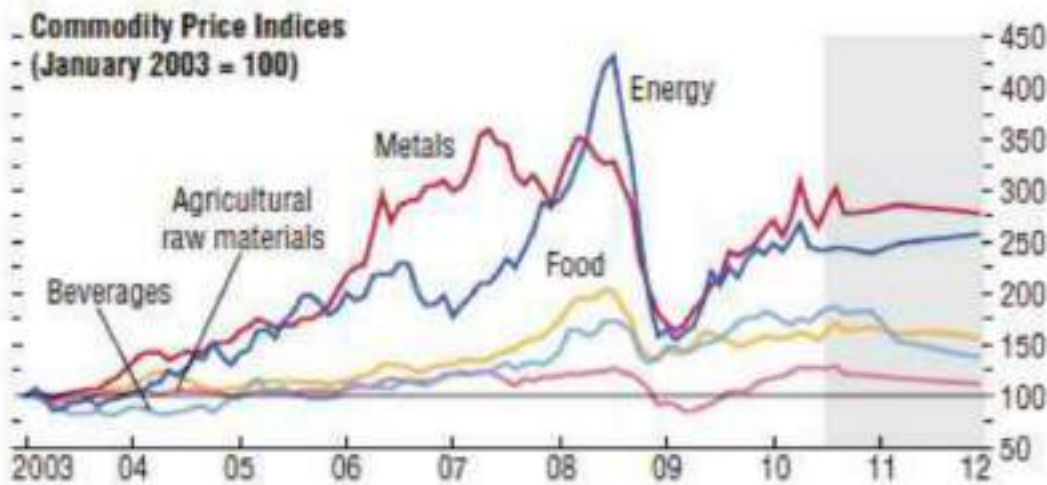
in Thailand and the Philippines. A major factor driving this inflation was higher prices for foodstuffs, with price rises accelerating in the months leading up to the GFC at an annualized rate of over 15 percent in several East Asian countries.

By the start of 2010, inflationary pressures were again afflicting many East Asian economies (Figure 17b). The most recent data (for December 2010) indicate that the upward trend continues, with Indonesia's prices rising in December at an annualized rate of 6.9 percent; those in Singapore rose 4.8 percent in the same month. As in the pre-GFC period, Vietnam is the worst afflicted economy in the region, with annualized inflation at the end of 2010 reaching 11.75 percent.⁵



After a precipitous collapse at the height of the GFC, commodity prices have begun rising at a rapid rate again (Figure 1.19). This acceleration has been particularly characteristic in price trends for energy and for metals, notably iron ore. The IMF's projections of a flattening out of commodity prices indices in the Figure below may turn out to be substantially over-optimistic. Continued high rates of economic growth in China and India may drive up prices for energy and industrial raw materials. Joseph Stiglitz recently commented on the irony that "although Asia's economic output is too small to pull up growth in the rest of the world, it may be enough to push up commodity prices."⁵⁶

Figure 1.19. Commodity and Petroleum Prices



Source: International Monetary Fund, *World Economic Outlook* p. 46.

Prices of foodstuffs are again rising rapidly. By the end of 2010, the FAO food price index was already back above its peak pre-GFC level (Figure 4), reaching a new historical high in December 2010. Poor harvests have hit the availability of cereals; in some countries, government action restricting exports has exacerbated supply problems.

Figure 4 - FAO Food Price Index

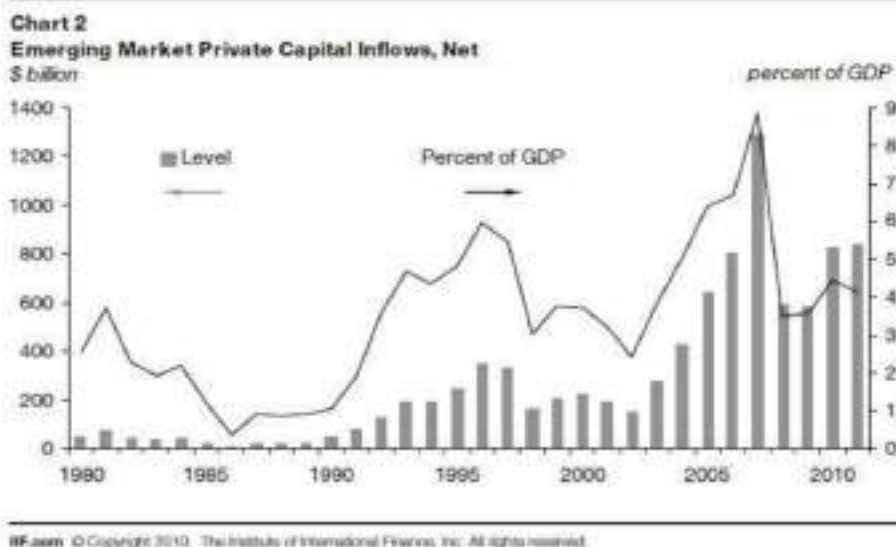


Exchange Rate Misalignments

Protectionism in the form of tariff and non-tariff barriers has been largely avoided in the aftermath of the GFC: instead, it has emerged in another form that has the potential to have equally damaging effects, the manipulation of exchange rates. Here the problem relates to the fluctuating fortunes of the US dollar and the extreme variations in global currency markets in recent years. Currencies that have been pegged to the US dollar, most notably the Chinese RMB, depreciated substantially against those of other Asian economies, with which they were at least partially in competition. The very substantial variations over the years 2009-10 are evident in Figure 26: in 2009, the Korea Won, for instance, appreciated by close to 12 percent at a time when the RMB depreciated by more than 6 percent: the upshot was that Korean exports quickly lost competitiveness in international markets compared with those from the PRC. In 2010, it has been the ASEAN currencies (with the partial exception of that of Indonesia, and the major exception of the Vietnamese dong [which has been devalued three times in the wake of high rates of inflation]) that have appreciated against those of the Northeast Asian NIEs and China. The current quantitative easing by the US Federal Reserve is likely to exacerbate the gap between currencies linked closely to the US dollar and those that are more freely floating.



A major reason for currencies drifting upwards is the increasing inflows of portfolio capital into Asian economies. Chart 2 shows the volatility of net inflows of private capital into developing markets over the past 30 years. In 2010, the Institute of International Finance estimates that net inflows will reach \$825 billion, a substantial increase above the \$590 billion of the GFC-affected previous two years (but still well below the 2007 pre-crisis peak of \$1.3 trillion).



The most volatile elements of these inflows are portfolio capital and bank lending. Both of these turned negative during the GFC but have subsequently rebounded strongly. In developing Asia, portfolio investment and bank loans together accounted for a net outflow of \$110 million in 2008; in 2010 they provided net inflows totaling \$135 million, not far below the total direct foreign investment receipts for that year of \$155 million. The volume of these inflows, attracted by the region's high rates of growth and (in some instances) relatively high interest rates, threatens to add to inflationary forces (through helping to fuel asset price bubbles) and to the pressures driving the appreciation of local currencies. Controlling these inflows taxes the most competent of governments: they played a major role in the inflation in the region that contributed to the loss of competitiveness of exports from some countries in the lead-up to the Asian financial crises of 1997-98; the cessation of bank lending and the withdrawal of portfolio capital precipitated the 1997-98 crisis and were a significant mechanism through which the GFC was transmitted to the region in 2008. A number of economies in the region—notably Indonesia, Korea, and Thailand—introduced capital control measures in 2010 that were intended to discourage inflows of this highly mobile capital. Their effectiveness has yet to be demonstrated.

Conclusion

East Asia's experience in the GFC indicates both the underlying strength of the region's economies but also the principal sources of their vulnerability. Financial sector reforms carried out in the wake of the Asian financial crises of 1997-98, while incomplete, laid the foundations for financial systems that did not display the same vulnerabilities as those in the United States and Western Europe in the GFC. Few financial institutions (the major exception being some in China) had

purchased the securities associated with toxic mortgages. Bad debts had been brought under control in all countries. The consequence was that the main effects of the GFC in most countries were transmitted not through the financial system but through trade, with major downturns in exports for East Asia's most open economies. In itself, this source of vulnerability undermined notions that East Asia was decoupling from the global economy; the reality is that it is ever-more-integrated into worldwide production networks.

The one area in finance where East Asian economies proved vulnerable in the GFC was through the cessation of bank lending and the withdrawal of portfolio capital – the precipitant of the financial crises of a decade before. There were some novel twists, however. Korea's problems in 2008 stemmed not just from the heavy reliance of local banks on short-term lending but also because foreigners withdrew massive sums from the Korean stock market causing a rapid depletion of what were, in comparison to the country's situation in 1997, very substantial foreign exchange reserves. Some countries have drawn the lesson that yet higher levels of reserves are required. Such a conclusion is debatable. Some form of control on short-term capital inflows may be a less blunt instrument ... but the effectiveness of such controls in East Asia's open economies has yet to be demonstrated.

Endnotes

¹ Jeremy Clift, "Two-Speed Recovery to Extend into 2011, Says IMF", *IMF Survey online* (30 December 2010) <http://www.imf.org/external/pubs/ft/survey/so/2010/NEW123010A.htm>.

² See, for example, Asian Development Bank (2008) "Emerging Asian Regionalism: A Partnership for Shared Prosperity". Mandaluyong City, Philippines: Asian Development Bank; Kawai, Masahiro, and Ganeshan Wignaraja (2008) "Regionalism as an Engine of Multilateralism: A Case for a Single East Asian FTA". Mandaluyong City: Asian Development Bank, Working Paper Series on Regional Economic Integration No. 14.

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TRANS-PACIFIC PARTNERSHIP (TPP): A NEW ECONOMIC ARCHITECTURE?

Deborah Elms

Introduction

A well-known argument links security with trade—countries that trade with one another and have tight economic links are less likely to engage in conflict. This is the bedrock principle behind the EU that binds together the countries of Europe in ways that are designed to make war unthinkable in the future. As an additional benefit, opening markets on a wider basis should spur economic growth and competition. This will bring about a more efficient use of scarce resources and ultimately offer consumers and producers the highest quality of products, goods and services at the lowest possible price.

The EU represents a level of economic integration that few places will ever achieve. Most initiatives in trade are considerably more modest in scope and ambition. One intriguing new piece of economic architecture is now being constructed in the Asia Pacific. The Trans-Pacific Partnership (TPP) currently contains nine member states in three continents: Australia, Brunei, Chile, Malaysia, New Zealand, Peru, Singapore, US, and Vietnam. While the TPP member states are not creating this new architecture for strictly security reasons, each has an eye on creating more vibrant, stronger economic ties with one another.

Other Economic Agreements

The TPP enters a crowded market of trade agreements from the global to the bilateral. All nine TPP countries are also members of the World Trade Organization (WTO). The WTO links 153 countries and forms the scaffolding of rules governing all other trade initiatives. Although WTO commitments can be quite extensive, whole areas of economic activity do not have rules. For example, there are currently no rules governing e-commerce and only limited rules and commitments on investment or agricultural trade. Members have been negotiating in the WTO since November 2001 over some of these areas without success. This has left an opening for other kinds of trade agreements to fill in the gaps in coverage in the WTO system.

An alternative model of a trade agreement can be found in the Asia Pacific Economic Cooperation (APEC). All TPP members are also members of APEC. Unlike the WTO,

APEC is non-binding. Any initiatives on trade that come from APEC are advisory.

Members cannot be taken before a dispute settlement panel over a perceived breach of legal obligations. The 21 member economies of APEC have set ambitious goals of market opening and liberalization among themselves. Since these commitments are non-binding, however, there is significant flexibility for members and relatively little new market access strictly as a result of APEC membership.

Since the WTO has been perceived as “stuck” and APEC commitments are limited and non-binding, there has been ample scope for additional regional initiatives. The most advanced of these have been the ASEAN processes on trade. Under AFTA, the 10 member countries of ASEAN have pledged to reduce barriers to trade with one another. The deadline for creating a free market for trade in goods is 2015. AFTA members have not yet agreed to liberalize trade in services or make commitments in other areas like investment, intellectual property rights, government procurement, or standards assessments.

ASEAN also has several initiatives to link up with partner countries for additional preferential treatment in trade. Partners include Australia and New Zealand (AANZFTA), as well as China, Korea, Japan, and India through the ASEAN+One initiatives. The ASEAN+ agreements vary in the scope of coverage, from quite comprehensive agreements like AANZFTA or ASEAN+China to a relatively weak agreement between ASEAN and India.

Finally, the various members of the TPP are also linked through bilateral agreements. Again, the quality of coverage varies quite tremendously from the agreements with the US that usually run to more than 20 chapters to bilateral agreements that cover most (but not all) of trade in goods.

Of the possible 36 different paired combinations of the 9 TPP member countries, free trade agreements at the regional or bilateral levels already link 24 together. These agreements include Australia-New Zealand; Australia-United States; Chile-United States; Singapore-New Zealand; and Singapore-US. This leaves only 12 possible pairs of countries without an agreement between them.

Why the TPP?

Given this complex economic architecture, why have nine countries decided to embark on a new set of negotiations? The short answer, from an economic perspective, is that none of these existing agreements offers the maximum possible benefits and many contain only the barest minimum of benefit. For example, although agriculture is critically important for most countries, in the history of trade agreements in Asia, agriculture hardly features. The WTO has only limited coverage. APEC does not have any commitments in agriculture. The ASEAN agreements are extremely weak on agriculture and generally exclude the most

critical, most frequently traded food items. Bilateral agreements either skip the sector entirely or open up only the most peripheral items in an extremely limited way.

Yet every country in the world has the highest levels of protection reserved for agricultural products. If you really want to liberalize trade and open markets, there is ample scope for doing so in agriculture. The best means for getting these benefits is to open markets across the widest possible group of countries to allow the largest possible set of trade-offs. As a new, voluntary agreement, the TPP has accepted only member states that have pledged to seriously commit to liberalization in all sectors, including agriculture. The TPP, therefore, has the potential to make significant inroads into some of the most heavily protected areas in the Asia Pacific. This should lead to an increase in imports and exports of agricultural products, as well as spur additional investment of resources into the sector. Consumers should benefit from a broader range of products at lower prices.

TPP members are also prepared to make rules to govern trade in sectors that have previously not been regulated. If there are no global rules prohibiting an action, states can do whatever they want. While this provides significant policy space, it also contributes to uncertainty. Business prefers stable environments. Trade agreements are one important venue where governments can commit to specific policies. Benefits obtained through TPP negotiations will be open to other TPP members only.

For example, TPP members will likely push for new rules for greater regulatory coherence and simplified standards setting. Now, many countries have their own rules and regulations that cover everything from paperwork procedures to clear a shipment of goods at customs to appropriate standards of safety for electrical appliances to the acceptable levels of pesticides in food items. Any exporter attempting to ship goods to multiple markets has to undergo an expensive and often time-consuming process to verify that the goods meet the rules in each market. Once the TPP agreement has been signed, however, some of these procedures will be simplified. For example, TPP members could decide on one form for customs processing to be used across all TPP markets or agree on one regulatory body or set of testing procedures to determine appropriate pesticide levels applicable across all members.

In theory, similar attempts at streamlining regulations and standards could be undertaken through existing agreements. However, the WTO has made limited headway in drafting even basic rules that would apply to all members. APEC has a long set of “best practices” regulations that are available for member states to adopt. There is no guarantee that any particular APEC member will have adopted these measures or will have done so in the same way as another member. The

ASEAN agreements have largely not addressed regulations or standards at all. Finally, the market benefits of coordinated policies in a bilateral agreement may be limited. This patchwork has left ample scope for improved terms under a TPP negotiation.

Membership

The TPP originally got its start in the late 1990s on the sidelines of APEC. At that time, APEC efforts to move towards an eventual Free Trade Area of the Asia Pacific (FTAAP) appeared to be stalled. Several like-minded states including Singapore, Chile, New Zealand, the US and Australia began meeting to discuss ways to move ahead in a different setting. Eventually, Singapore, Chile and New Zealand decided to launch negotiations on a new agreement. In the fifth round of discussions, Brunei joined what became known as the Trans-Pacific Strategic Economic Partnership (now commonly called the “P4”) agreement. It came into force in 2006 between the four nations.

Critically, the P4 agreement had an accession clause to allow other states – especially those in APEC – to join. The member states recognized that the economic benefits of the P4 were quite limited. The four states had barely any trade between them. The two states with the most trade, Singapore and New Zealand, were already linked in a bilateral. The potential gains from trade among the four partners, in fact, were smaller than the size of kiwi exports from New Zealand.

It was not until the US announced that it wanted to join the talks in September 2008 that the new agreement picked up momentum. Australia, Peru and Vietnam joined shortly thereafter. Malaysia officially became a member in late 2010. The P4 had become the TPP.

Even with the new partners, however, the economic benefits from the TPP will still be quite modest. There remains relatively limited trade between these nine nations. Most, as noted above, are already connected to one another through various free trade agreements. Therefore, part of the goal of the TPP negotiations is to encourage additional states to sign up for membership in the future. The economic gains to be made through negotiations will be substantial especially if joined by one (or all) of the Northeast Asia countries – China, Korea or Japan.

Japan may be the closest to joining the TPP negotiations in the future. Although the exact requirements for membership have not been worked out, potential members are allowed to participate in three rounds of negotiations as an observer before either converting to be a formal member or dropping out of discussions. Japan announced its plans to join as an observer in November 2010.

Because the benefits of membership expand significantly the larger the grouping, all TPP member states have an interest in bringing in additional members over time. This will allow their businesses to tap into larger and larger markets on a preferential basis with fewer obstacles. The use of an accession clause in the TPP agreements also requires negotiators to think ahead about the demands of potential members in the future. They cannot craft an agreement that satisfies the interests of only the current nine members.

Challenges Ahead

Every state that has joined the TPP negotiations can see the potential for large economic gains. Negotiators clearly see themselves crafting a “21st century, high quality” agreement that can serve as the benchmark for FTA agreements in the future. A strong TPP could serve as a roadmap to an eventual FTAAP in APEC or contribute useful rules and disciplines to WTO negotiations. If the TPP expands to include countries like Japan, Canada, Mexico, China, Korea or Chinese Taipei, it will bring important political, economic and even security benefits.

Negotiations will not be easy. One of the reasons why many of these areas like agriculture or regulatory coherence have not been tackled before in other agreements is that they are extremely difficult to do. Every country has strong vested interests that may be harmed by market liberalization, increased transparency, or improved coordination. The sectors that perceive themselves losing from an agreement will be much more vocal than groups that may benefit. It will take political courage from leaders to keep pushing for openness in the TPP talks.

There are a host of issues that will complicate the negotiations. Some can be predicted in advance. Others will arise without warning. This paper highlights just a few of the known challenging topics to give a flavour of the range of issues that will need to be successfully managed.

Although a robust agreement on agriculture will provide some of the most important benefits from the TPP, there will be some deeply contentious talks ahead over opening markets to more foreign farm goods—especially since every country protects agriculture. For example, negotiations over dairy will be challenging. Because the US and New Zealand do not yet have an FTA, they have never had to deal directly with dairy before. The US dairy market is quite protected. Under a strong TPP agreement, the US will have to open its market to greater competition from New Zealand (and other TPP members like Australia). Competition between New Zealand and the Americans in third country markets will also heat up as both countries have highly competitive dairy industries. As barriers in other TPP member states begin to fall in dairy as a result of the negotiations, dairy farmers in both countries will be fiercely fighting for these new markets.

The US dairy industry is already gearing up for a major battle in Washington DC. Other agricultural products that may prove contentious include sugar (also subject to complex price supports and limited market opening), and beef (which held up the passage of the US-Korean FTA in the US Congress for several years). Among the current TPP members, rice is not likely to be a strong issue, but if Japan joins or wants to join, levels of acceptable rice protection will become critical. Japan's current tariff level on imported rice is 777 percent. This is effectively like paying a 777 percent tax on the purchase of imported rice, making it unsurprising that no one in Japan currently buys imported rice. Most agricultural tariffs in other TPP member countries are not as extreme as those on rice, but they can still be significant barriers to greater trade. Under the TPP negotiations, these tariffs and other forms of protection will have to fall.

Many countries struggle with the inclusion of textiles and footwear in FTAs, particularly those agreements that involve developing country members. Textiles and footwear are two industries where developing countries are usually quite competitive. These sectors are some of the first avenues taken by countries as they begin to develop their economies. In an FTA between developing and developed economies, however, textiles and footwear imports can be quite sensitive. This is because while the textile and footwear industries in developed economies are usually quite small, they are extremely well organized and vocal about how they will lose jobs faced with cheaper imports from any trade agreement. Among TPP member countries, Vietnam has highly competitive textile and footwear sectors. The US does not have a separate agreement with Vietnam where these issues have already been sorted out, so we can anticipate highly charged negotiations over these sectors.

One issue that led to the collapse of bilateral talks between Malaysia and the US was government procurement. The government is a major purchaser of goods and services in all economies, even when defense and security-related items are excluded. In the TPP, about half the current members are also members of a separate WTO agreement on government procurement. Participation in this agreement includes stronger provisions to guide open and transparent procurement decisions in non-defense areas. TPP negotiators will likely be looking to move the rest of the membership closer to using high standards and greater openness. This includes the reduction or elimination of various policies that privilege domestic groups over foreign providers of goods and services to the government.

In short, there are a variety of different sectors that will prove challenging to negotiate in the TPP. If the agreement is to be most useful, however, it is important that most or all of these topics be included rather than simply carved out. Otherwise, the TPP runs the risk of duplicating existing arrangements rather than bring anything substantially new to the table.

Benefits for Brunei

Because Brunei currently imports a significant percentage of the goods and services used domestically, it stands to strongly benefit from the TPP negotiations. There are several reasons for this.

First, as a potential bilateral partner, Brunei holds only limited appeal for possible partners. This is partly because the domestic market in Brunei is quite small, offering only limited gains for most exporters, and partly because Brunei's own non-oil and gas products for export are not in high demand in most other countries.

Up to now, Brunei has largely relied on its membership in ASEAN for getting gains from trade agreements. However, as noted above, the existing ASEAN FTAs are largely confined to goods trade and frequently contain carve-outs for sensitive sectors, making the total portion of the liberalized market smaller.

The TPP process offers Brunei officials an opportunity to shape an agreement in their interest. This is easier to do in a smaller setting than in either APEC or the WTO. At the end of the day, if the TPP does live up to the hype, it will benefit Brunei. Exporters will face the same costs of doing business across multiple markets. It should make the market in Brunei more attractive, as exporters to Brunei will receive the same preferences as the other eight (or more) partners. If the TPP continues to grow, the benefits could be larger still.

The leadership in Brunei is currently seeking to diversify the economy. Offering local firms the benefits of a robust agreement across several key trading partners like Singapore, Australia and the US should provide additional incentives for business. These incentives will not simply be limited to goods trade, but should encourage greater inward and outward investment, as well as spurring additional trade areas like financial services.

Conclusions

Although the economic architecture for trade agreements in Asia is crowded, there is still ample room for a high-quality, 21st century agreement. The TPP can provide market access in more than goods, increase investment, better coordinate regulations and standards across a range of areas, and open up government procurement markets. It can go beyond the commitments in global or large regional venues like the WTO or APEC. It can certainly deliver better benefits to member states than the ASEAN processes. And because the agreement is shared across 9 members, the benefits will be greater than bilateral deals.

Negotiations will not be easy. There are many challenges ahead, ranging from the

basic negotiating structure of the talks to specific sectors of concern to problems putting together all the elements of a final package. Once a draft agreement has been reached, it will have to be delivered to each member state for approval. In some states it will require a formal ratification from the legislative branch. The agreement will have to be implemented in all states.

Finally, if the theorists are right about the security benefits of trade, having an agreement that links together such a diverse group of countries across three continents can only be a good thing.

THE ASEAN SECURITY COMMUNITY: WHERE ARE WE NOW?

Jürgen Haacke

The question how far member states of ASEAN have advanced the ASEAN security community can be approached in at least two ways. One involves assessing to what extent the Association meets the criteria that the conceptual-theoretical literature suggests need to be met for a particular kind of security community to exist; the other involves analysing how much progress Southeast Asian countries have achieved to date in establishing the ASEAN Security Community (ASC, now referred to as ASEAN Political Security Community, or APSC). Seeking to accommodate both approaches, this paper is divided into three sections. The first section examines some of the academic writings to ascertain whether ASEAN already constitutes a particular kind of security community. The second section discusses to what extent ASEAN has implemented stated objectives in pursuit of the ASC/APSC. The third section offers a brief and provisional perspective on whether progress in implementing measures associated with the establishment of the APSC has a bearing on whether or how to conceptualise ASEAN as a security community. My first argument will be that even the argument whereby ASEAN should be seen to constitute a 'thin' or 'nascent' security community remains controversial. My second argument is that based on the evidence available progress in implementing the ASC/APSC has proved selective. ASEAN states currently seem to be mostly concerned with the impact of broader geopolitical developments on Southeast Asia which have, for instance, led members to pursue concerted and successful efforts to promote a region-wide ASEAN-led defence and security dialogue at ministerial level. Third, the attainment by ASEAN of certain stated policy goals has yet to bring about the kind of mutual identification among political and other elites that is normally associated with more developed security communities.

Has ASEAN been a security community?

The scholarly debate about whether ASEAN constitutes a (pluralistic) security community predates by several years the Association's public commitment to form such a community as an integral element of a future ASEAN Community. Associated with Karl Deutsch and associates, the concept of security community is usually defined above all with reference to 'dependable expectations of peaceful change' or a 'stable peace'. While up to the 1990s analysts tended to conclude that ASEAN was best conceptualised as an international regime or security regime,¹ Amitav Acharya in particular thereafter suggested that the label of security community was more appropriate to capture ASEAN's role in maintaining peaceful relations among member states since 1967.² The reason for this, so Acharya argued,

was that the existence of a security regime was also possible within the context of an 'otherwise adversarial relationship in which the use of force is inhibited by the existence of a balance of power or mutual deterrence situation', whereas he saw evidence of a security community among ASEAN countries in terms of 'a fundamental, unambiguous and long-term convergence of interests among the actors in the avoidance of war.'³ Acharya's seminal book, "Constructing a Security Community in Southeast Asia" outlines the argument in detail. According to him, a security community presupposes: (1) strict and observed norms concerning the non-use of force; no competitive arms acquisitions and contingency-planning against each other within the grouping; (2) institutions and processes for the pacific settlement of disputes; (3) long-term prospects for war avoidance; (4) significant functional cooperation and integration; and (5) a sense of collective identity.⁴ Most of the above seem straightforward; notably, a major aspect of Acharya's argument focused on the significance of intersubjective process of identity building which he claimed could see a regional grouping of states 'develop an identity and approach of its own even if their national identities and constitutive norms remain different'.⁵ Such a collective identity among members of a security community would find expression, for instance, in a shared commitment to multilateralism, the development of intramural security cooperation, and agreed 'notions about who is included and who is excluded'.⁶

Although he argued initially that '[s]everal characteristics of a mature security community are present in Southeast Asia',⁷ Acharya nevertheless held that ASEAN should be conceptualised only as a nascent security community rather than an ascendant or mature security community. The conceptual distinction is owed to Adler and Barnett, who have understood the development of security communities as a process of three such phases. The nascent phase of a security community is deemed to involve a recognition by states that they not only have joint interests which require collective action but can also mutually benefit from some modest coordination of security policies, as well as shared visions of progress (e.g. economic), and the acceptance that security is interdependent.⁸ The ascendant phase is associated with tighter military coordination, reduced intramural threat perceptions, the deepening of the levels of mutual trust and the emergence of collective identities that begin to encourage dependable expectations of peaceful change.⁹ A mature security community is said to exist when regional actors share an identity, possess high levels of mutual trust and the probability of disputes leading to military encounters is remote. For Acharya, it was in part the growing number of intramural challenges to the consensus regarding its corporate norms and practices that ASEAN experienced in the late 1990s, after the grouping's membership expansion to include Vietnam, Laos, Myanmar and Cambodia, which raised questions about ASEAN states' collective identity and dented short to medium-term prospects of ASEAN being an ascendant security community.

While tensions between some ASEAN states increased visibly in the late 1990s, Acharya emphasized that intramural conflict or disputes should not be seen as evidence that the grouping did not then constitute an embryonic security community. In his words, security community theory 'only expects that they [=intramural tensions and disputes] are resolved without resorts to force'.¹⁰ Subscribing himself to constructivist tenets, Acharya has claimed that other prominent scholars, though they may be invoking different theoretical perspectives, back up his claims regarding ASEAN's status as a security community. In support of this contention Acharya in particular cites Michael Leifer, whose argument that ASEAN was 'an institutionalised vehicle for intra-mural conflict avoidance and management', suggested a regional capacity to prevent disputes from escalating and getting out of hand.¹¹

By arguing that '[h]istorically the ASEAN region has been a thin and pluralistic security community',¹² Donald Emmerson seems to offer a similar assessment in terms of whether the Association may be conceptualised at least as an embryonic security community.¹³ For Emmerson, a pluralistic security community 'thinly' defined 'is simply a group of sovereign states that share both an expectation of intramural security and a sense of intramural community'. By contrast, a 'thick' conception would involve a grouping of states causing security, by virtue, for instance, of them being committed to particular norms. While he finds evidence for the former, he casts doubt on the latter. Indeed, as he argues, it is even 'appropriate ... to remain at least cautiously skeptical as to whether ASEAN will continue to qualify for SC-hood' in the descriptive sense, let alone causal sense.¹⁴ In this regard, Emmerson argues that 'analysts of the Association still lack independent, reliable, and properly empirical data on the existence and nature of emotional solidarity inside the organization - a genuine cooperative identity among its elites, including who shares such feelings, how intense they are, and how they have changed over time.'¹⁵ This is an important point to bear in mind even if Emmerson's work suggests that a mainstream consensus exists whereby ASEAN has constituted a security community of sorts. It is also important, however, not to lose sight of the arguments of those who disagree with this conclusion on empirical or conceptual grounds.

Empirical issues and conceptual challenges

While there has obviously been no intra-regional war involving two or more members of ASEAN since the grouping's establishment, questions have nevertheless been raised about whether the empirical record supports the view that Southeast Asian states constitute a security community. As noted, the existence of a coherent security community has generally been tied to a notion of dependable expectations of peaceful change. In this respect, Acharya has emphasised that a security community depends on respect for the principle of the non-use of force

and an absence of competitive arms acquisitions and contingency-planning against each other within the grouping. The security perceptions and defence strategy of certain ASEAN states suggest however that they do not consider themselves part of a security community. Relevant here is the scholarship by Tim Huxley, who, when analysing Singapore's defence posture, discussed the extent to which the city-state's defence planners appear to emphasise strategic pre-emption, primarily vis-a-vis Malaysia.¹⁶ Other analysts and scholars have highlighted recurrent violations of ASEAN's key norm of not resorting to force or the threat to use force. Such breaches occurred along the Myanmar-Thailand border in 2001.¹⁷ Perhaps more importantly, maritime disputes involving ASEAN countries have frequently been militarised though some have also been resolved peacefully later (e.g. the dispute over Sipadan and Ligitan),¹⁸ reinforcing the point that ASEAN's 'willingness to uphold its principle of non-use of force has been inconsistent.'¹⁹ Not everyone will conclude that these illustrations are sufficient to take the wind out of arguments that ASEAN has been a security community, but it is easy to see why some would.

There moreover remains the cautionary warning about ASEAN's actual ability to prevent or appropriately deal with serious interstate disputes if and when they do emerge. Acknowledging that ASEAN did manage to play a useful role as a vehicle for confidence building and conflict avoidance, Michael Leifer nevertheless suggested in the late 1990s that ASEAN's record looked positive only because 'an intramural threat to peace was never seriously at issue in the wake of "Confrontation"'.²⁰

Challenges to the notion that ASEAN constitutes a security community are also linked to the concept of community. In this regard, discussion has focused on whether a security community can be said to exist if it is conceived as existing only at the level of elites. Although he invoked Adler and Barnett's definition of security community as a 'transnational region comprised of sovereign states whose people maintain dependable expectations of peaceful change',²¹ Acharya focused his attention firmly at the state or elite level. Emerson did too, arguing: 'In my analysis it is not the people but the state that does or does not have expectations of regional security and a sense of regional community.'²² Other scholars disagree, however. In the view of Alan Collins, for instance, community formation depends on regional civil society organisations (CSOs) generating a common identification among the people. As he argued, the 'move from security regime to security community occurs when the form of interaction among the members expands beyond inter-governmental contacts. Using the term community reveals that the sense of belonging together is achieved by multiple interactions by a variety of elites representing different aspects of society...'.²³

In other words, Collins maintains that contrary to what other analysts of ASEAN have suggested, a we-feeling among political elites - even if it were to exist - is in itself insufficient for the formation of a security community. As he sees it, a security

community is real not only because decision-makers no longer believe that war is not an instrument to resolve differences and conflict, but because societies lock decision-makers into relevant cognitive structures.

For years, the literature has been divided about the extent to which ASEAN countries have been socialised into a collective identity and embraced the responsibilities associated with community building. Certainly, Alan Collins submits that the kind of we-feeling among wider elites that he regards as a precondition of a security community has failed to take root. While Emerson rather tentatively raised questions about the extent of emotional solidarity among ASEAN decision-makers, other scholars have expressed considerably more skepticism as regards the existence of a community-feeling among regional leaderships.²⁴ Jones and Smith completely dismiss the idea that ASEAN constitutes any kind of meaningful community or possess much of a shared identity. Indeed, in their understanding ASEAN's commitment to non interference has been at odds with community building and regional identity formation.²⁵ As they put it: 'It is simply a non sequitur to build a community among neighbouring states on the basis of official indifference to those neighbours.'²⁶

Finally, it is easy to see how the existence of an ASEAN security community might also be questioned with reference to the now widespread acceptance that the concept of security is about more than interstate war. Many scholars would probably hold that the concept of security community should be open to a broader understanding of security, one that takes account of serious intrastate security issues. As Laurie Nathan has put it, 'The inhabitants of a country wrecked by violence cannot plausibly be said to live in a security community.'²⁷ Underpinning the concept of security community with a broader understanding of security seems particularly apposite as decision-makers in practice appreciate the interlinkages between domestic and external security and large-scale violence in particular within the borders of one country is routinely seen as generating tension and suspicion with contiguous states. To be sure, there is likely to be some controversy surrounding the question about what level of internal violence would still be compatible with the idea of a security community. In Southeast Asia's case a number of ASEAN countries have over the years experienced political struggles and violence that have costs thousands of lives. Some insurgencies, such as those in Myanmar's border areas, southern Thailand or the Moro region are ongoing. Following the logic of expanding the meaning of security, some scholars have also posited that a regional arrangement only enjoys the status of a security community if it has the ability to deal with non-traditional or transnational security challenges.²⁸

As many counter-arguments to ASEAN being a security community indicate more or less clearly, assessments about whether the grouping qualifies for this label analytically tend to focus on members' shared understandings about principles

and practices of conflict management. Many scholars would appear to regard these as ineffective or even counter-productive to the establishment of a security community.²⁹

II. The ASEAN Political-Security Community Project

As part of its ambition to create by 2015 (originally by 2020) an ASEAN Community, which is to consist of three pillars, member states agreed to establish the so-called ASC, now referred to as APSC.³⁰ The Bali Concord II, signed in Jakarta in October 2003, outlines the basic purpose and initial contours of the proposed ASC (which in many ways deviate both from the original proposal for such a Security Community as originally submitted to the Indonesian Chair by Jakarta-based scholar Rizal Sukma, as well as the initial DEPLU paper on the ASC forwarded to other foreign ministries in ASEAN).³¹ At heart, the ASC 'is envisaged to bring ASEAN's political and security cooperation to a higher plane to ensure that countries in the region live at peace with one another and with the world at large in a just, democratic and harmonious environment'. In this context, ASC members 'shall rely exclusively on peaceful processes in the settlement of intra-regional differences and regard their security as fundamentally linked to one another and bound by geographic location, common vision and objectives.' The other two pillars of the ASEAN Community are the AEC and the ASEAN Socio-Cultural Community (ASSC). All three are seen as intertwined and mutually reinforcing.

The establishment of the ASC is not to be confused with efforts to build an exclusive regional security organization. As the Bali Concord II states quite unequivocally, the ASC allows member countries 'to pursue their individual foreign policies and defense arrangements'; indeed, the ASC is underpinned by a commitment to the principle of comprehensive security, it is not 'a defense pact, military alliance or a joint foreign policy'. The Bali Concord II moreover maps out the contours of the proposed ASC with reference to four key points: (1) In pursuing political-security cooperation ASEAN members are to abide by basic principles of international society and ASEAN, namely non-interference, consensus-based decision-making, national and regional resilience, respect for national sovereignty, the renunciation of the threat or the use of force, and peaceful settlement of differences and disputes; (2) ASEAN members are also to cooperatively tackle a range of transnational challenges, including maritime ones as well as counter-terrorism; (3) ASEAN's political-security cooperation is to be guided by existing political and legal instruments, such as the Declaration on ZOPFAN, the TAC, and the Southeast Asia Nuclear Weapons Free Zone (SEANWFZ) Treaty in relation to confidence building, preventive diplomacy and the approaches to conflict resolution; and (4) the ASC is to be 'open and outward looking' in respect of members actively engaging ASEAN's friends and dialogue partners.³² The detail of how to build the APSC has proved rather controversial, but some initial ideas have been taken

forward in a number of further ASEAN documents. These comprise the Vientiane Action Programme (VAP), the ASC Plan of Action (PoA), and, most recently, the APSC Blueprint.

APSC Blueprint

After ratifying the ASEAN Charter,³³ which develops the grouping's institutional structure in the post-Bali Concord II period, members soon agreed on the APSC Blueprint, as a roadmap for the establishment of the APSC by 2015. Whereas before ASEAN had organised its ASC objectives with reference to five 'strategic thrusts', namely political development, the shaping and sharing of norms, conflict prevention based on confidence building and preventive diplomacy, conflict resolution, as well as post-conflict peace building, the APSC Blueprint outlines three aspects of ASEAN's future as a political-security community. To be precise, the blueprint envisages the future APSC as follows: (1) a rules-based community of shared values and norms; (2) a cohesive, peaceful, stable and resilient region with shared responsibility for comprehensive security; and (3) a dynamic and outward-looking region in an increasingly integrated and interdependent world (p.2). The Blueprint lists numerous ideas to bring about such a community, with some being more ambitious than others. As regards strengthening political cooperation, agreed moves concern 'laying the groundwork for an institutional framework to facilitate free flow of information based on each country's national laws and regulations', preventing and combating corruption, as well as promoting and protecting human rights. The Association has moreover identified as useful measures to achieve enhanced political cooperation the implementation or application of existing frameworks and treaties (e.g. ASEAN Charter, TAC, SEANWFZ Treaty). The proposed establishment of an ASEAN Maritime Forum also forms part of this endeavour.

In relation to the second envisaged characteristic of the future APSC, the Blueprint highlights the role of ASEAN defence and military officials in strengthening confidence building. Greater transparency and understanding of defence policies and security perceptions are to be achieved by publishing an annual ASEAN Security Outlook, holding voluntary briefings on political and security developments in the region, developing an ASEAN early warning system, and pursuing consultations and cooperation not only among ASEAN members, but also with dialogue partners. The ARF process is also to be strengthened in support of the APSC, primarily by activating agreed mechanisms agreed among participants (e.g. Friends of the ARF Chair) and the pursuit of preventive diplomacy.

The objective of fostering a peaceful and stable region is linked by ASEAN to respect for the TAC, which emphasises the respect for basic international norms and the pacific settlement of disputes. The Blueprint states ASEAN's desire to develop modalities for good offices, conciliation and mediation and to establish an

appropriate dispute settlement mechanism. It also points to a shared acceptance of the usefulness to further research on ways of ASEAN conflict management and conflict resolution, possibly in the context of establishing an ASEAN Institute for Peace and Reconciliation. The Blueprint moreover proposes establishing a network among peacekeeping centres among the ASEAN states, 'with a view to establishing an ASEAN arrangement for the maintenance of peace and stability' (p.11). Possible roles in post-conflict peace building are to be developed by focusing on the provision of humanitarian assistance, capacity building as well as strengthening peace-oriented values. The Blueprint also lists an array of steps designed to address non-traditional security challenges, which include the ratification by ASEAN members of the Treaty on Mutual Legal Assistance in Criminal Matters and the ASEAN Convention on Counter-Terrorism, but also extend to putting in place effective disaster management arrangements. Notably, the Blueprint moreover calls for the convening of special meetings at the Leaders' or Ministerial levels in the event of crisis or emergency situations affecting ASEAN and to develop arrangement to address such situations in a timely manner (p.14). Finally, as regards collective efforts to embed the APSC in an outward looking region, the Blueprint highlights the goal of reinforcing ASEAN's diplomatic centrality by advancing cooperation with dialogue partners and other external parties within the context of APT, EAS and the ARF. Enhanced cooperation with the UN is also highlighted as a goal. Although the ASEAN consensus on establishing the APSC seems to have evolved since its initial articulation in the Bali Concord II in terms of the scope of the proposed security cooperation involved, core ideas of the ASEAN Security Community as originally agreed remain recognizable. At heart, the APSC remains a project designed to safeguard regional stability, and for ASEAN to shape regional order. Significantly, this project is meant to be achieved on the back of cooperative relations with ASEAN's dialogue partners and other parties.

Implementation of the ASEAN Political-Security Community

Generally, efforts to realise objectives linked to the establishment of the ASC/APSC have proved rather uneven. Seen in a regional context, a major step was the creation of the ASEAN Intergovernmental Commission on Human Rights (AICHR), which was finally launched at the 15th ASEAN Summit in 2009. That said, human rights activists have been concerned about the AICHR Terms of Reference, which are perceived to limit the promotion and protection of human rights. In recent months the AICHR has focused on agreeing a work-plan and discussed its possible cooperation with a regional civil society organisation, the Working Group for an ASEAN Human Rights Mechanism. Arguably in line with their stated commitment to promote democracy ASEAN countries have on balance also been supportive as Myanmar's military leaders have followed through on steps outlined in the junta's 2003 political roadmap, notably the November 2010 elections, concerns about the latter's fairness notwithstanding. A primary reason

why ASEAN played no major part in relation to the elections was that Myanmar turned down the offer of fellow ASEAN countries to make available election monitors. ASEAN states could only decide whether to accept the invitation by the regime for embassy officials on the ground to observe voting at selected polling stations. Meanwhile, ASEAN members seem to have wriggled out of the previously stated political commitment, made as far back as the 2004 ASC PoA, to oppose unconstitutional changes of government, probably on the basis of the grouping's collective non-response to the military ouster of Thaksin Shinwatra's government two years later.

Despite featuring for years as possible key developments in relation to the establishment of the ASC, only very few ideas on how to take further confidence building and conflict management in the region have been taken forward since 2003. For example, even by 2010 not all ASEAN countries regularly published defence white papers; nor had they established by then a regional early warning mechanism. However, one important idea that has been pursued is the formalisation and reinforcement of a defence dialogue among ASEAN countries. In May 2006 ASEAN defence ministers met formally for the first time. Previously, defence officials had really only been involved in the annual ASEAN Special Senior Officials Meeting and various ARF-related meetings. There had also been informal meetings involving, for instance, ASEAN service chiefs (air, army, navy) as well as representatives of military intelligence. The ADMM has since been organised on an annual basis.

Having traditionally avoided multilateral defence cooperation in favour of an 'ASEAN defence spider web', members thus seem finally to have become more relaxed about institutionalised multilateral defence dialogue at the level of the Association. Also, apart from being a useful venue that allows for bilateral meetings on the sidelines, the ADMM has promoted broader practical cooperation. For instance, the 3rd ADMM organised in Thailand in early 2009 adopted a Joint Declaration on Strengthening ASEAN Defence Establishments to Meet the Challenges of Non-Traditional Security Threats. This highlighted in particular some measure of collective willingness to promote cooperation in the area of disaster management (an area that has attracted increasing attention in various regional fora since the 2004 Indian Ocean tsunami). Specifically, ministers agreed to explore the possible use of regional assets and capacities in relation to humanitarian assistance and disaster relief. Ministers also vowed to explore ways to improve dialogue and cooperation with civil society organisations in relation to non-traditional challenges subject to the discretion of individual members. More importantly, however, already by the 2nd ADMM ministers examined a concept paper (drafted by Singapore and Thailand) for the establishment of the so-called ADMM Plus, which would involve the establishment of a ministerial defence dialogue with ASEAN's dialogue partners (see below).

In the event, ASEAN defence ministers agreed to organise the first ADMM-Plus in October in Hanoi in October 2010. This ministerial level defence dialogue brings together ASEAN-10 as well as China, Japan, India, Australia, New Zealand, South Korea, Russia and the US. One goal of ADMM-Plus is to promote concrete and practical cooperation to address defence and security issues; in particular, the idea is to build regional capacity, develop expertise and enhance coordination in appropriate areas. For now, the areas of cooperation already identified are counter-terrorism, humanitarian and disaster relief, military medicine, maritime security as well as peacekeeping. Not surprisingly, there is some overlap between these proposed areas of cooperation and the areas of dialogue and cooperation of existing regional arrangements, such as the ARF. The composition of the ADMM-Plus, which is currently scheduled to be organised only every three years, will in future coincide with the membership of the EAS, the framework for strategic dialogue among regional leaders created in 2005.

The establishment of the ADMM-Plus promises represents a significant move. It forms part of ASEAN's response to the changing strategic environment and related challenges: (1) the growing strategic uncertainty linked to China's rise against the backdrop of relative US and Japanese decline as well as increasing competition between Beijing on the one hand and Tokyo, New Delhi and Washington on the other, competition that is reinforced by China's continued defence modernisation and growing naval nationalism; (2) recent complications in relations between ASEAN countries and China, particularly as regards the SCS given that renewed perceptions of steely Chinese assertiveness have again taken hold, partly in light of a lack of progress regarding the elaboration of a code of conduct for the SCS and partly because of other reasons, including China incorporating disputed islands into Hainan's domain of local administration, numerous incidents involving the detention of Vietnamese vessels and fishermen, and China putting pressure on ExxonMobil to desist further exploration for hydrocarbon resources off Vietnam's coast; (3) the perceived importance for ASEAN to maintain and claim anew its centrality within the wider regional security architecture, a role that has been challenged by the proposal for an Asia Pacific community, as put forward in 2008 by then Australian Prime Minister Kevin Rudd, and is seen to depend increasingly on moving forward practical security cooperation as well as adding a further platform for defence ministers; so far the Shangri-La Dialogue has provided the only pan-regional venue and framework for interaction among senior military officers and defence ministers or their deputies and as useful as the Shangri-La Dialogue has proved for individual members, it is ultimately not run by ASEAN.

Promoting an open region has been an important objective for all ASEAN states. Since the signing of the Bali Concord II, ASEAN countries have thus continued to ensure that all major regional powers have a stake in the stability and prosperity of Southeast Asia. Significantly though, if reference to an 'open and outward looking

ASEAN' among the ambitions and agenda sketched in the 2003 Bali Concord II perhaps sounded merely like a reminder that Southeast Asia's stability and security could not be guaranteed by regional states themselves, the grouping's more recent determined efforts to develop a defence dialogue with its extra-regional partners suggest that working out how best to structure and develop relations with the major powers has in many ways been considered more pressing, yet perhaps also more feasible than the fuller implementation of ASEAN's stated agenda in relation to conflict management.

III. Is pursuing the APSC turning ASEAN into a higher order security community?

Has ASEAN entered what scholars have called the ascendant security community phase by virtue of its implementation of the APSC? As mentioned, this phase is associated with tighter military coordination, reduced intramural threat perceptions and collective identities that begin to encourage dependable expectations of peaceful change. While ASEAN is buying into the language of scholars like Deutsch, Acharya and Sukma, the question of whether analytically ASEAN has become a more robust security community cannot be satisfactorily answered with reference to ASEAN's political documents and legal agreements. Instead, two questions will be pursued here: (1) do recent developments in the international relations of Southeast Asia, especially perhaps after the signing of the ASEAN Charter, suggest that the likelihood of the use of force by one ASEAN state against another has further receded? (2) has the implementation by ASEAN states of ideas related to the establishment of the APSC as outlined in ASEAN documents been paralleled by visible progress in collective identity building?

Bilateral Relations and the Use of Force

Notwithstanding decades-long attempts between and among states in Southeast Asia to build confidence, intermittent tensions have characterised the majority of what in effect are ASEAN's more important sets of bilateral relationships.³⁶ However, some bilateral ties have always been more strained than others. What is notable in the context of this analysis is that the pursuit of the APSC has ended neither the militarization of bilateral territorial disputes nor the actual use of force. Two cases illustrate this point. While their overall relations are actually sound despite being politically difficult,³⁷ Malaysia and Indonesia have been involved in what has been a militarized dispute over maritime space off Eastern Kalimantan in the Celebes Sea. More recently, complex relations between Thailand and Cambodia were overshadowed by troop mobilisation and the use of force during many months of standoff over land surrounding the Preah Vihear temple.

In the wake of the ICJ's decision in 2002 to decide the sovereignty dispute over Sipadan and Ligitan in favour of Malaysia, Indonesia's political elite and the wider

public are quite sensitive to perceived territorial encroachments by Malaysia; this is particularly true for disputed maritime space considered to hold significant hydrocarbon reserves. Jakarta thus squared off against Kuala Lumpur over the disputed Ambalat area in the Celebes Sea in 2005 after Malaysia awarded an exploration concession to Royal Dutch Shell. At the time, Indonesian diplomatic protests were accompanied by the scrambling of warships and fighter jets, but Malaysia also deployed naval assets. At one point, a collision of sorts involving vessels from both sides occurred. Notably, the military posturing was not avoided despite the two capitals having in 2001 negotiated the Malaysia-Indonesia Prevention of Incidents at Sea Agreement (MALINDO-INCSEA). In the event, before too long Jakarta and Kuala Lumpur seemed keen to avoid the further escalation of the situation and opted to resolve the dispute peacefully through negotiations. However, no obvious progress seems to have been made since and the maritime conflict has continued to flare up every now and again; in response to further 'trespassing' in May 2009 President SBY instructed the military to pursue an uncompromising line in defending the country's interests, his eyes firmly set on winning the presidential elections in July that year. Referring to the developments in June 2009, one analyst noted that 'The provocations almost crossed the line into conflict, with an Indonesian vessel reportedly coming close to firing at one of the Malaysian ships'.³⁸

With the climate of Indonesia-Malaysia relations already negatively affected by several issues in the context of their bilateral rivalry (e.g. treatment of Indonesian domestic labourers, and cultural issues), bilateral relations were again put under stress in August 2010 after an Indonesian maritime patrol arrested seven Malaysian fishermen in disputed waters near Riau for illegal fishing and, in apparent retaliation, Malaysian patrols then detained three Indonesian officials from the Maritime Affairs and Fisheries Ministry. This provoked yet another rather strong anti-Malaysia reaction among (more extreme) nationalists. In the event, President SBY again called for calm, reminding Indonesians that the Republic had to maintain good relations with Malaysia, while also suggesting that there would be 'no compromise' on issues of sovereignty and territory.³⁹ In a similar vein the incumbent Coordinating Political, Legal and Security Affairs Minister, former Commander-in-Chief, Djoko Suyanto, said: 'Escalations, be they wars or breaking off diplomatic ties, would not help us to solve the problems'.⁴⁰

Arguably even more serious in terms of their impact on regional stability have been developments in Thai-Cambodia ties. Having at various times proved a major obstacle to normal bilateral relations, the territorial dispute relating to Preah Vihear, which is still ongoing with respect to the surroundings of the ancient Khmer temple, was re-ignited in 2008. The broader context at the time was complex and involved imminent general elections in Cambodia as well as the yellow-shirted People's Alliance for Democracy (PAD) whipping up a nationalist response against official Thai support under former Prime Minister Samak Sundaravej for

Cambodia's application that the Preah Vihear complex be designated by UNESCO a world heritage site. In the event, developments on the border led both sides to mobilise reinforcements that seem to have taken the troops involved to more than 1,000. Several minor clashes occurred over a period of months, resulting in casualties that by the end of 2009 apparently numbered between 12-18 deaths in total (though this does not take into account soldiers who may have died from wounds sustained in the clashes).⁴¹ Significantly, the conflict became intertwined with personal feuding between Prime Minister Hun Sen and his Thai counterpart Abhisit Vejjajiva, which also saw the temporary appointment by Hun Sen of Thaksin Shinawatra as economic advisor. The border conflict continues to serve a political function in both countries and limited cross-border clashes continued into 2010.

While recent armed clashes resulting in casualties occurred only in the case of the Thai-Cambodian border conflict, both the standoff over the disputed Ambalat area and related military posturing as well as the use of force in the vicinity of the Preah Vihear temple raise questions about the potential for armed conflict in the ASEAN region. While it may be possible to maintain that neither incident was likely to lead to war and thus does not per se invalidate arguments whereby the grouping constitutes a security community, it is at the very least difficult to square these developments with the notion that the pursuit of the APSC has led to a higher order security community. Indeed, it is necessary to highlight that Cambodia's foreign minister had in fact warned of an 'imminent state of war' when Phnom Penh - in a bid to internationalize the conflict - sought an emergency meeting of the UNSC or at least the establishment of an inter-ministerial group composed of selected ASEAN members.⁴² Cambodia also warned Thailand to withdraw troops from the disputed area or risk 'large-scale armed conflict' as negotiations offered no quick resolution of the matter.⁴³ Even still in 2010, Cambodia's foreign minister asked for ASEAN to mediate in the border dispute 'in order to avoid any large scale armed conflict'.⁴⁴

Progress towards a collective identity

As noted, collective identity formation is considered an important aspect of security community building. Acharya analysed it in terms of a shared commitment to multilateralism, the development of intramural security cooperation, and agreed 'notions about who is included and who is excluded. Other scholars have argued that a security community depends on mutual trust and a sense of mutual identification which is shared among different kinds of elites across the spectrum of society.

Clearly, multilateral political-security dialogue among the ASEAN countries has expanded further since the signing of the Bali Concord II. ASEAN countries have continued to embrace new areas of security cooperation, particularly in relation to

non-traditional security. However, even as regards areas in which the grouping can point to multiple activities, the nature and depth of multilateral cooperation undertaken by ASEAN has led some to conclude that on balance this cooperation itself is insufficient evidence of an ASC.⁴⁵ Notably, a number of seemingly sensible ideas have still to be pursued in practice. For instance, the call for a ministerial-level ASEAN crisis mechanism that would convene within a reasonable number of hours following the outbreak of a regional crisis (e.g. interstate hostilities, unlawful ouster of governments, acts of genocide or large scale-loss of lives from political conflict, pandemics, natural calamities, terrorist attacks, and disruption of sea lanes) has not been translated into reality.⁴⁶ Also, although many regional decision-makers may accept the utility of cooperating in relation to military operations other than war, they have still to accede to the idea to promote establishing a regional peacekeeping force, perhaps in the form of 'a non-standing, multi-national mix of national military and civilian personnel that could be readily volunteered to undertake an array of hybrid tasks related to, but not exclusively, peacekeeping.'⁴⁷ To be sure, the establishment of the ADMM is further testimony to the trend toward a deepening security dialogue and the stated commitment to practical cooperation probably deserves to be taken seriously. In line with the grouping's historical practice, however, the establishment of the ADMM will not function as an exclusive regional vehicle for preparing against, let alone addressing existing security challenges. Certainly it also does not seem designed to bring about intra-ASEAN coordination on defence planning or force modernisation to meet common threats. As such, increased dialogue among ASEAN defence ministers does not necessarily signify a stronger collective identity. Indeed, the emphasis ASEAN members place on developing practical security cooperation with extra-regional states- beyond bilateral defence and security ties they have formed with the major powers and other regional or extra-regional states - deserves renewed mention.

Indeed, when advancing the practical side of security cooperation ASEAN members have in recent years routinely opted for non-ASEAN platforms. For example, an increasing number of ASEAN countries are involved in the Cobra Gold military exercises. In relation to security in the Malacca Strait Malaysia, Indonesia, and Singapore, later also joined by Thailand, have opted to form the Malacca Strait sea patrols; since 2009 all four are also carrying out coordinated air patrols known as 'Eyes in the Sky'. Moreover, the FPDA, which includes Singapore and Malaysia, not only has a standing component at the Royal Malaysian Air Force Base in Butterworth, but also organises military exercises to counter non-traditional maritime challenges and conventional threats. Regional states also generally supported the establishment of an information sharing centre-located in Singapore- to serve as the operational arm of the Regional Cooperation Agreement on Combating Piracy and Armed Robbery against Ships in Asia, which was proposed by Japan. Arguably, these platforms have been in demand while, first, ASEAN has largely failed to move forward the practical side of its multilateral

security cooperation and, second, the ARF has in effect been limited to desk-top exercises in the area of counter-terrorism and field training in relation to disaster relief. While such limitations can in part be explained with reference to the design of these two latter arrangements as well as a lack of capabilities on the part of several Southeast Asian members or participants, there have also been suggestions that limited mutual trust and suspicions complicate multilateral security cooperation.

Though ASEAN countries are said to have developed a diplomacy of accommodation and found the grouping's processes conducive to confidence building, it seems obvious that intramural dialogue and cooperation must not be confused with shared perceptions or interests, or greater levels of amity. Getting to know one another better does not imply that decision-makers or their advisors do not have concerns about whether ASEAN members will seek to pursue national agendas that accord with broader regional interests. The very evident frustration among some ASEAN leaders with the military leadership in Myanmar clearly testifies to this. Wikileaks cables released to date moreover apparently confirm that regional officials or decision-makers are realistic about but not necessarily always sympathetic to the ambitions and political manoeuvres of political leaders in neighbouring countries.⁴⁹ As regards some relationships it is open knowledge that grievances and significant personal resentment between leaders lie just under the surface of diplomatic convention and protocol. High levels of mutual identification among ASEAN political elites are thus probably rare in number and scope than one might commonly assume on the basis of the grouping's declaratory positions.

ASEAN governments seem to accept that the grouping should become a more people-centered organization; they have also vowed to promote a regional identity and in this regard some members have opted to engage civil society organisations at ASEAN summits. Significantly though, wider civil society elites are deeply skeptical if not cynical as regards the prospects of ASEAN as a security community.⁵⁰ There is as yet also little evidence that the promotion of the APSC has tempered nationalist grievances among the wider public held against fellow ASEAN states. For instance, Indonesian protesters, perhaps in the belief that Malaysia is belittling Jakarta, have in recent years vented their anger at Kuala Lumpur in part by drawing on the language from Konfrontasi ('Crush Malaysia'). Though only fringe groups may be involved in the staging of violent protests, these clearly have some capacity to further complicate collective identity building. At minimum, protests relating to Indonesia-Malaysia relations indicate that the violence directed at the Thai Embassy and Thai commercial interests in 2003 was not just a regional fluke.

Conclusion

ASEAN is only a few years away from 2015, the target year for establishing the APSC. Based on progress to date in implementing their stated goals, ASEAN countries may struggle to translate into practice and move forward in substantial ways even the majority of declared APSC objectives. However, ASEAN should at least be expected to pursue these objectives selectively. The increasing concerns about China's rapidly advancing military modernisation and more strident Chinese nationalism may make ASEAN countries focus less on criticisms directed at the prevailing consensus on the grouping's approach to conflict management and more on further reinforcing security and defence contacts with the Association's dialogue partners. While this could reinforce political cohesion among members, it is at least as likely that current dynamics of intramural conflict are bound to continue for some time. Ultimately, it is doubtful whether Southeast Asian states will be able to rely on perceived shifts in the wider balance of power to foster really dependable expectations of peaceful change within Southeast Asia. Thus far, the agreement on and implementation of steps to build the APSC does not imply that ASEAN constitutes more of a security community than some scholars made out in the 1990s. Those who disagreed with that argument then will of course probably not want to change their mind now.

Endnotes

¹ See, for instance, Donald K. Emmerson, 'ASEAN as an International Regime', *Journal of International Affairs* 41 (1) 1987: 1-16. By security regime scholars mean a set of principles, rules, and norms that permit states to be restrained in their behaviour in the belief that others will reciprocate.

² Amitav Acharya, 'Association of Southeast Asian Nations: "Security Community" or "Defence Community"?', *Pacific Affairs* 64 (2) 1991: esp. 172-176.

³ Amitav Acharya, 'Collective identity and conflict management in Southeast Asia', in Emmanuel Adler and Michael Barnett, eds, *Security Communities* (Cambridge: Cambridge University Press, 1998), p. 201 (author's emphasis).

⁴ Amitav Acharya, *Constructing a Security Community in Southeast Asia: ASEAN and the problem of regional order* (London and New York: Routledge, 2001), p.21.

⁵ Acharya, *Constructing a Security Community* (1st ed.), p. 29.

⁶ Acharya, *Constructing a Security Community* (1st ed.), p.29.

⁷ Acharya, 'Collective identity and conflict management', p.219.

⁸ Emmanuel Adler and Michael Barnett, 'A framework for the study of security communities', in Adler and Barnett, eds, *Security Communities*, p.50.

⁹ Adler and Barnett, 'A framework for the study of security communities', p. 53.

¹⁰ Amitav Acharya, 'Do norms and identity matter: Community and power in Southeast Asia's regional order', *The Pacific Review*, 18 (1) 2005, p.107.

¹¹ Michael Leifer quoted in Acharya, 'Do norms and identity matter?', p.100

¹² Donald K. Emmerson, 'Security, Community, and Democracy in Southeast Asia: Analyzing ASEAN', *Japanese Journal of Political Science* 6 (2) 2005: 180.

¹³ Emmerson, 'Security, Community, and Democracy in Southeast Asia', p. 171. Emmerson defines security as 'the presence of a durable peace among these states, reflecting a lasting prior absence of war among them. Community is the presence of a cooperative identity among these states, including a commitment to abstain from using force against each other.' (italics in original)

¹⁴ Emmerson, 'Security, Community, and Democracy in Southeast Asia', p.181.

¹⁵ Emmerson, 'Security, Community, and Democracy in Southeast Asia', p.182.

¹⁶ Tim Huxley, *Defending the Lion City: The Armed Forces of Singapore* (St Leonards, NSW: Allen & Unwin, 2000), Chapter 2. On the defence postures and policies of Indonesia, Malaysia, Singapore, Brunei and the Philippines, also see Andrew T.H. Tan, *Security Perspectives of the Malay Archipelago: Security Linkages in the Second Front in the War on Terrorism* (Cheltenham: Edward Elgar, 2004).

¹⁷ Jürgen Haacke, *ASEAN's Diplomatic and Security Culture: Origins, Development and Prospects* (London: RoutledgeCurzon, 2003), Chapter 8.

¹⁸ See J.N. Mak, 'Sovereignty in ASEAN and the Problem of Maritime Cooperation in the South China Sea', Working Paper No.156, Rajaratnam School of International Studies, April 2008.

¹⁹ Samuel Sharpe, 'An ASEAN way to security cooperation in Southeast Asia?' *The Pacific Review* 16 (2) 2003, p. 248.

²⁰ Michael Leifer, 'The ASEAN Peace Process: a category mistake', *The Pacific Review*, 12 (1) 1999, p.29

²¹ Acharya, *Constructing a Security Community*, p.16.

²² Emmerson, 'Security, Community, and Democracy in Southeast Asia', p.173.

²³ Collins, 'Forming a security community', p.209.

²⁴ Tobias Nischalke, 'Does ASEAN measure up? Post-Cold War diplomacy and the idea of regional community', *The Pacific Review*, 15 (1) 2002: 89-117.

²⁵ David Martin Jones and Michael L.R. Smith, 'ASEAN's Imitation Community', *Orbis* 46 (1) 2002, p. 108. The term 'imitation community' builds on Michael Oakshott's use of 'imitation states'.

²⁶ Jones and Smith, 'ASEAN's Imitation Community', p.108.

²⁷ Laurie Nathan, 'Domestic Instability and Security Communities', *European Journal of International Relations* 12 (2) 2006, p. 293.

²⁸ Christopher Roberts, *ASEAN's Myanmar Crisis: Challenges to the Pursuit of a Security Community* (Singapore: ISEAS, 2010), pp.7-8.

²⁹ For detailed discussions of this practice, see Rudolfo Severino, *Southeast Asia in Search of an ASEAN Community* (Singapore: ISEAS, 2006); Mely Caballero-Anthony, *Regional Security in Southeast Asia: Beyond the ASEAN Way* (Singapore: ISEAS, 2005); also see Jürgen Haacke and Paul D.Williams, 'Regional Arrangements and Security Challenges: a comparative analysis', *Crisis States Research Center Working Papers No.52* (London: LSE, 2008).

³⁰ For an account of the origins of the ASC, see Acharya, *Constructing a Security Community in Southeast Asia*, 2nd ed. (Abingdon: Routledge, 2009), esp. pp.259-270.

³¹ For relevant comparisons see Jürgen Haacke, 'Enhanced Interaction' with Myanmar and the Project of a Security Community: Is ASEAN Refining or Breaking with its diplomatic and security culture?', *Contemporary Southeast Asia*, 27 (2) August 2005: 188-216; and Acharya, *Constructing a Security Community*, 2nd ed., pp. 260-262.

³² Declaration of ASEAN Concord II (Bali Concord II), Bali, 7 October 2003.

³³ For details, see Tommy Koh, Rosario G. Manalo, Walter Woon, eds, *Making of ASEAN Charter* (Singapore: ISEAS, 2009).

³⁴ ASEAN Political-Security Community Blueprint, p.2.

³⁵ Chairman's Statement of First ASEAN Defence Ministers' Meeting Plus: ADMM-Plus-Strategic Cooperation for Peace, Stability, and Development in the Region', Ha Noi, 12 October 2010.

³⁶ N. Ganesan and Ramses Amer, eds, *International Relations in Southeast Asia: Between Bilateralism and Multilateralism* (Singapore: ISEAS, 2010).

³⁷ Meredith L. Weiss, 'Malaysia-Indonesia Bilateral Relations: Sibling Rivals in a Fraught Family', in Ganesan and Amer, *International Relations in Southeast Asia*, pp.171-198; also see Joseph Liow, *The Politics of Indonesia-Malaysia Relations: One Kin, Two Nations* (London: Routledge, 2004).

³⁸ Simon Roughneen, 'Naval Standoff Between Indonesia, Malaysia-World Politics Review', 12 June 2009

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⁴⁰ 'House, govt call for calm over border dispute', *The Jakarta Post*, 28 August 2010

⁴¹ Milton Osborne, 'Temple of gloom: Thai-Cambodian relations deteriorate', *Jane's Intelligence Review*, January 2010, pp.24-27.

⁴² Seth Mydans, 'Cambodia asks UN to intervene in "imminent state of war" with Thailand', *New York Times*, 22 July 2008.

⁴³ 'Cambodia warns of "large-scale armed conflict" with Thailand', *Channelnewsasia.com* 13 October 2008.

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⁴⁶ Amitav Acharya and Jorge I. Domínguez, '72-hour Neighbours: Designing an ASEAN Crisis management mechanism', *IDSS Commentaries*, no.62/2006, 10 July 2006.

⁴⁷ Mely Caballero-Anthony, 'Recalibrating the ASEAN Security Community', *IDSS Commentaries*, no.55/2006, 21 June 2006

⁴⁸ See Jürgen Haacke and Noel M. Morada, eds, *Cooperative Security in Asia-Pacific: The ASEAN Regional Forum* (London and New York: Routledge, 2010).

⁴⁹ Singapore's Peter Ho apparently referred to Malaysian PM Najib Razak as an 'opportunist'. See 'Singapore Patronizes Allies in WikiLeaks Cables', *The Jakarta Globe*, 12 December 2010

⁵⁰ Christopher Roberts, 'Affinity and Trust in Southeast Asia: A Regional Survey', in Hiro Katsumata and See Seng Tan, eds, *People's ASEAN and Governments' ASEAN* (Singapore: IDSS, 2007), 84-92.

THE ASEAN SECURITY COMMUNITY: WHERE ARE WE NOW?

Jürgen Haacke

The question how far member states of ASEAN have advanced the ASEAN security community can be approached in at least two ways. One involves assessing to what extent the Association meets the criteria that the conceptual-theoretical literature suggests need to be met for a particular kind of security community to exist; the other involves analysing how much progress Southeast Asian countries have achieved to date in establishing the ASEAN Security Community (ASC, now referred to as ASEAN Political Security Community, or APSC). Seeking to accommodate both approaches, this paper is divided into three sections. The first section examines some of the academic writings to ascertain whether ASEAN already constitutes a particular kind of security community. The second section discusses to what extent ASEAN has implemented stated objectives in pursuit of the ASC/APSC. The third section offers a brief and provisional perspective on whether progress in implementing measures associated with the establishment of the APSC has a bearing on whether or how to conceptualise ASEAN as a security community. My first argument will be that even the argument whereby ASEAN should be seen to constitute a 'thin' or 'nascent' security community remains controversial. My second argument is that based on the evidence available progress in implementing the ASC/APSC has proved selective. ASEAN states currently seem to be mostly concerned with the impact of broader geopolitical developments on Southeast Asia which have, for instance, led members to pursue concerted and successful efforts to promote a region-wide ASEAN-led defence and security dialogue at ministerial level. Third, the attainment by ASEAN of certain stated policy goals has yet to bring about the kind of mutual identification among political and other elites that is normally associated with more developed security communities.

Has ASEAN been a security community?

The scholarly debate about whether ASEAN constitutes a (pluralistic) security community predates by several years the Association's public commitment to form such a community as an integral element of a future ASEAN Community. Associated with Karl Deutsch and associates, the concept of security community is usually defined above all with reference to 'dependable expectations of peaceful change' or a 'stable peace'. While up to the 1990s analysts tended to conclude that ASEAN was best conceptualised as an international regime or security regime,¹ Amitav Acharya in particular thereafter suggested that the label of security community was more appropriate to capture ASEAN's role in maintaining peaceful relations among member states since 1967.² The reason for this, so Acharya argued,

was that the existence of a security regime was also possible within the context of an 'otherwise adversarial relationship in which the use of force is inhibited by the existence of a balance of power or mutual deterrence situation', whereas he saw evidence of a security community among ASEAN countries in terms of 'a fundamental, unambiguous and long-term convergence of interests among the actors in the avoidance of war.'³ Acharya's seminal book, "Constructing a Security Community in Southeast Asia" outlines the argument in detail. According to him, a security community presupposes: (1) strict and observed norms concerning the non-use of force; no competitive arms acquisitions and contingency-planning against each other within the grouping; (2) institutions and processes for the pacific settlement of disputes; (3) long-term prospects for war avoidance; (4) significant functional cooperation and integration; and (5) a sense of collective identity.⁴ Most of the above seem straightforward; notably, a major aspect of Acharya's argument focused on the significance of intersubjective process of identity building which he claimed could see a regional grouping of states 'develop an identity and approach of its own even if their national identities and constitutive norms remain different'.⁵ Such a collective identity among members of a security community would find expression, for instance, in a shared commitment to multilateralism, the development of intramural security cooperation, and agreed 'notions about who is included and who is excluded'.⁶

Although he argued initially that '[s]everal characteristics of a mature security community are present in Southeast Asia',⁷ Acharya nevertheless held that ASEAN should be conceptualised only as a nascent security community rather than an ascendant or mature security community. The conceptual distinction is owed to Adler and Barnett, who have understood the development of security communities as a process of three such phases. The nascent phase of a security community is deemed to involve a recognition by states that they not only have joint interests which require collective action but can also mutually benefit from some modest coordination of security policies, as well as shared visions of progress (e.g. economic), and the acceptance that security is interdependent.⁸ The ascendant phase is associated with tighter military coordination, reduced intramural threat perceptions, the deepening of the levels of mutual trust and the emergence of collective identities that begin to encourage dependable expectations of peaceful change.⁹ A mature security community is said to exist when regional actors share an identity, possess high levels of mutual trust and the probability of disputes leading to military encounters is remote. For Acharya, it was in part the growing number of intramural challenges to the consensus regarding its corporate norms and practices that ASEAN experienced in the late 1990s, after the grouping's membership expansion to include Vietnam, Laos, Myanmar and Cambodia, which raised questions about ASEAN states' collective identity and dented short to medium-term prospects of ASEAN being an ascendant security community.

While tensions between some ASEAN states increased visibly in the late 1990s, Acharya emphasized that intramural conflict or disputes should not be seen as evidence that the grouping did not then constitute an embryonic security community. In his words, security community theory 'only expects that they [=intramural tensions and disputes] are resolved without resorts to force'.¹⁰ Subscribing himself to constructivist tenets, Acharya has claimed that other prominent scholars, though they may be invoking different theoretical perspectives, back up his claims regarding ASEAN's status as a security community. In support of this contention Acharya in particular cites Michael Leifer, whose argument that ASEAN was 'an institutionalised vehicle for intra-mural conflict avoidance and management', suggested a regional capacity to prevent disputes from escalating and getting out of hand.¹¹

By arguing that '[h]istorically the ASEAN region has been a thin and pluralistic security community',¹² Donald Emmerson seems to offer a similar assessment in terms of whether the Association may be conceptualised at least as an embryonic security community. For Emmerson, a pluralistic security community 'thinly' defined 'is simply a group of sovereign states that share both an expectation of intramural security and a sense of intramural community'.¹³ By contrast, a 'thick' conception would involve a grouping of states causing security, by virtue, for instance, of them being committed to particular norms. While he finds evidence for the former, he casts doubt on the latter. Indeed, as he argues, it is even 'appropriate ... to remain at least cautiously skeptical as to whether ASEAN will continue to qualify for SC-hood' in the descriptive sense, let alone causal sense.¹⁴ In this regard, Emmerson argues that 'analysts of the Association still lack independent, reliable, and properly empirical data on the existence and nature of emotional solidarity inside the organization - a genuine cooperative identity among its elites, including who shares such feelings, how intense they are, and how they have changed over time.'¹⁵ This is an important point to bear in mind even if Emmerson's work suggests that a mainstream consensus exists whereby ASEAN has constituted a security community of sorts. It is also important, however, not to lose sight of the arguments of those who disagree with this conclusion on empirical or conceptual grounds.

Empirical issues and conceptual challenges

While there has obviously been no intra-regional war involving two or more members of ASEAN since the grouping's establishment, questions have nevertheless been raised about whether the empirical record supports the view that Southeast Asian states constitute a security community. As noted, the existence of a coherent security community has generally been tied to a notion of dependable expectations of peaceful change. In this respect, Acharya has emphasised that a security community depends on respect for the principle of the non-use of force

and an absence of competitive arms acquisitions and contingency-planning against each other within the grouping. The security perceptions and defence strategy of certain ASEAN states suggest however that they do not consider themselves part of a security community. Relevant here is the scholarship by Tim Huxley, who, when analysing Singapore's defence posture, discussed the extent to which the city-state's defence planners appear to emphasise strategic pre-emption, primarily vis-a-vis Malaysia.¹⁶ Other analysts and scholars have highlighted recurrent violations of ASEAN's key norm of not resorting to force or the threat to use force. Such breaches occurred along the Myanmar-Thailand border in 2001.¹⁷ Perhaps more importantly, maritime disputes involving ASEAN countries have frequently been militarised though some have also been resolved peacefully later (e.g. the dispute over Sipadan and Ligitan),¹⁸ reinforcing the point that ASEAN's 'willingness to uphold its principle of non-use of force has been inconsistent.'¹⁹ Not everyone will conclude that these illustrations are sufficient to take the wind out of arguments that ASEAN has been a security community, but it is easy to see why some would.

There moreover remains the cautionary warning about ASEAN's actual ability to prevent or appropriately deal with serious interstate disputes if and when they do emerge. Acknowledging that ASEAN did manage to play a useful role as a vehicle for confidence building and conflict avoidance, Michael Leifer nevertheless suggested in the late 1990s that ASEAN's record looked positive only because 'an intramural threat to peace was never seriously at issue in the wake of "Confrontation"'.²⁰

Challenges to the notion that ASEAN constitutes a security community are also linked to the concept of community. In this regard, discussion has focused on whether a security community can be said to exist if it is conceived as existing only at the level of elites. Although he invoked Adler and Barnett's definition of security community as a 'transnational region comprised of sovereign states whose people maintain dependable expectations of peaceful change',²¹ Acharya focused his attention firmly at the state or elite level. Emmerson did too, arguing: 'In my analysis it is not the people but the state that does or does not have expectations of regional security and a sense of regional community.'²² Other scholars disagree, however. In the view of Alan Collins, for instance, community formation depends on regional civil society organisations (CSOs) generating a common identification among the people. As he argued, the 'move from security regime to security community occurs when the form of interaction among the members expands beyond inter-governmental contacts. Using the term community reveals that the sense of belonging together is achieved by multiple interactions by a variety of elites representing different aspects of society...'.²³

In other words, Collins maintains that contrary to what other analysts of ASEAN have suggested, a we-feeling among political elites - even if it were to exist - is in

itself insufficient for the formation of a security community. As he sees it, a security community is real not only because decision-makers no longer believe that war is not an instrument to resolve differences and conflict, but because societies lock decision-makers into relevant cognitive structures.

For years, the literature has been divided about the extent to which ASEAN countries have been socialised into a collective identity and embraced the responsibilities associated with community building. Certainly, Alan Collins submits that the kind of we-feeling among wider elites that he regards as a precondition of a security community has failed to take root. While Emmerson rather tentatively raised questions about the extent of emotional solidarity among ASEAN decision-makers, other scholars have expressed considerably more skepticism as regards the existence of a community-feeling among regional leaderships.²⁴ Jones and Smith completely dismiss the idea that ASEAN constitutes any kind of meaningful community or possess much of a shared identity. Indeed, in their understanding ASEAN's commitment to non interference has been at odds with community building and regional identity formation.²⁵ As they put it: 'It is simply a non sequitur to build a community among neighbouring states on the basis of official indifference to those neighbours.'²⁶

Finally, it is easy to see how the existence of an ASEAN security community might also be questioned with reference to the now widespread acceptance that the concept of security is about more than interstate war. Many scholars would probably hold that the concept of security community should be open to a broader understanding of security, one that takes account of serious intrastate security issues. As Laurie Nathan has put it, 'The inhabitants of a country wrecked by violence cannot plausibly be said to live in a security community.'²⁷ Underpinning the concept of security community with a broader understanding of security seems particularly apposite as decision-makers in practice appreciate the interlinkages between domestic and external security and large-scale violence in particular within the borders of one country is routinely seen as generating tension and suspicion with contiguous states. To be sure, there is likely to be some controversy surrounding the question about what level of internal violence would still be compatible with the idea of a security community. In Southeast Asia's case a number of ASEAN countries have over the years experienced political struggles and violence that have costs thousands of lives. Some insurgencies, such as those in Myanmar's border areas, southern Thailand or the Moro region are ongoing. Following the logic of expanding the meaning of security, some scholars have also posited that a regional arrangement only enjoys the status of a security community if it has the ability to deal with non-traditional or transnational security challenges.²⁸

As many counter-arguments to ASEAN being a security community indicate more or less clearly, assessments about whether the grouping qualifies for this label

analytically tend to focus on members' shared understandings about principles and practices of conflict management. Many scholars would appear to regard these as ineffective or even counter-productive to the establishment of a security community.²⁹

II. The ASEAN Political-Security Community Project

As part of its ambition to create by 2015 (originally by 2020) an ASEAN Community, which is to consist of three pillars, member states agreed to establish the so-called ASC, now referred to as APSC.³⁰ The Bali Concord II, signed in Jakarta in October 2003, outlines the basic purpose and initial contours of the proposed ASC (which in many ways deviate both from the original proposal for such a Security Community as originally submitted to the Indonesian Chair by Jakarta-based scholar Rizal Sukma, as well as the initial DEPLU paper on the ASC forwarded to other foreign ministries in ASEAN).³¹ At heart, the ASC 'is envisaged to bring ASEAN's political and security cooperation to a higher plane to ensure that countries in the region live at peace with one another and with the world at large in a just, democratic and harmonious environment'. In this context, ASC members 'shall rely exclusively on peaceful processes in the settlement of intra-regional differences and regard their security as fundamentally linked to one another and bound by geographic location, common vision and objectives.' The other two pillars of the ASEAN Community are the AEC and the ASEAN Socio-Cultural Community (ASSC). All three are seen as intertwined and mutually reinforcing.

The establishment of the ASC is not to be confused with efforts to build an exclusive regional security organization. As the Bali Concord II states quite unequivocally, the ASC allows member countries 'to pursue their individual foreign policies and defense arrangements'; indeed, the ASC is underpinned by a commitment to the principle of comprehensive security, it is not 'a defense pact, military alliance or a joint foreign policy'. The Bali Concord II moreover maps out the contours of the proposed ASC with reference to four key points: (1) In pursuing political-security cooperation ASEAN members are to abide by basic principles of international society and ASEAN, namely non-interference, consensus-based decision-making, national and regional resilience, respect for national sovereignty, the renunciation of the threat or the use of force, and peaceful settlement of differences and disputes; (2) ASEAN members are also to cooperatively tackle a range of transnational challenges, including maritime ones as well as counter-terrorism; (3) ASEAN's political-security cooperation is to be guided by existing political and legal instruments, such as the Declaration on ZOPFAN, the TAC, and the Southeast Asia Nuclear Weapons Free Zone (SEANWFZ) Treaty in relation to confidence building, preventive diplomacy and the approaches to conflict resolution; and (4) the ASC is to be 'open and outward looking' in respect of members actively engaging ASEAN's friends and dialogue partners.³² The detail of how to build

the APSC has proved rather controversial, but some initial ideas have been taken forward in a number of further ASEAN documents. These comprise the Vientiane Action Programme (VAP), the ASC Plan of Action (PoA), and, most recently, the APSC Blueprint.

APSC Blueprint

After ratifying the ASEAN Charter,³³ which develops the grouping's institutional structure in the post-Bali Concord II period, members soon agreed on the APSC Blueprint, as a roadmap for the establishment of the APSC by 2015. Whereas before ASEAN had organised its ASC objectives with reference to five 'strategic thrusts', namely political development, the shaping and sharing of norms, conflict prevention based on confidence building and preventive diplomacy, conflict resolution, as well as post-conflict peace building, the APSC Blueprint outlines three aspects of ASEAN's future as a political-security community. To be precise, the blueprint envisages the future APSC as follows: (1) a rules-based community of shared values and norms; (2) a cohesive, peaceful, stable and resilient region with shared responsibility for comprehensive security; and (3) a dynamic and outward-looking region in an increasingly integrated and interdependent world (p.2).³⁴ The Blueprint lists numerous ideas to bring about such a community, with some being more ambitious than others. As regards strengthening political cooperation, agreed moves concern 'laying the groundwork for an institutional framework to facilitate free flow of information based on each country's national laws and regulations', preventing and combating corruption, as well as promoting and protecting human rights. The Association has moreover identified as useful measures to achieve enhanced political cooperation the implementation or application of existing frameworks and treaties (e.g. ASEAN Charter, TAC, SEANWFZ Treaty). The proposed establishment of an ASEAN Maritime Forum also forms part of this endeavour.

In relation to the second envisaged characteristic of the future APSC, the Blueprint highlights the role of ASEAN defence and military officials in strengthening confidence building. Greater transparency and understanding of defence policies and security perceptions are to be achieved by publishing an annual ASEAN Security Outlook, holding voluntary briefings on political and security developments in the region, developing an ASEAN early warning system, and pursuing consultations and cooperation not only among ASEAN members, but also with dialogue partners. The ARF process is also to be strengthened in support of the APSC, primarily by activating agreed mechanisms agreed among participants (e.g. Friends of the ARF Chair) and the pursuit of preventive diplomacy.

The objective of fostering a peaceful and stable region is linked by ASEAN to respect for the TAC, which emphasises the respect for basic international norms and the pacific settlement of disputes. The Blueprint states ASEAN's desire to

develop modalities for good offices, conciliation and mediation and to establish an appropriate dispute settlement mechanism. It also points to a shared acceptance of the usefulness to further research on ways of ASEAN conflict management and conflict resolution, possibly in the context of establishing an ASEAN Institute for Peace and Reconciliation. The Blueprint moreover proposes establishing a network among peacekeeping centres among the ASEAN states, 'with a view to establishing an ASEAN arrangement for the maintenance of peace and stability' (p.11). Possible roles in post-conflict peace building are to be developed by focusing on the provision of humanitarian assistance, capacity building as well as strengthening peace-oriented values. The Blueprint also lists an array of steps designed to address non-traditional security challenges, which include the ratification by ASEAN members of the Treaty on Mutual Legal Assistance in Criminal Matters and the ASEAN Convention on Counter-Terrorism, but also extend to putting in place effective disaster management arrangements. Notably, the Blueprint moreover calls for the convening of special meetings at the Leaders' or Ministerial levels in the event of crisis or emergency situations affecting ASEAN and to develop arrangement to address such situations in a timely manner (p.14). Finally, as regards collective efforts to embed the APSC in an outward looking region, the Blueprint highlights the goal of reinforcing ASEAN's diplomatic centrality by advancing cooperation with dialogue partners and other external parties within the context of APT, EAS and the ARF. Enhanced cooperation with the UN is also highlighted as a goal. Although the ASEAN consensus on establishing the APSC seems to have evolved since its initial articulation in the Bali Concord II in terms of the scope of the proposed security cooperation involved, core ideas of the ASEAN Security Community as originally agreed remain recognizable. At heart, the APSC remains a project designed to safeguard regional stability, and for ASEAN to shape regional order. Significantly, this project is meant to be achieved on the back of cooperative relations with ASEAN's dialogue partners and other parties.

Implementation of the ASEAN Political-Security Community

Generally, efforts to realise objectives linked to the establishment of the ASC/APSC have proved rather uneven. Seen in a regional context, a major step was the creation of the ASEAN Intergovernmental Commission on Human Rights (AICHR), which was finally launched at the 15th ASEAN Summit in 2009. That said, human rights activists have been concerned about the AICHR Terms of Reference, which are perceived to limit the promotion and protection of human rights. In recent months the AICHR has focused on agreeing a work-plan and discussed its possible cooperation with a regional civil society organisation, the Working Group for an ASEAN Human Rights Mechanism. Arguably in line with their stated commitment to promote democracy ASEAN countries have on balance also been supportive as Myanmar's military leaders have followed through on steps outlined in the junta's 2003 political roadmap, notably the November 2010

elections, concerns about the latter's fairness notwithstanding. A primary reason why ASEAN played no major part in relation to the elections was that Myanmar turned down the offer of fellow ASEAN countries to make available election monitors. ASEAN states could only decide whether to accept the invitation by the regime for embassy officials on the ground to observe voting at selected polling stations. Meanwhile, ASEAN members seem to have wriggled out of the previously stated political commitment, made as far back as the 2004 ASC PoA, to oppose unconstitutional changes of government, probably on the basis of the grouping's collective non-response to the military ouster of Thaksin Shinwatra's government two years later.

Despite featuring for years as possible key developments in relation to the establishment of the ASC, only very few ideas on how to take further confidence building and conflict management in the region have been taken forward since 2003. For example, even by 2010 not all ASEAN countries regularly published defence white papers; nor had they established by then a regional early warning mechanism. However, one important idea that has been pursued is the formalisation and reinforcement of a defence dialogue among ASEAN countries. In May 2006 ASEAN defence ministers met formally for the first time. Previously, defence officials had really only been involved in the annual ASEAN Special Senior Officials Meeting and various ARF-related meetings. There had also been informal meetings involving, for instance, ASEAN service chiefs (air, army, navy) as well as representatives of military intelligence. The ADMM has since been organised on an annual basis.

Having traditionally avoided multilateral defence cooperation in favour of an 'ASEAN defence spider web', members thus seem finally to have become more relaxed about institutionalised multilateral defence dialogue at the level of the Association. Also, apart from being a useful venue that allows for bilateral meetings on the sidelines, the ADMM has promoted broader practical cooperation. For instance, the 3rd ADMM organised in Thailand in early 2009 adopted a Joint Declaration on Strengthening ASEAN Defence Establishments to Meet the Challenges of Non-Traditional Security Threats. This highlighted in particular some measure of collective willingness to promote cooperation in the area of disaster management (an area that has attracted increasing attention in various regional fora since the 2004 Indian Ocean tsunami). Specifically, ministers agreed to explore the possible use of regional assets and capacities in relation to humanitarian assistance and disaster relief. Ministers also vowed to explore ways to improve dialogue and cooperation with civil society organisations in relation to non-traditional challenges subject to the discretion of individual members. More importantly, however, already by the 2nd ADMM ministers examined a concept paper (drafted by Singapore and Thailand) for the establishment of the so-called ADMM Plus, which would involve the establishment of a ministerial defence

dialogue with ASEAN's dialogue partners (see below).

In the event, ASEAN defence ministers agreed to organise the first ADMM-Plus in October in Hanoi in October 2010. This ministerial level defence dialogue brings together ASEAN-10 as well as China, Japan, India, Australia, New Zealand, South Korea, Russia and the US. One goal of ADMM-Plus is to promote concrete and practical cooperation to address defence and security issues; in particular, the idea is to build regional capacity, develop expertise and enhance coordination in appropriate areas.³⁵ For now, the areas of cooperation already identified are counter-terrorism, humanitarian and disaster relief, military medicine, maritime security as well as peacekeeping. Not surprisingly, there is some overlap between these proposed areas of cooperation and the areas of dialogue and cooperation of existing regional arrangements, such as the ARF. The composition of the ADMM-Plus, which is currently scheduled to be organised only every three years, will in future coincide with the membership of the EAS, the framework for strategic dialogue among regional leaders created in 2005.

The establishment of the ADMM-Plus promises represents a significant move. It forms part of ASEAN's response to the changing strategic environment and related challenges: (1) the growing strategic uncertainty linked to China's rise against the backdrop of relative US and Japanese decline as well as increasing competition between Beijing on the one hand and Tokyo, New Delhi and Washington on the other, competition that is reinforced by China's continued defence modernisation and growing naval nationalism; (2) recent complications in relations between ASEAN countries and China, particularly as regards the SCS given that renewed perceptions of steely Chinese assertiveness have again taken hold, partly in light of a lack of progress regarding the elaboration of a code of conduct for the SCS and partly because of other reasons, including China incorporating disputed islands into Hainan's domain of local administration, numerous incidents involving the detention of Vietnamese vessels and fishermen, and China putting pressure on ExxonMobil to desist further exploration for hydrocarbon resources off Vietnam's coast; (3) the perceived importance for ASEAN to maintain and claim anew its centrality within the wider regional security architecture, a role that has been challenged by the proposal for an Asia Pacific community, as put forward in 2008 by then Australian Prime Minister Kevin Rudd, and is seen to depend increasingly on moving forward practical security cooperation as well as adding a further platform for defence ministers; so far the Shangri-La Dialogue has provided the only pan-regional venue and framework for interaction among senior military officers and defence ministers or their deputies and as useful as the Shangri-La Dialogue has proved for individual members, it is ultimately not run by ASEAN.

Promoting an open region has been an important objective for all ASEAN states. Since the signing of the Bali Concord II, ASEAN countries have thus continued to

ensure that all major regional powers have a stake in the stability and prosperity of Southeast Asia. Significantly though, if reference to an 'open and outward looking ASEAN' among the ambitions and agenda sketched in the 2003 Bali Concord II perhaps sounded merely like a reminder that Southeast Asia's stability and security could not be guaranteed by regional states themselves, the grouping's more recent determined efforts to develop a defence dialogue with its extra-regional partners suggest that working out how best to structure and develop relations with the major powers has in many ways been considered more pressing, yet perhaps also more feasible than the fuller implementation of ASEAN's stated agenda in relation to conflict management.

III. Is pursuing the APSC turning ASEAN into a higher order security community?

Has ASEAN entered what scholars have called the ascendant security community phase by virtue of its implementation of the APSC? As mentioned, this phase is associated with tighter military coordination, reduced intramural threat perceptions and collective identities that begin to encourage dependable expectations of peaceful change. While ASEAN is buying into the language of scholars like Deutsch, Acharya and Sukma, the question of whether analytically ASEAN has become a more robust security community cannot be satisfactorily answered with reference to ASEAN's political documents and legal agreements. Instead, two questions will be pursued here: (1) do recent developments in the international relations of Southeast Asia, especially perhaps after the signing of the ASEAN Charter, suggest that the likelihood of the use of force by one ASEAN state against another has further receded? (2) has the implementation by ASEAN states of ideas related to the establishment of the APSC as outlined in ASEAN documents been paralleled by visible progress in collective identity building?

Bilateral Relations and the Use of Force

Notwithstanding decades-long attempts between and among states in Southeast Asia to build confidence, intermittent tensions have characterised the majority of what in effect are ASEAN's more important sets of bilateral relationships.³⁶ However, some bilateral ties have always been more strained than others. What is notable in the context of this analysis is that the pursuit of the APSC has ended neither the militarization of bilateral territorial disputes nor the actual use of force. Two cases illustrate this point. While their overall relations are actually sound despite being politically difficult,³⁷ Malaysia and Indonesia have been involved in what has been a militarized dispute over maritime space off Eastern Kalimantan in the Celebes Sea. More recently, complex relations between Thailand and Cambodia were overshadowed by troop mobilisation and the use of force during many months of standoff over land surrounding the Preah Vihear temple.

In the wake of the ICJ's decision in 2002 to decide the sovereignty dispute over Sipadan and Ligitan in favour of Malaysia, Indonesia's political elite and the wider public are quite sensitive to perceived territorial encroachments by Malaysia; this is particularly true for disputed maritime space considered to hold significant hydrocarbon reserves. Jakarta thus squared off against Kuala Lumpur over the disputed Ambalat area in the Celebes Sea in 2005 after Malaysia awarded an exploration concession to Royal Dutch Shell. At the time, Indonesian diplomatic protests were accompanied by the scrambling of warships and fighter jets, but Malaysia also deployed naval assets. At one point, a collision of sorts involving vessels from both sides occurred. Notably, the military posturing was not avoided despite the two capitals having in 2001 negotiated the Malaysia-Indonesia Prevention of Incidents at Sea Agreement (MALINDO-INCSEA). In the event, before too long Jakarta and Kuala Lumpur seemed keen to avoid the further escalation of the situation and opted to resolve the dispute peacefully through negotiations. However, no obvious progress seems to have been made since and the maritime conflict has continued to flare up every now and again; in response to further 'trespassing' in May 2009 President SBY instructed the military to pursue an uncompromising line in defending the country's interests, his eyes firmly set on winning the presidential elections in July that year. Referring to the developments in June 2009, one analyst noted that 'The provocations almost crossed the line into conflict, with an Indonesian vessel reportedly coming close to firing at one of the Malaysian ships'.³⁸

With the climate of Indonesia-Malaysia relations already negatively affected by several issues in the context of their bilateral rivalry (e.g. treatment of Indonesian domestic labourers, and cultural issues), bilateral relations were again put under stress in August 2010 after an Indonesian maritime patrol arrested seven Malaysian fishermen in disputed waters near Riau for illegal fishing and, in apparent retaliation, Malaysian patrols then detained three Indonesian officials from the Maritime Affairs and Fisheries Ministry. This provoked yet another rather strong anti-Malaysia reaction among (more extreme) nationalists. In the event, President SBY again called for calm, reminding Indonesians that the Republic had to maintain good relations with Malaysia, while also suggesting that there would be 'no compromise' on issues of sovereignty and territory.³⁹ In a similar vein the incumbent Coordinating Political, Legal and Security Affairs Minister, former Commander-in-Chief, Djoko Suyanto, said: 'Escalations, be they wars or breaking off diplomatic ties, would not help us to solve the problems'.⁴⁰

Arguably even more serious in terms of their impact on regional stability have been developments in Thai-Cambodia ties. Having at various times proved a major obstacle to normal bilateral relations, the territorial dispute relating to Preah Vihear, which is still ongoing with respect to the surroundings of the ancient Khmer temple, was re-ignited in 2008. The broader context at the time was complex and

involved imminent general elections in Cambodia as well as the yellow-shirted People's Alliance for Democracy (PAD) whipping up a nationalist response against official Thai support under former Prime Minister Samak Sundaravej for Cambodia's application that the Preah Vihear complex be designated by UNESCO a world heritage site. In the event, developments on the border led both sides to mobilise reinforcements that seem to have taken the troops involved to more than 1,000. Several minor clashes occurred over a period of months, resulting in casualties that by the end of 2009 apparently numbered between 12-18 deaths in total (though this does not take into account soldiers who may have died from wounds sustained in the clashes).⁴¹ Significantly, the conflict became intertwined with personal feuding between Prime Minister Hun Sen and his Thai counterpart Abhisit Vejjajiva, which also saw the temporary appointment by Hun Sen of Thaksin Shinawatra as economic advisor. The border conflict continues to serve a political function in both countries and limited cross-border clashes continued into 2010.

While recent armed clashes resulting in casualties occurred only in the case of the Thai-Cambodian border conflict, both the standoff over the disputed Ambalat area and related military posturing as well as the use of force in the vicinity of the Preah Vihear temple raise questions about the potential for armed conflict in the ASEAN region. While it may be possible to maintain that neither incident was likely to lead to war and thus does not per se invalidate arguments whereby the grouping constitutes a security community, it is at the very least difficult to square these developments with the notion that the pursuit of the APSC has led to a higher order security community. Indeed, it is necessary to highlight that Cambodia's foreign minister had in fact warned of an 'imminent state of war' when Phnom Penh - in a bid to internationalize the conflict - sought an emergency meeting of the UNSC or at least the establishment of an inter-ministerial group composed of selected ASEAN members.⁴² Cambodia also warned Thailand to withdraw troops from the disputed area or risk 'large-scale armed conflict' as negotiations offered no quick resolution of the matter.⁴³ Even still in 2010, Cambodia's foreign minister asked for ASEAN to mediate in the border dispute 'in order to avoid any large scale armed conflict'.⁴⁴

Progress towards a collective identity

As noted, collective identity formation is considered an important aspect of security community building. Acharya analysed it in terms of a shared commitment to multilateralism, the development of intramural security cooperation, and agreed 'notions about who is included and who is excluded. Other scholars have argued that a security community depends on mutual trust and a sense of mutual identification which is shared among different kinds of elites across the spectrum of society.

Clearly, multilateral political-security dialogue among the ASEAN countries has expanded further since the signing of the Bali Concord II. ASEAN countries have continued to embrace new areas of security cooperation, particularly in relation to non-traditional security. However, even as regards areas in which the grouping can point to multiple activities, the nature and depth of multilateral cooperation undertaken by ASEAN has led some to conclude that on balance this cooperation itself is insufficient evidence of an ASC.⁴⁵ Notably, a number of seemingly sensible ideas have still to be pursued in practice. For instance, the call for a ministerial-level ASEAN crisis mechanism that would convene within a reasonable number of hours following the outbreak of a regional crisis (e.g. interstate hostilities, unlawful ouster of governments, acts of genocide or large scale-loss of lives from political conflict, pandemics, natural calamities, terrorist attacks, and disruption of sea lanes) has not been translated into reality.⁴⁶ Also, although many regional decision-makers may accept the utility of cooperating in relation to military operations other than war, they have still to accede to the idea to promote establishing a regional peacekeeping force, perhaps in the form of 'a non-standing, multi-national mix of national military and civilian personnel that could be readily volunteered to undertake an array of hybrid tasks related to, but not exclusively, peacekeeping.'⁴⁷ To be sure, the establishment of the ADMM is further testimony to the trend toward a deepening security dialogue and the stated commitment to practical cooperation probably deserves to be taken seriously. In line with the grouping's historical practice, however, the establishment of the ADMM will not function as an exclusive regional vehicle for preparing against, let alone addressing existing security challenges. Certainly it also does not seem designed to bring about intra-ASEAN coordination on defence planning or force modernisation to meet common threats. As such, increased dialogue among ASEAN defence ministers does not necessarily signify a stronger collective identity. Indeed, the emphasis ASEAN members place on developing practical security cooperation with extra-regional states- beyond bilateral defence and security ties they have formed with the major powers and other regional or extra-regional states - deserves renewed mention.

Indeed, when advancing the practical side of security cooperation ASEAN members have in recent years routinely opted for non-ASEAN platforms. For example, an increasing number of ASEAN countries are involved in the Cobra Gold military exercises. In relation to security in the Malacca Strait Malaysia, Indonesia, and Singapore, later also joined by Thailand, have opted to form the Malacca Strait sea patrols; since 2009 all four are also carrying out coordinated air patrols known as 'Eyes in the Sky'. Moreover, the FPDA, which includes Singapore and Malaysia, not only has a standing component at the Royal Malaysian Air Force Base in Butterworth, but also organises military exercises to counter non-traditional maritime challenges and conventional threats. Regional states also generally supported the establishment of an information sharing centre-located in Singapore- to serve as the operational arm of the Regional Cooperation Agreement

on Combating Piracy and Armed Robbery against Ships in Asia, which was proposed by Japan. Arguably, these platforms have been in demand while, first, ASEAN has largely failed to move forward the practical side of its multilateral security cooperation and, second, the ARF has in effect been limited to desk-top exercises in the area of counter-terrorism and field training in relation to disaster relief. While such limitations can in part be explained with reference to the design of these two latter arrangements as well as a lack of capabilities on the part of several Southeast Asian members or participants, there have also been suggestions that limited mutual trust and suspicions complicate multilateral security cooperation.

Though ASEAN countries are said to have developed a diplomacy of accommodation and found the grouping's processes conducive to confidence building, it seems obvious that intramural dialogue and cooperation must not be confused with shared perceptions or interests, or greater levels of amity. Getting to know one another better does not imply that decision-makers or their advisors do not have concerns about whether ASEAN members will seek to pursue national agendas that accord with broader regional interests. The very evident frustration among some ASEAN leaders with the military leadership in Myanmar clearly testifies to this. Wikileaks cables released to date moreover apparently confirm that regional officials or decision-makers are realistic about but not necessarily always sympathetic to the ambitions and political manoeuvres of political leaders in neighbouring countries.⁶⁹ As regards some relationships it is open knowledge that grievances and significant personal resentment between leaders lie just under the surface of diplomatic convention and protocol. High levels of mutual identification among ASEAN political elites are thus probably rare in number and scope than one might commonly assume on the basis of the grouping's declaratory positions./

ASEAN governments seem to accept that the grouping should become a more people-centered organization; they have also vowed to promote a regional identity and in this regard some members have opted to engage civil society organisations at ASEAN summits. Significantly though, wider civil society elites are deeply skeptical if not cynical as regards the prospects of ASEAN as a security community. There is as yet also little evidence that the promotion of the APSC has tempered nationalist grievances among the wider public held against fellow ASEAN states. For instance, Indonesian protesters, perhaps in the belief that Malaysia is belittling Jakarta, have in recent years vented their anger at Kuala Lumpur in part by drawing on the language from Konfrontasi ('Crush Malaysia'). Though only fringe groups may be involved in the staging of violent protests, these clearly have some capacity to further complicate collective identity building. At minimum, protests relating to Indonesia-Malaysia relations indicate that the violence directed at the Thai Embassy and Thai commercial interests in 2003 was not just a regional fluke.

Conclusion

ASEAN is only a few years away from 2015, the target year for establishing the APSC. Based on progress to date in implementing their stated goals, ASEAN countries may struggle to translate into practice and move forward in substantial ways even the majority of declared APSC objectives. However, ASEAN should at least be expected to pursue these objectives selectively. The increasing concerns about China's rapidly advancing military modernisation and more strident Chinese nationalism may make ASEAN countries focus less on criticisms directed at the prevailing consensus on the grouping's approach to conflict management and more on further reinforcing security and defence contacts with the Association's dialogue partners. While this could reinforce political cohesion among members, it is at least as likely that current dynamics of intramural conflict are bound to continue for some time. Ultimately, it is doubtful whether Southeast Asian states will be able to rely on perceived shifts in the wider balance of power to foster really dependable expectations of peaceful change within Southeast Asia. Thus far, the agreement on and implementation of steps to build the APSC does not imply that ASEAN constitutes more of a security community than some scholars made out in the 1990s. Those who disagreed with that argument then will of course probably not want to change their mind now.

Endnotes

¹ See, for instance, Donald K. Emmerson, 'ASEAN as an International Regime', *Journal of International Affairs* 41 (1) 1987: 1-16. By security regime scholars mean a set of principles, rules, and norms that permit states to be restrained in their behaviour in the belief that others will reciprocate.

² Amitav Acharya, 'Association of Southeast Asian Nations: "Security Community" or "Defence Community"?', *Pacific Affairs* 64 (2) 1991: esp. 172-176.

³ Amitav Acharya, 'Collective identity and conflict management in Southeast Asia', in Emmanuel Adler and Michael Barnett, eds, *Security Communities* (Cambridge: Cambridge University Press, 1998), p. 201 (author's emphasis).

⁴ Amitav Acharya, *Constructing a Security Community in Southeast Asia: ASEAN and the problem of regional order* (London and New York: Routledge, 2001), p.21.

⁵ Acharya, *Constructing a Security Community* (1st ed.), p. 29.

⁶ Acharya, *Constructing a Security Community* (1st ed.), p.29.

⁷ Acharya, 'Collective identity and conflict management', p.219.

⁸ Emmanuel Adler and Michael Barnett, 'A framework for the study of security communities', in Adler and Barnett, eds, *Security Communities*, p.50.

⁹ Adler and Barnett, 'A framework for the study of security communities', p. 53.

¹⁰ Amitav Acharya, 'Do norms and identity matter: Community and power in Southeast Asia's regional order', *The Pacific Review*, 18 (1) 2005, p.107.

¹¹ Michael Leifer quoted in Acharya, 'Do norms and identity matter?', p.100

¹² Donald K. Emmerson, 'Security, Community, and Democracy in Southeast Asia: Analyzing ASEAN', *Japanese Journal of Political Science* 6 (2) 2005: 180.

¹³ Emmerson, 'Security, Community, and Democracy in Southeast Asia', p. 171. Emmerson defines security as 'the presence of a durable peace among these states, reflecting a lasting prior absence of war among them. Community is the presence of a cooperative identity among these states, including a commitment to abstain from using force against each other.' (italics in original)

¹⁴ Emmerson, 'Security, Community, and Democracy in Southeast Asia', p.181.

¹⁵ Emmerson, 'Security, Community, and Democracy in Southeast Asia', p.182.

¹⁶ Tim Huxley, *Defending the Lion City: The Armed Forces of Singapore* (St Leonards, NSW: Allen & Unwin, 2000), Chapter 2. On the defence postures and policies of Indonesia, Malaysia, Singapore, Brunei and the Philippines, also see Andrew T.H. Tan, *Security Perspectives of the Malay Archipelago: Security Linkages in the Second Front in the War on Terrorism* (Cheltenham: Edward Elgar, 2004).

¹⁷ Jürgen Haacke, *ASEAN's Diplomatic and Security Culture: Origins, Development and Prospects* (London: RoutledgeCurzon, 2003), Chapter 8.

¹⁸ See J.N. Mak, 'Sovereignty in ASEAN and the Problem of Maritime Cooperation in the South China Sea', Working Paper No.156, Rajaratnam School of International Studies, April 2008.

¹⁹ Samuel Sharpe, 'An ASEAN way to security cooperation in Southeast Asia?' *The Pacific Review* 16 (2) 2003, p. 248.

²⁰ Michael Leifer, 'The ASEAN Peace Process: a category mistake', *The Pacific Review*, 12 (1) 1999, p.29

²¹ Acharya, *Constructing a Security Community*, p.16.

²² Emmerson, 'Security, Community, and Democracy in Southeast Asia', p.173.

²³ Collins, 'Forming a security community', p.209.

²⁴ Tobias Nischalke, 'Does ASEAN measure up? Post-Cold War diplomacy and the idea of regional community', *The Pacific Review*, 15 (1) 2002: 89-117.

²⁵ David Martin Jones and Michael L.R. Smith, 'ASEAN's Imitation Community', *Orbis* 46 (1) 2002, p. 108. The term 'imitation community' builds on Michael Oakshott's use of 'imitation states'.

²⁶ Jones and Smith, 'ASEAN's Imitation Community', p.108.

²⁷ Laurie Nathan, 'Domestic Instability and Security Communities', *European Journal of International Relations* 12 (2) 2006, p. 293.

²⁸ Christopher Roberts, *ASEAN's Myanmar Crisis: Challenges to the Pursuit of a Security Community* (Singapore: ISEAS, 2010), pp.7-8.

²⁹ For detailed discussions of this practice, see Rudolfo Severino, *Southeast Asia in Search of an ASEAN Community* (Singapore: ISEAS, 2006); Mely Caballero-Anthony, *Regional Security in Southeast Asia: Beyond the ASEAN Way* (Singapore: ISEAS, 2005); also see Jürgen Haacke and Paul D.Williams, 'Regional Arrangements and Security Challenges: a comparative analysis', *Crisis States Research Center Working Papers No.52* (London: LSE, 2008).

³⁰ For an account of the origins of the ASC, see Acharya, *Constructing a Security Community in Southeast Asia*, 2nd ed. (Abingdon: Routledge, 2009), esp. pp.259-270.

³¹ For relevant comparisons see Jürgen Haacke, 'Enhanced Interaction' with Myanmar and the Project of a Security Community: Is ASEAN Refining or Breaking with its diplomatic and security culture?', *Contemporary Southeast Asia*, 27 (2) August 2005: 188-216; and Acharya, *Constructing a Security Community*, 2nd ed., pp. 260-262.

³² Declaration of ASEAN Concord II (Bali Concord II), Bali, 7 October 2003.

³³ For details, see Tommy Koh, Rosario G. Manalo, Walter Woon, eds, *Making of ASEAN Charter* (Singapore: ISEAS, 2009).

³⁴ ASEAN Political-Security Community Blueprint, p.2.

³⁵ Chairman's Statement of First ASEAN Defence Ministers' Meeting Plus: ADMM-Plus-Strategic Cooperation for Peace, Stability, and Development in the Region', Ha Noi, 12 October 2010.

³⁶ N. Ganesan and Ramses Amer, eds, *International Relations in Southeast Asia: Between Bilateralism and Multilateralism* (Singapore: ISEAS, 2010).

³⁷ Meredith L. Weiss, 'Malaysia-Indonesia Bilateral Relations: Sibling Rivals in a Fraught Family', in Ganesan and Amer, *International Relations in Southeast Asia*, pp.171-198; also see Joseph Liow, *The Politics of Indonesia-Malaysia Relations: One Kin, Two Nations* (London: Routledge, 2004).

³⁸ Simon Roughneen, 'Naval Standoff Between Indonesia, Malaysia-World Politics Review', 12 June 2009

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⁴⁶ Amitav Acharya and Jorge I. Domínguez, '72-hour Neighbours: Designing an ASEAN Crisis management mechanism', *IDSS Commentaries*, no.62/2006, 10 July 2006.

⁴⁷ Mely Caballero-Anthony, 'Recalibrating the ASEAN Security Community', *IDSS Commentaries*, no.55/2006, 21 June 2006

⁴⁸ See Jürgen Haacke and Noel M. Morada, eds, *Cooperative Security in Asia-Pacific: The ASEAN Regional Forum* (London and New York: Routledge, 2010).

⁴⁹ Singapore's Peter Ho apparently referred to Malaysian PM Najib Razak as an 'opportunist'. See 'Singapore Patronizes Allies in WikiLeaks Cables', *The Jakarta Globe*, 12 December 2010

⁵⁰ Christopher Roberts, 'Affinity and Trust in Southeast Asia: A Regional Survey', in Hiro Katsumata and See Seng Tan, eds, *People's ASEAN and Governments' ASEAN* (Singapore: IDSS, 2007), 84-92.

FORMING AN “EAST ASIA” IN 1997-2005: REGIONAL INSTITUTIONS AND MAJOR POWERS

Masayuki Masuda

Due to the diversity of their political systems, their levels of economic development, and cultural, religious, ethnical, as well as historical backgrounds, it has long been considered difficult to form an international regime among East Asian countries, particularly in the field of security. Although this situation remains unchanged, a consensus of opinion about the necessity of region-wide cooperation has been emerging in East Asia since the latter half of the 1990s.

At a Ministerial Meeting of the ASEAN held in June 2003, its ten member countries agreed to create an AEC by 2020. At the ASEAN Summit held in October the same year, leaders from member states signed the Declaration of ASEAN Concord II, in which they pledged to establish an ASEAN Community comprising three pillars: Economic, political and security, and socio-cultural cooperation. In the field of political and security cooperation, they will seek to establish an ASEAN Security Community by strengthening cooperation in maintaining maritime order and in countering terrorism.¹

It is fair to say that a basic agreement to create a “community” covering the entire East Asian region has virtually been reached. In November 1999, at the third ASEAN+3 (ASEAN plus Japan, China, and South Korea) summit meeting held in Manila, the East Asian countries underscored their commitment to build upon existing consultative and cooperative process in various areas, including in political and security matters.² At the fourth ASEAN+3 Summit held in November 2000, the participating heads of state considered the possibility of holding an “East Asian Summit” meeting and, at an ASEAN Ministerial Meeting held in July 2004, the Japanese government clarified its position on the question of creating an East Asian Community (EAC) by introducing “Issue Papers” for use as an exposure draft to facilitate further discussions on the future direction of the ASEAN+3 process.³

In the interests of security, it is also essential for Japan to actively promote the creation of an EAC. Since the Japan-US Joint Declaration on Security was issued in April 1996, the Japan-US alliance has been positioned as a vehicle for maintaining stability in the region. Since the terrorist attacks on September 11, 2001, the US has shifted the focus of its security strategy, and this has enhanced the Japan-US alliance’s importance. The US attaches great importance to the role played by its allies, cooperates with Japan, its staunchest ally in East Asia, and is realigning its military presence and command structure to enable it to “deploy a more agile and

more flexible force" to contend with uncertainties.

However, unless Japan, the pivot of the US' alliances in this part of the world, provides the countries in this region with an enlightened political leadership, the US will find it difficult to deploy a "more agile and more flexible force". It is particularly vital for Japan to mend its unstable diplomatic relations with China, which is concerned about the strengthening alliance between Japan and the US, and Japan must strengthen strategic dialogue and policy consultations with East Asian countries with unexpected threats in mind. Taking these factors into account, Japan must show leadership toward building of the EAC and must search for a strategic convergence between the US-Japan alliance and the EAC from the security point of view.

1. Development of the ASEAN+3 Mechanism

(1) The Asian Crisis and the Emergence of ASEAN+3

ASEAN commemorated its 30th anniversary in 1997. For the ASEAN summit meeting held in December that year, it had invited the heads of Japan, China, and South Korea to hold the first ASEAN+3 summit meeting. During a tour of Southeast Asian countries in January 1997, the then Japanese Prime Minister, Ryutaro Hashimoto, had touched on the need to strengthen policy dialogues between leaders of Japan and ASEAN member countries and had proposed holding regular summit meetings.⁴ His proposal was, by and large, well received by the heads of ASEAN member countries. Some of the ASEAN member countries, however, feared that Beijing might see it as a move to create a possible counterweight to China's growing presence in the region and were wary of the idea of holding regular summit meetings between the group and Japan.⁵ The then Malaysian Prime Minister, Mahathir Mohamad, who had visited Japan in March the same year and approved of the idea of holding a summit meeting between Japan and ASEAN member countries, said that he would like to see a summit meeting between ASEAN and Japan, China, and South Korea held immediately after an ASEAN summit meeting, and then one-on-one meetings between Japan and the member countries of ASEAN.⁶ Japan supported the idea of holding an ASEAN+3 (Japan, China, and South Korea) summit meeting, the then Japanese foreign minister, Yukihiko Ikeda, calling on then Chinese foreign minister Qian Qichen to participate in an ASEAN+3 summit meeting.⁷ In April, Prachuab Chaiyasan, Thailand's minister of foreign affairs, indicated that an ASEAN+3 summit meeting would be held the day after an ASEAN summit meeting to be held in December the same year.⁸

The first ASEAN+3 summit meeting scheduled for December 1997 should have symbolized the bright prospects for East Asian countries in the early 21st century. However, in July 1997, the plummeting exchange rate of the baht, the Thai currency,

triggered a wave of currency and financial crises across the whole of Asia. In its wake, taking the exchange rates at the end of June 1997 as 100, the currencies of Southeast Asian countries plunged to post-crisis lows: The Thai baht fell by 55.5 percent, the Indonesian rupiah by 85.4 percent, the South Korean won by 54.9 percent, and the Malaysian ringgit by 46.4 percent. The fall in the exchange values of their currencies wreaked havoc with the economic growth of these countries, and their real growth rates plunged across the board in 1998: Thailand was down 11 percent, Malaysia down 7 percent, Indonesia down 14 percent, and South Korea down 6 percent year on year. As a result, the first ASEAN+3 summit meeting failed to come up with any bright prospects. Although they devoted much of their conference time to discussing the currency and financial problems, they failed to agree on a prescription for tiding them over the financial crisis. Confronted with slim prospects for an early recovery in their economies, pessimism that the economic difficulties may persist for some years yet reigned over the summit meeting.⁹ They also failed to reach a conclusion about the idea of regularly holding ASEAN+3 summit meetings.

The financial crisis continued unabated in the months that followed and began to take a toll in political and social areas. In May 1998 President Suharto, who had held office in Indonesia for more than 30 years, was forced to resign. An ASEAN that was anxious to get a toehold to escape the economic crisis pinned its hopes on assistance from Japan to help claw its way out. In September 1998, Mr. Nguyen Manh Cam, Vietnam's deputy prime minister and foreign minister, indicated to Japanese Foreign Minister Masahiko Komura that he would formally invite the leaders of Japan, China and South Korea to the ASEAN summit meeting scheduled for December.¹⁰ What Japan could do to help Southeast Asian countries overcome their economic difficulties became a major topic of the second ASEAN+3 summit meeting held in Hanoi. With a view to assisting these countries, the Japanese government unveiled the "New Miyazawa Initiative" that would provide a package of support measures totalling US\$30 billion.¹¹ At the summit meeting, ASEAN expressed high expectations that Japan would act as the prime mover to help pull ASEAN members out of the economic quagmire and great appreciation for the large-scale assistance to Southeast Asian countries envisaged in the New Miyazawa initiative. Meanwhile, the then Japanese Prime Minister, Keizo Obuchi, promised that his government would implement the New Miyazawa Initiative as quickly as possible and would make ¥600 billion yen (approx. \$5 billion) available in new special yen credits to these countries for three years. He also supported the idea of regularly holding ASEAN+3 summit meetings, the Vice President of China at that time, Hu Jintao, proposing dialogues at the level of vice finance ministers and central bank deputy governors among the ASEAN members and China, Japan and South Korea.¹² The ASEAN+3 mechanism was thus established as a vehicle for carrying out measures to cope with the currency and financial crisis of Asia.

(2) East Asian Economic Cooperation

Concrete progress in cooperation among the ASEAN+3 countries was made first in the financial area. In accordance with Hu Jintao's proposal, an ASEAN+3 Finance and Central Bank Deputies' Meeting was held for the first time in Hanoi in March 1999, at which it was agreed to strengthen a watchdog mechanism to monitor the short-term capital flows that had triggered the Asian currency and financial crisis.¹³ The following month, at an ASEAN+3 Finance Ministers Meeting held in Manila, unanimous support was given to Japan's bid to "internationalize" the yen.¹⁴ Moreover, the then Japanese Finance Minister, Kiichi Miyazawa, announced Japan's decision to add Vietnam to the list of recipients of the New Initiative.¹⁵ In March 2000, at an ASEAN+3 meeting of vice financial ministers and central bank deputy governors held in Brunei it was agreed to set up a framework for financial cooperation in the East Asian region to ensure against the recurrence of the currency crisis. At a Finance Ministers' Meeting held in May in Chiang Mai, Thailand, they agreed to work toward expanding ASEAN Swap Arrangement (the "Chiang Mai Initiative"). Under this agreement, the ASEAN Swap Arrangement concluded by five major members of ASEAN in 1977 was expanded to include all ten members, and its repurchase facility was increased from the original \$200 million to \$500 million. They also agreed to conclude bilateral swap arrangements among the members of ASEAN, Japan, China, and South Korea. By the end of 2003, Japan had concluded such bilateral swap arrangements with China, South Korea, Thailand, the Philippines, Malaysia, Indonesia, and Singapore, for a total facility worth \$36.5 billion.

Among the bilateral swap arrangements, that signed by the Bank of Japan and the People's Bank of China has political significance for the promotion of region-wide cooperation. Under the terms of the existing swap agreements between Japan and ASEAN countries, Japan is unilaterally obligated to lend US dollars to these countries in case of need. In the case of the swap arrangement Japan signed with China, the two countries agreed to lend to one another a maximum of \$3 billion worth of yen or renminbi under certain circumstances. The former is of what may be called an emergency-response type, under which Japan will exchange dollars it holds in local currency when a country strapped for hard currency requests them. The latter (that signed with China) is a reciprocal agreement and not one that obligates Japan to lend dollars unilaterally. The cooperation between Japan, the holder of the world's largest hard currency reserves at that time, and China, the second largest, demonstrated their commitment to stabilizing the currencies of the East Asian region. What is more, the Japan-China swap arrangement calls for mutually lending yen or renminbi, not dollars, and this will encourage the use of East Asian currencies such as the yen and the renminbi in this region. In June 2002, China also concluded a swap arrangement with South Korea for lending a maximum of \$2 billion, and the financial cooperation among the three countries—Japan, China, and South Korea—had thus been strengthened.

Cooperation in merchandise trade also rapidly developed. ASEAN member countries were actively seeking to conclude bilateral FTAs among themselves and with extra-ASEAN countries. In December 1999, Singaporean Prime Minister Goh Chok Tong proposed an FTA to the then Japanese Prime Minister, Keizo Obuchi.¹⁶ At a summit meeting held in October 2000, the prime ministers of the two countries agreed to begin formal negotiations for an FTA in January 2001, and in January 2002 the two countries signed not only an FTA but also a comprehensive New-Age Economic Partnership (JSEPA) that covers wide-ranging areas such as investments and protection of intellectual property. In September 2004, Japan also signed an FTA with Mexico. At a press conference, Prime Minister Junichiro Koizumi stated that Japan would like to press ahead with negotiations with Asian countries by drawing on the successful experience it had gained in working out an FTA with Mexico and indicated that his government would be actively pushing for bilateral FTA negotiations with the Philippines, Thailand, Malaysia, and South Korea.¹⁷ In November 2004, Japan and the Philippines reached a general agreement to conclude an economic partnership agreement (EPA) centered around on FTA.

Singapore had been actively involved in negotiations for bilateral FTAs, and ASEAN as a whole was also pushing for a regional FTA. In October 2003, the ASEAN member countries agreed to complete the integration of their economies by creating an AFTA and by forming an AEC by the year 2020. ASEAN plans that envisaged the creation of an FTA were advanced in "ASEAN Vision 2020" that had been adopted at the second informal ASEAN Summit held in the midst of the currency and financial crisis in December 1997 in Kuala Lumpur as well as in the "Statement of Bold Measures" that had been adopted in December 1998 at the ASEAN Summit held in Hanoi. ASEAN Vision 2020 highlighted the realization of an AFTA and of an ASEAN Investment Area (AIA), in addition to the intensification and expansion of sub-regional cooperation as schemes for achieving economic integration.¹⁸ The AFTA was believed to be a vehicle for liberalizing multilateral trade and would expand economic scope covering more than 500 million people.

Accelerating the movement of ASEAN toward economic integration was the prompt response made by China. At a summit meeting held between ASEAN and China in November 2000, the then Chinese Premier, Zhu Rongji, proposed the conclusion of an FTA, and in 2001 the leaders of China and ASEAN member countries endorsed to establish an ASEAN-China FTA within ten years.¹⁹ At an ASEAN-China summit meeting held in November 2004, they signed a Framework Agreement that set forth specific procedures to be taken for the realization of the FTA.²⁰ Since January 2004, the ASEAN-China FTA has been implemented ahead of schedule with respect to over 560 agricultural products.²¹ It is fair to say that China and ASEAN gave priority to the formation of a region-wide FTA rather than to bilateral agreements.

At the sixth ASEAN+3 Summit Meeting held in November 2002, an East Asia Study Group (EASG) consisting of government officials from the participating countries submitted a report recommending the formation of an East Asian FTA covering the entire region as a vehicle for promoting cooperation among the countries of East Asia.²² At a summit meeting of Japan, China, and South Korea held prior to the sixth ASEAN+3 Summit Meeting, Chinese Premier Zhu said that creating an FTA covering Japan, China, and South Korea was significant and proposed the creation of a Northeast Asian Free Trade Zones as a preliminary step toward the economic integration in East Asia.²³

(3) Expanding and Deepening East Asian Cooperation

As economic cooperation between East Asian countries has grown closer and become institutionalized, ASEAN+3 member nations have begun to discuss how it should be pursued and what form it should take. At the second ASEAN+3 Summit Meeting held in December 1998, the then South Korean President, Kim Dae-jung, proposed the establishment of an East Asia Vision Group (EAVG) consisting of eminent intellectuals from ASEAN, China, Japan and South Korea to discuss possibilities and measures to be explored or taken to promote cooperation among East Asian countries, not only in the economic field but also in the political, security, social and cultural fields. The meeting agreed to establish the EAVG and, at the third ASEAN+3 Summit Meeting held in 1999, the participating heads of state issued a Joint Statement on East Asia Cooperation, the first ever, that identified the areas of cooperation that ASEAN+3 would pursue. Among them is cooperation in economic, monetary and financial fields, social and human resource development, culture and information, and scientific and technical development. Another is cooperation in the fields of political and security issues and transnational issues. In November 2000, President Kim Dae-jung proposed the establishment of an EASG consisting of government officials drawn from member countries to study how East Asia Cooperation should be pursued, and the leaders of the participating countries agreed to commission the EASG to study measures to be taken to elevate the annual meeting of ASEAN+3 into an East Asian Summit.

In accordance with the Joint Declaration on East Asia Cooperation, steps were taken to institutionalize ASEAN+3. In line with the agreements mentioned above, an ASEAN+3 Economic Ministers' Meeting was held in Yangon, Myanmar in May 2000 in addition to an ASEAN+3 Finance Ministers' Meeting; an ASEAN+3 Labor Ministers' Meeting was held in Kuala Lumpur, Malaysia in May 2001; an ASEAN+3 Agriculture and Forestry Ministers' Meeting was held in Medan, Indonesia in October 2001; an ASEAN+3 Tourism Ministers' Meeting was held in Yogyakarta, Indonesia in January 2002; an ASEAN+3 Energy Ministers' Meeting was held in Osaka, Japan in September 2002; and an ASEAN+3 Environment Ministers' Meeting was held in Vientiane, Laos in November 2002. In addition, in the area of security, the first ASEAN+3 Ministerial Meeting on Transnational

Crime (AMMTC+3) was held in Bangkok, Thailand in January 2004. At that meeting, the participating ministers reaffirmed to institutionalize their approach in addressing the various areas of transnational crimes that have links to terrorism. At a Senior Officials' Meeting that was held prior to the AMMTC+3 meeting, they appointed the lead shepherd countries of ASEAN that will lead the fight in each of nine areas – terrorism, illicit drug trafficking, sea piracy, people smuggling as well as trafficking in women and children, arms smuggling, international economic crime, money laundering and cyber crime. At the ASEAN+3 Foreign Ministers' Meeting that was held for the first time during the ASEAN Post Ministerial Conference in July 2000, foreign ministers discussed East Asian security issues such as the situation on the Korean Peninsula and in the SCS, and adopted a Joint Statement of ASEAN+3 in Support of the Sovereignty, Territorial Integrity, and National Unity of Indonesia.²⁴ On the North Korean nuclear issue also, the sixth ASEAN+3 Summit Meeting that was held in November 2002 released a chairman's press statement calling on North Korea to visibly honor its commitment to give up nuclear weapons programs.²⁵

Meanwhile, cooperation among Japan, China, and South Korea has made headway as part of East Asian cooperation. During the ASEAN+3 Summit Meeting held in 1999, leaders of these three countries met for about an hour and agreed to hold a tripartite meeting, to be chaired by each in rotation, after the annual ASEAN+3 Summit Meeting. At their second meeting held in 2000, Japanese Prime Minister Junichiro Koizumi proposed a tripartite foreign ministers' meeting to expand and deepen the process of consultation and cooperation among the three countries. The leaders of these three countries also agreed, in principle, to hold economic ministers' meetings and finance ministers' meetings. The major thrust of the trilateral cooperation was directed toward the economic field and its ultimate aim was "cooperation for prosperity" in Northeast Asia.²⁶ At the tripartite summit meeting held in Bali, Indonesia in October 2003, the leaders of these countries issued a Joint Declaration on the Promotion of Tripartite Cooperation among Japan, the People's Republic of China, and the Republic of Korea.²⁷ While characterizing the tripartite cooperation focused on economic cooperation as an essential part of East Asian cooperation, the joint declaration clearly states that the three countries will strengthen security dialogue and facilitate exchange and cooperation among their defense or military officials.

2. Power Politics over an East Asian Community

(1) China's Neighboring Diplomacy

One of the most important factors boosting the mood to strengthen East Asian cooperation within the framework of ASEAN+3 in recent years has been a shift of emphasis in China's diplomatic policy. China had not exactly been keen on multilateral cooperation and considered that multilateral cooperation generates

less influence overseas than does bilateral cooperation. Although China has been involved in multilateral cooperation since the mid-1980s, its cooperation was directed mostly to the economic and cultural fields. As multilateral cooperation has made headway in Asia, since the mid-1990s China has begun to become actively involved in multilateral talks on security through various forums such as the ARF and the Shanghai Five Initiatives (security cooperation with Russia and three Central Asian countries). However, the refutation China made in response to the “China Threat” that was inflamed by missile firing exercises it had carried out around the Taiwan Strait in the fall of 1995 through the spring of 1996, and the angry response it had made to the strengthening of the US-led alliances such as the Japan-US alliance and NATO, betrayed its strong resentment.

The fifth Plenary Session of the 15th Central Committee of the Communist Party of China (CPC) held in October 2000 adopted “three major historical tasks of the 21st century.” These were to propel the modernization drive as the “central task,” to achieve national unification, and to safeguard world peace and promote common development. Deleted from it were the words “opposition to hegemonism” that were directed toward the hegemony of the US and the Soviet Union in the 1980s and at that of the US in the post-Cold War era. The Tenth Five-Year Plan for National Economic and Social Development submitted by then Premier Zhu Rongji to the Fourth Session of the 9th National People’s Congress held in March 2001 pointed out that China would make a new contribution to the promotion of common development by actively participating in international affairs and by safeguarding world peace. At a press conference held after the People’s Congress, then Foreign Minister Tang Jiaxuan also reaffirmed that China would pursue active diplomacy to achieve the three major historical tasks.

One concrete step China has since taken in its pursuit of active diplomacy has been its active engagement in multilateral cooperation among East Asian countries. In June 2001, China created the Shanghai Cooperation Organization (SCO) with the participation of the Shanghai Five Initiatives and Uzbekistan as a regional cooperation organization covering Eurasia. In addition to the financial cooperation that it has extended within the framework of ASEAN+3, the positive attitude China had shown for the conclusion and early implementation of FTAs had stood out in the early of the 21st century. With regard to the territorial dispute over the Spratly Islands—the most important security issue pending between China and some Southeast Asian countries—in May 2000 China began the process of multilateral negotiations to work out a code of conduct in the SCS, and in November 2002 concluded, as a first step toward a code of conduct, an agreement with ASEAN on a “Declaration on Conducts of the Parties in the South China Sea.” At a summit meeting held in September 2004, President Hu Jintao and Gloria Macapagal-Arroyo, president of the Republic of the Philippines, reaffirmed their readiness to continue discussions to study cooperative activities like joint development of the

SCS, including the Spratly Islands.²⁸ Encouraged by the improvement in relations between China and ASEAN, they agreed to elevate the basic framework of their relationship to a "Strategic Partnership" in 2003. This "strategic partnership" is modeled on the relationship China had applied or had tried to apply to its major power relationships such as with the United States and Russia in the post-Cold War era. The application of the "Strategic Partnership" framework to its relations with ASEAN suggested that China had attached greater importance to its relationship with ASEAN.

There was no gainsaying the fact that at work behind China's bid to strengthen its political and security cooperation with East Asian countries was an aim to stem the hegemonic tendencies of the US and lessen the possibility of increasing US pressure on China. An article carried in the April 2, 2002 issue of *The People's Daily*, expressed the view that regional cooperation had a certain effect in restraining superpower unilateralism.²⁹ In addition, a report released by a project team of China Institute of Contemporary International Relations (CICIR) emphasized the important role played by East Asia, in particularly by ASEAN, in spurring the development of global multi-polarization. China, which classes the Taiwan issue as an internal affair, has avoided clarifying its position with regard to possible Taiwan's involvement in East Asian cooperation. But it may be said that China intends to restrict Taiwan's diplomatic room for maneuver by strengthening its political and security cooperation with East Asian countries and by broadening its initiative in East Asian cooperation. *The People's Daily* stressed that, at an ASEAN+3 Ministerial Meeting held in July 2004, ministers had unequivocally reaffirmed the policy of their government to uphold the one-China policy.³¹

Reflecting its position, China characterizes "Neighboring Diplomacy (*Zhoubian waijiao*)" as being as important as its relations with major powers. At the 16th National Congress of the Communist Party of China held in November 2002, the then Chinese president Jiang Zemin devised a report of policies that China would continue to cement friendly ties with its neighbors, and continue efforts to build good-neighbor relationships and partnerships with them.³² At the ASEAN+3 Ministerial Meeting held in July 2004, Foreign Minister Li Zhaoxing proposed to step up discussions about the future courses of action to be taken to strengthen East Asian cooperation, such as the formation of an EAC, to accelerate the integration of the economies of Northeast and Southeast Asian countries, to hold an East Asian Summit meeting on political and security issues at an appropriate time, and to further promote comprehensive East Asian cooperation.³³

Of China's new policies that attach importance to its neighboring diplomacy, the most impressive was that it acknowledged how important Japan plays in order to promote the East Asian cooperation. Such a course of action by China had already been confirmed in the Japan-China Joint Declaration on Building a Partnership of

Friendship and Cooperation for Peace and Development, released in November 1998. It declared that building a new partnership between Japan and China would serve as a positive contribution to the peace and development of the Asia-Pacific region and the world as a whole. Both countries agreed that the effect of the Japan-China partnership would not be confined to the two countries and would extend not only to economic development but also contribute to peace and the security of the entire region. The then Chinese Premier, Zhu Rongji, who visited Japan in October 2000, said that he was hopeful that the partnership would strengthen its cooperation with Japan within the framework of East Asian cooperation, help East Asian cooperation take a substantive step forward, and make due contribution to the rise of Asia. There still were signs of a strong anti-Japanese sentiment in China, however its leadership attached importance to neighboring diplomacy and acknowledged the importance of the role and influence Japan could play or exert as a prime mover in East Asian cooperation. The Chinese Vice Foreign Minister Wang Yi also expressed his hope that the two countries would step up East Asian cooperation through the partnership.³⁴

(2) ASEAN Seeks Japan-China Cooperation

In the course of promoting East Asian cooperation, ASEAN had been clearer than China in indicating what it expects from Japan's leadership. At a press conference held prior to the ASEAN-Japan Commemorative Summit in December 2003, the then Prime Minister of Singapore, Goh Chok Tong, said that Japan should fulfill a leadership role in building an EAC and urged Japan to implement positive policies not only in the economic field but also in the political and security fields.³⁵ Malaysian Prime Minister Abdullah Ahmad Badawi also said that Japan was a key player in this region.³⁶ One factor that had raised expectations among ASEAN member countries for a Japanese leadership position in building an East Asian Community was the decisive role Japan had played in helping these countries ride out the monetary and currency crisis of 1997. The "New Miyazawa Initiative" that had extended \$21 billion worth of assistance in 1998 was particularly appreciated by them.

Another factor was the rapidly growing Chinese presence in East Asia, where leaders could not dispel fears caused by the unpredictability of the form this would take in the future. While acknowledging the strong presence China has in this region, Prime Minister Goh made no bones about his wariness of China's future scenario by saying that "China realizes that it is a huge elephant, and even if it treads softly, it can still shake the ground".³⁷ An article written by a Foreign Ministry official in the Indonesian government that appeared in the August 16, 2004 issue of the *Jakarta Post* pointed out that memories of past Chinese intervention in the domestic affairs of many countries in the region have conditioned them to be cautious in developing relations with their giant northern neighbor.³⁸ Such memories and wariness caused by the unpredictability of China's future intentions have caused

Southeast Asian countries to entertain hopes for leadership from Japan to act as a counterweight to China's growing presence and as a catalyst to accelerate the movement toward the creation of an EAC. The leadership they want from Japan is not confined to the economic area but extends to the political and security areas too. In October 2003, China signed the TAC, the first major extra-regional power to do so, and ASEAN strongly urged Japan to sign the treaty.³⁹ However, while welcoming the signing of the treaty by China as a move contributing to East Asian stability, Prime Minister Koizumi was noncommittal with regard to Japanese participation. According to Marty Natalegawa, a spokesman from the Indonesian Foreign Affairs Ministry, the Japanese delegation was considering whether signing the treaty would limit the latitude of Japan's strategic cooperation with the US.⁴⁰

However, this is not to say that ASEAN is not receptive to China's active engagement in building an EAC. A study carried in the *Jakarta Post* mentioned earlier also pointed out that Chinese economic growth has become a driving force in the development of the regional economies and stressed the necessity of a closer engagement with China. While wary of the growing Chinese presence, ASEAN issued a Joint Declaration on Strategic Partnership for Peace and Prosperity in October 2003 in response to China's proposal for the formation of a strategic partnership. The joint declaration characterized China's signing of the TAC document as demonstrating that the political trust between the two sides had been notably enhanced. Aware of the strategic importance of ASEAN-China relations to peace, development, and cooperation, the two sides declared the formation of a "Strategic Partnership". In the belief that China's active involvement would be a plus to the formation process and in the hope of leadership from Japan, ASEAN was urging the two countries to coordinate their policies for the formation of an EAC. The *Business Times* of Singapore urged Japan and China to take on a leadership role as core members in integrating the East Asian economies and to coordinate their policies toward this end.⁴¹ Alluding to the difficulties of making substantive improvements in the relations between Japan and China because of differences in the perception of the wartime history between them, the *Lianhe Zaobao*, a newspaper in Singapore run by an ethnic Chinese publisher, pointed out that utilizing strategic improvement in diplomatic relations to pursue common benefit was nothing new. In August 2004, the Network of East Asian Think-Tanks (NEAT), a track-two international body established in September 2003 at the suggestion of the EAVG and the EASG made at the sixth ASEAN+3 Summit Meeting, met for the second time in Bangkok. Participants, particularly those from ASEAN member countries, expressed concern over the slow progress of cooperation between Japan and China toward building an EAC. Dr. Lam Peng Er, a senior fellow at the National University of Singapore who had participated in the meeting, stressed the importance of policy coordination between Japan and China, while expressing concern over the current state of relations between the two countries.⁴²

Japan also began to take a positive stance on building an EAC. At the ASEAN-Japan Commemorative Summit held in Tokyo in December 2003, the participating leaders released the Tokyo Declaration for the Dynamic and Enduring Japan-ASEAN Partnership in the New Millennium and a Japan-ASEAN Plan of Action that will serve as a guideline for Japan-ASEAN cooperation.⁴⁴ The Tokyo declaration clearly stated that Japan gave its full support for ASEAN's program to the formation of a more integrated ASEAN community, and would seek to build an EAC. At the summit meeting, the participating heads of state agreed that Japan and ASEAN would play a central role in deepening East Asian cooperation. In response to ASEAN's persistent call on Japan to join TAC, Japan indicated its willingness to do so by stating that its accession to TAC would further strengthen trust, peace, and stability in Southeast Asia, and signed the instrument of accession to TAC in July 2004. The Japan-ASEAN PoA proposed about 100 specific projects to be implemented in the near future, and ASEAN announced that it would implement 17 short-term measures proposed by the EASG in November 2002.

3. An East Asian Community and Japan

(1) Junichiro Koizumi and China: "Cold Politically while Warm Economically"

Factors holding the key to the building of an EAC are the development of cooperation between Japan and ASEAN, actions that will be taken by regional powers (Japan and China), and the relations between these two regional powers. If Japan is serious about building an EAC, Japan and China must coordinate their policies toward that end.

On the economic front, the combined GDP of Japan and China is equivalent to more than 80% of that of the entire East Asian region. As a step toward building an EAC, Japan has been seeking to conclude wide-ranging EPAs with Southeast Asian countries covering rules for direct investment, liberalization of service trade, and improving customs clearance procedures on the basis of bilateral FTAs with these countries. Meanwhile, China aims at fostering the autonomy of East Asia, attaches importance to building a consensus throughout the entire region rather than comprehensive bilateral agreements, and wants to limit the coverage of an FTA with ASEAN to the liberalization of trade. Given such differences in policy aims between the two regional powers, efforts should be made to hammer out a common road map that will lead to the creation of an EAC. Dr. Moon Chung-in, then-chairman of the Korean Presidential Committee on Northeast Asian Cooperation Initiatives, called on Japan, China, and South Korea to conclude a Northeast Asian FTA at an early date as a process preliminary to creating an East Asian FTA.⁴⁵ One estimate had shown that a Northeast Asian FTA would have the effect of pushing up the real GDP growth rate of these three countries.⁴⁶ Add ASEAN to this and the real GDP growth rate of the entire region would rise higher still. Given such prospects, an agreement among these three countries on this approach is essential to strengthening economic cooperation among the countries of the region. On the monetary front, reciprocal currency swap arrangements have already been signed, but serious negotiations for an FTA among these countries

are yet to begin. A recent survey of Japanese firms conducted by the Japan External Trade Organization (JETRO) about business opportunities they see in East Asia found that 43.8 percent of them regarded a Japan-China FTA as having the most potential, 3.9 Percent of them a Japan-South Korea FTA, and 8.9 percent of them an FTA between Japan and ASEAN.⁴⁷

Standing in the way of policy coordination between Japan and China were the relations between the two countries described as “Cold Politically while Warm Economically.” For both Japan and China, the other’s market had taken on an importance of such a magnitude that one can no longer ignore the other. In 2003, the two-way trade volume between the two countries jumped 43.6 percent compared with the year before, to \$132.6 billion. This represented a 130-fold increase from that of 1972, when the two countries normalized their diplomatic relations, and Japan had been China’s biggest trading partner for the past eleven years. However, owing to the spread of severe acute respiratory syndrome (SARS) in China, the country’s growth rate from foreign direct investment in 2003 slowed sharply, rising just 1.4 percent (on a fulfillment basis) year on year. Meanwhile, direct investment made by Japanese firms in China increased 20.6 percent in 2003 compared with the previous year, to an all-time high of \$5.05 billion. China has become Japan’s first largest trading partner surpassing the US in 2004, accounted for 22.2 percent of Japan’s overall merchandise trade.

Despite the increasing economic interdependence, diplomatic relations between the two countries had remained strained. Mutual formal visits by the heads of state had stopped since the visit of the then Chinese Premier, Zhu Rongji, in October 2000 until October 2006 when Japanese Prime Minister Shinzo Abe paid a formal visit to China. Amid the region-wide efforts to build an EAC, only mutual visits by the heads of state had been suspended. However, this is not to say that no efforts were being made to break the politically cool stalemate. The drift of the debate widely known as “New Thinking” on Sino-Japan relations that had raged in China from late 2002 to early 2003 called for a breakthrough in the cool diplomatic relations recognizing the critical importance of their cooperation in East Asian affairs. However, New Thinking has come under vocal attack since it was published. Since it was made public, debate had arisen over the Internet and more than 5,000 Web sites participated, and a majority of them opposed the idea. Particularly scathing criticism dominated the BBS sites, creating the impression that the general public in China had not been receptive to New Thinking. To make matters worse, in August 2003 a fatal accident (the so-called 8/4 incident) caused by toxic chemicals dumped by the Japanese army during the war occurred in Qiqihar, Heilongjiang Province, killing one person and injuring 43 people. In September, a group of Japanese tourists participated in a mass orgy in Zhuhai, and in October a group of Japanese teachers and students at the Northwest University in Xi’an performed a skit that many watching found beyond the pale for them. These successive incidents tarnished Japan’s image in the eyes of the Chinese people, prompting some to attack Japanese students who had had nothing to do with the skit and triggered anti-Japanese demonstrations in Xi’an. According to a

poll conducted by the China Youth Daily (*Zhongguo Qingnianbao*), 83.2 percent of the respondents said that the 8/4 incident had changed their image of Japan for the worse.⁴⁸

This is not to say that Japan had not made any efforts to break the diplomatic stalemate between the two countries. Prime Minister Koizumi delivered a speech under the title of “Asia in a New Century—Challenge and Opportunity” at the Boao Forum of Asia in Hainan Island in April 2002. In that speech, he expressed the view that the dynamic economic development of China presented challenges as well as opportunities, not threat, for Japan, and that Japan and China could strengthen their mutually complementary bilateral economic relations.⁴⁹ In a conversation he had with the then Chinese Premier, Zhu Rongji, while attending the forum, Koizumi proposed – and Premier Zhu Rongji agreed to – the establishment of a Japan-China Economic Partnership Consultation to detect at an early stage economic issues arising between the two countries and to prevent disputes, and the two leaders agreed to do so. On the diplomatic front, also, they agreed to consider steps to be taken to facilitate an early realization of mutual official visits by the heads of states of the two countries that had been suspended for quite some time. In May 2003, at a Japan-China summit meeting held in St. Petersburg, Prime Minister Koizumi reaffirmed his perception of China he had revealed at the Boao Forum a year earlier and said that he would like to make efforts together with China toward building a new Japan-China relationship.

On the security front, the then minister of state for defense, Shigeru Ishiba, paid a visit to China in September 2003 during which he agreed with his Chinese counterpart to arrange mutual port visits by naval vessels at an early date and to promote exchanges by high-level defense officials between the two countries.⁵⁰ However, at a meeting held between deputy chief-ranked defense officials from Japan and China in January 2004, Gen. Xiong Guangkai, deputy chief of the General Staff of Chinese People’s Liberation Army, expressed concern over Prime Minister Koizumi’s visit to the Yasukuni Shrine and took a dim view of the possibility of his country’s naval vessels visiting Japanese ports by stating that such visits should await improvements in the diplomatic atmosphere between the two countries.⁵¹ What was worse, a series of events – the territorial dispute over the Senkaku Islands, the development of a natural gas field by China in the East China Sea, and the hostile boos hurled at the Japanese soccer team by Chinese spectators at the final match of the Asian Football Confederation Asian Cup 2004 held in July 2004 – fanned anti-Chinese sentiment in Japan. According to a public opinion poll on foreign affairs conducted by the Japan’s Cabinet Office in October 2003, 58.2 percent of the respondents said that they did not feel affinity toward China, up 10.2 percentage points from the previous year, and the ratio of those who felt warmly toward China had dropped to 37.6 percent.⁵² In order to form an EAC, it is imperative for both Japan and China to make efforts to break the frigid diplomatic stalemate. For Japan’s part, Yohei Kono, then-speaker of the House of Representatives, visited China in September 2004 to look for clues to improve diplomatic relations between the two countries. In Beijing, he issued a statement

saying that the two countries should choose cooperation, not confrontation, through dialogue and called on them to make greater efforts to improve their diplomatic relations. He also pointed out that close cooperation between the two countries is a motive force for development of East Asia. The Chinese government sent a signal to Japan that China too was keen in improving diplomatic relations with Japan by giving him a red-carpet welcome normally reserved for heads of state. At the start of a conversation with the visiting speaker, President Hu Jintao indicated to him that the Chinese government placed great emphasis on relations between the two countries and stressed that China would actively promote better diplomatic relations from a strategic standpoint.⁵³ Acknowledging that the diplomatic relations between the two countries were undergoing difficulties, President Hu Jintao indicated that he would seek to break the present stalemate by saying that he did not relish seeing the situation that is "Cold Politically while Warm Economically" continue.

However, one can hardly say that closer Japan-China diplomatic relations had been actively pursued "from the strategic standpoint." The strategic standpoint was one that defines the creation of an EAC as a benefit common to Japan and China, and one that was aimed at promoting cooperation and policy coordination not only in the economic field but also in the political and security fields toward building an EAC. But in April 2005, a series of anti-Japanese demonstrations broke out in major Chinese cities, including Beijing and Shanghai. Some of the demonstrators went wild, chanting "*aiguo wuzui* (patriotism is not a sin)" and threw stones at the Japanese embassy and consulate general, further worsening relations between the two countries.

(2) Strategic Convergence": the United States in East Asia

In August 2004, US President George W. Bush, with a crisis that might be triggered by terrorist attack or WMD in mind, unveiled a plan to realign the US armed forces overseas with a view to deploying a more agile and more flexible force in response to such crises. According to the plan, the US was expected to step up military exercises with Southeast Asian countries and to expand and strengthen a network that will facilitate America's access to these countries in case of an emergency. The Bush administration attached great importance to the role to be played by its allies to facilitate a more agile and more flexible deployment of its armed force to deal with unexpected threats and tried to realign its military presence and command structure in cooperation with its staunchest allies, for example, Japan, in East Asia. The strengthening of its alliances thus far planned in the region, such as the Japan-US alliance, and the regional cooperation in East Asia were to be compatible.

The US had long been studying the new course of action to be followed in this region. Admiral Dennis C. Blair, then-commander-in-chief of the US Pacific Command, said that the US should develop regional, multilateral approaches to common security challenges, and pointed out the necessity for multilateral policy coordination, including combined military cooperation in East Asia.⁵⁴ As examples of common security challenges, he pointed out transnational issues (such as

terrorism, drug trafficking, piracy, and the proliferation of WMD), disaster relief, as well as search and rescue operations. Thus the course of action contemplated by the US was aimed at improving East Asian countries' ability to take cooperative action themselves. It was also aimed at engineering strategic convergence of multilateral cooperation (such as Japan-US strategic cooperation, ASEAN+3, and ARF) and alliances. In fact, at the an US-Japan meeting of the Security Consultative Committee (SCC) in February 2005, the US and Japan "welcome[d] the development of various forms of regional cooperation" in Asia Pacific.⁵⁵

It may be said that the necessity to work out strategic convergence of alliances and multilateral cooperation in East Asia has increased of late.⁵⁶ At work behind such development is the progress made in expanding the US-led network of alliances that was spurred by a sense of crisis over the threat of terrorism and the possibility of WMD falling into the hands of terrorists since 9/11. In May 2003, President Bush proposed a Proliferation Security Initiative (PSI) as a preventive measure counter the proliferation of WMD.⁵⁷ The PSI is a framework designed to facilitate policy coordination and collective actions among participating countries. Its main objectives are: (1) to carry out interdiction training exercises to enhance the capability of participating countries to jointly impede and stop the transport and transmission of WMD; (2) to share information among partners; and (3) to consider practical steps to improve and enhance interdiction activities based on the existing international and domestic laws of each participating state. In September 2003, PSI interdiction principles were affirmed in the form of the Statement of Interdiction Principles, and an exercise called "Pacific Protector" was carried out in mid-September off the coast of Australia with the participation of troops from the United States, Japan, Australia, and France and so on. Such multilateral policy coordination and joint actions based on US-led alliances are aimed at engineering a functional connection of the deterrence and response systems that had been strengthened in the past on a bilateral basis. And by taking the form of a coalition of the willing, it has become possible to induce extra-alliance actors. At the end of May 2004, Russian government declared to join the group of founding states of the PSI and sent its observers to the PSI maritime interdiction exercise called "Team Samurai 04" that were held in Sagami Bay and in the port of Yokosuka, Japan, toward the end of October the same year.⁵⁸

However, differences over measures to counter terrorism and piracy had still persisted between Southeast Asian countries and US. Early in 2004, the United States indicated to Southeast Asian countries its willingness to participate in maritime patrols in the Malacca Strait in cooperation with Singapore to provide support counter maritime terrorism in the region. Singaporean Minister for Defense Teo Chee Hean acknowledged that defending maritime safety against terrorism was an intensive and complex task, and explained to the countries in the region the necessity to have cooperation from the US Navy. However, Malaysia and Indonesia opposed the idea. In July the same year, the Indonesian Navy announced that it would start a coordinated patrol of the Strait jointly with Singapore within the month and refused to participate in US-led maritime patrols.⁵⁹

True, there were differences among Southeast Asian countries over the use of US military force in their territorial waters, and this was all the more reason to having dialogue to ultimately hammer out strategic convergence of the US-led alliances and multilateral cooperation of East Asian countries. This is not to say that there has been no willingness on the part of East Asian countries to have such strategic dialogues. At the 10th ARF meeting held in June 2003, Chinese Foreign Minister Li Zhaoxing proposed an ARF Security Policy Conference (ASPC) as a permanent institution. This was the first proposal China had ever made to create a multilateral security forum in the Asia-Pacific region in which vice defense ministers as well as foreign ministry officials of the countries in the region were to participate in a policy dialogue. Acting on this proposal, the ARF Ministerial Meeting held in July 2004 formally decided to establish the ASPC, and held the first meeting of the ASPC in Beijing on November 4-6 of the same year. At its first meeting, the participating officials discussed international and regional security situations and the role to be played by their national defense forces in combating terrorism, drug trafficking, and non-traditional security threats. The positive stance China had taken in the process of creating the ASPC was not exactly free of geopolitical calculation to restrain the presence of the US. Deputy Chief of General Staff Xiong Guangkai, leader of the Chinese delegation, obliquely restrained the US by pointing out the existence of "power politics" in the region.⁶⁰ And the PLA Daily (*Jiefangjun bao*) also indicated its wariness of US unilateralism in its article published on the next day of closing the first meeting of the ASPC by emphasizing the necessity to observe the basic principles of international law and the importance of international cooperation.⁶¹

However, despite these negative views, the delegates participating in the ASPC meeting basically agreed to strengthen cooperation in combating non-traditional security threats posed by terrorism. With the atmosphere thus growing ever more favorable to multilateral cooperation, this is the time for the participating countries to get actively involved in strategic dialogues. The US is a member of the ARF, and China can ill-afford to mount a frontal attack on the US at the ASPC. Japan is one of the most important allies of the US, and an actor who holds the key to the success—or failure—of the collective effort to create an EAC. For its part, Japan has already made it clear that it is seeking to build an EAC. In the absence of Japanese political leadership in East Asia, it would be difficult to create an EAC. Because of differences among the countries of this region over the involvement of the US in East Asian affairs, Japan's important position between the Japan-US alliance and the proposed EAC gives it a critical role to play, and it should endeavor to engineer a strategic convergence of the two.

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TRANSNATIONAL ORGANISED CRIME IN EAST AND SOUTH EAST ASIA

Roderic Broadhurst

Introduction

The significance of transnational organized crime as both a global and national security threat has only recently been recognized as a 'clear and present danger' for international security. Under the rubric of non-traditional security cross-border crime has become a concern of both 'low' (domestic police) and 'high' security (national and regional security). A consequential challenge has been to integrate the national, regional and international security response such that traditional policing (criminal justice) agencies, military and national security agencies can work more effectively and seamlessly in reducing the harm of transnational organized crime.

The emergence of crime as an international security problem arises from the increasing interdependence of global markets, especially in illicit goods and services, and the emergence of resilient cross-national crime groups. The principle international agreement the United Nations Convention against Transnational Organized Crime (UNTOC) or the Palermo Convention 2001 recognizes the corrosive impact of organized crime and the convention was rapidly and widely endorsed coming into force in 2003. In 2004 the United Nations 'High-level Panel on Threats, Challenges, and Change', identified transnational organized crime among six major threats to a secure world (UN 2004). Among the six threats some, such as civil war and poverty play a criminogenic role while organized crime often worsens the risks of terrorism, revenue loss and governance gaps that lead to conflict.¹

The UNTOC defines a serious transnational offence as that undertaken by three or more people with the aim of material gain. Several offences have now been routinely identified and these are briefly noted:

- Human trafficking and smuggling: includes child and sexual exploitation (see additional protocols UNTOC) but also indentured work.
- Drug/Narcotic trafficking: includes the illicit, production, distribution of cannabis, cocaine, opiates (heroin, morphine etc), and Amphetamine Type Stimulants (ATS), and MDMA (Ecstasy). The growth in sassafras oil production (an ingredient of MDMA production) in Cambodia has been observed with significant impacts on the environment. Also worrying increases in opiate and ATS production have been noted in the Golden Triangle. This suggests that consumption is increasing in East Asia and

elsewhere and that the focus on Afghanistan reflects its opiate production's impact on Europe.

- Firearms trafficking: including small arms, explosives and can also include more sophisticated weapons or components for guided missiles (see additional protocols UNTOC).
- Environmental resource trafficking: includes exotic and protected animal and plant species, protected timber
- Cybercrime: a rapidly growing problem as Internet penetration increases globally (e.g. China now is the largest participant in cyberspace). ID theft and unauthorised access to a computer are often the leading precursor offences. It is important to note that the 'high-tech' character of many cybercrimes is not evident in practice with simple deceptions ('social engineering') achieving unauthorised access. Web 2.0 applications also have increased the risks to users as some users may reveal more personal information on sites such as 'Facebook' than they otherwise might.
- Maritime Piracy: the modern form includes the seizure of vessels, cargo and crew and may involve the 're-birth' of vessels. The extensive risks confronted of the coast of Somalia now involve costly multi-national naval resources in routine policing actions. The absence of an effective criminal justice system is one of the obvious causes of piracy in State/region where governance gaps present real risks. Similar problems although not on the same scale are also found in the Malacca straits, the SCS and the Philippines and Indonesian archipelago.
- Product counterfeiting/intellectual property theft (IP): includes medicines and other proprietary drugs, digital products (e.g. DVDs), and high street fashion goods.

The above list is not exhaustive but illustrates the breadth of illicit markets that are attractive to organised criminal groups. Internal conflict and 'small wars' are also stimuli for transnational organised crime and while such 'disruptions' to states occur in the wider region the need for broader regionally co-ordinated countermeasures are required. Derivative or precursors crimes related to transnational crime such as bribery and corruption of officials and the money laundering of tainted wealth often has a cross-border dimension. However, limitations of space restrict coverage of these topics despite their significance in curtailing the growth of transnational organized crime groups.

Regional complexity²

Asia covers a vast area and includes more than half the world's population and China and India, are the two most populous in the world. Asia also hosts all the major world religions (Islam, Buddhism, Hinduism and Christianity) but also

includes socialist market states, like China and Vietnam. The south Asian 'sub-continent', with its population of 1.5 billion, has more people living below the poverty line than any other region in the world. In contrast, the average income of the 1.3 billion people in China has risen rapidly but has also created significant inequality from province-to-province, and between urban and rural areas. Parts of Southeast Asia (where ten countries share 590 million people) are still impoverished with Cambodia, Laos and Myanmar rated among the poorest in the world. Taken as a whole, Asia has some of the world's fastest growing economies but also presents extremes of inequality and destitution that are often ineffectively mitigated by governments. Such inequalities help generate many forms of crime alongside the related problems of poor governance and corruption.

In recent decades Asia has experienced the same globalizing trends and rapid trade liberalization as the rest of the world. But while trade has created a climate of interdependence, the diversity of interests and the persistence of traditional antagonisms have not been contained by regional governance mechanisms to the same extent as they have been in Europe. For instance, the South Asian Association for Regional Cooperation (SAARC) has not yet proven an effective multi-lateral mechanism for cooperation against cross border criminal activities (Gordon 2009).³ The ASEAN has been more active, but has also generally failed to keep pace with regional crime developments.³ In west and southwest Asia, and to some extent central Asia, there is an absence of multi lateral efforts to suppress transnational organized crime. The result is increasing cross border criminal opportunity but no commensurate rise in regional governance capacity.

Table 1 illustrates the significance of illicit drug consumption within our region and with our neighbors but it is notable that two significant markets Japan and China provided limited or no data. The variation and scale of drug consumption bring to focus the importance of illicit markets in driving transnational crime. This regional picture on narcotics consumption, although conservative in its estimates is possible because, despite the difficulties a considerable data collection effort is undertaken (by some States and the UN) however, much less is known about other transnational organized crimes.

Caveats

Although this paper (conference) focuses on the situation in East and SE Asia it is important to acknowledge that the circumstances in South Asia, West and Central Asia will also have a bearing on trends in transnational crime. In the post Westphalian State era, with the emergence of forms of 'shared sovereignty' (as in the example of the EU) combined with the enhanced role of a variety of non-state actors national borders has become more porous and flexible. Combine this with the high convergence of information technology, and the globalization of trade/travel the result is hyper regional inter-dependence. Thus the rapid

changes, opportunities and vulnerabilities evident in one region disrupted by conflict or political/governance failure will affect another – in a sense we all live in “communities of shared fate”. So events in West or South Asia (for example the growth of India and conflict in Afghanistan) or the borderlands of the golden triangle have the potential for both growth and change in transnational crime.

Another caveat is that the traditional focus on crime groups and professional criminals as a function of nation state criminal justice system rather than on the role of illicit markets has limited the capacity to respond to transnational organized crime.⁶ Where competent criminal justice systems operate effectively against crime groups trafficking flows and organized crime has been displaced to other countries with weaker policing capabilities. The current view of the morphology of organized crime is that loose project driven networks of actors are involved in a range of illicit activities, and this is driven by the profitable opportunities offered by criminal markets such as vice and trafficked commodities. Thus strategies aimed at attacking crime groups, such as criminal association laws, or other aspects of the ‘war on drugs’ for example will not impact broadly on illicit markets unless the markets themselves are regulated (UNODC 2010 p. v., Broadhurst and Lee 2009).

To solve ‘wicked problems’⁷, such as presented by organized crime, law enforcement must be adequately equipped with relevant laws and interdiction capacity but also policing elites must engage ‘all of government’ (i.e. health, education, community/religion and border security) in demand and harm reduction. Political and community debates about re-ordering crime prevention and harm reduction priorities are crucial and de-penalization or regulatory options considered if there is to be real reduction in the profitability of illicit markets. Table 1 provides a conservative estimate of the size of just one of these illicit markets... the market for illicit drugs.

Table 1: Per cent of population aged 15-64 using illicit drugs (consumption) -East and South-East Asia compared with neighbors

	<i>Opiates</i>	<i>Cannabis</i>	<i>ATS</i>	<i>Ecstasy</i>
Brunei Darussalam	n/a	n/a	0.3	n/a
Cambodia	0.03	3.5	0.6	0.1
China	0.25	n/a	n/a	n/a
<i>Hong Kong</i>	0.20	0.4	0.4	0.2
<i>Macau</i>	1.12	0.7	n/a	0.3
Guam	n/a	n/a	1.4	n/a
Indonesia	0.16	0.4	0.2	0.2
Japan	n/a	n/a	n/a	n/a
Korea (DPR)	n/a	n/a	n/a	n/a
Korea (RoK)	0.3	0.1	0.1	<0.01
Lao	0.37	0.9	1.4	n/a
Malaysia	1.33	1.6	0.6	0.4
Mongolia	n/a	n/a	n/a	n/a
Myanmar	0.60	0.9	0.2	n/a
Philippines	0.05	0.8	2.1	0.2
Singapore	0.01	n/a	n/a	n/a
<i>Taiwan</i>	0.20	0.3	0.6	0.5
Thailand	0.20	1.2	1.4	0.3
Timor Leste	n/a	n/a	n/a	n/a
Viet Nam	0.27	0.3	0.2	0.2
Afghanistan	2.65	4.3	<0.1	n/a
Australia	0.40	10.6	2.7	4.2
India	n/a	n/a	n/a	n/a
Pakistan	0.70	3.9	n/a	n/a

Source: UNODC, World Drug Report 2010 (United Nations Publication, Sales No. E.10.XI.13). Notes: Cocaine excluded due to very low estimates and/or absence of data but Australia was estimated at 1.9% in 2007; available data UNODC estimates, government sources and/or estimates based on school or household surveys for annual prevalence of use; original sources as recent as 2008 but most estimates based 2001-2006 data.

Organised Crime Groups in East and South East Asia

In this paper I briefly describe five crime groups of interest:

- Chinese 'black societies' or triads
- Japanese organised crime
- The Far East Russian *mafia*
- DPRK - state-sponsored crime
- Golden Triangle

After reviewing the nature of these crime groups I next briefly review the multilateral non-traditional security endeavors of regional bodies such as ASEAN. I conclude by assessing the prospects of reducing the impact and harm of transnational organized crime.

Chinese Organised Crime

The re-emergence of criminal gangs (*bang*) and expansion of triads in the People's Republic of China (PRC) has occurred in the context of rapid modernisation, globalisation and socio-economic change. Socialist market reforms and economic development provided attractive illicit opportunities that have encouraged the revival of the different forms of organized crime that once flourished in pre-communist China. The transition from austere communism to capitalism helped to induce the re

Triads or 'black societies' are not exclusively criminal but are brotherhoods (traditional master-disciple forms) in the form of loose cartels bound by social as well as economic ties. Association allows access to brand reputation and social capital so that a degree of overlap and ambiguity between triad society, illicit business and 'organised crime' is inherent (Chin, 2003; Lo 2009). Triad activities have more corporatized (Chu 2000) and moved beyond traditional predatory street crime, vice, extortion and drug dealing predicated on violence to diverse 'grey' business activities that include trafficking, copyright, Internet and financial service crimes. Many such activities including commercial vice spread from HK, Taiwan or Macau to the mainland where risks are minimized due to corruption of authorities, including judicial, municipal and police officials (Chin & Godson 2006; Wedeman 2006).

Triads are assumed to be a worldwide crime network that uses connections among overseas Chinese to undertake transnational crime such as drug and human trafficking (Lintner 2004). Zhang and Chin (2003) are sceptical about the existence of a global network of triads. They argue, in the case of human trafficking, this is because of a 'structural deficiency' that arises from a strong common culture and tradition that provides discipline in a local context but also limits their capacity to develop strong transnational networks. Later they noted the growth of Chinese

crime groups in both local and transnational illicit activity (Zhang & Chin 2008). Xia (2008) has suggested internal growth and the return of the triads especially in Guangdong and other coastal provinces, while Lintner (2004) has suggested transplantation of the triads. Yet triads have sometimes captured local authorities and challenge the authority of Public Security Bureau and People's Court officials (Choi, 2007). The growth of these organised crime groups heightened concerns among security officials about the influence of foreign criminals and hastened the need to foster mutual assistance with foreign police services (Xie & Wang, 2005).

Typical offences include blackmail, extortion, price fixing and protection rackets involving local shops, small businesses, restaurants, hawkers, construction sites, recycling, unofficial taxi stands, car valet services, columbaria, wholesale and retail markets and places of public entertainment such as bars, brothels, billiard halls, mahjong gaming, karaoke and nightclubs. At various times, triads have monopolised the control of home decoration companies, elements of the film industry, waste disposal, and non-franchised public transport routes as well as being implicated in share manipulation scams (Lo 2009). Prostitution, counterfeit products, pornography, and cigarette and fuel smuggling are also important sources of illicit profit for triads. HK triads often engage in street-level narcotic trafficking, or operate illegal casino, football gambling and loan-sharking and these activities extend to Macau, Shenzhen and beyond Guangdong Province (Zhong 2008; Xia 2008).

Concern about the role of criminal societies has a long history and anti-triad laws prohibiting membership, recruitment in, for example HK, date back to 1845. In HK, triads had long been regarded as a criminal conspiracy. Suppression of corruption and bribery among police had been a significant priority in HK and a series of scandals involving corrupt officers led to political intervention and the establishment of the Independent Commission Against Corruption (ICAC) in 1974 with powers to compel witnesses and to examine unexplained wealth. This severed the symbiotic link between the police and triads. In HK the Drug Trafficking (Recovery of Proceeds) Ordinance of 1989, the Organised and Serious Crimes Ordinance (OSCO) of 1994 and later amendments and statutes granted law enforcement agencies further powers to investigate and prosecute patterns of unlawful activities associated with organised crime. Such measures have not been duplicated in the rest of China, however the Criminal Law of the PRC criminalized three activities: a) organizing, leading and participating; b) recruitment by overseas organised crime; and c) officials 'harbouring and conniving'. Harsh punishment is meted out for offenders especially for those who lead and officials who protect them. A key countermeasure has thus been to promote anti-corruption efforts.

PRC authorities argue that loose criminal ('cartwheel') personal networks (based on reciprocity or *guan-shi*) evolve into hierarchical forms that attract the attention

if they challenge the party and or erode state revenue. Other forms of criminal networks such as “cobwebs”, “hub and spokes” and, “chains” that connect illicit production with distribution (Xia 2008) occur in the following organizational forms: *pagoda* that reflects a “tight pyramidal organizational structure, clear division of labour, and strict discipline”; *hermit crab* where a legitimate agency has been over-run by criminals; *corporate like* that is a business front or shelf company involved in ‘grey’ business; and *Sultanistic state* or “village rule by villains; hooliganism of the local government” where a local political-crime nexus engages in the sale of official positions and manipulates local elections (People’s Supreme Court Handbook 2003, cited in Xia 2008).

The need to demonstrate that the criminal group has an organizational structure and can enforce rules on its members, combined with the limited capacity of many PSB units, and the absence of Hong Kong style conspiracy laws are key limitations in the suppression of black societies. Efforts in China to curtail corruption and reduce organised crime will also be crucial and need to be guided by greater clarity in the PRC criminal law, firmer use of Chinese Communist Party (CCP) disciplinary mechanisms, transparency in the oversight role of all levels of the CCP Political and Legal committees (Broadhurst and Lee, 2009).

Japanese Organised Crime

Tracing its origins in Japanese society back to the secret societies of the Tokugawa dynasty in the early 17th century, the Japanese *yakuza* or *boryokudan* (the “violent ones”) involve over 20 organised crime syndicates (Naim 2005: 6). They are active in illicit drug trafficking, the trafficking in firearms, the trade in endangered and protected species, intellectual property crimes, welfare fraud, prostitution, human trafficking (especially for sexual purposes), illegal gambling, smuggling, pornography, rape, kidnapping, loan sharking, debt collection, blackmail, intimidation and extortion of the corporate and financial sectors through protection rackets (*sokaiya*), murder, cybercrime (especially internet pornography), and corruption in the political and corporate sectors. *Yakuza*-influenced businesses, especially in the construction, stevedore, transport, real estate, banking, entertainment (including wrestling), tourist and refuse/garbage industries, are of particular relevance. Several of the *yakuza* groups are known to have invested heavily in the legitimate stock exchange and engaged in various forms of white collar crime, including stock market manipulation. The annual turnover of all 24 known crime groups in Japan is about US\$45 billion per annum (Facts and Details 2010).

Although the activities of the *yakuza* were proscribed by law in 1992, according to the Japanese National Police, the total membership of the *yakuza* in 2007 was 86,300 with the largest being the Kobe-based Yamaguchi-gumi, the Tokyo-based Sumiyoshi-kai, the Tokyo/Yokohama-based Inagawa-kai, the Kyoto-based

Aizukotetsu-kai and the Tokyo-based *Toa-kai* (mostly of Korean ethnicity). The Anti-Gang Measures Law of Japan, 1992, does not ban the *yakuza*, but *inter alia* allows citizens affected by *yakuza* activities to sue the syndicate for heavy damages for organised criminal activities and a *yakuza* boss (*oyabun*) can be held legally liable for the activities of a subordinate. Subsequent amendments are aimed at containing gangster activities and destroying crime syndicates, but the major *yakuza* groups are actively engaged in legal and political resistance. In 2006 and 2007 a number of violent clashes occurred between members of the *Yamaguchi-gumi* and the *Sumiyoshi-kai* over territorial issues Japanese police arrested 27,169 *yakuza* involved in 57,524 crimes in financial year 2007-2008. *Yakuza* are now threatened by Chinese gang activity in Japan especially protection. They are also very active in credit card and identity fraud.

The *yakuza* is active both domestically and internationally. The activities of both the *Yamaguchi-gumi* and the *Inagawa-kai* have expanded into much of Asia (including China and Taiwan) as well as the US (especially Hawaii), Canada, Mexico, Russia, South America, the central Pacific Islands and Australia, and, as stated above, the *Toa-kai* has strong links to Korea. Internationally, *yakuza* groups have been active in activities similar to their domestic operations but of note are casino related crimes; sex trafficking; money laundering; international vehicle theft rackets; pornography; real estate purchases and tourist crime.

The Far East Russian Mafia

The Russian *mafija* typically fall into three major types: the *Vory v zakone* or “thieves in law”, the young entrepreneurs and the *avtoritety* or “thieves in authority”. The *vory* are the most sophisticated and professional criminals, most of whose experience goes back to the gulag prison network of the Soviet era. There are about 200 *vory* in Russia and they also occur in former Soviet states. They are involved in sophisticated crimes such as banking and commodities scams, money laundering, frauds, sale of strategic metals (such as nuclear and fissile materials), as well as contract murder, theft, robbery and extortion. They also maintain influence through corruption at all levels of the Russian society (including elements of the political leadership). The ‘Young Entrepreneurs’, are well-educated post-Soviet people, who see crime as an easy route to riches. The *avtoritety* emerged from the Community Party apparatus or the Soviet bureaucracy (including the intelligence and military services) in the last decade of the Soviet Union. Due to their knowledge, experience, sophistication and contacts, they have been able to exploit opportunities from the changes that arose with the collapse of the Soviet Union, especially in the business and economic sectors (Devito 2005).

All these categories of criminals are active in the Russian Far East, which is regarded as heavily influenced by institutionalized crime and corruption. In a 2003 study Asia-Pacific Center for Security Studies concluded the region was “...an important

node for transnational trafficking in narcotics, women, migrants, timber, and fish due to the proximity of international borders; convergence of road, rail, air and maritime transport corridors; lack of enforcement capacity; corruption; and the presence of criminal networks”

One development in the Russian Far East is the preponderance of foreign criminal groups, which now challenge the Russian crime groups. The characteristics that make the Russian Far East attractive to the Russian *mafiya* –official corruption, weak judicial institutions, a lawless political culture and a thriving illegal economy also make the region attractive to foreign criminal groups (Galeotti 2010). This may include criminal groups from the former Soviet Union, especially Central Asia (trafficking Afghan heroin), China (narcotics, smuggling and illegal immigration, as well as timber, gold and fish from Russia to China), North Korea and Japan. As many as one million Chinese may now reside in the Russian Far East and cross-border smuggling is estimated to yield approximately US\$10 billion per year. There has been occasional conflict between the Chinese Big Circle Boys and Russian gangs in Vladivostok and Khabarovsk (Galeotti 2010).

There are good relations between the yakuza and Russian criminal groups in the region. Their criminal activities have included firearms trafficking, stolen motor vehicles, sex trafficking and narcotics smuggling. The yakuza have taken advantage of the lax regulation in the Russian Far East to infiltrate the banking, shipping, fishing and gambling sectors and to undertake money laundering (Galeotti 2010).

State-sponsored Crime from the DPRK

Related to the above developments the activities of the North Korean state. Although the DPRK government consistently denies any criminal involvement, the DPRK appears to be one of the few states that actually sponsor transnational crime as a means of generating funds for the regime (Asher, 2006). These activities are coordinated through Bureau 39 of the Central Committee of the Korean Workers’ Party. (Powell and Zagorin, 2007) Much has been written about North Korean-sponsored crime and their links with transnational organised crime groups (e.g. Chestnut 2007; Powell and Zagorin 2007).

The major transnational crimes attributed to Bureau 39 include narcotics manufacture and trafficking, counterfeiting US currency (high quality \$100 “supernotes”) and postage stamps, counterfeiting Western-brand cigarettes, counterfeiting drugs (including Viagra), trafficking in endangered species, smuggling conflict diamonds, insurance fraud, illicit arms and missile technology sales, and attempts to purchase fissile materials (Rose 2009). Some yakuza groups collaborate with illegal drug manufacturers and traffickers in the DPRK. There have been at least 50 documented cases of DPRK diplomats or officials who

have come to notice for narcotics trafficking or counterfeit currency offences. It is estimated that Bureau 39 activities generate between US\$500 – US\$ 1 billion per year for the regime. The Macao-based Banco Delta Asia is reported to be of great importance to Bureau 39 for its alleged money laundering and the distribution of “supernotes” on behalf of the North Korean regime (Rose 2009).

The Golden Triangle

Another key area that sits between India and China is known as the ‘golden triangle’ the most notorious Asian borderland with respect to organized criminal activities. This is the area where the north-eastern portion of Myanmar meets northern Thailand, northern Laos, and the peripheral zones of southwest China. It is ethnically, linguistically, culturally and politically complex, with long histories of war, trade and migration. During the 20th century it developed a reputation as a key site for the global narcotics trade (Renard, 1996; Belanger, 1989). This trade was made possible by the generally lawless character of many parts of this mountainous region, and by the almost permanent conditions of civil conflict that defined its post-World War II history (Yawnghwe, 1993). The trigger for the massive growth in opium and the heroin trade was the influx of the Nationalist 13th Army under General Li Mi in 1949 into the border areas ahead of the victorious Red Army. Under his command a tax on opium was raised on those in Wa and Shan areas as a means of supporting his army.

By the 1960s the remnants of this force and their merchant allies accounted for 90% of the heroin business.⁹ Among the many so-called narco-armies that emerged were various Shan militias (the most prominent among these was the Mong Tai Army of Sino-Shan warlord Khun Sa), Communist Party of Burma splinter groups (including the United Wa State Army and the Eastern Shan State Army) and then other opportunistic ethnic and political movements that have maximized opportunities for narcotics production and trafficking. The Thai government opium monopoly also benefited the various military administrations after the war although the sale of opium was banned in 1959.

In previous decades the bulk of the drugs trafficked from this region were derived from the local opium crop and the Heroin No. 4 that was produced contributed significantly to global narcotics flows. However, since the late 1990s the opium and heroin trade had been largely replaced by ATS. Initially as a southeast Asian regional problem, but now trafficked far more widely into parts of south and east Asia, and to the West, the pills produced in golden triangle laboratories have defined a new ‘epidemic’ of narcotics production (McKetin, Kozel, Douglas, et al, 2008). UNODC estimates of ATS consumption in the southeast and east Asian region is thought to be driven by at least 3.43 million but as many as 20.6 million users; many more users when compared to the estimates for opiate users at between 2.83-5.06 million users (UN 2010: 214-15; 153).

In Thailand the pills are widely known as *ya ba* (or 'crazy medicine') and were the subject of former Prime Minister Thaksin Shinawatra's 2003 'war on drugs'. That official effort to disrupt the drug trade was predicated on perceptions of a national crisis. It led to perhaps 3000 extrajudicial killings.¹⁰ In the Thai case the vanguard of amphetamine consumers were in the trucking, fishing and construction industries. The capacity of workers to work hard, for very long periods of time, ensured that an early vernacular for the drug was *ya kayan* ('industriousness medicine'). This was followed by a period when the pills were popularly known as *ya ma* ('horse medicine') because they could provide animal-like strength and resilience. Most of the drugs in Thailand have been produced by minority ethnic groups in the northeast part of Myanmar, particularly in the Shan State.

The most important of the groups associated with this trade are the Wa. The Wa speak a Mon-Khmer language but have become increasingly Sinified as their towns in their mountain strongholds have been encouraged to take advantage of the commercial opportunities that China offers.¹¹ The United Wa State Army is the most important of their armed groups and since the late 1980s it has operated under a ceasefire agreement with the Myanmar military. One outcome of that ceasefire has been increased opportunities for trade, including of narcotics. The *wa daeng* ('red Wa') are crucial to the regional organized crime system/network as such Wa criminal groups do not operate in isolation and their connections with Chinese, Thai, African and other organized crime syndicates remain the subject of speculation.

With the exception of major studies by McCoy (1972) and Chin (2009) there has been little concerted academic scrutiny of criminal activities in the region. It has fallen to international and national counter-narcotics agencies, and non-government organizations, to help develop a fuller picture of the historical evolution and contemporary character of organized crime. The organized criminal groups in this region are linked, with local insurgencies, with international criminal syndicates, and with elements of the local and national bureaucracies and political systems. Eradication efforts have, therefore, proven to be less successful than the enormous investment in both counter-opium and counter-amphetamine operations undertaken. For many in Thailand, Myanmar and Laos, but also in other regional trans-shipment and funding hubs, the 'golden triangle' has remained a profitable and flexible sub-region for illicit 'grey' businesses.

As the nature of the regional economy has changed we note that the 'golden triangle' is no longer dependent on the illicit drug trade alone. Complementary trade in weapons, chemicals and people are all part of this very evolution, which has also seen expansion of gambling in the 'golden triangle' particularly in areas that are easily accessible to Thai and Chinese who cannot legally gamble on their home soil. In other ways, the economic clout of Thailand and China has led to a situation

where the 'golden triangle' is being constantly re-configured in response to the consumer demands, and the political priorities, of these countries. For instance during the late 1990s until around 2005 heavy investment in casinos along the China-Burma border led to large towns with economies almost entirely founded on gambling. These towns have encountered economic difficulties as Chinese tolerance for gaming (especially outside Macau) has cooled because of concerns over tax evasion and money laundering. Difficulties with visas and access have meant that some of the major gambling centers, like Mong La, are struggling to survive with much more modest flows of gaming tourists (many from Thailand). Some have also sought to provide Internet gambling to boost income.

Two other organized crime activities: guns and people are relevant. First, the trade in weapons is key to the criminal enterprises that have managed to survive in the 'golden triangle'. The regional arms market has developed since the Indo-China wars and the significant incomes of many criminal and rebel groups have meant that weapons can be brought from many other sources. Thailand's gun laws are also weak with many handguns imported on fake import licenses and over 400,000 were estimated to have arrived in the country between 1995-2001 (Sittapong Tanyapongpruch 2001: 602). Second, it is the trade in people (what the Thais call '*kan kha manut*') that often capitalizes on the misery that has accompanied the dislocations of those who have lived alongside war in the 'golden triangle' area for generations. The lack of economic and other opportunities in Myanmar have also encouraged many to leave. While most of these migrants are not trafficked by criminal organizations and, rather, find their way from the border to Thailand, or Malaysia, using a range of networks, there are some who are trafficked into conditions of exploitation and abuse, especially as prostitutes. In the cases of both weapons and people trafficking the role of organized crime is unclear. In the case of the 'golden triangle' there is a complex interaction of ethnic, political, economic, cultural and criminal dynamics that have led to the current situation.

Regional responses to transnational organized crime

This discussion of the 'golden triangle' should lead us to consider how the forces of globalization and their socio-political and economic impacts have provided impetus to view organized crime not only as a domestic social problem, but also as a 'transnational' global threat. This new interest in transnational forms of organized crime has also been connected to the increased concern (especially since the terrorist attacks of 11 September 2001) about potential interactions with terrorism as well as risks posed by 'failed' states. Multi-lateral responses to law enforcement have become increasingly important in order to improve the effectiveness of mutual legal assistance to address both longstanding (e.g. narcotics trafficking) and newer (e.g. cybercrime) international, cross-border crimes.

Like the EU and Council of Europe, ASEAN has sought to coordinate the response to non-traditional security concerns such as transnational crime and counter terrorism. Unlike the situation in Europe extensive institutional reform and integration of cross-border agencies in the policing sector has not followed. The relative slow development is due to differences in policy priorities because in Asia economic and financial issues dominate while European authorities emphasize political dialogue around issues of security and human rights (Dorn and Levi 2008). A lack of concrete action in respect to many problems including maritime piracy, illegal drugs and terrorism has generated criticism of ASEAN's lack of progress on non-traditional security threats. There are also competing concerns about other human security issues such as pandemics and environmental hazards (ASEAN Secretariat 2006a). The ASEAN Convention on *Counter-Terrorism* is not yet ratified by all member states although in July 2010 the 1st ASEAN Maritime Forum was held in Surabaya-Indonesia to promote cooperation on piracy at sea and other maritime issues.¹²

The appointment of police liaison officers to consular posts, 24/7 contacts for senior designated officers, exchange programs, enhanced protection for courts and police who faced retaliation by transnational criminal organizations, and the sharing of criminal intelligence are no longer novel developments. General efforts to improve information sharing (e.g. a regional data-base, typology studies, networking), joint police operations, mutual legal assistance (e.g. the integrity of travel documents and control over the movement of persons of interest and the harmonization of laws criminalizing transnational crimes), institutional capacity building (a Centre for Combating Transnational Crime), and training are on the agenda. However, Emmers (2003) has argued that the 'securitization' of transnational crime in ASEAN in the mid-1990s context may have made the development of co-operative arrangements in policing more difficult and limited action to dialogue.

ASEAN has since the mid-1990s begun to establish multi-lateral measures to improve the law enforcement co-operation of member states. In respect to ASEAN the 1997 and 1998 Manila *Declaration on the Prevention and Control of Transnational Crime*; the 1999 Yangon *Plan of Action to Combat Transnational Crime* and, the 2004 Vientiane *Declaration Against Trafficking in Persons Particularly Women and Children* provide for dialogue and joint action. ASEAN in 2004 entered into co-operative arrangements with China to enhance law enforcement capacity and address: "...such non-traditional security issues as trafficking in illegal drugs, people smuggling including trafficking in woman and children, sea piracy, terrorism, arms smuggling, money laundering, international economic crime and cybercrime"¹³.

At the November 2009 7th AMMTC, held in Siem Reap, Cambodia a revised ASEAN-China Memorandum of Understanding on 'Cooperation in the Field of Non-traditional Security Issues' was concluded and the first ASEAN Plus China

Ministerial Meeting on Transnational Crime (1st AMMTC + China) was also held in November 2009¹⁴. Joint efforts are coordinated through the framework of the AMMTC supported by meetings of the relevant senior officials (SOMTC) who are tasked with developing five-year plans and co-ordination with other ASEAN senior officials responsible for “drug matters”, and the meetings of ASEAN Chiefs of National Police (ASEANAPOL) and heads of customs and immigration. Following the 29th ASEANAPOL meeting, the establishment of a permanent ASEANAPOL secretariat commencing in January 2010 was agreed¹⁵. The ‘Work Plan on Combating Illicit Drug Production, Trafficking, and Use’ (2009-2015) was adopted by the 7th AMMTC and reflects the worthy but ambitious vision of a ‘drug-free’ region by 2015. Several objectives are noted in the AMMTC’s general action plan and include the development of a regional counter-measures strategy, greater cooperation among police, prosecutors and judges¹⁶, enhanced coordination among ASEAN itself; a strengthened ability to counter ‘sophisticated’ transnational crime; and bilateral and multi-lateral treaties on mutual legal assistance and extradition. (ASEAN Plan Of Action To Combat Transnational Crime, n.d.)

Such transnational cooperation and the role of agencies such as Interpol and the United Nations Office of Drugs and Crime Prevention (UNODC) are important since they help create the necessary climate to bring about a universal jurisdiction for many serious crimes. A key development was the UN TOCC adopted in 2000 and ratified in September 2003 by 135 countries including China, India, Japan and all other Asian countries (except North Korea). An additional protocol addressing human smuggling had also been adopted, however, fewer countries have ratified the protocol dealing with firearms smuggling.

Conclusion

For the Asian mega-region, the relationship between organized crime and terrorism is limited to common enterprise because criminal networks offer pathways to illicit products such as arms and false identities. This matters because links between crime and terror is often circumstantial, but terrorists may use crime to raise funds needed to support their goals. Indeed, the overlap between terrorist and crime networks seems problematic in many parts of Asia. India’s muted engagement with major mega-regional bodies such as ASEAN suggest that a useful pan-Asian structure capable of addressing threats such as transnational organized crime is far from materializing. Reform of the policing services and the development of effective courts and anti-corruption regimes (as found in Hong Kong, Singapore) will be essential.

Capacity building, combined with strengthened mutual legal assistance and other recommended measures have yet to be developed in some countries and the emergence of a concerted regional response is essential – such that SAARC

and ASEAN (including the 'plus three') embrace a wider vision of their respective roles in crime control.

The diversity of the criminal groups discussed above reflects the complexity of the vast region under consideration. The nature of the criminal activities undertaken are however, broadly similar and are often grounded in poverty, and economic under-development. Exploiting zones of conflict coupled with widespread corruption and ineffective law enforcement, even if contained to contiguous states, the reach of organised crime can distort markets and capture institutions of the state. Transnational crime is readily fostered across the region by the absence of strong bi-lateral and regional law enforcement cooperation. Like "ants moving houses", to borrow from Chinese idiom, much of the illicit traffic in narcotics, people and intellectual property cannot be intercepted. Critically in parts of South Asia, Central Asia, the borderlands of China and South East Asia organised criminal activity often intertwines with terrorist groups. Thus organised crime and political extremism become symbiotic sources of illicit wealth and lethal violence.

The UNODC assessed the global threat of organized crime and transnational crime in 2010 and concluded that global solutions and greater collective efforts were needed.

"...while organized crime groups can become problems in themselves, eliminating these groups is unlikely to stop the contraband flow. National efforts have successfully diverted production or trafficking to other countries, but so long as there is demand, national law enforcement alone cannot solve the problem. Rather, global strategies, involving a wide range of both public and private actors, are required to address global trafficking. In many instances, this means regulating international commercial flows that have grown faster than our collective ability to manage them." (UNODC 2010: p vi)

There is now a compelling sense of urgency about the risks of widening governance gaps and the region's capacities to disrupt, prevent and reduce harms generated by transnational crime. Unless we recognise that we do indeed live in 'communities of shared fate' the risk of a 'slow motion meltdown' in both national and regional civility is now greater than ever.

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Endnotes

¹ The risk identified by the UN High-level Panel on Threats, Challenges, and Change are: Economic and social threats, including poverty, infectious disease and environmental degradation; Inter-State conflict; Internal conflict, including civil war, genocide and other large-scale atrocities; Nuclear, radiological, chemical and biological weapons; Terrorism; and Transnational organized crime. The UN Security Council reinforced the continued "... serious threat posed in some cases by drug trafficking and transnational organized crime to international security in different regions of the world" (cited in UN 2010: p2; UNSC February 2010).

² This section draws on a forthcoming paper by the author, Sandy Gordon and John McFarlane on organised crime in Indo-Pacific to be published in 2011 by Routledge.

³ Limitations of space prevent a full discussion of the work of SAARC on transnational organized crime.

⁴ ASEAN was established on 8 August 1967 in Bangkok, with the signing of the 'Bangkok Declaration' by Indonesia, Malaysia, Philippines, Singapore and Thailand. Later joined by Brunei Darussalam (8 January 1984), Vietnam (28 July 1995), Laos and Myanmar (23 July 1997), and Cambodia (30 April 1999).

⁵ The Shanghai Cooperation Organisation may, however, emerge to play an increasing role in the mitigation of non-traditional security threats such as transnational organised crime. This security grouping around China's western frontier involves four central Asian states and the Russian Federation.

⁶ In criminology this is the distinction drawn between enterprise crime and traditional organised crime groups based on fictive families and shared ethnic and other identities.

⁷ Wicked problems in the sense used by systems theorists refer to "...a class of problem that has no single solution and no "stopping rule" that indicates when it is solved, and where the very act of trying to solve it changes its nature, so that attempts to solve it are not repeatable and this is no possibility of success through trial and error", see David Kilcullen 2009: p153 *The Accidental Guerrilla*, Scribe, Melbourne.

⁸ This section draws on a forthcoming paper by the author and Sandy Gordon and John McFarlane on organised crime in Indo-Pacific to be published by Routledge and edited by Felia Allum.

⁹ This 'lost army' formed an irregular border force known as the Yunnan People's Anticommunist Volunteer Army supported by the United States Central Intelligence Agency but it was also the genesis of the opium-heroin business (McCoy 1972).

¹⁰ Since the coup of September 2006 deposed former Prime Minister Thaksin his government has been criticised for the human rights abuses committed during the 'war on drugs'. However, Thaksin enjoyed popular support for these policies.

¹¹ In fact, this is a pattern that is replicated in many of China's border areas. The combination of relative legal impunity and economic opportunity has created hotspots for crime.

¹² Including work on the completion of the ASEAN Declaration on Humanitarian Assistance to People and Vessels in Distress at Sea.

¹³ Article 1 of the "MOU Between the Governments of the Member Countries of the Association of Southeast Asian Nations and the Government of the People's Republic of China on Cooperation in the Field of Non-Traditional Issues", Bangkok, Thailand, January 10, 2004.

¹⁴ The 8th ASEAN AMMTC will be held in Bali on the 11 November 2011.

¹⁵ See the Joint Communiqué of the 29th ASEAN Chiefs of Police Conference, Ha Noi, 13-15 May 2009.

¹⁶ Another objective that seldom receives attention is to encourage the rehabilitation of perpetrators of such crimes.

¹⁷ Article 2, of the UN TOCC defines an organized criminal group as a structured group of three or more persons, existing for a period of time and acting in concert with the aim of committing one or more serious crimes in order to obtain, directly or indirectly, a financial or other material benefit.

¹⁸ ASEAN has also undertaken to develop a regional convention on trafficking in persons and the Bali Process is a new multi-lateral mechanism designed to address this major cross-border crime.

¹⁹ Personal communication, 12th December 2010, Professor Phil Williams, Director the Ridgeway Center for International Security Studies, University of Pittsburgh

TERRORISM IN EAST ASIA

Andrew T H Tan

Defining Terrorism in East Asia

The US State Department defines terrorism as “premeditated, politically motivated violence perpetrated against non-combatant targets by sub-national groups or clandestine agents.”¹ However, defining what constitutes terrorism in East Asia is not as simple, on account of the diversity and complexity of armed groups in the region. The objectives of many armed groups in the Malay Archipelago, for instance, long predated the events of 11 September 2001 (hereafter referred to as 9-11) and Al Qaeda, and reflect ethnic, nationalist and territorial sentiments that stem from the deep alienation by minorities from the artificially constructed post-colonial state.

Armed rebellion in East Asia has expressed itself in two forms: terrorism and insurgency. The former refers mostly to mostly urban-type attacks which are mostly limited and aimed at the infrastructure, security forces, or symbols of the state, although they are also sometimes directed against civilians. Insurgency is organized violence aimed at establishing bases that are secure from the control of the central government. The distinction between terrorism and insurgency in this region is often however, blurred as insurgent groups have also carried out selective terrorist attacks in urban areas to further their aims.

The use of terror has also not been the preserve of armed groups in rebellion. In East Timor during the Indonesian occupation, the province of Aceh in Sumatra, the Patani region in southern Thailand, and the Xinjiang autonomous region in China, a key factor which sustained armed resistance to the central government stemmed in the first place from the excessive use of terror by the state against ethnic and religious minorities. Thus, in the East Asian context, terror is understood by scholars to be a means to an end, since states within the region also employ it. “Terrorism” should therefore be regarded as a neutral, non-pejorative term.²

In East Asia, despite the prominence of radical religious terrorism after the events of 11 September 2001 in the US, the terrorism landscape is very mixed. Since 9-11, there continues to be terrorist challenges in Burma from non-Burman ethnic minorities; such as the Christian Karen, the Shans and Chins, who have mounted ethno-nationalist insurgencies against the central Burmese states. In the Philippines, the Maoist New People’s Army continues to battle the Philippine state, whilst in the southern provinces, the Moro Muslim rebellion has been on-going for decades. Indonesia has also faced terrorist challenges since the Suharto era, for

instance, from the Christian East Timorese, the Acehnese in northern Sumatra and the Christian tribes-peoples of Irian Jaya. In China, the armed rebellion in Xinjiang province, mounted by Muslim Uighurs demanding a separate state, has been an on-going challenge. Any study of East Asian terrorism must acknowledge this complex and diverse mix of terrorist groups.

Despite recent attention on Al Qaeda and its networks in Southeast and Central Asia, the fact remains that armed rebellion in East Asia not only long pre-dated 9-11 but are local in origin. Armed rebellion in East Asia has been a complex, historical phenomenon, with diverse ethno-religious-cultural attributes, and have stemmed from fundamental political, economic and social grievances. The persistence and severity of armed rebellion has been attributed to the failure of the post-colonial state to establish its legitimacy. The fundamental problem, according to Sukhumbhand Paribatra and Chai-Anan Samudavanija, is that "in post-colonial SE Asia, it has been conveniently forgotten by central governments that the constructing of what is more accurately a state-nation merely means that external or western imperialism had been replaced by an internalized one, which is potentially more brutal and enduring."³

With the above caveats in mind, this short paper will examine some of the key contemporary terrorism challenges in East Asia. It begins with a discussion of the threat from the Jemaah Islamiah (JI) network in Southeast Asia. It then briefly examines the situation in Mindanao in the southern Philippines, the southern Thai separatist rebellion, the Karen rebellion in Burma, the Maoist rebellion in the Philippines and the Xinjiang rebellion in China. Finally, it concludes with an outline of the region's comprehensive "hearts and minds" approach towards countering terrorism, which this article argues, is a better and more appropriate strategy than the US's "kill and capture" approach to counter-terrorism.

The Challenge of the JI

The JI network in the Malay Archipelago predates 9-11 and Al Qaeda, as its origins can be traced to the abortive Darul Islam (DI) rebellion in the 1950s. The DI rebellion, which aimed to establish an Islamic state in Indonesia, led to a fierce civil war which cost the lives of 25,000 people. Remnants of the DI subsequently went underground and its ideals continued to be sustained. Both Abu Bakar Bashir and Abdullah Sungkar, the alleged co-founders of the JI, were not members of the DI but regarded themselves as its ideological successors.

The JI network that Bashir and Sungkar developed from the 1970s consists of a loose network of individuals and autonomous cells united by radical ideology. The JI had an organisation structure in the form of a Regional Advisory Council, with Hambali as its chairman, and Bashir and Sungkar as spiritual advisers. There are

several functional committees as well as four main operational networks, which consisted of the following: Mantiqi 1 covering Thailand, Malaysia and Singapore; Mantiqi 2 covering Indonesia; Mantiqi 3 covering the Philippines; and Mantiqi 4 covering Australia.⁴ Its membership has been variously estimated to be between 500 to several thousand.⁵

The JI aims are to establish a pan-Islamic caliphate, to engage in ideological training and education, and be prepared to use force to achieve its objectives. This is reflected in its guiding manual, the General Guide for the Struggle of JI (*Pedoman Umum Perjuangan Al-Islamiyyah*), which states that the key guiding principles of the network are: the *Daulah Islamiyah* or Islamic state as a stepping stone to the restoration of the global Islamic caliphate; the process of preparing for the *Daulah Islamiyah* through a persistent and patient moulding of the individual, the family and the group; and the prominence of military training and armed struggle (*Jihad Musallah*).

After 9-11, US military operations during Operation Enduring Freedom in Afghanistan resulted in the recovery of a surveillance video-tape in an Al Qaeda safe house, which revealed a major bomb plot by the JI, at the time an unknown regional network. The plan targeted US companies, US naval vessels, US military personnel, Western embassies and local military facilities in Singapore. It involved the use of 7 truck bombs and 21 tonnes of ammonium nitrate in simultaneous bomb attacks.⁷ Singapore authorities thus arrested an initial 15 members of the group were arrested in December 2001.⁸

The arrests however, did not prevent a string of terrorist attacks by the JI. The first took place in Bali in Indonesia, in October 2002. This led to the deaths of 202 people, of whom 164 were foreign nationals. Eventually, three of the Bali bombers, Amrozi Nurhasyim, Ali Gufon and Imam Samudra were sentenced to death in 2003 and executed in November 2008. Investigations revealed that there were other key figures involved in the Bali bombing, such as Azahari Husin, the JI's top bomb-making expert who had assembled the Bali bombs, Noordin Mohammad Top, another bomb-maker and self-styled leader of the militant JI wing known as "Al Qaeda in the Malay Archipelago," and electronics expert Dulmatin.

The Bali attack marked a watershed in Southeast Asia given the large number of casualties in a single terrorist attack, the high number of Western casualties, the lethality and sophistication of the bombs (including one detonated remotely by mobile phone), and the fact that it was carried out by local suicide bombers. Other terrorist attacks followed. In August 2003, the US-owned Marriott Hotel in Jakarta was bombed by means of a sophisticated vehicle-bomb detonated remotely by mobile phone. The security checks at the driveway of the hotel unnerved the controller of the bomb device, who prematurely detonated the vehicle. Twelve

people died and some 150 others were wounded, mostly Indonesians. In September 2004, the JI carried out another attack, this time on the Australian High Commission in Jakarta. The vehicle bomb killed 10 people and injured more than 160 people, all Indonesians.¹⁰ In October 2005, a second JI bomb attack took place in Bali, killing 23 people, including the three suicide bombers, and wounding 135 others.¹¹ More recently, the Ritz-Carlton and Marriott hotels in Jakarta were bombed in July 2009. A high-powered business meeting of Western business executives was targeted; nine people were killed and more than 50 injured.¹²

Since late 2001, over 400 alleged JI operatives have been arrested throughout the region. This included its key Al Qaeda liaison and operations commander, Hambali, who was arrested in Thailand in 2003 and transferred to US custody. Between 2005 and 2010, Indonesian counter-terrorism police (Densus or Detachment 88) also successfully eliminated top JI commanders, such as Azahari Husin, Noordin Top and Dulmatin. Concerted and successful counter-terrorism operations in Indonesia and throughout the region have seriously affected the JI's operational effectiveness, with many key operatives and bomb-makers either arrested or killed. There has also been a reported split within JI ranks on the strategy in realising an Islamic state, with the majority of members opposed to violent attacks on Westerners.¹³ The arrests and internal splits weakened the Al Qaeda-JI nexus in the region and degraded the operational capability of the JI.

However, the threat from the JI remains serious, with experienced and combat-hardened ex-Afghan *mujahideen* fighters who could join the network, as well as new recruits from local conflict areas such as in Sulawesi and Maluku. The continued threat from the JI was demonstrated when a JI plot to bomb a café in Sumatra, in Indonesia was averted with the arrest of 10 militants led by a Singaporean and the recovery of bombs in July 2008.¹⁴ In early 2010, raids in Aceh led to the arrest of 13 suspected militants and the recovery of weapons from a militant training camp.¹⁵ The information recovered from the militant training camp in Aceh led to a series of counter-terrorism operations throughout Java and Sumatra in 2010 which resulted in the arrest or deaths of more than 70 suspected militants. Documents recovered also pointed to possible terrorist targets in the region that the militants in Aceh had been preparing for, such as a major train subway station in Singapore and Manila's international airport.¹⁶

More seriously, according to Indonesia expert Greg Fealy, the JI has adapted by recruiting and organising outside JI structures. Terrorist networks in Indonesia are becoming more diffused, with non-JI groups and individuals increasingly keen to join terrorist operations. Thus, instead of posing a threat through a unitary, structured organisation, the JI has, through the spread of radical ideology and its networking activities, evolved into a much more amorphous challenge.

Moro Separatism in the Southern Philippines

In the southern Philippines, the terrorism challenge is epitomised by the militant Abu Sayaff Group (ASG), which has been targeted by the US. After 9-11, the US sent troops to train and provide logistical support to the Philippine Army in its fight against the ASG. The ASG was founded in 1991 and originally consisted of a number of ex-Afghan *mujahideen*. The ASG has carried out extortion, kidnapping for ransom activities, assassinations and urban bombings, bringing terror to the southern Philippines. The ASG was also responsible for the raid on the Malaysian island resort of Sipadan Island in April 2000, where it kidnapped 21 hostages, including twelve Western tourists.¹⁸ In 2000, it carried out a bomb attack at the Philippine embassy in Jakarta, seriously injuring the Philippine ambassador.¹⁹ The ASG also carried out a joint operation with JI in the Super Ferry bomb attack in Manila Bay in February 2004, which killed 116 people.²⁰ The ASG remains dangerous given its expertise in urban terrorism, linkages with the JI and the persistence of its NGO support network.

In contrast to the uncompromising stand adopted by the ASG, the MILF, which is the dominant separatist organisation in the southern Philippines, has been engaged in long-running negotiations with the government. It is thus the Moro Islamic Liberation Front (MILF), not the ASG that has carried the hopes and aspirations of the Moro people. The Moro rebellion has its roots in the forced incorporation of the Sulu sultanate in the south into the Philippine State under first the Spanish and then, after 1898, US rule. A massive influx of Catholic settlers displaced the Muslims on the land, taking over what had been ancestral Moro lands, often through outright confiscation or dubious legal transactions. This resulted in many Moros becoming landless.²¹ Widespread landlessness, poverty and unemployment amongst the Muslim Moros, in turn, contributed to a very deep sense of alienation. The Moro Muslims were also overwhelmed by the new Catholic settlers, becoming a minority in many parts of their traditional homeland by the 1960s. From about 76% in the 1900s, the percentage of Muslims in Mindanao declined sharply to 20% in the 1990s.²² The Philippine government has also acknowledged that there exist fundamental causes of the conflict in Mindanao: massive poverty, poor governance, injustice and abuse of power, control of political power by a few, and the lack of recognition of the ancestral domain of the Moros.²³

The spark that ignited the Moro rebellion was an incident known as the Jabitah massacre. Following a mutiny, 28 Muslim recruits to the Philippine Army were executed at Corregidor in 1968, an event that enraged the Moro community and sparked the armed rebellion originally led by the Moro National Liberation Front (MNLF).²⁴ In 1978, a split between the left-wing nationalist and religious factions within the MNLF led to the setting up of the more overtly religious MILF in 1984, led by Hashim Selamat, a religious scholar who was trained at Cairo's Al-Azhar

University.²⁵ The MILF soon displaced the MNLF as the dominant Moro liberation movement.²⁶

Prior to 9-11, the MILF had accepted training and funding assistance from Al Qaeda. The events of 9-11 however, forced the MILF to choose between Al Qaeda's global jihad and its ethno-nationalist objective of a separate state. The MILF quickly distanced itself from Al Qaeda, emphasizing instead its nationalist, rather than religious, credentials.²⁸ Thus, in March 2002, the MILF publicly rejected any links to global terrorism, described itself as a "legitimate liberation organization," and stressed that it was participating in peace negotiations. The MILF also stated that it "counts on committed popular memberships who are not fanatical about their religion," and that it would not link up with "terrorism or any extremist groups using religious faith as a tool for terroristic activities."²⁹ The Philippine government's chief peace negotiator, Jesus Dureza, was so impressed with the turnaround that he described the MILF as being "friendlier than the government" in peace negotiations, as it was the Philippine armed forces that appeared intent on using force to resolve the Moro issue.³⁰ The death of Hashim Selamat due to natural causes in 2003 and his replacement as the leader of the MILF by its military commander, Murad Ebrahim, improved peace prospects as Murad is moderate and nationalist-oriented.³¹ Thus, despite deep Moro alienation, Al Qaeda's radical ideology has failed to displace the existing ethno-nationalist imperative. A local Moro writer has attributed the failure of radical ideology taking hold in Mindanao to the fact that Moro culture "is more merciful with a sense of forgiveness, in contrast to the essence of *sharia* which is retribution ... it is rich in personal spirituality, not dogmatism."³²

In August 2008, a comprehensive peace agreement was finally signed, under which an autonomous Muslim homeland would have control over the exploitation of minerals and other natural resources within its jurisdiction, and would run its own security force. Such concessions, however, led to strong opposition by Catholic groups which resulted in the Philippine Supreme Court blocking its implementation on grounds that the demarcation of what constituted ancestral domains of the Moros was unconstitutional. This resulted in the breakdown of the ceasefire and the resumption of fighting, which led to the displacement of some 400,000 people. While the victory of Benigno Aquino III in the 2010 presidential elections provides a fresh start to the stalled peace process, any final peace agreement would probably not end the violence, given the presence of more radical groups such as the ASG, and the opposition of local Catholic groups to any significant concessions.

Compromise over the Moro problem has been difficult because of contemporary political realities. This basically means that the Moro conflict would continue indefinitely. Thus far, however, the Moro rebels are not "radical Islamist terrorists"

as some have been quick to label, as the ethno-nationalist impulse has remained dominant.

Rebellion in Southern Thailand

The Malay Muslim rebellion in southern Thailand has centred on the southern provinces of Pattani, Yala, Narathiwat and Satun, where the local Malays have never accepted the legitimacy of the Bangkok government. The roots are historical, and can be traced to the 1909 Anglo-Siamese Treaty, which demarcated the border between Siam and British Malaya. Under the treaty, the four provinces came under Thai sovereignty, something the Malays resented. They have thus perceived Bangkok as an occupying colonial power.³⁵

The separatist movement in southern Thailand however, is heavily fragmented, with many competing groups. One of the earliest groups is the Barisan Nasional Pembebasan Patani (BNPP or Patani National Liberation Front), which launched its armed rebellion in 1959. Another is the Barisan Revolusi Nasional (BRN), which was founded in 1960 on a platform of "Islamic socialism." By the 1980s, the BRN splintered into three main factions: the BRN Congress, the BRN Coordinate and the BRN Uram.³⁶ The largest and most prominent insurgent group has been the Patani United Liberation Organisation (PULO) which was formed in 1968. Until the 1990s, PULO was the most active of the Patani separatist groups. However, improved border cooperation between Thailand and Malaysia deprived PULO of its sanctuaries in Kelantan and also resulted in the detention of several of its leading members. By 2000, PULO virtually stopped functioning as an insurgent group.³⁷

In 1995, a new group, the Gerakan Mujahidin Islam Patani (GMIP or Islamic Mujahidin Movement of Patani), consisting of ex-Afghan mujahideen, emerged. Little is known about it although it is believed to have established contacts with groups in the Middle East and received funding from supporters abroad.³⁸ In 1997, the various separatist groups, such as PULO, New PULO, GRN and GMIP, established an umbrella organization known as Bersatu (United Front for the Independence of Pattani), in an attempt to foster cooperation and joint action.

Compared to the Moros, however, the Malay separatists have been generally ineffective. Primarily, the ideological infighting and factionalism has prevented a more coherent challenge to the central government. Moreover, the government took a new approach, embodied in Prime Ministerial Order 66/23 in 1980, which recognised that "political factors are crucial to (the success of the counterinsurgency), and military operations must be conducted essentially to support and promote political goals."³⁹ This more conciliatory and constructive comprehensive approach, which emphasized development, engagement and reconciliation, was embodied

in the Southern Borders Provinces Administrative Centre (SBPAC) established in 1981. The SBPAC helped to build confidence amongst the Malay Muslim and Thai communities as well as attempted to resolve the various problems faced by the Muslims. This helped to reduce support for the separatists.⁴⁰

After 2000, however, there was a renewed outbreak of violence, which could be explained by the new strategy adopted by the Thaksin government, which substituted the previous comprehensive strategy which promoted reconciliation and attempted to address fundamental grievances, for a US-style war on terror emphasising tough security measures. The Thaksin government abolished the SBPAC which had been at the forefront of the comprehensive engagement with the Muslim community.⁴¹ It also centralised control in the south, leading to much corruption and mismanagement.⁴²

The number of insurgency incidents steadily rose from 2001. Between January 2004 and the end of August 2007, there were 7,743 insurgent incidents, mostly involving drive-by shootings and assassinations, arson, bombings and IEDs.⁴³ Some violent incidences involving the security forces also made headlines. For instance, in April 2004, 108 machete-wielding Muslims who had attempted to overrun police posts in the south were killed by security forces, with 32 of these killed whilst sheltering at the historic Krue Se mosque.⁴⁴ In October 2004, at Tak Bai, in what is now known as the Tak Bai incident, 85 unarmed Muslim protesters died after they suffocated in police vans.⁴⁵

Whilst the Thai authorities alleged that the insurgents had links with Al Qaeda, the attacks have been confined to the southern Malay provinces and Western tourists and interests have not been specifically targeted. According to Hambali, now in US custody, the southern insurgents had rebuffed Al Qaeda when approached for assistance to carry out bombings in Thailand. As a PULO spokesman explained, "there is no interest in taking operations to Bangkok or Phuket. We do not need to be on anyone's terrorist list. Once we are on that list, it is all over."⁴⁶ Thus, like the Moros, the Malays in southern Thailand have made a deliberate decision not to participate in the global *jihad* promoted by Al Qaeda. The current Abhisit government, which took power in 2009, has so far failed to make any concrete policy shifts in the south due to the political infighting in Bangkok, which has resulted in the lack of a coherent, unified political approach.

Karen Rebellion in Myanmar

Myanmar (Burma) has had to contend with a succession of major armed separatist rebellions since gaining independence from Britain in 1948. The roots of these rebellions lie in the artificial construct of Burma, which was a legacy of the colonial British. Many ethnic groups along the periphery, such as the Karen, Shan, Mon,

Arakanese, Chin and Nga, did not want to be dominated by the Burmans and, instead aspired to statehood. The Karen, many of whom are Christian, especially felt that their support for the British against the Japanese during World War Two entitled them to independence. However, Aung San's assassination in 1947 removed the one Burmese national leader the ethnic minorities could trust. The Karen National Defence Organisation (later Karen National Union or KNU) thus launched a separatist rebellion in late 1948.⁴⁸

In 1990, the National League for Democracy (NLD) led by Aung San's daughter, Aung San Suu Kyi, won the general elections in Burma but was repressed by the military regime. The Karens unwisely provided sanctuary and support to students and other supporters of the NLD at the Karen stronghold of Manerplaw, close to the Thai border.⁴⁹ This galvanised the central government into crushing the Karens once and for all. Led by Buddhist Karen defectors unhappy with the Christian domination of the Karen movement, the Burmese armed forces occupied Manerplaw in January 1995.⁵⁰

By 1997, the remaining Karen rebels were driven out of their bases in the eastern mountain ranges. Over 100,000 Karen refugees fled across the border into Thailand, with an estimated 500,000 displaced by the fighting.⁵¹ The Karen switched to guerrilla tactics, regrouping in small military bases throughout the frontier area. However, it has clearly lost military strength, being able to field only 4-5,000 ill-equipped guerrillas in 2000.⁵² The plight of the Karens has been pitiful, with continuing reports of severe human rights violations by Myanmar troops, such as summary executions, rape, forced labor and the wholesale destruction of villages. Given the difficult circumstances, the KNU finally opened negotiations with the government in 2003, with Bo Mya personally leading a team to Yangon in 2004, the first time he has visited the capital in 50 years. Prime Minister Khin Nyunt, who had announced a seven-point roadmap to democracy and national reconciliation upon becoming premier in 2003, treated him with deference and hosted a birthday party to celebrate his 77th birthday.⁵³ However, Khin Nyunt's own removal from power in October 2004 ended the process of reconciliation with the Karens. The KNU has little bargaining power given its own parlous state and the lack of international support for its struggle. Its only hope is internal political change within Burma.

Communist Rebellion in the Philippines

The Maoist Communist Party of the Philippines (CPP) was established in 1969, attracting many poor plantation workers and farmers exploited and mistreated by wealthy landowners and their security forces. Its Chairman, Jose Sison, was captured in 1978, although he was subsequently exiled to Netherlands.⁵⁴ However, deep dissatisfaction with social and economic inequalities led to the rapid growth

of the CPP and its armed wing, the New People's Army (NPA). By 1985, the NPA was described as the "fastest growing, most threatening and arguably most brutal communist insurgency in the world today," as its strength increased to more than 20,000 guerrillas operating in the countryside.⁵⁵ This was due to a combination of factors, such as the continued exploitation of agricultural labourers and tenants, the harsh economic difficulties of the post-1970 economic decline, the displacement of smallholders during the Marcos years to make way for large-scale public and private development projects, abuses of power by corrupt bureaucrats and soldiers, and popular opposition to Marcos's repression.

The success of the People's Revolution in 1986 and the ascension to power of Corazon Aquino, however, marginalised the NPA to a certain extent. The NPA was also riven by ideological infighting, which led to deadly purges. Moreover, the CPP has had no significant external support from China or any other communist state. Yet, its armed insurgency persists to this day.

Although a Maoist insurgency appears to be an anachronism in the post-Cold War era, there continue to be serious domestic factors driving the insurgency. According to Richard Kessler, the socio-political conditions that have given rise to severe inequalities (a result of the domination by a powerful and corrupt elite) have become so entrenched that there is now a cyclical pattern of rebellion.⁵⁷ The problems of landless peasants have been exacerbated by the population explosion in the Philippines, a country that has frowned on population control on religious Catholic grounds. The population has grown to 80 million, having doubled in the past 50 years, and will total 130 million by 2025. Already 40 percent of the population lives on US\$1 or less a day, which is below the poverty line, and jobs and farmland are scarce.⁵⁸ This has forced large numbers of Filipinos to work overseas in a variety of mostly menial jobs.

As a result of these socio-economic conditions, the CPP-NPA has continued to attract recruits. In 2004, the NPA was estimated to have around 10,000 guerillas. In recent years, Norway has emerged as Third Party Facilitator in on-off negotiations, but the CPP has continued to build armed strength with the aim of seizing power. It also continues to function as a separate state in a number of rural communities through its ability to impose peace, order and social justice. Its continued appeal lies in its Maoist ideology, which offers a simple and potent explanation and alternative to the current unsatisfactory political, economic and social order.

According to Miriam Coronel Ferrer, however, its armed struggle is doomed to fail, due to socio-economic changes such as urbanization as well as new social and class formations. Moreover, the fragmentation of guerilla forces on separate islands means that it would not be able to prevail against the central government. Finally, war fatigue and a conservative political culture with a clear preference for

elections and the political process are other reasons why the CPP will never be able to prevail. Ferrer argues that the solution to the communist insurgency lies in political and economic reforms that will provide the foundation for addressing the roots of conflict; these include electoral reform, land security for poor farmers and a fair justice system.⁵⁹ The problem however, is that successive administrations have failed to carry out meaningful reforms, especially land reform, due to the vested interests of powerful clans, which have maintained a strong grip on society through its ability to dispense with patronage.

Xinjiang Separatism

The Uighur separatist insurgency in the Xinjiang autonomous region of China has its roots in historical political, economic and social grievances. Similar to other ethnic minorities in East Asia, the Muslim Uighurs have never accepted Chinese rule and have resisted Chinese attempts at assimilation. China claims historical ownership of the region, which it annexed in 1759. The massive migration of ethnic Han Chinese into the province also exacerbated tensions between the Uighurs and Chinese. Coupled with the harsh rule of the authoritarian Chinese state, the Uighurs have therefore revolted, forming a number of clandestine terrorist groups. The disintegration of the Soviet Union after the end of the Cold War, the world-wide Islamic revival and China's post-Mao Open Door policy provided a boost to separatist sentiments, with some 13 separatist groups uniting in the early 1990s under the umbrella Eastern Turkestan Islamic Movement (ETIM).⁶⁰ Since then, the ETIM has carried out a number of terrorist attacks in China. The response of the Chinese Government has been harsh, with summary executions, torture and detention without trial.

US-led forces in Afghanistan captured a number of Uighurs during Operation Enduring Freedom, following the events of 9-11. This focused attention on the linkages between the ETIM and Al Qaeda, leading to the ETIM being designated a terrorist organisation by the USA in 2002. Given the linkages between the ETIM and other Central Asian terrorist groups, China established the SCO, consisting of China, Russia, Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan, in June 2001. The SCO set up a counter-terrorism agency located in the Uzbek capital of Tashkent, and co-ordinated counter-terrorism exercises among the partners.⁶¹ The ETIM continues to pose a security threat, epitomised by various incidents, such as the abortive attempt to hijack and blow up a passenger aircraft in March 2008 by two potential suicide bombers.⁶² In August 2008, an attack by two Uighurs led to the deaths of 16 policemen.⁶³ These incidents heightened fears of attacks against the Olympic Games, which opened in Beijing in August 2008, leading to a massive security operation by the Chinese authorities to secure the event. China even engaged Al Qaeda expert, Rohan Gunaratna, to review its security preparations for the event.⁶⁴

However, the deep ethnic, cultural and religious differences, coupled by historical alienation, have continued to sustain separatist sentiments and foment armed rebellion against the Chinese state. The Chinese state has failed to ameliorate the anger, with the government unable to understand that development alone is not sufficient at placating the Uighurs, who feel that their very national identity is under threat. The deep anger felt by local Uighurs has sometimes boiled over into open riots, such as those in Urumqi, the capital of Xinjiang, in July 2009, which resulted in the deaths of more than 150 people.⁶⁵

Counter-Terrorism in Southeast Asia

What sets Southeast Asia aside is its unique approach to counter-terrorism. Singapore and Malaysia, for instance, have inherited a counter-terrorism model that was successfully used in the Malayan Emergency in the 1950s. This model rested on a comprehensive strategy, in which political, economic, social and psychological instruments were used to win over the hearts and minds of the population.⁶⁶ Although military-security measures were used in such a strategy, it was understood that they had to be subordinated to a strategic approach which utilised a range of non-military instruments to win over the population, the ultimate prize in any counterinsurgency campaign.

In its contemporary application, the comprehensive approach uses hard security measures sparingly, with the focus being on the broader objective of delegitimizing extremist ideology. This strategy is characterised by the so-called “soft” approach which is designed to win over and reform militants, turn them against the other extremists, and contribute to the counter-narrative that would help delegitimize extremist ideology. The strategy also avoids actions that could play into the hands of the extremists, which could in turn help them in their propaganda, leading to greater terrorist recruitment, thus worsening the problem of terrorism.

In Malaysia, security measures coupled with a psychological approach as well as an emphasis on religious rehabilitation have been effective in containing religious extremism. Once arrested, alleged militants are counselled and prepared for eventual release and reintegration into society. The government also uses ex-militants who have recanted to contribute to the counter-narrative to extremist ideology. For instance, Wan Min Wan Mat, a former extremist leader who was released in 2005, has publicly urged his former colleagues in the JI to renounce violence.⁶⁷

The Singapore government has also adopted a “soft” approach. After the arrest of alleged JI operatives in late 2001, the Singapore government published a White Paper entitled “The Jemaah Islamiyah Arrests and the Threat of Terrorism” in January 2003, which listed those who had been detained, described the charges

against them, and explained the nature of the terrorist threat.⁶⁸ The detainees are assigned case officers who work with their families to rehabilitate them. Community representatives and the families of the detainees are also permitted to visit them. The detainees are also counselled by a Religious Rehabilitation Group, which consists of Muslim clerics. These clerics have written extensive rebuttals to radical perspectives on topics such as *jihad* which have been published, with the material easily accessible on the internet.⁶⁹ The government also ensures that those deemed ready for release are assisted with employment opportunities as well as financial support.⁷⁰ Such measures help to counter any perception in the Muslim community that the detainees might have been mistreated. They are also aimed at winning over the detainees, which would have the added advantage of adding to the counter-narrative against extremist ideology.

Despite tough counter-terrorism security operations carried out by the elite Densus 88 force, Indonesia has also accepted that the fight against terrorism is ideological in nature and involves the need to win the hearts and minds of Muslims. It has also therefore tried, in tandem with counterterrorism operations, to create a counter-narrative to radical ideology.⁷¹ According to the International Crisis Group, the “soft” approach as practiced in Indonesia has several components: treating detained *jihadis* as essentially good men gone astray rather than as evil incarnate; addressing terrorism as a law enforcement issue to be dealt with by the police, rather than a military threat to be handled as a war; speedily bringing detainees to court in public trials, sentencing them to reasonable terms and ensuring their release on completion of those terms; and giving cooperative prisoners perks such as air tickets for family members to visit and extra rice, or financial incentives such as school fees for their children.⁷²

Indonesia’s rehabilitation program has seen some success. Up to 20 of the 50 high-ranking JI leaders arrested since 2002 have rejected radicalism and some are now assisting the government.⁷³ The success of its rehabilitation program is epitomised by Nasir Abbas, a senior JI leader and trainer, who trained many of the JI operatives subsequently involved in terrorist acts. Since his rehabilitation and release, he has denounced violence and actively sought to persuade the militants to give up their struggle.⁷⁴

However, the “soft” approach has often been interpreted as complacency towards terrorists, epitomised by the so-called Starbucks incident, in which a top police officer, General Gorries Mere, was seen by journalists having coffee at a Starbucks café in Jakarta in 2004 with a key suspect in the Bali bombing, Ali Imron, who was then under arrest.⁷⁵ However, epitomising the approach in the region, the general was only putting the suspect at ease in order to gain his cooperation.

The general approach to counter-terrorism, based on the comprehensive approach

and characterised by “soft” measures such as religious rehabilitation, is in sharp contrast to the kinetic “kill or capture” approach that the US adopted after 9-11, epitomised by torture, renditions, and chaining detainees in orange suits at Guantanamo Bay. Local governments in Southeast Asia are aware, however, that this plays very poorly to a local audience and is counter-productive. Not surprisingly, given the problems the US has faced in counter-terrorism since 9-11 and also its difficulties in Iraq and Afghanistan, it has begun to learn from the Southeast Asian experience. Current US counterinsurgency doctrine, as set out in the revised US Army Counterinsurgency Field Manual in December 2006, is based on a comprehensive “hearts and minds” approach.⁷⁶ The religious rehabilitation programs adopted by regional governments have also sparked interest in the US, which has been grappling with the problem of what to do with its terrorist detainees.⁷⁷

The intellectual debt owed to the region in contemporary US counter-terrorism strategy has been the result of work by several key counter-insurgency analysts who have had a huge impact on recent developments in US strategy. The most significant has been David Kilcullen, an Australian army officer with a PhD from the University of New South Wales, who has been singularly influential in recent doctrinal developments.⁷⁸ Not surprisingly, perhaps, his PhD thesis was on the Darul Islam rebellion – which, like the Malayan Emergency, was quelled using a comprehensive strategy.

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CONTRIBUTORS

Professor Simon Sheldon

School of Politics and Global Studies
Arizona State University
United States of America

Sheldon Simon (Ph.D. University of Minnesota) is a Professor in the School of Politics and Global Studies at Arizona State University where he has been a member of the faculty for 35 years. He is a specialist on Asian international politics and US national security.

Professor Simon is a Senior Advisor to The National Bureau of Asian Research. He also consults regularly with the US State and Defense Departments on Asian security, and has held visiting academic positions in universities throughout the United States and Canada. Professor Simon was also a Visiting Asia-Pacific Mentor Professor at the US Naval War College from 2008-2009 academic years.

He is the author or editor of ten books and over 150 scholarly articles and book chapters. His most recent books are edited volumes: *RELIGION AND CONFLICT IN SOUTH AND SOUTHEAST ASIA: DISRUPTING VIOLENCE* (Routledge, 2007); and *CHINA, THE UNITED STATES, AND SOUTHEAST ASIA: CONTENDING PERSPECTIVES ON POLITICS, SECURITY, AND ECONOMICS* (Routledge, 2008).

His work has also been published in numerous academic journals including the Pacific Affairs, The Pacific Review, NBR Analysis, Asian Survey, Contemporary Southeast Asia, The Australian Journal of International Affairs, The Indonesian Quarterly, The Korean Journal of Defense Analysis, The Journal of Northeast Asian Studies, and Asia Policy.

Besides that, he also regularly writes the quarterly "U.S.-Southeast Asia" article for *Comparative Connections: A Quarterly E-Journal on East Asian Bilateral Relations* published by The Pacific Forum in Honolulu for The Center for Strategic and International Studies in Washington, D.C.

Dr Rajaram Panda

Senior Fellow and Cluster Coordinator
China and East/Southeast Asia
Institute for Defence Studies and Analyses, New Delhi, India

Dr Rajaram Panda is the Head (Cluster Coordinator) of China and East Asia Cluster. He is a leading Japan specialist from India. Prior to joining IDSA in January 2009, he was ICSSR Fellow and Research Associate at the Centre for East Asian Studies, SIS, JNU; Foreign Editor of Newstime, Hyderabad; and Chief Program Officer, The Japan Foundation, New Delhi. He was Visiting Fellow at Hitotsubashi University, Japan (1979), Australian National University, Canberra (1979), and Asahi Foundation Fellow at Reitaku University, Japan (1992-1993).

His expertise areas includes Japan's Foreign and Economic Policy, Security and Strategic Perspectives, Resource Diplomacy, India-Japan Relations, Emerging Power Equilibrium in the Asia-Pacific Region, Prospects of Security Architecture in the Asia-Pacific Region, Diaspora and migration remittance issues. Currently, he is doing a project on the Strategic Dimension of India-Japan Relations: Convergence and Divergence of Interests in the Evolving Asia-Pacific Security Architecture.

Dr Rajaram Panda has also presented numerous scholarly papers at national and international seminars and conferences in India, Japan and Australia on Japan's economic, political and strategic issues as well as on the State of Japanese Studies in India. He is also a frequent contributor to leading Indian dailies on current issues of India-Japan relations; has published 2 books (sole authored), 4 co-edited books, contributed Chapter to 9 books, and over 65 research articles in professional journals in India, Japan, US and England.

He obtained his Masters in History from the University of Delhi (1972), M.Phil (1976) and PhD (1981) in Japanese Studies from the School of International Studies, Jawaharlal Nehru University, New Delhi.

Professor Renato Cruz De Castro

Senior Professor
International Studies Department
De La Salle University, Manila, Philippines

Professor Renato Cruz De Castro PhD (PhD 2001, USC) is a Senior Professor in the International Studies Department, De La Salle University and the holder of the Ambassador Carlos P Valdes Professorial Chair on Political Economics. His general interests are Philippines-US security relations, contemporary US Foreign Policy in East Asia, and more recently, the impact of China's emergence on US Foreign Policy in East Asia and on the Philippines-US alliance.

He has written 60 articles on international relations and security that have been published in a number of scholarly journals and edited works in the Philippines, South Korea, Canada, Malaysia, France, Singapore, Taiwan, Germany, the United Kingdom, and the United States.

His most recent published articles are: "Weakness and Gambits in Philippine Foreign Policy in the 21st Century," *Pacific Affairs*, 83, 4 (Dec 2010), pp 697-717; "Engaging both the Eagle and the Dragon: The Philippines' Precarious and Futile Attempt in Equi-balancing," *Pacific Focus*, XXV, 3 (Dec 2010), pp. 356-375; "Counter-Insurgency in the Philippines and The Global War on Terror: Examining the Dynamics of the 21st Century Long Wars," *European Journal of East Asian Studies*, 9, 1 (2010), pp 135-161; "21st Century Armed Forces of the Philippines: An Orphan of Counter-Insurgency or military geared for the long war of the century?" *Contemporary Politics*, 16, 2 (Jun 2010), pp 153-171; "The US-Philippines Alliance: An Evolving Hedge against an Emerging China Challenge," *Contemporary Southeast Asia* Vol 31, No 3 (Dec 2009), pp 329-423.

He obtained his PhD from the Government and International Studies Department of the University of South Carolina as a Fulbright Scholar in 2001; and his BA and two masters degrees from the University of Philippines.

Professor S.D Muni

Visiting Senior Research Fellow
Institute of South Asian Studies, National University of Singapore

Professor S D Muni is a Senior Visiting Scholar at the Institute of Defence Studies and Analyses, New Delhi, and Editor of *Indian Foreign Affairs Journal*, superannuated from Jawaharlal Nehru University, New Delhi, India in 2006 after 33 years of teaching and research service. His current research interests includes India's foreign and strategic policy issues, Political and security developments in India's neighbourhood, Intra-Asian strategic engagements, and Insurgencies and terrorism related issues in South Asia.

Professor Muni, a founder Executive Member of the regional Centre of Strategic Studies, Colombo, was nominated to the first National Security Advisory Board in 1990-1991. In the University, he was Chairman of the Centre for South, Central and Southeast Asian Studies (1991-93) and held the prestigious Appadorai Chair of International Relations and Area Studies. He was also an Executive member of the Institute of Defence Studies and Analyses, New Delhi and delivers guest lecture periodically at India's various strategic institutions including the National Defence College and Foreign Service Institute; New Delhi, College of Naval Warfare, Mumbai, College of Combat Mhow, and Defence Services Staffs College Wellington. He has also been a Visiting Faculty for teaching and/or research in the academic institutions and universities of US, UK, Sweden, Norway, Germany, Australia, Japan and Singapore.

He is the author and editor of about two dozen books and monographs, published both in India and abroad including 125 research papers and articles in various Journals and edited volumes on Security and Foreign Policy Issues of India, South Asia and Southeast Asia. He has also extensively written in newspapers and current affairs periodicals. He has been on the editorial and advisory boards of various Indian and International academic journals and is currently editing IDSA Asian Strategic Review.

He obtained his Masters and PhD in Political Science from the University of Rajasthan, Jipur, India.

Professor John Ravenhill

Head, School of Politics & International Relations,
College of Arts & Social Sciences,
The Australian National University, Canberra

Professor John Ravenhill, BSc (Econ) (Hons) (Hull), AM (Indiana), MA (Dalhousie), PhD (UC, Berkeley) is Professor and Head in the School of Politics and International Relations, at the Australian National University (ANU). His research interests include Global political economy, especially in the fields of trade and production, and on Australian foreign policy.

Prior to joining ANU in 1990, he was an Associate Professor at the University of Sydney, and Assistant Professor at the University of Virginia, after completing his PhD at the University of California, Berkeley. He has been the NTUC Visiting Professor of International Economic Relations at RSIS, Nanyang Technology University, Singapore and has also been a Visiting Professor in the IOMBA program at the University of Geneva, at the International University of Japan, and at the University of California, Berkeley. Besides that, he has also provided consultancies for the ASEAN Secretariat, the Asian Development Bank, and the World Bank; and was appointed as an Oz Reader for the Australian Research Council.

Professor John Ravenhill has also contributed to numerous publications including articles that have appeared in many of the leading international relations journals including *World Politics*, *International Organization*, *Review of International Political Economy*, *Review of International Studies*, *New Political Economy*, *World Policy Journal*, *World Development*, and *International Affairs*.

Some of his selected publications includes Ravenhill, J (2009) "The Economics-Security Nexus in the Asia Pacific Region", in William T Two (Ed) *Re-envisioning Asia Pacific Security: A Regional-Global Nexus?* (pp 188-207), Cambridge: Cambridge University Press [book chapter], Ravenhill, J (2009) "The New East Asian Regionalism: Much Ado About Nothing?" in *Review of International Studies*, 35, S1 (February), pp. 215-235. [journal article] and 9ed. With Andrew MacIntyre & T.J Pempel), *Crisis as Catalyst: Asia's Dynamic Political Economy* (Cornell University Press, 2008).

Dr Deborah Kay Elms

Head

Temasek Foundation Centre for Trade & Negotiations
S. Rajaratnam School of International Studies (RSIS)
Nanyang Technological University (NTU)
Singapore

Dr. Deborah Kay Elms is currently the Head of Temasek Foundation Centre for Trade Negotiations (TFCTN), and a Senior Fellow at the RSIS, NTU, Singapore. Her research and teaching interests includes International Political Economy, Trade, Economic Development, Behavioral Economics and American Foreign Policy.

Prior to that, she was a Visiting Professor at the Institute for Advanced Studies, University of Warwick in 2009; an Assistant Professor and Coordinator at the International Political Economy Programme, RSIS from 2005 to 2008; and was a lecturer at the University of Washington, Seattle and Tacoma, from 1998 to 2004. Besides teaching, she has also delivered numerous talks to government officials, legislators and business leaders in Singapore, Cambodia and Sri Lanka; and provided consultancy and training for the Ministry of Foreign Trade of the United Arab Emirates, Singapore and Ministry of Foreign Affairs and Trade, Brunei Darussalam.

Her publications includes *"U.S. Trade Policy in Asia: Going for the Trans-Pacific Partnership?" East Asia Forum* (2009); *"New Directions for IPE: Drawing from Behavioral Economics," International Studies Review* (2008); and *"How Bargaining Alters Outcomes: Bilateral Trade Negotiations and Bargaining Strategies," International Negotiation* (2006). This year, she has delivered talks at conferences where her topic includes the *"Evolution of the Trans-Pacific Partnership (TPP) Talks," "National Interests in the Trans-Pacific Partnership Talks,"* and *"'Common But Differentiated Responsibilities' Meets 'Special and Differential Treatment': Climate Change and Trade,"*.

She is a member of the American Political Science Association, International Studies Association, Women in International Security and the British International Studies Association; and a reviewer of the Institute for the Study of Diplomacy, International Negotiation and Foreign Policy Analysis. She has earned her Ph.D. in Political Science from the University of Washington in August 2003 and her MA in International relations at the University of Southern California in 1995.

Dr Jurgen Haacke

Senior Lecturer

Department of International Relations,
London School of Economics & Political Science, London

Dr. Jurgen Haacke is Senior Lecturer in the Department of International Relations at the London School of Economics & Political Science, London. His main research interests include security and international politics of Southeast Asia; regional organizations and arrangements in the Asia-Pacific, especially ASEAN and the ASEAN Regional Forum (ARF); and the politics and foreign relations of Burma/Myanmar.

Apart from his research interests stated above, he is also involved in a project funded by the Economic and Social Research Council (ESRC). This projects includes a comparative study of how regional arrangements have responded to transnational security challenges where he is the overall project leader and responsible for case studies on ASEAN and ARF focusing on cross-border terrorism, threats to regional maritime security, insurgencies involving cross-border refugee flows, and small weapons trafficking.

Dr Jurgen Haacke has published numerous books and articles in journals and a number of his selected publications include China's role in the pursuit of security by Myanmar's State Peace and Development Council: boon and bane? *The Pacific Review*, 23 (1), The Myanmar imbroglio and ASEAN: Heading towards the 2010 elections, *International Affairs*, 86 (1), ASEAN's Diplomatic and Security Culture: Origins, Developments and Prospects and Myanmar's Foreign Policy: Domestic Influences and International Implications, as well as co-editor of *Cooperative Security: The ASEAN Regional Forum*.

Dr Jurgen Haacke has earned his MSc and PhD from the University of London.

Professor Masayuki Masuda

Senior Research Fellow
National Institute for Defence Studies, Japan

Professor Masayuki Masuda is the Senior Research Fellow at the National Institute for Defence Studies (NIDS), Japan and is also a Visiting Lecturer in Asian International Relations at Tokyo Woman's Christian University.

He joined the NIDS under Japan's Ministry of Defence in 2003, responsible for study and education on China's security and foreign policy. He was also a Senior Visiting Fellow at the SFC Research Institute, Keio University where he studied Japan-China relations in 2004-2007. Prior to joining NIDS, he was a Visiting Fellow at the Shanghai Institute for International Studies and Shanghai University where he worked on study of Chinese politics and foreign policy.

He has been the author of the China Chapter of the East Asian Strategic Review, an annual report of the NIDS. Besides that, his recent works include "Tokyo and Beijing in search of 'Strategic Relations'," Gerrit Gong and Victor Teo eds., *Reconceptualising the Divide: Identity, Memory, and Nationalism in Sino-Japanese Relations* (Newcastle upon Tyne: Cambridge Scholars Publishing, 2010); "China's Military Diplomacy and Expanding Military Power Projection Capability," Guy Faure ed., *New Dynamics between China and Japan* (Singapore: World Scientific, 2010); and "Japanese Foreign Policy toward an East Asian Community," (in Chinese) Huang Dahui ed. *Constructing a Harmonious East Asia*, (Beijing: Social Science Academic Press, 2010).

He obtained his MA and PhD at the Graduate School of Media & Governance, Keio University.

Dr Tim Huxley

Executive Director,
The International Institute for Strategic Studies-Asia; Director,
Defence and Military Analysis Programme,
Singapore

Dr Tim Huxley is the Executive Director of the International Institute for Strategic Studies-Asia and Director of the Defence and Military Analysis Programme, IISS, Singapore. He assumed the post of Executive Director, IISS-Asia in early 2007, and became Director of the Institute's Defence and Military Analysis Programme in 2010.

He has worked for many years in the overlap between strategic studies and Asian area studies, his research focusing particularly on Southeast Asian states' security and defence policies. He has held research and teaching posts at universities in the UK and Australia, and worked for several years at the Institute of Southeast Asian Studies in Singapore. Before joining IISS, he was Reader in Southeast Asian Politics and Director of the Centre for Southeast Asian Studies at the University of Hull.

He has published numerous books where his major publications include *Defending the Lion City: The Armed Forces of Singapore* (Allen & Unwin, 2000) and *Disintegrating Indonesia? Implications for Regional Security* (Adelphi Paper 349, July 2002). Since joining the IISS in 2003, he has contributed extensive analysis of recent security-related developments in Southeast Asia and Australasia to *Strategic Survey*, *The Military Balance* and the *Strategic Comments* series.

Dr Tim Huxley was educated at Oriel College Oxford, the University of Wales Aberystwyth, and the Australian National University.

Professor Roderic Broadhurst

CEPS Deputy Director
Regulatory Institutions Network
Centre of Excellence in Policing and Security, Research School of Pacific and
Asian Studies, The Australian National University

Professor Roderic Broadhurst is the Deputy Director of the Centre of excellence in Policing and Security (CEPS). He is also the Chief Investigator (designate) engaged in CEPS projects including “Illicit Organisations” and “Investigative Practices” with Victoria Police and other agencies; as well as a Professor in the School of Regulation, Justice and Diplomacy in the ANU College of Asia and the Pacific.

His current research projects include projects on crime and modernisation in Cambodia (ARC Discovery Project), homicide in Hong Kong and China, UN surveys of crimes against business in China and omnibus UN crime victimisation studies in Hong Kong and Cambodia, monitoring serious crime in cyberspace (ARC Discovery Project), and a national survey of attitudes to sentencing in Australia (ARC Discovery Project). Prior to that, he has extensive experience in criminal justice, as a practitioner and researcher where his earlier research focuses on criminal behaviour, lethal violence, victimisation and cyber crime, and conducted longitudinal research applying risk analysis methodologies to problems of recidivism, persistent offending, sex offending and dangerous offending.

Besides that, he also has considerable international experience and has conducted UN crime victim surveys in China and Cambodia; serves on the steering committee of the Virtual Dorum Against Cybercrime hosted by the UNDOC/Korean Institute of Criminology and the UNODC Expert Group on Crime Statistics; and is an Associate Fellow of the Australian Institute of Criminology, and Honorary Professor of the Key Centre for Ethics, Law, Justice & Governance, Griffith University. He was also the founder of the University of Hong Kong Centre for Criminology (1998), and Associate Editor of the ANZ Journal of Criminology (1999-2004) and the Asian Journal of Criminology (2005). He also serves on the boards of the Asia-Pacific Social Science Review and the International Journal of Cyber Criminology.

Professor Broadhurst is a graduate of the University of Western Australia and Cambridge.

Dr Andrew Tan

Convenor
International Studies
University of New South Wales
Australia

Andrew T H Tan is Associate Professor and Convenor, International Studies, at the University of New South Wales, Australia.

From July 2007 to July 2010, he was supported by the university's Strategic Priority Fund to do research on defence and security issues, including terrorism. He was previously Senior Lecturer in Defence Studies, King's College London, and taught on the Masters in Defence Studies program at the Joint Services Command and Staff College, UK, Britain's combined military staff college for senior commanders. Educated in Singapore, Cambridge and Sydney (where he obtained his Ph.D), his advice on security issues is sought by governments, armed forces, universities and research institutes.

He has published 12 books and many internationally refereed journal articles and book chapters. His recent sole-authored and edited books include: *Security Perspectives of the Malay Archipelago* (Cheltenham, UK: Edward Elgar, 2004), *A Political and Economic Dictionary of South-East Asia* (London: Europa, 2004), *The Politics of Terrorism* (London: Routledge, 2006), *A Handbook of Terrorism and Insurgency in Southeast Asia* (Cheltenham, UK: Edward Elgar, 2007), *The Politics of Maritime Power* (London: Routledge, 2007), *The Global Arms Trade* (London: Routledge, 2009) and *US Strategy Against Global Terrorism: How it Evolved, Why it Failed and Where it is Headed* (New York: Palgrave Macmillan, 2009).

