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papers and to discuss regional security issues in general. This discus-

inflation, and balanced government budgets. If, on the one hand, the affected countries are able to make appropriate changes in policies or practices and the world markets for capital and goods remain open to them, the region may reemerge from the crisis with a sounder base

criticism. Expulsions of foreign workers at a time of reduced opportunities in their homelands could exacerbate tensions between host countries and sending countries. Internal ethnic tensions could spill

Analyst opinion on whether there had been an improvement on the other issues—the Korean peninsula, territorial questions, and weapons proliferation—was more mixed. In all cases, however, only a few highly visible developments attracted

U.S. Congress was unusually cooperative. Although the results of the

ASIA PACIFIC SECURITY OUTLOOK 1998

1 Australia

The Security Environment

Like its Labor predecessor, Prime Minister John Howard's Liberal-National coalition government, which was elected in early 1996, sees the regional security environment as relatively benign. No threats to

been influenced by security considerations, but the driving motivation

Strategic Review completed in December 1997, an unclassified version of which was released publicly. The review stresses the need for the ADF to be more assertive in the face of potential military threats

- improved communications for air defense and electronics for the aircraft control system.

The government has also approved new major capital facilities projects with total project costs of A\$176 million (US\$114 million), of which A\$45 million (US\$29 million) is planned to be spent in fiscal 1997–98. A further A\$419 million (US\$272 million) in spending is planned for fiscal 1997–98 on other capital facilities.

The Department of Foreign Affairs and Trade (DFAT), whose security responsibilities include arms control, disarmament, and regional security dialogue, has undergone far fewer radical changes than the Department of Defense. However, in the government's cost-cutting drive DFATergone 7kotaacak y Pourcli3k.asacak y duc242ka3k on) P&

security.” Nevertheless, the government continues strongly to sup-

A further factor is the coalition's focus in its foreign and security policy more on Australian national interests than on "good international citizenship." While in 1993 Australia had some 1,000 troops engaged in peacekeeping operations in eight overseas locations, plus a further 1,100 committed to humanitarian relief in Somalia, by Oc-

the major powers in the region, only Japan signed the land mines convention.

Peacekeeping retains its traditional high priority for the Canadian

region continued in 1997, both funded through the Canadian International Development Agency (CIDA). These are the series of work-

movement of peoples (especially women and children in the sex trade);
the despoiling of forests, water, and air; and the employment of un-

Asia, including resources to facilitate participation by Canadian and Asian NGOs in large regional and international conferences such as

3 China

The Security Environment

The past year was unusually significant for China. The death of Deng Xiaoping, the Hong Kong handover, the 15th Party Congress, and

The Agreement on Arms Reductions in Border Areas. ~~The Agreement on Arms Reductions in Border Areas~~

regional securit477st

- The scope and function of the U.S.-Japan alliance has shifted from protecting Japan to assuming responsibility for the whole Asia Pacific region.
- The guidelines now give Japan a regional security role in the “surrounding area,” including the entire Asia Pacific region.
- The bilateral security arrangement encompasses Taiwan, a part of China, and this is totally unacceptable to China.

The Chinese reject U.S. and Japanese arguments that because the alliance has served to protect regional stability and prosperity, China also has been a beneficiary. Contrary to the view that the alliance protected stability, the period since the alliance was created in 1960 has

economic relations with others. The year 1997 marked the first time since 1989 that there was no major crisis in relations with the United

stability in the border area. The leadership in Kazakhstan reassured

fought with high-tech weapons in the land or sea border areas of China. This scenario requires fewer military personnel with more ad-

4 The European Union

do, however, maintain resources and commitments in Asia Pacific that cumulatively are quite substantial.

European involvement in Asia Pacific is also complex. As a political

year before the crisis broke more than had American banks, and by late 1997 they carried more high-risk debts. The turmoil in the second half of the year clearly heightened European awareness of and interest in the region and added a new dimension to the growing understanding of Europe's very substantial stakes in Pacific Asia.

On the other hand, European governments found it difficult to sustain their determination to strengthen relations with Asia, as several

manpower of European NATO forces had shrunk by about a quarter, from 3.14 million to 2.44 million. Procurement, however, has begun to grow again in real terms, underlining the efforts to restructure European armed forces in line with changing requirements.

one's viewpoint and the specific circumstances. After the end of the cold war, the share of European arms sales to Pacific Asia has tended

presidency of the EU, plus a European Commission official as note-taker. This led France and the United Kingdom to submit formal bids

5 Indonesia

The Security Environment

international and regional security Indonesian security analysts believe that the end of the cold war has eliminated the prospect of a world war at least for the foreseeable future. Increasing in-

in terms of economic growth rates, the development of physical infrastructure, the achievement of near self-sufficiency in food, and de-

the geographic area traditionally identified as Southeast Asia. to ASEAN in 1997, despite the problems of Myanmar's human record and the potential complications in ASEAN dealings the United States and Europe due to widespread international of Myanmar's military regime. Indonesian officials have that to leave Myanmar r leave ratkleave PgroupoortedsR aupoortedsR auweëB

6 Japan

The Security Environment

Japanese view the emerging security environment in the Asia Pacific region with mixed feelings. The Russian military threat to Japan declined with the ending of the cold war, and the continuing U.S. commitment to regional and Japan's security are welcome; yet the potential for instability and conflict in the region raises significant security concerns for Japan.

Polls show the majority of the Japanese believe that the Japan-U.S. alliance is essential for the peace and stability of the Asia Pacific region. The revised Guidelines for U.S.-Japan Defense Cooperation, issued in

energy development through the Korean Peninsula Energy Development Organization (KEDO); the nascent thaw in relations between Japan and North Korea, exemplified by Pyongyang's allowing Japanese wives of North Koreans to return to Japan for temporary visits; and Japan's food aid. Other thorny issues between Tokyo and Pyongyang include the suspected abductions of Japanese nationals and

Regional Forum (ARF) to be important mechanisms for security pol-

attacks, and “various other situations that could seriously affect Japan’s peace and security,” and participation in UN peacekeeping operations. Based on the new NDPO, the Mid-Term Defense Program (MTDP) was adopted in December 1995. The MTDP provides the details of defense buildup in a specified period of time from fiscal year 1996 to fiscal year 2000. The ceiling of total defense-related expenditures required for the plan’s implementation was estimated at approxi-

First, they emphasize the need for active peacetime security cooperation to stabilize an international security environment by promoting regional security dialogues, participating in UN peacekeeping operations, and conducting emergency relief operations. Second, the new guidelines incorporate the concept of joint Japan-U.S. operations of their respective ground, maritime, and air forces, and emphasize the need for joint operations in the Pacific region.

post-cold war security issues such as regional conflicts, nonproliferation, terrorism, development, and the global environment and energy.

assistance in the former Yugoslavia, Japan has lent personnel for UN peacekeeping operations in Angola, Cambodia, Mozambique, El Salvador, and the Golan Heights and for humanitarian assistance activities in the former Zaire.

The issue of Japan's contributions to UN peacekeeping operations has been highly controversial in Japanese domestic politics as Article 9 of the Constitution stipulates that "Japanese people forever renounce war as a sovereign right of the nation and the threat or use of force as a means of settling international disputes." The government,

7 Republic of Korea

placed by the European, Japanese, and U.S. governments on their banks to roll over short-term loans and begin a process of converting them into manageable long-term instruments.

By the beginning of 1998, it appeared that South Korea might weather the crisis, but at the sacrifice of at least two to three years of slow economic growth and unemployment of as much as 4 percent to 6 percent—very high by historical South Korean standards. Aside from its economic impact, the major effect of the crisis was psychological, as years of highly successful performance had given the South

the South Korean assessments of the first two threats, but on the third, some influential analysts believe that the North Korean regime has improved its survival prospects.

According to this viewpoint, the North has been successful in winning the critically needed level of minimum support from abroad without compromising the basis of regime legitimacy in the philosophy of *juche* (self-reliance). It succeeded in increasing its support from a doubtful China by skillfully playing a Taiwan card by concluding a contract to store Taiwanese nuclear waste. And it gained modern nuclear energy technology and food aid from the international community by playing on proliferation fears and humanitarian impulses. Kim

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relations in the future, and help maintain peace and stability in North-east Asia as a whole.

defense spending and personnel Until the recent economic difficulties forced major defense cuts, South Korea's defense budget had been steadily increasing to meet North Korean contingencies and to preparei¥kto PBi&iao prepareiuncerainta¥kto Poabieconoala¥kto enveconronm

Korea continues to bear a relatively large defense burden compared

in the fall of 1997. At South Korea's request, the announcement of the decision was postponed to January 1998.

Military relations with China have steadily improved since South Korea first assigned a military attaché to its embassy in Beijing in December 1993.

A military attaché office was opened in Moscow in 1991. In 1994, there was an exchange of visits of South Korean and Russian defense ministers. In 1996, when the South Korean defense minister again visited Moscow, a "Memorandum of Understanding" on mutual military cooperation was reached with Russia on November 4. South Korea and Russia also exchange naval visits and hold yearly meetings to prevent accidents at sea.

participation in un peacekeeping operations In a period of about four to five years, South Korea has made considerable progress in strengthening contributions to UN peacekeeping operations (PKO). Since 1993, 1,300 peacekeepers have been dispatched for UN operations in Somalia, Western Sahara, Angola, Georgia, and India-Pakistan. In pa53ss pa5375w pa53scw

forces that were wreaking havoc on the country's economy. Fund managers and currency traders, who once entered the country in droves, dumped the local currency and pulled out of the stock market. Meanwhile, the Malaysian public withdrew huge amounts of money from local banks and transferred it to foreign banks incorporated in the country. While this was short of a total capital flight, it soon became clear that the economic crisis had brought on another critical crisis—a crisis of confidence reaching dangerous proportions.

By November 1997, the government developed an economic

agricultural industries. Most of these legal and illegal workers come from Indonesia. With the liquidity crunch, several infrastructure projects had to be postponed or even abandoned, thus leaving thousands

Defense Policy and Issues

Two developments are particularly notable: Malaysia's efforts to strengthen the transparency of defense procurement as a result of the financial crisis. The centerpiece of the first effort is the Ministry of Defense's publication of *Malaysia Defence: Towards Self-Reliance*. Although there have been earlier

9 New Zealand

The Security Environment

New Zealand's regional security outlook is optimistic. There is no sense of a direct military threat. There is a remarkable consensus among New Zealand political parties, commentators, and government officials that trade is important, regional stability is indispensable, and New Zealand should be actively involved in peacekeeping. There is also agreement that the security of Australia, the Southwest Pacific, and East Asia is important to New Zealand. Critics contend that more emphasis should be given to developing defense relationships with nontraditional partners. Where there is disagreement is on

white paper The New Zealand government's perspective on re-

would “immediately consult together for the purpose of deciding what measures would be taken jointly or separately.” The FPDA uses joint exercises to build trust and to develop and test operational effectiveness. New Zealand contributed two frigates, the operational diving team, and RNZAF Skyhawk and Orion aircraft in the FPDA FLYING FISH exercise in the South China Sea April 13–30, 1997.

At the bilateral level, the New Zealand navy, army, and air force regularly exercise with their Singaporean and Malaysian counterparts. In 1995, a New Zealand-Singapore Defense Cooperation Group was formed to oversee at the senior officials level the implementation, co-

all ARF meetings. New Zealand cochaired with Thailand the ARF

10 Papua New Guinea

The Security Environment

involving the PNGDF and Sandline, saying, "It is my professional and ethical view that it is wrong to hire Sandline International to carry out the operations on Bougainville." He called on the prime minister, the deputy prime minister, and the defense minister to resign immediately. He also announced that soldiers from the recently formed Special

New People's Army, controlled 480 villages, down 94 percent from 8,496 in 1988; had 6,300 insurgent regulars, down 76 percent from 25,800 in 1988; and possessed 5,408 firearms, down 65 percent from 15,500 in 1988. Despite this success, the government wanted to

forged a cooperation agreement with Myanmar to prevent trafficking of drugs and other related substances. It has also joined and sponsored a meeting of INTERPOL, a worldwide network for exchanging information on transnational crimes.

Defense Policy and Issues

defense objectives and priorities National security, according to the Ramos administration, is based on the country's economic strength, political unity, and social cohesion. This implies that national security is basically rooted in the domestic condition. The defense establishment therefore continued to function according to these pri-

military modernization program One key area of the AFP modernization program is the streamlining of the military organization. It is expected that the modernization program would result in a total reduction of 31,686 personnel (see table 1). Because of the decreasing need for ground combat forces, the army will have the greatest reduction, 20,781 personnel over a 10-year period. Decreases will be much smaller for the

remotely delivered antipersonnel land mines to prevent an escalation of mine warfare and higher levels of civilian casualties; and greater regional cooperation in mine clearance and victim assistance.

In spite of its limited resources, the Philippines remained committed

raison d'être of the Russian state, but imperialism is considered too costly by the increasingly pragmatic leadership and fails to resonate with a citizenry that is progressively more independent of the state. Ethnic Russian nationalism lacks broad support among both the elites and the bulk of the Russian people. The government's policy to build a citizenship-based Russian nation has met with some opposition in the non-Russian republics of the Federation, who fear assimilation. Yeltsin's 1996 decree on developing a new ideology of enlightened patriotism is unlikely to provide even a surrogate ideology.

Tensions continue in relations between Moscow and the increasingly independent regions. The Kremlin has sought to conform regional legislation to the federal Constitution, and has used selective pressures against regional leaders in disfavor. However, as the case of

Tajikistan. Of these, Russia continues to maintain border troops in the two Central Asian and two Transcaucasian states. Although Rus-

the fiscal year 1997 budget included an item for force reduction, and

ensure the safe return of Georgian refugees to Abkhazia led to a permanent state of tension between Moscow and Tbilisi. In contrast, Russia's peacekeeping mission in South Ossetia remains largely non-controversial. Russia has joined the United States and France, two other prominent members of the Minsk group on Nagorno-Karabakh,

services. The U.S. economy receives a larger boost from meeting these

The currency crisis that hit most Asia Pacific countries in late 1997 is a test case of whether the economic interdependence that has been

of developing a submarine capability. Subsequently, Sweden offered and Singapore purchased three more decommissioned Sjoormen-class submarines. Perhaps reflecting its awareness of the sensitivities of neighboring states, the Singapore government argued that this was an opportunity buy and did not reflect a final decision to develop an operational submarine capability.

The real challenge for the SAF, however, is not the upgrading and improvement of its hardware, but rather the recruitment and retention of skilled manpower to operate its hardware. In a tight labor market, the SAF has had some difficulty in recruiting and retaining skilled personnel. The Ministry of Defense has, therefore, with the advice of an

participated in earlier UN peacekeeping operations in Angola and Cambodia. It now sends a senior officer and supporting staff to the UN Iraq-Kuwait Observation Mission, and medical support staff to the UN peacekeeping mission in Guatemala. Singapore is preparing to join 62 other countries in signing an agreement with the United Nations to formalize its commitment to the UN Standby Arrangements System for peacekeeping operations.

Singapore also cochairs with the United States the ARF inter-*sessional* group on air-sea search and rescue. Its CSCAP National Committee in May 1997 hosted the first ever General Meeting of CSCAP. In September 1997, the Institute of Defense and Strategic Studies joined the International Institute for Strategic Studies in London in organizing an ARF track two conference on preventive diplomacy.

unity and social harmony. For most Thais, the new Constitution was

transporting contraband. Maintaining that the vessel was in Laotian waters, Lao authorities refused to return the Thai customs officers and demanded reparation for damages as well as the return of four vessels seized by Thailand. Eventually, the Thai officers were swapped for the Laotian boats and crew.

In 1997, Thailand continued to hold annual joint military exercises

must maintain tactical readiness, while implementing a strong policy of self-reliance. The report also argued against compromising the force structure of the armed forces or the ambitious modernization programs.

According to this report, the United States will likely maintain its regional presence and cooperate militarily with Thailand, but Thailand's strategic importance to the United States has declined. Mean-

15 The United States

and Sri Lanka, and religious extremists in a number of countries as possible causes of conflict in the region.

u.s.-asia pacific relations China was in the spotlight in the

governments' decision in July to admit Myanmar into the expanded ASEAN. In contrast to its approach with China, regarding Myanmar the United States gave priority to issues of civil and political rights,

The procurement portion of the defense budget—the development and acquisition of equipment and weapons systems—dropped even more sharply, falling by 7.4 percent. Pzzkpor756ngPzzkporrealPzzkp

period. Burden-sharing, both in participation and in financing, remains a major factor affecting public and Congressional attitudes toward U.S. international military activities.

forward deployment Both the 1997 National Security Strategy and the Quadrennial Defense Review endorse the U.S. forward military presence in Asia Pacific. In support of the fundamental policy of maintaining the capability to fight and win major conflicts in two different regions “nearly simultaneously,” administration policy is to maintain “roughly 100,000 military personnel” deployed in both Europe and the Asia Pacific region. (These figures reflect significant reductions in the 1990s, especially in Europe.) Repeated statements by high-level U.S. officials have elevated the 100,000 figure to the status of a firm numerical commitment.

The Quadrennial Defense Review reconciles its recommendations for cuts in military manpower with its support for maintaining present overseas troop levels by assuming that in a two-conflict situation some specialized units, such as bombers and amphibious assault

Clinton administration indicated it would welcome such a dialogue, although China appears to be reluctant to participate.

16 Vietnam

The Security Environment

Vietnamese view security in comprehensive terms. Security is not

Domestic security policy during 1997 centered on three national

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