

Part I

Security Issues of East Asia

Chapter 1

**Post-Crisis Changes in Indonesia
and ASEAN**

At long last, Southeast Asian countries are clawing their way out of the recession in 1999 that was brought on by the currency crisis of 1997. The political and social impacts it had on these countries were so devastating that the Association for Southeast Asian Nations (ASEAN) and its member states are in the midst of changes. In Indonesia, President Abdurrahman Wahid took the reins of government in October 1999, but he is yet to calm the turmoil that has been continuing since the collapse of the Suharto regime. Proliferating conflicts in the region has fueled the call for ASEAN to adapt to the changing environment while its cohesion is feared to have weakened since the currency crisis. And the problem of East Timor, which had developed into an important international issue, is posing a serious challenge not only to Indonesia and Southeast Asia but also to the regional order of the Asia-Pacific region.

1. Indonesia under New President Wahid

(1) A Year of Elections

After the resignation of President Suharto in May 1998, Indonesia got caught in a whirlpool of political liberalization and economic and social turmoil, and a murky situation persists to this day. In the midst of such confusion, the nation held three very important votes — a general election, a presidential election by the People's Consultative Assembly (MPR) and a popular consultation in East Timor.

In the People's Representative Council (DPR) elections during the reign of President Suharto, the Golkar, which was a coalition of the military, civil service and various organization of professional representation, had consistently won an overwhelming victory over the opposition parties. During those days, only two opposition parties had been authorized: the Indonesian Democratic Party (PDI), and the United Development Party (PPP). And the MPR kept returning Suharto as president. However, B.J. Habibie who assumed

the presidency in May 1998 as a successor to President Suharto took a series of steps to restore the people's political freedom, including the freedom to form political parties. As a result, political parties mushroomed: As many as 148 parties had applied for the right to field candidates in the forthcoming general election. Of these, only 48 had met the requirements for fielding candidates — to have the right to field candidates in a general election, a political party must have its chapters in more than a half of the 27 provinces of Indonesia — and had participated in the general election.

Initially, political parties fought their election campaigns over the issue of reformasi, literally meaning reformation, vs. status quo. Among those championing the cause of reformasi, the Indonesian Democratic Party-Struggle (PDI-P) led by Megawati Sukarnoputri, National Awakening Party (PKB) founded by Abdurrahman Wahid, and the National Mandate Party (PAN) headed by Amien Rais were considered likely winners. On the other hand, the Golkar Party, backed by a nationwide network of well-heeled organizations favoring the status quo, supported B.J. Habibie and was considered having a good chance of winning.

On June 7, 1999, a general election was held, the first in which political parties have participated freely since 1955. Voting took place relatively free from the much-feared disturbances, and mostly in fairness, under the watchful eye of international observer groups. From the election, reformist parties as a group have emerged triumphant: the PDI-P winning the largest number of seats (154), and it was followed by the Golkar Party (120), PKB (51), PPP (39), and the PAN (35).

As election campaigns got under way in earnest, the focus of campaign issues shifted from reformasi to a rivalry between the Islamic camp and secular groups. As the possibility of a victory of the PDI-P backed by non-Islamic and nationalist supporters loomed larger as the days rolled on, criticism of the PDI-P by Islamic political parties mounted. In the days of President Suharto,

political parties once established by the Islamic force, which accounted for 90 percent of the population, were forcedly reorganized into a single party with little Islamic influence, and participation of the Islamic force in the nation's political process was strictly restricted. Therefore, for the Islamic force, which had long cherished the dream of gaining political power, an overwhelming election victory of the PDI-P was something they could not tolerate.

As the rivalry between the Islamic force and secular groups intensified, attention shifted to the election of the president by the MPR. Initially, presidential hopefuls were Megawati, head of the PDI-P which had turned out to be a party with the largest number of seats in the DPR, and B.J. Habibie nominated by the Golkar Party, which had won the second-largest number of seats, and their rivalry escalated with each passing day. However, while these two non-Islamic parties battled for the presidency, Amien Rais, former chief of Muhammadiyah, the second-largest Islamic group in Indonesia, formed a new coalition of Islamic parties called the "Middle Axis" and put up Abdurrahman Wahid, who headed Nahdlatul Ulama, Indonesia's largest Islamic group, as its presidential candidate. With his participation in the race, the presidential election became a three-way battle among Megawati, Habibie and Wahid, and Indonesian political scene presented complicated and intertwined confrontation between reformists and proponents of status quo, and Islamic camp and secular groups.

On October 20, a presidential election was held in the MPR, the first ever in the history of Indonesia to choose president by vote. As the assembly rejected an accountability speech delivered by President Habibie the day before the election, he withdrew his candidacy, leaving the field to two contenders, Megawati and Wahid. Although Megawati took an optimistic view on her victory, she failed to get additional votes, while Wahid garnered a large number of votes from members of the Golkar Party, which had given up the candidacy of Habibie, and he took office as the fourth president of the republic. In an election held the following day, Megawati was

elected as vice president, and a coalition government of the Islamic force and secular groups thus emerged.

A week after he was elected, President Wahid released a list of members of his National Unity Cabinet. According to him, the list of his

Newly elected President Abdurrahman Wahid of Indonesia addressing the People's Consultative Assembly (October 20, 1999) (Kyodo Photo)

Cabinet members was reviewed — and approved — jointly by Megawati, Amien Rais, Akbar Tanjung (president of the Golkar Party), and General Wiranto, commander in chief of the Indonesian Defense Forces (TNI). The Cabinet is composed of those drawn from major political parties and the TNI with a view to maintaining impartial and balanced treatment of various political parties and groups, and bringing about a reconciliation, among these groups that had fought one another during the election campaign.

There was a noteworthy change in the appointments related to the military that had a great influence on the politics of Indonesia. To the defense portfolio, which had been consistently reserved for military officers during the Suharto years, President Wahid appointed Juwono Sudarsono, a civilian. General Wiranto who had been commander in chief of the TNI, was appointed coordinating minister for politics and security affairs, and Admiral Widodo AS, deputy chief of the TNI was promoted to the post of commander in chief. The government of President Wahid tried to impress the people inside and outside Indonesia with the firmness of its commitment to establishing civilian control over the military by appointing a civilian as defense minister. The appointment was also meant to symbolize a change in the Indonesian military, in which the

army had been dominant by promoting an admiral to the highest position within the military.

(2) East Timor Leaves Indonesian Rule

A popular consultation on the status of East Timor was held on August 30. Immediately after the announcement of an overwhelming victory of the pro-independence faction, large-scale riots triggered by pro-Jakarta armed groups erupted in East Timor, prompting the international community to send an international force to restore public order and security there.

In East Timor, a former colony of Portugal annexed by Indonesia in 1976, armed resistance groups such as the Revolutionary Front for an Independence of East Timor (FRETILIN) fought against the Indonesian forces in East Timor for many years. In the past, the United States and Australia had supported the annexation of East Timor by Indonesia out of necessity for checking the spread of Communist influence in Southeast Asia. After the end of the Cold War, however, the situation changed, and international criticism of human rights violations by Indonesian soldiers — killing or physically harming pro-independence inhabitants — increased. After the resignation of President Suharto, Indonesia reached a basic agreement in August 1998 with Portugal, through the intermediation of the United Nations, to confer on East Timor “a special status based on a wide-ranging autonomy.” At a Cabinet meeting held in January 1999, the Indonesian government decided on a policy to leave the decision on the status of East Timor to the discretion of the MPR in case East Timor did not accept its offer of an expanded autonomy, hinting its intention to recognize in effect the independence of East Timor. Finally, Indonesia and Portugal signed an agreement regarding a “special autonomy” of East Timor through the intermediation of the United Nations on May 5 and Indonesia agreed on holding a “popular consultation on the basis of a direct, secret and universal ballot,” regarding the special autonomy under the auspices of the United Nations in August 1999.

Table 1-1. Chronology of the East Timor Problem

1974			
April 25	A revolution breaks out in Portugal. The new government announces a policy of granting independence to its overseas territory. In East Timor, a civil war breaks out between the pro-independence faction and the pro-Jakarta factions aided by the Indonesian Armed Forces.	Feb. 10	Timorese), the government will refer the question of separation of East Timor to the MPR. The Indonesian government decides to transfer President Gusmao of the CNRT, then serving a 20-year prison term, from prison to house arrest and relaxes the restrictions on giving interviews to private individuals.
1975		April 21	Armed groups affiliated with the pro-independence faction of East Timor and with the pro-Jakarta factions whose struggle has been escalating agree to a peace proposal made through the mediation of the United Nations.
Aug. 30	The pro-independence faction gains ascendancy over the pro-Jakarta factions in Dili.	April 23	Indonesia formally agrees with Portugal to a draft proposal to create a SARET and to a popular consultation on the proposal to be conducted by the United Nations.
Nov. 28	The pro-independence faction declares independence of the Democratic Republic of East Timor.	May 5	Indonesia and Portugal sign the proposal of the SARET.
Nov. 30	The pro-Jakarta factions sign the Balibo Declaration demanding the integration of East Timor into Indonesia.	June 11	The U.N. Security Council adopts resolution 1246 (S/RES/1246) approving the establishment of a United Nations Mission in East Timor (UNAMET) to conduct a popular consultation. (An advance party goes to East Timor in May.)
Dec. 7	The Indonesian Armed Forces invade East Timor.	June 29	The Japanese government decides to send three civilian policemen to UNAMET.
1976		July 16	UNAMET starts accepting registration of voters for the popular consultation.
May 31	The Timorese Provisional Government established by the pro-Jakarta factions declare the annexation of East Timor to Indonesia.	Aug. 6	Registration of eligible voters closes and a total of 451,792 eligible voters register.
July 17	The Indonesian government makes a decision to annex East Timor (Law No. 7/1976), but the United Nations does not endorse the annexation.	Aug. 13	As public disturbances in East Timor caused by armed groups of the pro-independence and pro-Jakarta factions worsen and become widespread, Command in Chief Wiranto of the Indonesian Defense Forces discharges the local commander.
1978		Aug. 14	Campaign on the popular consultation starts.
March 22	The MPR formally adopts the resolution (Decree VI/MPR/1978) authorizing the annexation of East Timor to Indonesia.	Aug. 30	The ballots for the popular consultation is carried out and 98.6% of the eligible voters cast ballots.
1991		Sept. 4	UNAMET announces the result of the ballot. An overwhelming 78.5% of eligible voters opposes the SARET proposal. Immediately after the announcement of the result, pro-Jakarta armed groups goes on a rampage through several cities firing at local inhabitants and setting fire on houses and buildings, and thus plunges East Timor into a state of anarchy. More than 200,000 inhabitants flee to West Timor for safety.
Nov. 12	A unit of the Indonesian Armed Forces fires at a crowd of mourners gathered at Santa Cruz Cemetery in Dili to participate in a ceremony held in memory of pro-independence youths. A total of 271 people are shot to death, and 290 people are missing. After the incident, international criticism of Indonesia mounts.	Sept. 7	The Indonesian government declares a military emergency status in East Timor and sends reinforcements of about 5,000, including Army Strategic Reserve Command in addition to 12,000 troops (half of them policemen) stationed there. The same day Prime Minister John Howard of Australia offers to the United Nations to send a peacekeeping force to East Timor.
1992		Sept. 7	President Gusmao of the CNRT is granted amnesty and released from house arrest by the minister of justice of Indonesia. (He leaves Indonesia for Australia on Sept. 19.)
Nov. 20	Xanana Gusmao, president of the CNRT, is arrested by the Indonesian Armed Forces.		
1993			
May 21	President Gusmao of the CNRT is sentenced to death on charges of illegal possession of firearms and treason (subsequently commuted to 20 year's imprisonment).		
1998			
June 9	Indonesian President B.J. Habibie indicates that he is considering a broader autonomy for East Timor.		
July 28	The Indonesian Armed Forces start reducing the number of troops stationed in East Timor.		
Aug. 4	Indonesia agrees with Portugal, in principle, to grant East Timor "a special status based on a wide-ranging autonomy."		
1999			
Jan. 27	Foreign Minister Ali Alatas of Indonesia says that if the autonomy proposed by the Indonesian government is rejected (by the East		

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(Table 1-1 — *Continued*)

Sept. 8	A delegation of the U.N. Security Council arrives in Jakarta and requests the Indonesian government to accept the deployment of an international force to East Timor in case Indonesia is unable to restore public order there on its own. The Indonesian government rejects the request.
Sept. 9	Foreign ministers who have gathered at an APEC meeting in Auckland hold a special meeting on East Timor. In the Chairman's Statement issued thereafter, they indicate their willingness to extend international assistance.
Sept. 10	UNAMET pulls out of East Timor to Darwin, Australia, leaving a few liaison officers behind. The same day, U.N. Secretary-General Kofi Annan declares that Indonesia has failed to restore public order and security in East Timor and urges Indonesia to immediately accept the deployment of an international force to East Timor.
Sept. 12	The heads of ASEAN countries who were attending an informal APEC Economic Leaders' Meeting have discussions with Indonesia's Coordinating Minister Ginandjar Kartasasmita to persuade Indonesia to accept the deployment of an international force to East Timor. The same day, President Habibie indicates his willingness to accept the international force.
Sept. 15	The U.N. Security Council adopts a resolution 1264(S/RES/1264) authorizing the deployment of an INTERFET to East Timor.
Sept. 16	Indonesia terminates the Agreement on Maintaining Security concluded with Australia.
Sept. 20	The first contingent of INTERFET, 2,500-strong, made up primarily of Australian troops, arrives at Dili from Darwin by air. INTERFET is commanded by Maj. Gen. Peter Cosgrove of the Australian Army, deputized by Maj. Gen. Songkitti Jaggabatra of the Royal Thai Army.
Sept. 27	U.S. Defense Secretary William Cohen tours Australia and Southeast Asian countries (until Oct. 3).
Sept. 28	The Indonesian Defense Forces transfer their jurisdiction to maintain public order in East Timor to INTERFET.
Oct. 8	Members of INTERFET exchange fire with elements of a pro-Jakarta armed group, resulting in the first death in the armed groups in its encounter with INTERFET.
Oct. 10	INTERFET exchanges fire with the Indonesian Defense Forces in a border area between East and West Timor.
Oct. 19	The MPR adopts a resolution nullifying its 1978 Decree on Annexation of East Timor to Indonesia (Decree V/MPR/1999).
Oct. 22	President Xanana Gusmao of the CNRT returns to Dili.
Oct. 25	The U.N. Security Council adopts resolution 1272 (S/RES/1272) authorizing the establishment of an UNTAET to take charge of administration until such time as East Timor will have achieved independence. U.N. Secretary-General Kofi Annan appoints Deputy U.N. Secretary-General Sergio Vieira de Mello as special representative of the secretary-general of UNTAET.

Nov. 9	U.N. Secretary-General Kofi Annan appoints Special Adviser to the President Akira Takahashi of the Japan International Cooperation Agency as deputy special representative of the secretary-general for humanitarian assistance and emergency rehabilitation of UNTAET.
Nov. 24	The main force of an airlift unit of the Japan Air Self-Defense Force arrives in Surabaya, Java. At the request of the United Nations High Commissioner for Refugees, the unit airlifts aid goods from Surabaya to Kupang, West Timor.
Dec. 14	East Timor reconciliation meeting is held in Tokyo (until Dec. 15).
Dec. 16	Donor's Meeting for East Timor is held (16–17) in Tokyo. The meeting announces that the aid-giving countries will contribute \$520 million over the next three years in rehabilitation funds, of which \$100 million will be contributed by Japan.
Dec. 29	U.N. Secretary-General Kofi Annan appoints Lt. Gen. Jaime de los Santos of the Philippine Army as force commander of the military division of UNTAET and Maj. Gen. Geoffrey Smith of the Australian Army as its deputy force commander.

Source: Data from materials released from the United Nations and the MPR, and news reports published in Indonesia.

During the period preceding the ballot, conflicts between armed groups of pro-Jakarta and pro-independence factions erupted, and many inhabitants were killed or injured. Alleging that the United Nations was supporting the pro-independence faction, the pro-Jakarta factions attacked the staff of the United Nations Mission in East Timor (UNAMET) who oversaw voting. Besides, killings of inhabitants sympathetic toward the rival faction by armed groups of pro-Jakarta and pro-independence factions occurred in rapid succession. General Wiranto, commander in chief of the TNI, assumed a tough stance toward errant troops stationed, and restoring public peace and order, in East Timor by replacing the field commander, but no visible improvements occurred.

Despite such dangers, the poll was carried out peacefully on August 30, in which as high as 98.6 percent of the 450,000 registered voters turned out at the polls. On September 3, the United Nations announced the results of the polls, which showed that 78.5 percent of the voters rejected autonomy proposed by the Indonesian government and expressed their wishes for independence.

However, immediately after the announcement of the ballot results, pro-Jakarta armed groups began to attack pro-independence inhabitants and the staff of UNAMET. They went on a rampage through several cities, assaulting and killing many pro-independence inhabitants and setting their houses on fire. Major streets fell into ruins, and about 500,000 people, including 150,000 people who had escaped to West Timor, were forced to take refuge in makeshift camps. It is said that the aim of the pro-Jakarta groups was to “politically cleanse” East Timor and make it difficult to achieve independence from Indonesia by destroying urban infrastructure. In response, not only the military and the police of Indonesia failed to take effective measures to maintain public peace and order, but some of its troops systematically took sides with pro-Jakarta groups in defiance of the intention of the high command of the military. On September 7, President Habibie declared a military emergency status across East Timor — but to no avail, and UNAMET pulled out of East Timor on September 10. Alarmed by the worsening situation, international pressure on Indonesia to accept the deployment of international peacekeeping forces mounted, and President Habibie at last indicated his willingness to accept them on September 12.

On September 15, the U.N. Security Council adopted a resolution authorizing the deployment of the International Force for East Timor (INTERFET), and a contingent of INTERFET largely composed of Australian troops landed at Dili, the principal city of East Timor, on September 20. Initially, there were isolated skirmishes between units of INTERFET and pro-Jakarta armed groups, but INTERFET succeeded in restoring public peace and order, and refugees began to return to their homes.

With the turmoil simmering down, the next focal point was a decision the MPR, the highest organ of state power, would take with respect to the wishes expressed by the people of East Timor. During the MPR debate, its members criticized President Habibie for agreeing to hold the popular consultation over the status of

East Timor without consulting with the MPR in advance and expressed doubts about the neutrality of UNAMET. In the end, however, the MPR agreed to observe the Indonesia-Portugal accord of May 1999 and to respect the wishes of the people of East Timor, and decided to nullify its 1978 decree on annexation of East Timor to Indonesia. With this, East Timor was legally separated from Indonesia, and was to start making preparations for building a new independent state under the leadership of President Xanana Gusmao of the National Council of Timorese Resistance (CNRT) with the assistance of the United Nations Transitional Administration in East Timor (UNTAET) established on October 25, 1999.

The East Timor problem was one of the major factors for which the government of President Suharto had drawn criticism of the international community. Coming as it did at such a critical juncture, the failure of his successor to calm the turmoil that had erupted in the wake of the popular consultation seriously undermined the international credibility of Indonesia. With the separation of East Timor and the advent of a new government of President Wahid, the problem of East Timor has become a history for Indonesia. However, the separation of East Timor has encouraged the separatist movement in other parts of the country, and this will pose a serious challenge to the stability of Indonesia in coming years.

(3) Indonesia in Coming Years

An urgent problem facing the new government of President Wahid is recovery of the economy that was battered by the currency crisis of 1997. To accomplish this, it must restore political and social stability. Factors affecting stability are the effectiveness of the policies the government is pursuing — or will pursue in coming years — to deal with religious and ethnic problems, and the extent of progress in democratization.

One of the characteristics of politics in Indonesia that has become clearly defined after the resignation of President Suharto is

the polarization of politics into two camps — the Islamic force and the secular force. Freedom of association won by the Indonesian people after the resignation of President Suharto has given rise to a rash of Islamic political parties, and Abdurrahman Wahid, the leader of an Islamic organization, was elected president with the support of these Islamic political parties. Given the backdrop against which President Wahid won the mandate, his administration is expected to alleviate the discontent of the Muslims, who account for a great majority of the people, particularly the rural poor who felt that their political views had been brushed aside and that they had seldom enjoyed the benefit of economic development under President Suharto. On the other hand, people who seek to strengthen the Islamic coloring in Indonesian society may gain power, raising the possibility that their ascendancy might undermine the stability of the multiethnic and multireligious society of Indonesia.

While a Muslim by faith, Vice President Megawati is a leading figure of the secular faction with a background of Hindu culture. And by virtue of her democratic inclinations, she is well received by the people of Western countries and the democratic forces of Indonesia. Therefore, it may be said that the teaming of these two personalities (Wahid and Megawati) was the best choice currently available to the Indonesian people in the sense that their team has a good chance of engineering social stability, particularly, easing the rivalry between Muslims and non-Muslims in Indonesia.

Potentially threatening the political stability of Indonesia are the separatist movements flourishing in provinces such as Aceh and Irian Jaya. In response, President Wahid intimated that he intended to grant broader autonomy to these provinces with an eye to the possibility of establishing a federal system. However, not all members of his Cabinet exactly share his view. It appears that the top leaders are taking the initiative in solving the problem of separatist movements — with President Wahid taking charge of the special territory of Aceh and Vice President Megawati the

provinces of Irian Jaya, Riau and Maluku. Encouraged by the winning of independence by East Timor, the separatist movements in other areas of Indonesia are gaining momentum. On December 4, for instance, one million people gathered in a rally to demand a ballot, like that held in East Timor. President Wahid did indicate his willingness to hold it, but what he had in mind was to ask the people of Aceh whether they want the enforcement of Islamic law, a far cry from the independence they wanted.

It is said that the tolerance of the Indonesian people toward the separation of Aceh and Irian Jaya, which had been an integral part of Indonesia since its independence from the Netherlands, was far smaller than that toward East Timor, which was annexed by Indonesia after its independence. The maintenance of Indonesian unity, including Aceh and Irian Jaya, is something that the Wahid administration cannot compromise on. If the anti-government movement in these provinces escalates, a bloody clash could occur between the Indonesian military and independence fighters. If only to secure political stability and maintain good relations with the international community, a peaceful handling of problems posed by the separatist movement in these provinces is a political imperative for the new administration of President Wahid.

With the rejection of the accountability speech of President Habibie by the MPR and the resultant withdrawal of his candidacy for the presidency, the Suharto regime was finally rejected, paving the way for the democratization of Indonesia. The remaining problem is a reduction of the political involvement of the military. Due to the historical circumstances and a tradition peculiar to Indonesia that had persisted since its independence war of 1945-49, the military had played *dwifungsi* or a dual function, actively involving itself in political and social issues, as well as in defense and security. In reaction to the mounting criticism for its excessive involvement in political and social issues after the resignation of Suharto, the military began to take a searching look at the social-political role it played. The military prohibited its officers on active

duty from holding other official positions and decided to abolish its non-electoral faction in the DPR by 2002, and remain neutral to all political forces, including the Golkar Party. In April 1999, the police was separated from the military. Although the military aims to reinvent itself as a professional institution specializing in national defense, it does not necessarily mean that it has given up its social-political function. According to Lt. Gen. Susilo Bambang Yudhoyono, former chief of the Social-Political Staff of the TNI, what the military really had in mind was a change in emphasis from a direct, day-to-day involvement in the nuts-and-bolts of government to an indirect involvement from a general standpoint. However, the Wahid administration and the MPR disagreed with the military about the pace of military reform and the human rights violations by the armed forces in East Timor, and the discord could affect relations between the government and the military.

With religious and ethnic rivalry intensifying, and the separatist movement flourishing in outlying provinces, the military still plays a critical role in maintaining political stability in Indonesia. How President Wahid will steer military reform through the conflict between the democratic forces, which demand the abolition of the social-political function of the military, and the military, which favors a gradualist approach to the reform, bears a close attention.

2. ASEAN at a Turning Point

(1) ASEAN 10: Changes and Challenges

With the formal joining of Cambodia in 1999, the Association of Southeast Asian Nations (ASEAN) has achieved its long-cherished goal of building membership comprising all the 10 Southeast Asian countries. Since its formation in 1967, ASEAN has worked toward making its founding principle — non-interference in internal affairs of other member countries, pacific resolution of conflict and decision-making by consultation and consensus — the framework for bringing about coexistence and co-prosperity among Southeast

Asian countries with different political backgrounds. As declared in the ASEAN Vision 2020 adopted at the Second Informal ASEAN Summit in Kuala Lumpur on December 15, 1998, it is to be duly recognized that it “has achieved considerable results in the economic field, such as high economic growth, stability, and significant poverty alleviation” in the region, that it has encouraged new member countries to be involved in to the regional community, and that it has gained considerable influence in the international community through the ASEAN Regional Forum (ARF) and the Asia-Europe Meeting (ASEM). Ironically, however, the unity of the region, that was to have been strengthened with the achievement of ASEAN 10, was shaken to its foundations on account of political, economic and social changes that had occurred in its member countries and in the region as a whole after the currency crisis of 1997.

A case in point was the differences among its member states over the question of admitting Cambodia to ASEAN. Originally, Cambodia was supposed to join ASEAN along with Laos and Myanmar in 1997, the 30th anniversary of ASEAN, but the joining of Cambodia was postponed indefinitely because of a political crisis that occurred on July 5, shortly before the scheduled date. Following the advent of a new government in Cambodia, ASEAN at its sixth summit meeting held in December 1998 in Hanoi approved the admission of Cambodia without specifying the date, and formally admitted Cambodia at admission ceremonies held in April 1999 in Hanoi. In truth, however, as of December 1998 Cambodia was still in the midst of debate over the creation of a Senate, a body that had to be established under the constitution, and for that reason, a majority of member countries of ASEAN were in favor of postponing its admission. However, Vietnam, the host country that historically had a long-standing relationship with Cambodia, insisted on deciding the matter once and for all during the year and holding admission ceremonies in Hanoi, and finally prevailed upon other member countries. ASEAN refrained from seizing the heaven-sent opportunity of the admission ceremonies of Cambodia to

trumpet the achievement of an ASEAN 10 status supposedly because of differences among its members over the admission of Cambodia.

ASEAN had not exactly enjoyed solid unity. ASEAN, which gives highest priority to the respect of sovereignty of other member countries, has no common framework of foreign and security policies similar to the one the European Union has. Therefore, the approaches its member countries took to the conflict in Cambodia, for example, were noted more for their differences than for commonalities. What is more, the line of expansionist policy ASEAN had taken since the joining of Vietnam in 1995 not only has widened the economic gap inside ASEAN but increased the difficulty of effective decision-making. However, a conflict of opinion among its member countries did not surface, and this was due to an optimistic mood born of sustained economic growth that had prevailed among its member countries. More important, the demonstrable cohesion of ASEAN countries was believed to be the advantage of Southeast Asian countries in pursuing economic growth and security in competition with outside powers amid expanding globalization of the economies and regional security concerns.

The impact of leadership provided by former President Suharto of Indonesia, the only head of member state who had held that position since the founding of ASEAN, was great. At a meeting of the Asia-Pacific Economic Cooperation (APEC) in 1994, he was instrumental in fashioning the Bogor Declaration by persuading member countries of ASEAN, which doubted the wisdom of an accelerated liberalization of trade advocated by the United States. He played a leadership role in deciding on the admission of Myanmar over the opposition of other member countries, which thought it premature in deference to the strong criticism of Western countries about human rights violations by Myanmar. President Suharto had thus wielded strong influence as an elder statesman over the affairs of ASEAN.

The Asian currency crisis of 1997 devastated not only the econo-

my of each country directly involved but that of the region as a whole, so much so that these countries had neither the ability nor the will to assist newly joined member countries, such as Vietnam. Moreover, the currency crisis has triggered a change in the very political and social systems. The resignation of President Suharto and the popular demand for democratization in Malaysia suggest a political impasse of a development-oriented authoritarian regime, while the move toward liberalization has slowed down and political control tended to tighten in newly joined countries after the currency crisis. In such circumstances, differences among the member countries of ASEAN over the compatibility between democracy and global standards of the market economy, and traditional values of ASEAN countries have come to the fore.

This is not to say that ASEAN countries are sitting on their hands. In an effort to achieve regional economic recovery, the ASEAN summit in December 1998 adopted the Hanoi Plan of Action and the Statement on Bold Measures. These documents prescribe an acceleration of tariff cuts in the ASEAN Free Trade Area and a special measure for promoting the liberalization of investment. Among other things, the Hanoi Plan of Action explicitly states the necessity of reviewing ASEAN's organizational structure. At an ASEAN Ministerial Meeting in July 1999 in Singapore, the participating countries reiterated their determination to fully implement the decisions adopted at the summit, and held their first "Retreat of the ASEAN Foreign Ministers" to frankly exchange views on the future of ASEAN, ARF and ASEAN's dialogue relationships.

Although the exit of Suharto, a key figure who had mediated differences, has brought conflict of interests to the fore, his absence encouraged open discussion of problems facing ASEAN. After recovering from the shock of the currency crisis, ASEAN countries have begun to take steps to restore their unity.

(2) Prospects for a New Approach to Security

The stance of ASEAN is changing, and the change is occurring in its debate over regional security. Hamstrung by its commitment to the principle of non-interference, ASEAN had studiously steered clear of any issue, inside and outside the ARF, that lay beyond the realm of voluntary multilateral security cooperation such as confidence-building measures (CBMs) currently pursued in the ARF. However, at a series of meetings in Singapore in July 1999 — the ASEAN Ministerial Meeting, the sixth ministerial meeting of the ARF, ASEAN Post-Ministerial Conference — participating ministers had discussions of a nature suggestive of a new approach to what the ARF and ASEAN should do in the field of security.

A case in point is the debate conducted in the ARF over preventive diplomacy. The Chairman's Statement of the second ARF, held in August 1995, pointed to three broad and evolutionary stages of the ARF process — "promotion of confidence-building," "development of preventive diplomacy" and "elaboration of approaches to conflicts." The statement said that the ARF process was then at "Stage I," namely the stage of confidence-building. Western countries participating in the subsequent ARF meetings urged ASEAN to move forward to the stage of preventive diplomacy. In this connection, the Intersessional Support Group (ISG) on CBMs of 1998–99 explored matters of the overlap between confidence-building measures and preventive diplomacy. At the sixth meeting of the ARF, the ministers approved of the ISG on CBMs of 1999–2000, co-chaired by Japan and Singapore, discussing the concept and principles of preventive diplomacy, and appreciated preparation by ASEAN of the draft paper on the concept and principles of preventive diplomacy by the time an ARF Senior Officials Meeting (SOM) is held in 2000.

Meanwhile, the Chairman's Statement of the Sixth Meeting of the ARF emphasized that "the ARF process will continue to develop at a pace that is comfortable to all participants" and reaffirmed participants' "commitment to make decisions by consensus." The

statement also clarified their support for ASEAN's leading role in the ARF process. Considering ASEAN's principle or what can be summarized as "adjusting the pace to the most passive participant," the statement can be taken to be meant to check Western countries, that strongly advocate early transition to the stage of preventive diplomacy.

Differences among the countries participating in the ARF may be largely summarized as follows: A majority of non-ASEAN countries are in favor of building up the ARF as a firm multilateral security system by investing the ARF with powers to settle disputes on the model of the North Atlantic Treaty Organization (NATO) or the Organization for Security and Cooperation in Europe (OSCE). However, instability in the Asia-Pacific region is often caused not by disputes between sovereign states but domestic problems or at least what one of the parties perceives to be domestic problems. Therefore, ASEAN countries — particularly, those that have newly joined ASEAN in recent years, such as Myanmar, which is criticized by Western countries on issues of human rights — and China that take the view that actions taken in the guise of preventive diplomacy are interference with internal affairs are opposed to preventive diplomacy. ASEAN argues that the role of the ARF is to attract these countries to the dialogue table of the international community, not to isolate them by creating a system that has a binding power on all of its member countries. In fact, ASEAN uses scrupulous care in dealing with these countries. The case in point is China, the only dialogue partner with which ASEAN goes out of its way to consult on the agenda of an ARF SOM prior to the meeting. Alluding to such an arrangement, some complain that ASEAN is being led by the nose in the ARF by China. Despite the fact that the ARF is a forum for dialogue on the security of the Asia-Pacific region as a whole, its activities are hamstrung by the security logic of ASEAN. Herein lies the limitations of the ARF.

Another area of contention is the establishment of a High Council as provided in the Treaty of Amity and Cooperation in

Southeast Asia, or alternatively known as the Bali Treaty. Concluded in 1976, the Bali Treaty provides for friendship, good neighbourliness, non-interference in the internal affairs of one another, and peaceful settlement of differences or disputes. Reflecting the changes that had occurred in the situation in the region — the end of the Vietnam War and the withdrawal of U.S. forces from Vietnam — its objective was to promote the stability of the region, including coexistence with Communist countries. After the end of the Cold War, membership of ASEAN was conditional upon respecting the ideal and signing the treaty. The treaty provides for the establishment of a High Council comprising representatives at ministerial level of signatories as a continuing body for settling disputes between signatories by peaceful means. Twenty-two years after the signing of the treaty, the ASEAN Summit of December 1998 agreed for the first time to start discussions about the ways and means for establishing the High Council. The ASEAN Ministerial Meeting of July 1999 decided to formulate draft rules of procedure for the operations of the council before the end of the year.

Meanwhile, in anticipation of the realization of an ASEAN-10, its member countries indicated their hopes welcoming the signing of the treaty by non-ASEAN countries with a view to applying the principle underlying the treaty to their relations with these countries. Among non-ASEAN countries, Russia showed its interest in the treaty, and China indicated its positive stance in favor of signing the treaty on the occasion of the ASEAN meetings in July 1999.

It is safe to believe that the Philippines initiated a proposal for the establishment of the High Council seizing the opportunity of the 1998 summit. In an opening statement of the ASEAN Summit in 1998, President Joseph Estrada of the Philippines went out of his way and touched on the question of the Spratly Islands and welcomed the decision to include in the Hanoi Plan of Action the question of establishing a High Council. It is to be recalled that Indonesia had proposed that the council take up the question of the

islands of Sipadan and Ligitan over which Indonesia and Malaysia were in dispute, but the proposal was turned down. (In 1996, the two countries had agreed to bring the case before the International Court of Justice.)

Specifics of the mandate of the High Council have not been clearly defined. But if it is given the function of resolving disputes as a consultative body, and if non-ASEAN countries are allowed to sit on the council, it could become another multilateral forum for discussing security issues. What role the council may be authorized to play will have a positive impact on the future of the ARF and debate about giving it the function of resolving conflicts.

At an ASEAN Summit held on November 28, 1999, in Manila, the heads of participating countries agreed to launch an “ASEAN Troika” to deal more effectively with problems threatening the stability of the region. The ASEAN Troika is composed of foreign ministers of three countries — one that chairs the year’s ministerial meetings, one that chaired the last year’s, and one that will chair the next year’s — and its role is to jointly coordinate policies for dealing with problems affecting the peace and stability of the region.

Events that have triggered these changes are the “flexible engagement” initiative proposed by Foreign Minister Surin Pitsuwan of Thailand around an ASEAN Ministerial Meeting of July 1998, and the proposal that ASEAN’s non-interference principle should be reviewed — it was advanced at a series of ASEAN meetings in support of Surin’s initiative by Foreign Secretary Domingo Siazon of the Philippines, chair of the 1998 ASEAN meetings. These proposals were not formally accepted by ASEAN. They were merely mentioned without citing specific names, when the 1999 meeting advocated the necessity for cooperation among member countries to deal with such transnational problems as drug trafficking, environmental problems and the institution of a safety net for the impoverished. However, a Thai foreign ministry official explained that the Surin initiative has survived under a different name “enhanced in-

teraction,” and it is believed that its spirit has manifested itself in the form of an active involvement of its member countries in the solution of problems of East Timor.

(3) “ASEAN Way” Facing the Test of East Timor

Problems relating to the independence of East Timor that had persistently vexed Indonesia since September 1999 tested the effectiveness of ASEAN in dealing with an actual crisis. At the same time, these problems have begun to bring about a change in the security principle of ASEAN.

In the past, member countries of ASEAN have consistently taken a position that the problem of East Timor is an internal affair of Indonesia. Even after the Indonesian government had announced a policy of tolerating the independence of East Timor, most of these countries gave no indication to involve themselves in the matter, arguing that until such time as East Timor finally leaves Indonesia’s sovereignty, the matter should be left to the initiative of the principal parties, namely Indonesia, Portugal and the United Nations. Neither the joint communique of the ASEAN Ministerial Meeting nor the Chairman’s Statement of the ARF, both of which were issued in July 1999 touched on this problem.

On September 6, speaking on the unrest in East Timor that had erupted immediately after the announcement of the result of the popular consultation on September 4, Defense Minister Abang Abu Bakar Mustapha of Malaysia said that the Malaysian government would decide on deploying peacekeeping troops there upon receiving a U.N. request. However, when a special ministerial meeting on East Timor was being scheduled on September 9 prior to an APEC meeting in Auckland, New Zealand, a wary attitude of ASEAN countries toward involvement in the problem initially stood out. A spokesman of the Thai Foreign Ministry reportedly said that the problem of East Timor was a non-APEC issue and that none of the ASEAN countries would participate in the meeting. As it turns out, all the ASEAN countries were represented at

the meeting either by foreign ministers, or by those acting in place of them. The Chairman’s Statement issued at the meeting indicated their willingness to assist East Timor, but did not indicate the dispatch of an international force advocated by Australia.

The following day, September 10, the situation changed under

Table 1-2. INTERFET and Participating Countries/Units

Australia	3 frigates, 1 landing ship, 3 landing craft, 1 tanker, 9 C-130 transport aircraft, 2 Boeing 707s, 12 UH-60 helicopters, 3 battalion groups, totaling 4,500 personnel when fully deployed
Brazil	Dispatched troops.
Canada	1 supply ship, 2 C-130 transport aircraft, 1 light infantry company (about 250 troops), 25 naval construction troops
Fiji	Dispatched personnel.
France	1 frigate, 1 landing ship, 3 C-130 transport aircraft, 3 <i>Puma</i> helicopters, 8 APCs, medical element, totaling 500 personnel
Germany	2 C-160 medical evacuation aircraft, totaling 100 personnel
Ireland	30 troops from an army ranger wing and a support element, totaling 40 troops
Italy	1 landing ship, 1 C-130 transport aircraft, 4 helicopters, 1 company group
Korea, Republic of	419 personnel
Malaysia	30 staff officers
New Zealand	1 frigate, 1 tanker, 6 helicopters, 21 APCs, totaling 950 personnel when fully deployed
Norway	6 staff officers
Philippines	247 personnel (maximum 1,000)
Singapore	2 landing ships, 1 medical team, totaling 250 personnel
Thailand	1,581 personnel
United Kingdom	1 frigate, 2 C-130 transport aircraft, 1 infantry company (mostly comprised of Royal Gurkha Rifles)
United States	1 cruiser, 1 assault landing ship, 2 support ships, 4 CH-53 helicopters, and intelligence, C3, transportation, logistics and sustainment personnel totaling 260 personnel (for those attached to INTERFET itself)

Sources: Data from official Web sites of defense ministries of relevant countries and news reports published in the relevant countries.

Note: Data as of November 8, 1999.

pressure brought to bear on Indonesia by U.N. Secretary-General Kofi Annan and U.S. President Bill Clinton who declared that Indonesia had failed to restore order and security in East Timor, and urged Indonesia to accept an international peacekeeping force. On September 12, the heads of seven ASEAN countries who had arrived in Auckland to attend an Informal APEC Economic Leaders' Meeting met with Coordinating Minister for Economics, Finance and Industry Ginandjar Kartasasmita of Indonesia who came to the meeting as a deputy of President Habibie. What transpired at the meeting was not disclosed, but it is believed that the ASEAN leaders pressed Indonesia to accept an international force including contingents of ASEAN countries. The same evening, Indonesia announced its acceptance of the international force, which was subsequently endorsed by the U.N. Security Council on September 15. On September 20, the first some 2,500-strong contingent of the International Force for East Timor (INTERFET) consisting of troops sent by Australia, United Kingdom, New Zealand and Thailand arrived in Dili.

Led by Thailand, which provided a deputy commander to INTERFET, major ASEAN countries — Malaysia, the Philippines and Singapore — sent troops to East Timor. True, they were put under the command of INTERFET pursuant to the resolution of the U.N. Security Council, but military operations undertaken by the troops of ASEAN countries in the territory of another member country was unprecedented.

It is believed that this will mark a major turning point for the security of ASEAN. Worthy of note in this

Staff members of the International Red Cross evacuating from Dili, East Timor (Reuters-Kyodo Photo)

connection is the fact that the principle of non-interference of ASEAN is undergoing a change in the face of an actual crisis. Under the original schedule, Indonesia was supposed to relinquish its sovereignty over East Timor after the People's Consultative Assembly (MPR), which was scheduled to convene and actually convened in October 1999, nullifies the 1978 decree on Annexation of East Timor to Indonesia. According to the ASEAN way of thinking, intervention in East Timor while Indonesia had sovereignty over it, even after the pro-independence faction had won an overwhelming victory in the popular consultation, contravened the principle of non-interference. Although the dispatch of their troops to East Timor was conditional on a Security Council resolution and the consent of the Indonesian government, the very fact that they had applied pressure on the Indonesian government to accept the deployment of foreign troops must have been a hard choice short of interference in the internal affairs of Indonesia. What is more, unlike in the case of the mediation of a conflict between two opposing forces in Cambodia undertaken in 1997, the intervention in East Timor presented the possibility of using force.

It is believed that ASEAN had to take such actions to prove that Southeast Asian countries can solve their problems on their own. Since its inception, ASEAN had encountered no major conflict involving member countries. Therefore, it sufficed for the organization to stick to its basic pattern of behavior of shelving or putting off action when it faced a sensitive problem. Also, it has long been pointed out that the ARF is mainly concerned with creating a stable regional environment by building confidence among members and has no means to solve disputes when they actually occur. Since the economic crisis, the status of ASEAN in the international community has declined steeply. Moreover, it failed to deal effectively with a number of problems it faced in recent years: failure to launch a monetary fund of its own, the political turmoil in Cambodia, the nuclear tests conducted by India and Pakistan, and the social unrest and the haze produced by forest fires in

Indonesia. These incidents called the very *raison d'être* of ASEAN into question. In addition, the call for humanitarian intervention that has become increasingly vocal in Western countries in recent years has become a source of pressure on ASEAN to take action. Such having been the circumstances, ASEAN could no longer remain a passive spectator, looking idly on the sufferings of the East Timorese.

However, given the military capability of its member countries, it was extremely difficult for them to get militarily involved in the affairs of East Timor under ASEAN leadership. Besides, such action, if taken, would run counter to the ASEAN conventions that banned military operations within its framework. As a matter of fact, when it was reported that Philippine President Estrada told Indonesian Coordinating Minister Ginandjar that "an ASEAN force is capable of keeping peace in East Timor," a spokesman of the Thai foreign ministry, chair of the 1999 ASEAN Standing Committee, dismissed the idea out of hand by saying that "ASEAN does not have an ASEAN force, and we have never talked about such a force." In an effort to discredit the view that ASEAN countries are trying to take collective action, Foreign Minister Surin of Thailand, also, stated that "They [ASEAN countries] stand ready to support [a force] in their individual capacity," and added that the composition of the international force would have to wait for a definitive agreement the United Nations would work out. Myanmar issued a statement that "The decision of some ASEAN countries to be involved in peacekeeping operations in East Timor is not a coordinated ASEAN position." It is understandable that the government of Myanmar, which is being criticized by the international community, like Indonesia, for its human rights violations, should disapprove of the entanglement of ASEAN countries in an international intervention in East Timor.

There was no consensus among ASEAN countries about a desirable form of involvement in it. Therefore, it appears that they took care not to veer away from the traditional ASEAN position. In this

sense, the fact that Southeast Asian countries participated in INTERFET led by non-ASEAN countries was one that not only Indonesia and Australia, whose relations had gone from bad to worse, but also ASEAN could live with.

The focus of international attention will shift to how ASEAN will deal with a newly independent East Timor. Political leaders of East Timor, and ASEAN and the South Pacific countries are divided on whether independent East Timor should be affiliated with ASEAN or the South Pacific that is culturally connected with East Timor. Another question is the role ASEAN will play in the future regional security. After East Timor became independent from Indonesia, the United Nations decided on October 25, 1999, to establish a United Nations Transitional Administration in East Timor (UNTAET). And the responsibility for maintaining public order and security in East Timor will be transferred from INTERFET to UNTAET, and Australia and ASEAN are in accord that ASEAN countries should take the leadership of military affairs of UNTAET. Whether the continuing presence of troops of ASEAN countries in East Timor will change the non-military character of ASEAN bears watching. In any event, there is no doubt that the experience ASEAN countries will have in East Timor will touch off a new starting point in the ASEAN security debate.

(4) ASEAN and Major Non-ASEAN Powers

In 1999, China launched an active diplomatic offensive in Southeast Asia. The first striking point was its attitude toward the Protocol to the Treaty on the Southeast Asia Nuclear Weapon-Free Zone (SEANWFZ). Ten countries in Southeast Asia signed the treaty in 1995, which took effect in 1997. The treaty bans the countries from developing, possessing, deploying, transporting or testing nuclear weapons. Characteristic of the treaty is the fact that it applies not only to the territories of the parties but to its exclusive economic waters and the continental shelves contiguous thereto. And ASEAN has been urging the five nuclear weapon states — the

United States, the United Kingdom, France, Russia and China — to sign the protocol to the treaty, signing of which would mean that parties pledge to respect the treaty and not to contribute to any act that constitutes a violation of the treaty or its protocol. In response, these states had been taking a negative attitude on signing the protocol. However, China showed at the ASEAN meetings held in Singapore in July 1999 a positive attitude to signing the protocol, the first to do so among the nuclear weapon states. Subsequently, China indicated that it was considering signing the protocol at the time of Premier Zhu Rongji's attendance at the ASEAN+3 Summit in Manila scheduled in November 1999. Although China did not sign the protocol during the Manila summit, China indicated again in a joint communique issued in December when President Wahid of Indonesia visited China that it wanted to sign the protocol. It is said that Russia too indicated its intention to sign the protocol.

China could gain by signing the protocol political mileage that can be used to make its appeal for arms reduction more persuasive. From ASEAN's perspective, also, the signing of the protocol by nuclear weapon states would enhance the status of its non-nuclear initiative in the international community. On the other hand, the protocol might restrict the freedom of navigation for U.S. Navy vessels on the high seas, and such a situation may pose a dilemma affecting countries that have problems requiring the U.S. military presence.

The second point that spurred China on the diplomatic offensive was the issues of the South China Sea. Southeast Asian countries are making moves, on the heels of China, to establish effective control over the Spratly Islands and Paracel Islands, leading to conflicts between ASEAN countries. This seemed to reflect a change occurring, for the first time since the announcement of the ASEAN Declaration on the South China Sea in 1992, in the attitude of member countries of ASEAN, that had unanimously called for restraining from acts liable to cause controversy over the South China Sea. And this would work to the advantage of China. While

there had emerged no visible sign of progress in multilateral consultations, China and the Philippines held in March 1999 a meeting of the Experts Working Group on Confidence-Building Measures. It appears that these two countries are devoting major efforts to solving the problem through bilateral discussions.

At a summit meeting of ASEAN+1 (China) held in December 1997, China acknowledged the existence of "disputes in the South China Sea" and announced its policy of solving the problem through dialogue. Meanwhile, concerned about the recurrence of disputes, it was revealed in the ARF meeting in July 1999 that ASEAN was drafting a Regional Code of Conduct. The draft code — it was originally scheduled to be introduced at the ASEAN summit in November the same year — is based on a code of conduct informally agreed to in 1995 between China and the Philippines with a view to forestalling an accidental military clash between the two countries. The Regional Code of Conduct reportedly prescribes naval vessels and aircraft not to navigate or fly close to those of the other country in the area, and prohibits building a structure on these islands. While the formulation of the Regional Code of Conduct is to be appreciated as a serious attempt to bring about stability in the region, the Philippines, which actively supports the code of conduct, reportedly differed with Malaysia, which is wary of it, over the wisdom of the code of conduct, revealing the lack of unity among ASEAN countries. At an ASEAN+1 Summit in November 1999, the adoption of the Regional Code of Conduct was postponed largely due to the opposition of China, and the summit merely decided to continue to study the draft code for possible adoption in the future.

Faced with heated exchange between China and Taiwan touched off by a "special state-to-state relationship" remark made by President Lee Teng-hui of Taiwan, the ASEAN Ministerial Meeting in July 1999 announced that it reaffirmed "our commitment to our 'One China Policy,'" while China reiterated its position at an ARF meeting. Other participating countries remained silent on the sub-

ject. Reportedly China had worked behind the scenes in advance to obtain tacit consent of the participating countries that the subject not be taken up at the ARF meeting. On the question of the accidental bombing of the Chinese Embassy in Yugoslavia, China prevailed upon participants of the ARF meeting to insert in the Chairman's Statement a passage that said, "The ministers expressed their deep regret over the tragic incident involving the Chinese Embassy in Yugoslavia, which had caused the loss of innocent lives and many casualties. The ministers extended their sympathy and condolences to the Chinese people and relatives of the victims, and to all the innocent victims of the Kosovo conflict."

It may be gathered from the approaches taken by China that in addition to the upper hand it wants to gain in dealing with problems of the South China Sea, China wants to impress the international community, not least the United States, with its presence in the region by building close relations with Southeast Asian countries. One has the feeling that ASEAN, currently in a period of instability, with its leadership and unity declining in the aftermath of the economic crisis, seems to acquiesce in the growing presence of China for the time being in order to maintain good relations with it. On the other hand, ASEAN seems to think that engaging China in a multilateral dialogue is important for restraining its behavior and to be trying to strengthen the security framework, such as the ARF, in order to ensure its security by encouraging multilateral dialogue over the medium and long run.

Not much change has taken place in the relations between the United States and ASEAN, and the latter welcomes U.S. economic assistance to spur its economic recovery. At an informal APEC Economic Leaders' Meeting in Kuala Lumpur in November 1998, U.S. Vice President Al Gore expressed his support for the democratization movements in Malaysia. The reactions of the regional countries to his remark confirmed once again the difference, not unanimousness, in their stance toward political democratization as well as its champion, the United States. The United States attach-

es importance to an economic recovery of the region as a market and political stability through democratization that underpins economic recovery.

As regards the South China Sea, the United States proposed a multilateral discussion about freedom and safety of navigation in the sea and stability of the region in January 1999, while repeatedly stressing that it is desirable that ASEAN presides over such meeting, and that it will not militarily involve itself in any dispute over the islands in the South China Sea. On the problem of East Timor, while the United States strongly urged Indonesia to accept international intervention, it took the position that East Timor was an Asian problem that should be solved by Asian countries and restricted its participation in INTERFET largely to logistics support. While the United States thus entertains a lively concern for Southeast Asian countries as a matter of principle, it is wary of getting involved in actual disputes that may arise between them.

As the situation in East Timor changed from bad to worse, the involvement of Australia stood out, creating the impression that it wished to take the opportunity offered by the problem of East Timor to build its political and economic presence in Asia. However, Australia's pro-human rights stance and a remark reportedly made by Prime Minister John Howard that Australia was deputizing for the United States in providing a regional security role in Asia have provoked a backlash across Southeast Asia.

During the early years of the Asian economic crisis, with a slump in its own economy, one had an impression that Japan's presence in the region had weakened. However, a \$30 billion financial aid package provided under the New Miyazawa Plan, a contribution of \$100 million to INTERFET and a ¥72-billion credit extended to Indonesia for creating a social security net helped Japan regain its presence as an economic power in the region. In November 1999, the Japanese government dispatched, pursuant to the International Peace Cooperation Law, an airlift unit from the Air Self-Defense Force, consisting of three C-130 transport aircraft and

113 personnel to Indonesia to airlift humanitarian relief items to be used for East Timorese who had fled to West Timor. Unlike Western countries that excessively stress democratization and human rights in Indonesia and East Timor, Japan has been building up a reputation as an aid-giving country that has fair understanding on characteristics and actual situation of the region, and ASEAN has shown a favorable reaction to what Japan has done.

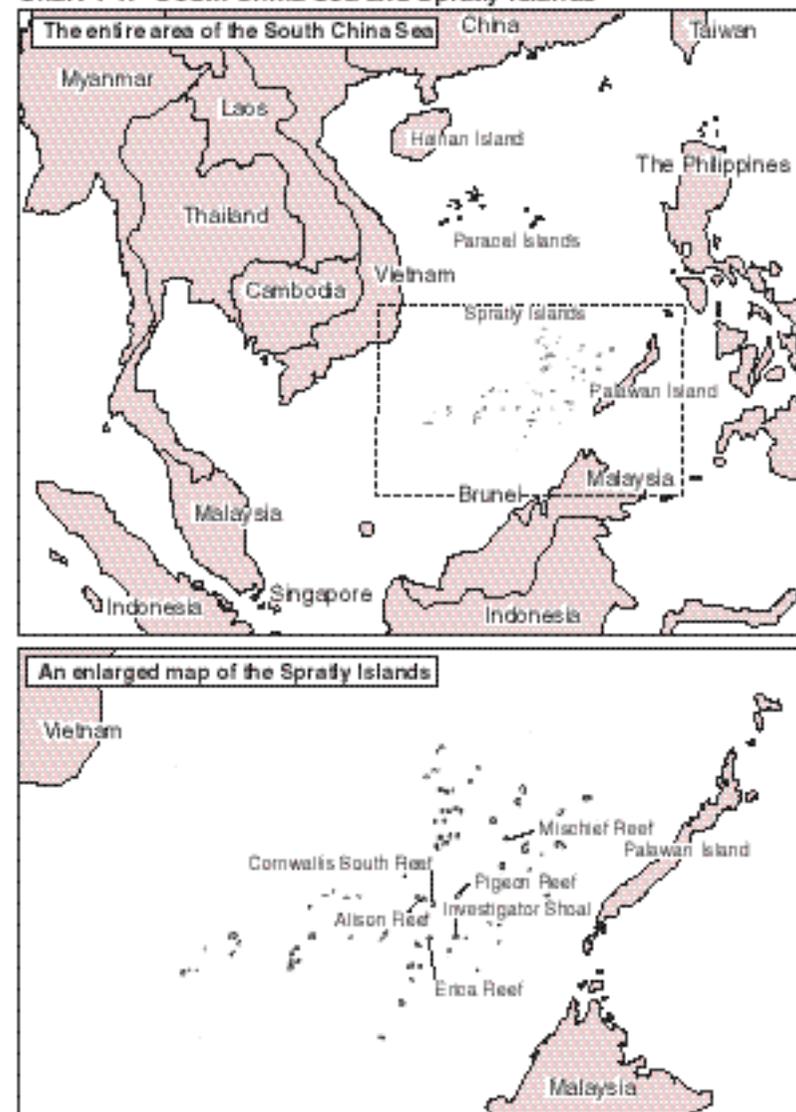
3. Military Trends in the Post-Crisis Southeast Asia

(1) An Increase of Disputes in the Region

In 1999, some of the destabilizing factors have surfaced as disputes in Southeast Asia. Particularly, those involving the seas have occurred frequently. At the top of the list is the disputes over the Spratly Islands in the South China Sea. Abundant maritime resources are believed to be lying beneath the sea surrounding the islands. Besides the area is of strategic importance in terms of maritime communications. China, Taiwan and Vietnam claim sovereignty over all of the islands while Malaysia, the Philippines and Brunei over a part of them. Since tension arose between China and the Philippines during the first half of 1995 over Mischief Reef off Palawan Island of the Philippines, military confrontation has subsided. However, as these countries started making moves to expand effective control over these islands, disputes have surfaced.

On January 5, 1999, the Philippine government announced that China was expanding its building on Mischief Reef. The existence of the structure had been verified in 1995, and China explained that it was a fisherman's shelter in case of adverse weather. In 1999, however, a heliport and a new concrete building were added to the reef, and missile frigates were spotted near the reef. On May 24 and again on July 19, Philippine naval vessels chased Chinese fishing boats, allegedly operating in a illegal manner in the territorial waters of the Philippines and subsequently sank them in collisions.

Chart 1-1. South China Sea and Spratly Islands



On June 22, 1999, the Philippine government announced that Malaysia had built on Investigator Shoal a structure that had a heliport and a Malaysian naval vessel was lying at anchor there, and

two days later lodged a protest with Malaysia. The Malaysian government explained that the structure was a facility built for the purpose of conducting marine surveys and for conducting surveillance on smugglers, and that it was occupied by scientists and naval personnel, the latter for supporting activities of the scientists. On August 19, the Philippines discovered a structure on Erica Reef of the Kalayaang Island Group. It is alleged that Malaysia has built structures on all of five islands and reefs it effectively controls. Such moves by Malaysia have created a stir in other ASEAN countries that had shown restraint to structures built by China on disputed islands. A body of opinion emerged in the Philippines arguing that it should take similar action.

On October 12, the Philippines protested to Vietnam over the expanded structures Vietnam had allegedly built on Cornwallis South Reef and Allison Reef. The next day, Vietnam refuted that it had repaired, not expanded, the building and that these reefs were under its sovereignty. It came to light that a reconnaissance aircraft of the Philippines flying over Pigeon Reef (or Tennent Reef as the Philippines calls it) over which Vietnam claims sovereignty, was fired at by Vietnamese troops on October 13. On October 28, when a Philippine reconnaissance aircraft flew over Investigator Reef, it was chased by two Malaysian fighter aircraft for several minutes. While bilateral and multilateral talks are going on over the question of the Spratly Islands among the countries concerned, these countries are taking steps to establish effective control over them.

On January 12, 1999, naval vessels of Thailand and Myanmar exchanged fire that resulted in casualties on both sides in the Andaman Sea. Because the state border has not been clearly demarcated in the waters, infiltration of each other's territorial waters by fishing boats of both countries has occurred frequently, and they are often fired at by naval vessels of the other country patrolling what they claim as their waters. In that incident, the Thai naval vessel claimed it had fired at the naval vessel of Myanmar to

protect Thai fishing boats, while the Myanmar side asserted that it was fired at arbitrarily. And each side criticized the other for violating their territorial waters. A similar incident occurred on December 19, 1998, and resulted in fatalities. Due in part to the economic difficulties caused by the economic crisis, illegal fishing has increased in the South China Sea and the Andaman Sea, and trouble relating to the seizure of fishing boats in disputed territorial waters has occurred frequently. To make the situation worse, piracy has become increasingly rampant in the sea area. In certain incidents, law enforcement agencies, including navies, were involved, making the problem even more complicated.

Problems have arisen on land, also, between Thailand and Myanmar. Rebel groups of ethnic minorities such as the Karens and Wa of Myanmar have their bases of operations on border areas between the two countries. Myanmar Army units, which crossed the border in pursuit of these ethnic rebels, have often exchanged fire with the Thai Army. Furthermore Thailand entertained a suspicion that certain units of the Myanmar Army are involved in drug trafficking, a source of funds for financing the guerrilla operations of the ethnic Wa, though the Myanmar Army strongly denied the charge. In September 1999, two Chinese-made SA-7 surface-to-air missiles, which were to be sold illicitly to the United Wa State Army, one of armed groups of the ethnic Wa, were captured by Thai authorities. On October 1, an armed group that claims to be a student organization belonging to an anti-Myanmar government, occupied the Myanmar Embassy in Bangkok. As the Thai government had allowed the culprits to escape, and as a senior official of the Thai government made a remark sympathetic to the culprits, the Myanmar government reacted angrily.

True, many of these disputes have existed since before the economic crisis, but falling income and social unrest caused by the economic crisis, by combining with a weakening competence of the government authorities to deal with them, have allowed these disputes to grow worse. No country wants to escalate its military in-

volvement in disputes, or let the dispute worsen relations between the countries involved. However, differences among ASEAN countries have increased, making it difficult to find solutions acceptable to parties to a dispute.

(2) Defense Spending and Military Buildup

Since the beginning of the 1990s, defense spending in Southeast Asia had tended to increase. However, due to a fall in the exchange value of their currencies caused by the currency crisis of 1997, and to increasingly deteriorating finances, the dollar value of defense spending has shrunken in many of these countries, cutting deeply into procurement and training. In 1999, Southeast Asian economies improved over the year before. According to a forecast by the Asian Development Bank as of November 1999, the economic growth rate of seven Southeast Asian countries as a group (Indonesia, Malaysia, the Philippines, Thailand, Vietnam, Cambodia and Myanmar) was expected to recover from minus 7.4 percent in 1998 to plus 3.0 percent in 1999.

These countries believe that their economies, by and large, have passed the peak of the economic crisis, but defense spending and defense buildup in 1999 varied widely from country to country depending on how deeply their economies had been damaged by the crisis. (See Table 1-3 for changes in the defense spending of five major countries of the region.)

The defense budget of Indonesia in fiscal 1999 represented 1.2 percent of its gross domestic product (GDP). However, it is said that the actual amount it spent on defense was considerably larger than the figures given in the national budget as "defense budget," since the military had other sources of funds, such as those included in other items in the national budget, and incomes of their own. According to the International Institute for Strategic Studies, Indonesia has been spending about 2.2 percent of its real GDP on defense each year. It is true that the face value of its defense budget had increased year after year. But the national budget of

Table 1-3. Defense Spending of Five Southeast Asian Countries

Country	Unit	Fiscal	Breakdown	1997	1998	1999
Indonesia	Trillion rupiahs	April– March	Defense spending	7,589*	9,100*	11,664
			Total expenditure	101,087*	263,888*	218,203
Malaysia	Million ringgits	Calendar year	Defense spending	5,877*	4,545*	6,928**
			Total expenditure	60,414*	62,688*	73,936**
The Philippines	Million pesos	Calendar year	Defense spending	37,285*	47,188*	51,700
			Total expenditure	493,467*	540,783*	579,200
Singapore	Billion Singapore dollars	April– March	Defense spending	6.4	7.3	7.3
			Total expenditure	23.9	27.2	29.2
Thailand	Million bahts	Oct.– Sept.	Defense spending	101,897	83,103	77,140
			Total expenditure	925,000	830,000	825,000

Sources: Data from materials released from governments of Indonesia, Malaysia, the Philippines and Singapore; *Manila Bulletin*, December 31, 1998; and *Thailand in Figures 1998-1999*, 5th ed. (Bangkok: Alpha Research, 1999).

Note: Figures are based on budgets. However, figures given with one asterisk(*) are based on accounts settled, and those with two asterisks(**) are estimates of accounts settled.

Indonesia is under the guidance of the International Monetary Fund (IMF) and the business activities of the military have come under fierce criticism. Given such an environment, financing the armed forces is believed to have become increasingly difficult. What is worse, the cost of maintaining public peace and order, which has risen sharply on account of the escalating riots and separatist movements since the economic crisis and political turmoil of 1998, is believed to have put a serious crimp in the procurement of new weapons.

Since January 1999, the armed forces of Indonesia have created a civil security force to maintain public peace and order, and a task force to quell riots. In April, command of the National Police was transferred from the Armed Forces Headquarters to the Department of Defense and Security, and thus the responsibility for maintaining public order was shifted to the police. However, the separation of the police from the armed forces will not be completed until 2001, and for reasons of capability, the real function of main-

taining public order still remains in the hands of the armed forces. In such circumstances, the difficulty of procuring military equipment and weapons from abroad that Indonesia has been experiencing since fiscal 1998 did not basically change. However, as prospects for a gradual economic recovery grew brighter, the Indonesian Defense Forces came up with several new procurement projects (Table 1-4).

Malaysia's defense spending in fiscal 1999 accounted for about 9.4 percent of its national budget, up from 7.2 percent in fiscal 1998 when the outlay dropped both in terms of the amount and national budget ratio, and close behind the pre-crisis level of about 10 percent. However, the budget proposals for fiscal 2000 announced in October 1999 showed a decrease in its share in the budget once again, to 7.9 percent. The marked percentage increase in its defense spending that occurred in fiscal 1999 may be a result of deferred procurement of equipment and payments originally planned for fiscal 1998. Defense Minister Abang Abu Bakar Mustapha of Malaysia who was appointed in January 1999 said that a new defense policy would be formulated to "improve firepower and mobility with high-technology weapons systems, equipment and logistics support" despite the manpower down-sizing. The defense minister pointed out that under the given economic conditions, development of the domestic defense industry deserved a high priority.

Singapore, which had emerged relatively unscathed from the economic crisis of the region, has been devoting about a quarter of its national budget to defense spending since before the economic crisis. In a Budget Statement delivered in February 1999, Finance Minister Richard Hu stated that "As security provides the basis for our nation's economic growth and prosperity, it is important that we maintain a strong defence capability" to ensure the security of Singapore. In a Budget Statement he delivered in the preceding year, he also said that "Defence spending must be seen as a long-term investment, not dependent on the ups and downs of the economy from year to year," and made it clear that the defense budget

Table 1-4. Weapons Procurement by Southeast Asian Countries

Indonesia	Air Force	Air defense radar systems upgrade (to be started at the end of 1999)
	Navy	South Korea-made troop ship (proposed), 6 domestic NC-212 MPAs, 3 NBO-105 CB helicopters (to be received in fiscal 2000)
Malaysia	Air Force	Upgrade for 17 MiG-29N's (for airborne refueling capability and radar capacity, completed in July 1999), 20 Su-27 fighter aircraft and 20 Mi-17 helicopters (proposed)
	Navy	2 Italy-made corvettes, 2 U.K-made frigates (to be received in 1999), 6 <i>Super Lynx</i> helicopters (contracted in September 1999 and to be received from 2001), 6 domestic patrol boats (contracted in February 1999 and receipt to be completed in 8 years)
Singapore	Air Force	8 AH-64 helicopters (announced in March 1999 and to be received in 2002), RC-135 refueling aircraft (contracted in 1997 and first batch received in September 1999)
	Navy	2 <i>Sjoormen</i> -class submarines launched in May 1999. The navy started acquiring secondhand submarines from the Swedish Navy in 1995, with training for personnel included. The launched boats were the second and third of the 4 submarines to be acquired. Plan to build a new class of corvettes with stealth capability as announced in July 1999 Joint development with either U.S., French or Swedish shipyard, 4 to 6 corvettes to be commissioned in 2004-05
	Other	Establishment of Defence Science and Technology Agency (announced in March 1999 and to be founded in April 2000)

Sources: Data from the Singapore Ministry of Defence Web site, relevant issues of *Asian Defence and Diplomacy*, *Asian Defence Journal* and *Asia-Pacific Defence Reporter*, and news reports published in relevant countries.

Note: Data as of October 1999.

was not included in "the non-crucial areas" subject to spending cuts. Although the Singaporean government has established a ceiling on its defense spending (6 percent of its GDP), the defense budget for fiscal 1999 was about 4.6 percent.

The defense expenditure of the Philippines — actual amounts and percentage of national expenditure — has been increasing year after year since before the economic crisis. However, the bulk of the

expenses for procuring equipment for the Armed Forces of the Philippines (AFP) has been — or supposed to be — paid out of the AFP Modernization Act Trust Fund separately from the defense budget since 1995 under the AFP Modernization Program. The 15-year program consists of five elements, namely, force restructuring, acquisition and upgrade of armaments, bases/support system development, human resources development and doctrine development. And the fund plans to defray a total of 331 billion pesos during the 15-year period.

The launch of the fund had fallen far behind schedule, and in July 1999, President Estrada promised to defray 10 billion pesos by fiscal 2000. To purchase fighter aircraft and patrol boats, the government plans to invest 50 billion pesos during a five-year period starting from the year 2000 and hold an international tender in six months. Meanwhile, Defense Secretary Orlando S. Mercado let it be known that the government was also interested in acquiring surplus military equipment from the United States. Although the Philippine government announced in July that it was considering the purchase of 40 units of F-5E fighter aircraft from Taiwan through the United States, the matter was subsequently referred to a political decision in consideration of its relations with China. In January 1999, President Estrada indicated his intention to expedite an international tender on a project for repairing the air defense radar system.

It may be said that Thailand was a country whose defense buildup had suffered most from the economic crisis. While the national budget for fiscal 1999 was more or less level with a year ago, its defense budget was cut continuously from the year before. Its defense budget as a percentage of its total budget decreased from 11 percent in pre-crisis years to about 9.3 percent in fiscal 1999 — with the result that outlays for the procurement of military equipment were cut steeply.

In April 1999, the army canceled its orders for Leopard Mk1 main battle tanks for use by two battalions. And engine repairs of

50 Scorpion light tanks have not been carried out reportedly on account of a shortage of funds. And the aircraft carrier HTMS Chakrinaruebet, which was commissioned in 1997, is lying at anchor, carrying no aircraft onboard. This is due to a delay in procuring spare parts for Sea Harrier F/A2s and the lack of funds for the replacement and reconditioning of their components. As a result, four out of the nine aircraft that Thailand has are reportedly in no condition to fly. The air force has cut the number of flights of its F-16 fighter aircraft for lack of budget. In May 1999, the Thai government announced its plan to purchase and upgrade 50 secondhand Alpha Jet training aircraft, basic and advanced training aircraft, from the German Air Force. However, the leadership of the Thai air force asked Prime Minister and Defense Minister Chuan Leekpai, who had advocated the introduction of the aircraft, to scrap the plan on the grounds that under existing conditions where the air force had difficulty in maintaining the skills of pilots, the plan was not necessary. In the end, the government settled for the purchase of 25 aircraft, but as in the case of the Sea Harrier, the air force has to contend with shortages of spare parts and funds for repairs. A move emerged to purchase used F-16 fighter aircraft for two squadrons in exchange for the paid-for spare parts of F/A-18 fighter aircraft that had been canceled in 1998 for lack of funds. In November 1999, the Thai government announced that it had already initiated a negotiation with the United States for the purchase of F-16 fighter aircraft for one squadron.

In such circumstances, the armed forces of Thailand are trying to improve their efficiency while downsizing them. The army plans to reduce its personnel strength from 236,000 to 190,000 by 2007, and adopted in May 1999 an early retirement program effective January 1, 2000. The air force is planning to cut its personnel strength from 53,000 to 45,000 in the same period.

As their economies expanded rapidly in post-Cold War years, Southeast Asian countries placed major emphasis on the modernization of their naval and air forces, which had lagged behind the

ground forces, but the goal of their modernization programs was not clearly defined. A case in point is the aircraft carrier that Thailand had procured but has since been lying idle at anchor gathering dust. After the economic crisis, one line of military buildup policy that these countries have adopted in common is the improvement of their maritime patrol capability for the purpose of protecting their interests in the South China Sea and the Andaman Sea.

On the other hand, these countries have visibly stepped up efforts for their respective defense priorities. For instance, the Thai government said that the Alpha Jet in question was for use in counterinsurgency operations. It also stated that it was studying the effectiveness of air power in supporting the government crackdown on violations of its territorial waters. Indonesia plans to use troop ships to improve its capability to deploy troops to outlying islands while the Philippines, which bears the brunt of disputes over the Spratly Islands, is expediting the procurement of equipment. And all these countries are trying, in parallel with the modernization of military equipment, to improve preparedness and morale of military personnel by streamlining their armed forces, intensifying training and providing them better welfare conditions. From the foregoing, it may be said that these countries are giving priority, in the face of budgetary constraints mentioned earlier, to developing capabilities for deterring potentially destabilizing factors from erupting into a major dispute and for dealing with unexpected contingencies arising from such disputes.

Given the difference in their basic economic strength that was aggravated by the damage they sustained from the recent economic crisis, the gap in the military strength among the countries of the region is likely to widen for the time being. In such circumstances, the military strength of Singapore, which has been introducing modern military equipment, stands out. At present, there are no signs that any of its neighboring countries views its military superiority as a threat to security. However, as political discords among

the countries in the region have sharpened after the economic crisis, the possibility of intraregional military imbalances developing into a political problem in coming years cannot be ruled out.

(3) Expanding Regional Military Cooperation

While Southeast Asian countries are pressing ahead with military buildup programs, they are actively promoting military cooperation with countries in and out of the region. Due to the fiscal difficulties brought about by the economic crisis, some of these countries had to call off their combined exercises in 1998 but resumed them in 1999 while others started new ones — suggesting growing interest in promoting military cooperation among them (Table 1-5).

Intra-regionally, Singapore and Brunei have been conducting PELICAN combined naval exercises each year. Singapore and Indonesia conducted CAMAR INDOPURA joint maritime air surveillance exercise in August 1999, the first ever, and Malaysia and Thailand conducted in July SEA EX THAMAL combined naval exercise that had been suspended in 1998 on account of fiscal difficulties. And Malaysia and Singapore plan to resume in 2000 MALAPURA combined naval exercise that had likewise been suspended since 1998.

Malaysia and Indonesia conducted in July 1999 OPTIMA joint patrol in the Strait of Malacca, which has been conducted since 1992. Singapore and Indonesia have been cooperating in patrols of the Strait of Singapore since 1992, and in May 1999, Singapore's Second Defense Minister Teo Chee Hean said that the two countries had strengthened the patrol activities in response to recurring piracy attacks in the region. On June 19, 1999, Thailand and Vietnam started joint patrol, agreed to between the two countries in 1998, in the sea area over which the two countries claim sovereignty. Thailand called on Myanmar in February 1999 to conduct a similar joint patrol. Thailand agreed with Cambodia on February 10, 1999, to cooperate militarily with each other to police their common land border areas to crackdown drug trafficking and smuggling.

Table 1-5. International Exercises Conducted by Southeast Asian Countries (1999)

Code Name	Category	Duration	Participating Country/Unit, Mission and Location
COPE TIGER (Phase 2)	Combined air exercise	Jan. 29–Feb. 10	U.S., Singapore and Thailand. Flight training. Korat AFB, Thailand
—	Combined military exercise	March 4–14	Australia and Malaysia. 1,200 personnel. Malaysia
—	Anti-submarine operations exercise	March 6	India and Singapore
PELICAN	Combined naval exercise	April 9–13	Brunei: 6 vessels, Singapore: 2 vessels. Waters off Brunei
SINGAROO	Naval exercise	May 6–14	Australia and Singapore. Anti-submarine warfare, anti-air warfare, live-firing exercise, and combined force fire-fighting and damage control exercises
COBRA GOLD	Joint/combined military exercise	May 12–25	U.S. and Thailand. Exercise for joint/combined, land and air operations, combined naval operations, amphibious operations and special operations. Thailand and its waters
LION HEART	Bilateral naval CPX	June 14	U.K. and Singapore. Maritime Warfare Center, U.K.
SEA EX THAMAL	Combined naval exercise	July 6–8	9 vessels from Malaysia and Thailand. South China Sea
CARAT	Cooperation afloat, readiness and training	July 9–20	U.S. and Malaysia
CARAT	Cooperation afloat, readiness and training	July 12–23	U.S. and Singapore. South China Sea
COOPERATIVE COPE THUNDER	Multi-service, multi-platform, coordinated, combat operations exercise	July 12–24	U.S., Australia, Brunei, Indonesia, Japan, Malaysia, South Korea, Sri Lanka (including those that dispatched only observers). Air strike and air defense, search and rescue, aircraft crash rescue, and non-combatant evacuation; about 1,000 personnel. Alaska, U.S.
OPTIMA	Joint maritime patrol	July 22–28	Indonesia and Malaysia. The Strait of Malacca

KAKADU	Multilateral naval exercise	July 23–Aug. 16	Naval and air forces from Australia, New Zealand, Indonesia, Papua New Guinea and Singapore, while the Philippines joined for the first time, and three other countries — Malaysia, Thailand and South Korea — sent only observers. 20 surface vessels, 2 submarines, 35 aircraft, 4,200 personnel. 10 days for maneuver exercise and 15 for seminars. Timor Sea off Darwin
CARAT	Cooperation afloat, readiness and training	July 26–Aug. 6	U.S. and Thailand. Operation planning, tactics, joint landing training, maritime patrol training. 3,500 personnel. Coastal area of Thailand
CARAT	Cooperation afloat, readiness and training	Aug. 11–25	U.S.: 7th Fleet, Indonesia: Navy and Marines. Exercise for surface strike warfare and landing operations. 1,500 personnel. Waters off Surabaya
STARDEX	FPDA integrated maritime and air exercise	Aug. 28–Sept. 8	U.K., Malaysia, Singapore, Australia and New Zealand. 27 vessels, 2 submarines, 61 aircraft, 4,000 personnel. South China Sea and Malay Peninsula
CAMAR INDO PURA	Joint maritime air surveillance exercise	Aug. 31	Indonesia: B-737 maritime surveillance aircraft, Singapore: Fokker-50 MPA. South China Sea
BRUMAL SETIA	Bilateral army exercise	Sept. 17–25	Brunei and Malaysia. Territory of Brunei
—	Bilateral naval CPX	Nov. 8–17	New Zealand and Singapore. Naval base at Devonport, New Zealand
COPE TIGER (Phase 1)	Combined air exercise	Nov. 9–12	U.S., Singapore and Thailand. Paya Lebar AB, Singapore. CPX in preparation for Phase 2 to be conducted in January 2000 in Korat AFB, Thailand
AIRGUARD	Air defense exercise	Nov. 16–27	Brunei and Singapore
SAFKAR INDO PURA	Bilateral army exercise	Nov. 25–Dec. 4	Indonesia and Singapore. CPX, battalion maneuver exercise and brigade live firing exercise

Sources: Data from the Web sites of Singapore Ministry of Defence and the U.S. Department of Defense, relevant issues of *Asian Defence and Diplomacy*, *Asian Defence Journal*, *Asia-Pacific Defence Reporter* and *Tonan Ajia Geppo* [Monthly Report on Southeast Asia], and news reports published in relevant countries.

Inter-regionally, the United States has been conducting COBRA GOLD joint/combined exercise with Thailand each year, and maritime exercises with Southeast Asian countries under the CARAT (Cooperation Afloat, Readiness and Training) program. The Philippines plans to resume combined military exercise with the United States (which had been suspended since 1996), which was enabled by the Visiting Forces Agreement (VFA) ratified by the Philippine Senate on May 27, 1999. Adm. Dennis Blair, commander in chief of the U.S. Pacific Command, indicated that the combined military exercise would be held some time between January and March 2000.

Malaysia, Singapore, Australia, New Zealand and Britain have been conducting maritime and air exercises each year under the Five-Power Defence Arrangement (FPDA), and they started conducting a large-scale STARDEX integrated maritime and air exercise in 1997. As Malaysia postponed its participation for reasons of fiscal difficulties, the second STARDEX exercise, originally scheduled for August 1998, was called off, and it was resumed toward the end of August 1999. The FPDA maintains the Integrated Air Defence System that covers peninsular Malaysia and Singapore, and it regularly conducts MAJOR ADEX air-defense exercise. After the postponement of the STARDEX exercise in 1998, however, Malaysia terminated in September 1998 the agreements that comprehensively authorized military aircraft of Singapore to fly through, and conduct flight training in, the territorial airspace of Malaysia. And this called the relevance of the FPDA into question. However, after discussions between the defense ministers of both countries on May 31, 1999, they reached an agreement that the principles laid down when the FPDA was established, such as the "indivisibility of the defence of Malaysia and Singapore" remained relevant, and that the FPDA has contributed to regional stability.

The number of exercises conducted together with Australia has increased. In July, its navy sponsored KAKADU multilateral naval exercise, a biennial event. Australia conducted a combined exercise

with Malaysia from March 4 and another one with Singapore from May 6.

In addition, Singapore conducted an anti-submarine operations exercise jointly with India in March, and LION HEART bilateral naval command-post exercise jointly with Britain in June, the first ever. It was reported that when he visited Manila, Agricultural Minister Chen Yaobang of China proposed joint patrols in the South China Sea and the Philippine government basically agreed to his proposal.

When the situation in East Timor deteriorated, the United States on September 9, 1999, and New Zealand and Australia the following day, notified the Indonesian government that they would suspend military cooperation with the country. Repulsed by the attitude taken by Australia toward the problem of East Timor, the Indonesian government, on September 16, terminated the Agreement on Maintaining Security concluded between the two countries in 1995. These issues, however, are expected to change now that the situation in East Timor have improved significantly and the new government of President Wahid has taken hold.

The foregoing suggests that Southeast Asian countries are trying to reduce the possibility of factors that could potentially destabilize the situation in the region exploding into a major dispute by expanding the network of military cooperation among the countries inside and outside the region. Joint patrols are expected to encourage self-restraint on the part of participating countries and build confidence in one another in the course of action taken jointly by potential disputants. And the participation of a powerful non-regional country or countries in a combined exercise hosted by regional countries has the effect of restraining the conduct of disputants.

Southeast Asian countries are trying to build up their defense capability on their own, but their objectives are rather limited, and they are not planning to develop collective military capability jointly with other countries of the region. This is because the view

prevalent among these countries, in addition to the traditional policy of ASEAN that has steered clear of military alliance, is that even if the small Southeast Asian countries bond together, they could not stand up militarily to major powers, or to be concrete China. Therefore, Southeast Asian countries want to curb the activities of China in the South China Sea by continuously engaging outside powers, such as the United States and member countries of the FPDA, militarily in regional affairs. These countries recognize, if in varying degrees, the importance of the role played by the United States in maintaining stability in this region. Particularly, the Philippines, which is located nearest to the Spratly Islands, and Singapore, whose economy depends heavily on the safety of maritime communication, are in favor of maintaining the military presence of the United States in this region. Although Malaysia has been against the involvement of the United States in regional affairs since the economic crisis, its disaffection has not taken on proportions threatening its military cooperation with Washington.

However, as noted in the preceding section, Southeast Asian countries are trying to ensure their security by maintaining cooperative relations with China, and believe that an overpowering military presence of the United States in this region is less than desirable. The United States has made it clear on repeated occasions that it would not get involved in the dispute over the Spratly Islands despite the hopes of the Philippines. When the United Nations decided to send an international force to East Timor, the United States took a cautious stance by yielding the leadership role to Australia. The United States may extend military cooperation continuously in coming years, but its role will be limited to providing moral support in case China seeks to expand its influence, or as insurance against attempts to escalate a regional dispute into a military clash. Meanwhile, the cooperation made among regional countries over the East Timor issue is expected to pave the way for more extensive military cooperation among Southeast Asian countries and with Australia in coming years.