

## **Chapter 4**

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# **Southeast Asia— Expanding Cooperative Ties with External Powers**



In terms of the current situation regarding terrorism in Southeast Asia, the Indonesian authorities have achieved success in their security sweeps against extremist groups in the country, while in the Philippines the military conflict between the Armed Forces of the Philippines (AFP) and extremist groups continues. In Thailand, meanwhile, there is no sign that the unrest in the country's Deep South near the border with Malaysia will be resolved. The political situation in Thailand has undergone a major change since the September 2006 military coup d'état. In August 2007, a draft constitution was approved in a national referendum, followed by a general election in December that resulted in the People's Power Party (PPP), which is connected to former Prime Minister Thaksin Shinawatra, becoming Thailand's leading political party. Attention is now focused on whether the country will be able to smoothly return to civilian rule.

The need has emerged to formulate a cooperative stance among the members of Association of Southeast Asian Nations (ASEAN) regarding both political and security issues, from the perspective of dealing effectively with nontraditional threats such as terrorism while also achieving a balance with economic integration. In the aim of achieving closer cooperation between its members, ASEAN is on the path towards forming a regional community. In the course of formulating an ASEAN Charter to serve as the foundation of the ASEAN community, the key issue was a reexamination of the organization's long-held principles of noninterference and consensus-based decision making. The escalating political tension in Myanmar focused global attention on the response of ASEAN, but the ASEAN Charter in its adopted form basically preserved those principles.

The United States is seeking to strengthen its own ties with Southeast Asian countries in regard to counterterrorism, but it has not displayed a proactive interest in strengthening political relations with ASEAN. In contrast, ties between ASEAN and China are expanding and deepening in areas related to politics, economy, and security. Japan has also been proactively strengthening its relations with ASEAN countries. In August 2007, Prime Minister Shinzo Abe visited Indonesia and Malaysia, where he reconfirmed the progress in cooperation between Japan and those two countries in a broad range of areas concerning politics, economy, and security, while unveiling a new policy for the future of ASEAN and Japan. Russia has been engaged in brisk negotiations with Southeast Asian countries for the sales of military equipment, while India has been enhancing its own cooperative military ties with those nations, including conducting joint military exercises.

## **1. Current Terrorism Situation in Southeast Asia**

### **(1) Status of Anti-terrorist Policies in Indonesia and the Philippines**

The Indonesian and Philippine governments stepped up their operations to mop up Islamic extremist groups connected to al-Qaeda. In Indonesia, a string of major terrorist attacks were carried out from 2002 to 2005, with the Islamic extremist group Jemaah Islamiyah (JI) suspected of involvement, but since 2006 no such terrorist attacks have occurred. In his August 16, 2007, state of the union address, Indonesian President Susilo Bambang Yudhoyono declared victory in the battle against terrorism in Indonesia. One factor underlying this is that the Indonesian government's crackdown was successful in capturing JI leaders. The anti-terrorist special forces unit of the Indonesian National Police, Detachment 88, played a central role in those efforts. The unit, created in 2003 with US aid, has been involved in a comprehensive range of anti-terrorist efforts that include intelligence gathering, investigations, and fighting. Today, Detachment 88 continues to receive full-scale assistance from the United States and Australia for its equipment and training.

In late March, the Indonesian National Police raided a number of JI hideouts in mid-eastern Java. This resulted in the capture of six JI members—including Mujadid, who is suspected of involvement in the terrorist bombing of the Australian Embassy in Jakarta in 2004—as well as the confiscation of weapons and bomb-making manuals. This was followed by a police sweep in mid-June that captured eight JI members, including Abu Dujana, who is one of the JI's top leaders and a suspect in the 2002 Bali terrorist attack, and Zarkasih, who is also a top leader of the organization. While there is a view that the JI has been further weakened through this string of arrests, the analysis in a report issued by the International Crisis Group states that the JI retains a solid core of probably more than 900 members across Indonesia and that even though it is not likely that the organization will grow, it still retains deep roots and has not abandoned its long-term vision of establishing an Islamic state. Moreover, it is indicated that, given the confusion in the chain of command, there is the danger that some members will carry out their own terrorist attacks or that the more extremist elements hiding out in the south of the Philippines may step in to fill the leadership vacuum. The terrorist danger cannot be completely dismissed if one just considers the fact that Noordin Muhammad Top, a JI leader who has been at the forefront of terrorist

## Extremist Groups in the Philippines

The history of discrimination against Muslims in the southern region of the Philippines, as well as the large-scale migration of Christians from other parts of the country from the late 1960s, has sparked conflict between the residents of that region, resulting in one segment of the Muslim population moving in an extremist direction and the formation of anti-government organizations that aim for the region's independence. Nur Misuari, a former professor at the University of the Philippines, formed the MNLF in 1968, and that organization opened up a fierce conflict with the Philippine army in the 1970s. In 1996, however, a peace agreement with the government was signed, and the chairman of the MNLF became the governor of the Autonomous Region in Muslim Mindanao. The MILF, led by Salamat Hashim, was formed in 1984 from a split with the MNLF over its political line. MILF forces also opened up a conflict with the national army, but in 2003, with the intervention of Malaysia, the organization signed a cease-fire agreement with the government.

The ASG is one of the forty-two terrorist organizations listed by the US government (whereas the MNLF and MILF are not listed). The origin of the ASG can be traced back to the early 1980s, when Filipino Muslims traveled to Pakistan in order to participate in the anti-Soviet jihad in neighboring Afghanistan. One of those Filipinos, Abdurajak Janjalani, emerged as a leader. In the city of Peshawar in Pakistan, Janjalani met Osama bin Laden. With the support of bin Laden, he formed the ASG in 1991. Dissatisfied members of the MNLF also joined the ASG at the time of its formation. The ASG, since its creation, has been carrying out abductions and terrorist bombings. In April 2000, the organization took twenty people hostage at Sabah in Malaysia, including foreign tourists. In May the following year the ASG took another twenty people hostage at Palawan Island in the Philippines, including three US citizens. The group is also thought to have been involved in the February 2004 bombing of a ferry off the coast of Manila, which resulted in hundreds of deaths. In December 2006, a leader of the ASG and younger brother of Abdurajak Janjalani, Khaddafy Janjalani, was killed in a battle with the Philippine army.

In addition to the Islamic extremist groups in the Philippines, there is also the New People's Army (NPA), which is the military wing of the Communist Party of the Philippines. The NPA has also been designated a terrorist organization by the US government. The origins of the group can be traced back to an armed Communist organization that was involved in the struggle against the occupation of the Philippines by the Japanese army during World War Two. After the end of the war and the independence of the Philippines, that organization continued to wage a guerrilla war against the United States and the Philippine government. A pro-Chinese, Maoist group split off from the Communist Party in 1968 and formed the NPA the following year. The NPA expanded to 25,000 members by the 1980s, but subsequently its power declined. However, the group is continuing to wage its guerrilla activities. In August 2007 its leader, Jose Maria Sison, was arrested in the Netherlands, where he was living as a fugitive.

attacks, is still at large.

The Philippine government has shown signs of strengthening its efforts to capture extremist group members and cut off their sources of funding. President Gloria Macapagal-Arroyo authorized US\$200 million to purchase equipment for use in domestic security operations. Moreover, an anti-terrorist bill was passed by the House of Representatives on February 19, 2007. The bill recognizes the right of security forces to imprison a suspect without judicial approval, and also makes it possible for government authorities to gain access to bank accounts thought to be used in money laundering.

The AFP has stepped up its offensive against the Islamic extremist organization, Abu Sayyaf Group (ASG). On January 16, 2007, the army stormed an ASG base located on Jolo Island in the Mindanao area, killing the ASG leader Jainal Antel Sali (Abu Solaiman) in the attack, who is thought to have plotted the February 2004 terrorist bombing of a ferry off the coast of Manila. The army also conducted sporadic attacks on the nearby Basilan Island. On August 13, the army launched a new clean-up operation against the ASG. The army announced on November 5 that the ASG leader Abdul Karim Jamjali was killed in a clash on Basilan Island, and on December 16 that another of the group's leaders, Abdul Mubin Sakandal, was killed in a battle on Tawi-Tawi Island. The ASG combat forces were also bolstered by members of Islamic extremist groups like the Moro Islamic Liberation Front (MILF) and the Moro National Liberation Front (MNLF). In July, MILF and ASG troops killed fourteen marines on Basilan Island, beheading ten of them. There were also sporadic clashes between the army and MILF/MNLF forces. These clashes had threatened to destroy the peace agreement between the Philippine government and the MILF/MNLF, but with the intervention of Malaysia, the government and the MILF apparently reached an agreement in November 2007 on the ancestral domain issue and a peace accord.

The United States, Australia, and Malaysia have provided the Philippines with active support for carrying out its anti-terrorist measures. The United States and Australia have both intervened in regions where terrorism frequently occurs as a response to the loss of many of their citizens' lives in the 9/11 terrorist attacks in 2001 and the Bali bombing the following year, respectively. As a recipient of aid, the government of the Philippines has required US-Australian assistance to equip and train its military in order to eradicate the problem of extremist groups in Mindanao that have been a source of domestic insecurity. In addition, Malaysia

has provided assistance for the purpose of stabilizing the situation in Mindanao, which is on its border.

In May 2006, the US and Philippine governments displayed a stance of strengthening their cooperation to tackle nontraditional threats, most notably terrorism, by setting up a Security Engagement Board. That same year, from February 19 to March 4, the armed forces of the two countries held the “Balikatan 2007” joint military exercise on Jolo Island, followed by the three-month “Balance Piston 07-03” joint exercise, which started on April 27. The Australian and Philippine governments agreed on May 31, 2007, to a Status of Forces Agreement, making it possible for the two governments to hold joint anti-terrorist exercises within their territories. Meanwhile, over a ten-day period starting on April 10, 2007, the Malaysian and Philippine navies carried out the “Malphi Laut” joint maritime exercise off the Luzon and Sulu Islands, which included maritime interdiction operations.

In addition to that military cooperation, the United States, Australia and Malaysia have at the same time been providing socioeconomic support in the form of infrastructure building and agricultural development in Mindanao. In July 2003, the Philippine government and the MILF reached a cease-fire agreement that was facilitated by Malaysian intervention. An international monitoring team led by Malaysia was dispatched to Mindanao in October 2004 to monitor the cease-fire and begin assisting the reconstruction effort. In July 2006, at the request of both the Philippine government and the MILF, Japan sent a group of experts on reconstruction assistance to join the monitoring team and has been continuing the assistance since that time. The Philippine government, with the backing of extraregional and neighboring countries, is aiming to resolve its security problems with a policy that balances the hard-line approach of stamping out extremist groups with the soft-line approach of implementing socioeconomic measures.

## **(2) Unrest in Thailand's Deep South and Fluctuations in Thai Politics**

Despite the indications that terrorist activity in Indonesia will be dormant, there is no sign of resolution of the unrest in the Deep South of Thailand. That unrest, which began in January 2004, has been getting steadily worse, in part as a result of the hard-line measures taken by former Prime Minister Thaksin. The subsequent military government, installed through a coup in September 2006 that removed

Thaksin from power, was led by Army Commander-in-chief Sonthi Boonyaratglin. Since Sonthi was a Muslim, there was an expectation that the new military government would display greater understanding towards the Muslim population in the Deep South so that the situation would improve. In fact, however, the frequency of bombings and attacks doubled, with indiscriminate terrorist attacks and bombings targeting people regardless of their religion, whether Buddhist or Muslim, becoming an almost daily occurrence. There were over 2,800 total deaths from such incidents in the period from the beginning of 2004 to the end of 2007.

The following two factors can be cited as reasons for why the situation has not calmed down since the military government took power. First of all, the terrorist activities are thought to be carried out by numerous groups rather than a single organization, and the extremist groups do not usually proclaim responsibility following their attacks or bombings. This, combined with insufficient intelligence information, has made it difficult for government authorities to identify a single party to negotiate with. In terms of the military situation, because the unrest has occurred throughout the Deep South, the Thai security forces have become stretched across regions. Furthermore, the Thai authorities have had to make use of paramilitary forces because of the lack of regular troops; this has led to a worsening of the situation because of the insufficient training and equipment of the paramilitary forces, thus deepening the distrust of the local people towards the central government and making it difficult to obtain sufficient cooperation from them.

The connection between extremist groups in the Deep South and similar groups from other countries remains unclear. The Thai police have determined that the domestic extremist groups include individuals who have traveled to Afghanistan or Pakistan and some who have received military training in Indonesia, so there is the suspicion of a cooperative relationship between JI and Islamic militants in Southern Thailand. The recent tactics employed by extremist groups in Thailand, such as beheading, are said to be copied from al-Qaeda, but there is also the view that the use of tactics such as roadside bombs is simply a case of imitation rather than an indication of underlying support from outside organizations.

The military government in Thailand, while continuing to renew its martial law decree every three months, announced in April the dispatch of an additional 15,000 troops to the Deep South, combined with the 30,000 already stationed there, in order to deal with the unrest. However, in addition to cracking down on extremist groups through the dispatch of troops, the military government

emphasized negotiations with those groups and dialogue with the local residents. Prime Minister Surayud Chulanont visited the southernmost provinces on July 12 and 13, where he indicated that the government would seek a resolution to the problem through peaceful and conciliatory means.

Because it is thought that the extremist groups pass back and forth between Thailand and Malaysia in carrying out their activities, the Thai government has been striving to secure the cooperation of its neighbor. Prime Minister Surayud visited Malaysia in August 2007, where he held talks on August 21 with his counterpart Prime Minister Abdullah Badawi. The two leaders agreed to work together to deal with the problem in Thailand's Deep South. The policies agreed on, which were premised on security measures (such as extending the wall bordering the two countries and enhancing security cooperation on the border), are intended to resolve two root causes of terrorism: poverty and alienation from economic development. Specifically, this effort will be targeted at enhancing education and economic conditions, including establishment of Islamic banks and employment creation by industrial development. With the limitations of the policy of cracking down on extremist groups by dispatching more troops becoming clear, the military government emphasized the method of resolving the situation via dialogue with local residents and policies to develop the region. Although this method is generally effective, it is also expected to take time before the benefits will become clear, and there is a concern that attacks and damage from terrorism will expand further in the mean time.

In addition to the lasting unrest in the Deep South, the political situation in Thailand continued to be turbulent following the September 2006 coup. The year 2007 opened with terrorist bombings in Bangkok, as a series of explosions in nine locations from New Year's Eve to January 1 resulted in three deaths and dozens of injuries. Various explanations of who carried out the attack have emerged, such as extremist groups active in the southernmost provinces who wanted to demonstrate they can also carry out attacks in Bangkok, supporters of former Prime Minister Thaksin who wanted to highlight the military government's inability to maintain security, or elements involved in a power struggle within the military government itself. The Thai authorities on January 20 arrested fifteen people suspected of involvement in the terrorist bombings, including members of the military, but all were released just six days later for lack of evidence. The authorities later claimed that separatists in the Deep South were responsible for the bombings, but this has

not led to the identification or arrest of any suspects.

Some aspects of the economic policies adopted by the military government following the coup can hardly be described as leading to the stability of Thai politics. Unlike the economic policies of former Prime Minister Thaksin, which placed the emphasis on growth and responding to globalization, the military government adopted, as its fundamental policy, the approach advocated by the Thai monarch of realizing a “sufficiency economy.” This concept, generally speaking, can be considered an inward-looking approach that emphasizes moderation, self-sufficiency, and morality. Since the launch of the military government in October 2006, it had advanced a string of restrictive measures on foreign capital, and those policies can be seen as following to the sufficiency economy principle. For example, on December 18, 2006, the central bank of Thailand placed restrictions on capital transactions as a policy to prevent the value of the baht from rising, and on January 9 the following year the government announced restrictions on foreign investment concerning service-related companies. In both cases, the sudden announcement of policies restricting foreign investment caused stock prices to plummet. Faced with the abrupt drop in stock prices, the Thai government in subsequent days announced some loosening of the restrictions. The combination of the sudden restrictions and subsequent backtracking contributed to a rising sense of distrust among foreign investors. In addition to the confused economic policies, the minister of finance and the official accountable for economic policies suddenly resigned, thus also exposing the lack of a unified outlook within the cabinet. This wavering economic management of the government weakened investment and worsened business sentiment. Nevertheless, by the end of 2007, business sentiment, exports, and investment were all headed towards improvement.

Public support of the military government fell compared to its early days. The Surayud administration initially enjoyed a 70-percent approval rating, but by February 2007 that figure had dropped to 35 percent. People’s frustration was expressed in frequent demonstrations. On March 17, 2007, half a year after the coup, 2,000 people participated in a Bangkok demonstration. On March 30, another demonstration was held that included members of the former ruling Thai Rak Thai Party as well as urban dwellers and farmers who support Thaksin. The response within the government to that demonstration was fragmented, with General Sonthi calling on Prime Minister Surayud to issue a state of emergency

for Bangkok prior to the holding of a public rally, while the prime minister himself refused to do so. One thousand people demonstrated against the government on April 8, followed by another anti-government demonstration of several thousand people on July 23.

While on the one hand clamping down on demonstrations, the military government at the same time gradually adopted a more liberal political stance in a bid to attain political stability, including its decision on January 26, 2007 to end the martial law decree that had been placed on forty-one prefectures, including Bangkok, and another decision on June 5 to allow the foundation of new political parties and lift the ban on political activities. Meanwhile, the military government introduced a string of “anti-Thaksin” policies intended to stem the influence of the former prime minister. Police Commissioner-general Kowit Wattana, who is thought to be close to Thaksin, was relieved of his post on February 5. Also, investigations were carried out regarding the former prime minister’s alleged corruption and amassing of illegal funds. Thaksin’s wife and relatives were indicted on charges of tax evasion in March, followed by the indictment of Thaksin himself and his wife for allegedly illegal land purchases. A government-appointed investigative committee announced on June 11 that it had ordered the freezing of the domestic bank deposits of the former prime minister. Then, on September 10, land in the northeast of Thailand belonging to Thaksin was seized. This freezing of the former prime minister’s assets was also intended to prevent political funds from being channeled to Thaksin’s supporters.

The Constitutional Court on May 30, 2007, ordered the disbanding of the Thai Rak Thai Party on grounds that it had violated election laws for the lower house election held in April the previous year. The decision banned over one hundred party officials, including former Prime Minister Thaksin, from participating in politics for a period of five years. As a result, more than 500 party members, including former members of parliament, joined the small People’s Power Party (PPP).

The process of shifting towards a civilian government, through the enactment of a new constitution and the holding of a general election, was carried out without any great disturbances. The committee established to draft a new constitution began its work on January 22, 2007, and the first draft was presented on April 18. This was followed by the announcement of the final draft on July 6, based on the subsequent public hearings. According to the draft constitution, the prime minister will continue, as before, to be elected among members of the lower house of

parliament, though with a two-term limit in office, totally for eight years. Moreover, in addition to reducing the number of seats in the lower house from 500 to 480 and those in the upper house from 200 to 150, the elections for members of the lower house will be changed from a single-seat to a multiple-seat constituency system, while an appointive system will be revived for the selection of some upper-house members of parliament. Furthermore, the constitution incorporates a clause granting amnesty for those involved in the coup. It is said that these changes in the system are intended to prevent the emergence of an overwhelmingly powerful ruling party, such as the Thai Rak Thai Party led by Thaksin, and to avoid a prime minister backed by such a party from holding on to power for a long period of time. It was also indicated that the revival of the appointive system for the upper house could possibly help the army and bureaucrats reemerge in political life.

A national referendum was held on August 19, 2007, to vote on whether to approve the draft constitution. The turnout for the referendum was 58 percent of the population, with 58 percent voting to approve and 42 percent voting to reject the draft constitution. Opinions were divided among political camps, regarding the significance of both the turnout and the approval rate being around 60 percent. The military government viewed the result of the referendum as evidence of the public mandate for the draft constitution. Prime Minister Surayud said that the result reflected the support of the Thai people for the draft. In contrast, opponents of the government thought that the 40-percent vote against the draft constitution showed that confidence in the military government was not that strong, leading these opponents to probe the possibility of expanding their own power in the December general election. In Northeast Thailand in particular, which is the power base of former Prime Minister Thaksin, the draft constitution was rejected

by 60 percent of the voters and opposition to the military government in that region was expected to advance significantly.

The December 23, 2007, general election resulted in the PPP, led by Thaksin's supporters, becoming the leading political party. The PPP secured a majority of the seats of parliament through an alliance with other, smaller political parties. Since a pro-Thaksin party was becoming once again the predominant force in parliament, there was talk about the former prime minister returning to politics. Thaksin announced his intention to return to Thailand by April 2008. The military government showed respect for the people's will and rejected any consideration of driving out the Thaksin supporters by another coup. At the same time, however, the military government displayed the determination to pursue its legal charges against the former Prime Minister.

## **2. ASEAN—Strengthening Both Internal Ties and the Building of External Relations**

### **(1) Framing the ASEAN Charter—Debate on the Sanction Article and the Myanmar Issue**

From the perspective of dealing effectively with nontraditional threats such as terrorism, and amidst the on-going discussions regarding economic integration for ASEAN, there is a need for ASEAN countries to build a cooperative stance regarding political and security issues, in line with the deepening economic cooperation between them. The establishment of an ASEAN Community is aiming to promote this cooperation in the areas of economy, politics and security. At the December 2005 ASEAN Summit held in Kuala Lumpur, an agreement was reached to create a charter that would serve as the institutional framework for the creation of an ASEAN Community. At that summit, the decision was also made to establish an Eminent Persons Group (EPG) in order to provide advice regarding the nature of the ASEAN Charter and its direction. After convening a series of meetings regarding the articles to incorporate into the charter, the EPG submitted a report at the January 13, 2007, ASEAN Summit held in Cebu, entitled "Report of the Eminent Persons Group on the ASEAN Charter." Based on this report, an agreement was reached at that summit to establish a high-level task force to write a draft charter that would be submitted at the ASEAN Summit to be held in Singapore in November 2007.

## ASEAN Charter

The ASEAN charter is the legal and institutional framework formulated forty years after the establishment of the organization in 1967. The formulation of the ASEAN Charter is stipulated in the Vientiane Action Programme (2002), and this was subsequently confirmed by the Kuala Lumpur Declaration on the Establishment of the ASEAN Charter (2004) and the Cebu Declaration on the Blueprint of the ASEAN Charter (2005). After the meetings of the Eminent Persons Group (EPG) and the high-level task force to propose a draft charter, the ASEAN Charter was adopted on November 20, 2007, at the ASEAN Summit held in Singapore. The ASEAN Charter includes a preamble and thirteen chapters containing a total of fifty-five articles. The preamble states that the ASEAN member states will respect the fundamental importance of sovereignty, noninterference and consensus, while adhering to the principles of democracy, the rule of law and human rights. It also emphasizes the commitment to community building in the areas of security, economy, society and culture, and the establishment of a legal and institutional framework by means of the ASEAN Charter.

Chapter 1 lists the purposes and principles. These include not only economic goals, such as creating a single market and production base, and alleviating poverty and narrowing the development gap within ASEAN, but also political goals such as regional resilience, democracy and human rights, and maintaining the centrality and proactive role of ASEAN as the primary driving force in its relations and cooperation with its external partners. In the area of security as well, Chapter 1 advocates comprehensive security that includes the maintenance of peace and stability and of Southeast Asia as a zone free of nuclear weapons as well as nontraditional security issues such as the environment and natural resources. In pursuing these aims, the ASEAN Charter also promotes principles that include respect for sovereignty, the peaceful resolution of conflicts, noninterference in the internal affairs of ASEAN member states, and enhanced consultations.

In Chapter 2, ASEAN, as an inter-governmental organization, is designated a legal personality. This is followed, in Chapter 3, with the definition of the obligations of member states. The important point to note regarding that chapter is that the member states are required to take all necessary measures to effectively implement the provisions of the ASEAN Charter and to comply with all obligations of membership and that in the case of a serious breach of the charter or non-compliance, the matter shall be referred to the ASEAN Summit (Article 5). The ASEAN Charter did not incorporate clear articles on sanctions, but through Article 5 it is now possible to call on ASEAN member states to follow the agreements and to take some sort of action in a case of non-compliance. Chapters 4 to 6 determine each of its organs and Article 7 positions the ASEAN Summit as the supreme policy-making body of ASEAN. It is stated that the Secretary-general shall monitor progress in the implementation of ASEAN agreements and decisions (Article 11), while at the same time each ASEAN member state shall appoint a permanent representative to ASEAN with the rank of ambassador based in Jakarta (Article 12).

Chapter 7 refers to decision making. In that chapter, the first paragraph of Article 20 states that, as a basic principle, decision making in ASEAN shall be

based on consultation and consensus, while the second paragraph of that same article notes that where consensus cannot be achieved, the ASEAN Summit may decide how a specific decision can be made. Furthermore, in the second paragraph of Article 21, it is clearly stated, regarding economic policy, that a formula for flexible participation, including the ASEAN Minus X formula, may be applied where there is a consensus to do so. Thus, while the previous principle of consensus-based decision making is maintained, one can expect more rapid and flexible decision in fields where it is possible, such as economic policy. In Chapter 8, which deals with the settlement of disputes, it is stated that member states shall endeavor to resolve peacefully all disputes through dialogue, consultation and negotiation, and with that as the premise the parties to the dispute may then request the Chairman or the Secretary-general of ASEAN to provide good offices, conciliation or mediation (the second paragraph of Article 23). The chapter further states that in a case where a dispute remains unresolved, it shall ultimately be referred to the ASEAN Summit (Articles 25 and 26).

Chapters 9 to 11 deal with the budget and other organizational issues, while Chapter 12 addresses external relations, reaffirming the previous fundamental stance of ASEAN. Chapter 13, the final chapter, deals with the bylaws of the ASEAN Charter. Thus, the ASEAN Charter reaffirms and clearly states the action principles compiled through the organization's experience, while at the same time introducing new stipulations regarding the formation of a strong community. It has been frequently indicated that ASEAN has lacked a unified will and that it has been slow to take action, but the organization will be able to make a fresh start by strengthening its structure centered on the ASEAN Summit, even though the new ASEAN Charter has not effected a broad revision of the previous principles. The focus of attention from now will be on the implementation of the charter and the establishment of a community based upon it.

The EPG report consisted of three parts, with the third part listing recommendations for inclusion in the ASEAN Charter. In that section, the EPG recommended that the ASEAN reconsider its main principles. First of all, it was proposed that the principle on noninterference in internal affairs be reconsidered so as to introduce an article on sanctions. There are recommendations in Chapter 3 of Part 3 regarding the qualifications of ASEAN membership, where the EPG recommended that the ASEAN Council consider the temporary suspension of the rights and privileges of any member state that commits a serious breach of the objectives, principles, and commitments as contained in the existing ASEAN declarations, agreements, concords, and treaties as well as the norms and values adhered to by ASEAN.

Underlying these discussions is the problem of Myanmar. Western countries continued to strongly criticize Myanmar in response to the sluggish pace of

democratization under its military regime and the suspected incidents of human rights violations in the country. The United States and Britain submitted a resolution criticizing Myanmar to the United Nations Security Council (UNSC) on January 9, 2007. The resolution was rejected on January 12 as a result of Chinese and Russian vetoes, but the growing criticism of Europe and the United States against the military regime in Myanmar reached the point of possibly threatening international confidence in ASEAN. In view of the situation, ASEAN was under pressure to solve the issue of the internal affairs of its member states and hinted at a change in its policy of noninterference in terms of being able to impose sanctions in case of breach.

In addition to reconsidering the principle of noninterference, consensus-based decision making was raised as another topic of discussion. One of the EPG members, Singapore Deputy Prime Minister Shunmugam Jayakumar voiced a sense of crisis that ASEAN would decline and be marginalized if it did not achieve a transformation towards a more effective organization. This sense of crisis is based on the recognition that ASEAN is in a competitive relation with China and India, which are achieving rapid economic growth. For this reason, the EPG report has called for placing the priority on rethinking consensus-based decision making in the area of economic policy in advance of other areas. Chapter 5 of Part 3 of the EPG report contains new recommendations regarding the decision-making process. The report recommends that “the decision-making process in ASEAN shall, as a general rule, be based on consultation and consensus, especially on decisions in more sensitive areas of security and foreign policy,” and that in other areas, “if consensus cannot be achieved, decisions may be taken through voting, either on the basis of a simple majority, or on the basis of a two-thirds or three-fourths majority.”

Furthermore, Indonesia proposed incorporating articles on human rights and democracy in the ASEAN Charter. Underlying this proposal is the aim of encouraging an improvement to the situation in Myanmar by means of establishing a human rights body in the future at the regional level and inserting in the ASEAN Charter articles on human rights that must be observed by member states. Indonesian Minister of Foreign Affairs Hassan Wirajuda said in a foreign policy speech delivered on January 8 that ASEAN leaders have agreed that human rights and democratic principles should become shared values, and that the best option is a gradual approach, starting with establishing a commission to promote and

protect the rights of women and children.

Subsequently, however, the ambitious proposals of the EPG report were gradually modified. One of the EPG members, Ali Alatas, former minister of foreign affairs of Indonesia, said in an interview with *Yomiuri Shimbun* that while he supported the introduction of articles on sanctions and majority-based decision making, ASEAN should not pursue an EU-style political integration and that the primary objective should be the integration of markets in the area of economy. An unofficial foreign ministers meeting was held in Siem Reap, Cambodia on March 2, where discussions were carried out on the draft charter. The Philippine representative of the high-level task force to draft a charter, Rosario Manalo, former undersecretary of foreign affairs, clarified that the member states had agreed at the meeting to postpone the introduction of articles on sanctions. It also seems that no agreement was reached regarding decision making. Vietnamese Deputy Prime Minister and Minister of Foreign Affairs Pham Gia Khiem expressed the view that the ASEAN Charter should especially reassert the principle of noninterference and consensus as the key to the group's success.

Even at the ASEAN Ministerial Meeting, held in Manila on July 29 and 30, the discussion continued regarding the articles in the ASEAN Charter on decision making and sanctions, but no agreement was reached among the member states then, so the conclusion was held off until the November ASEAN Summit. However, in terms of establishing a human rights committee, as proposed by Indonesia, the more long-standing member states of ASEAN convinced Myanmar and other newer members of the need for the committee and an agreement was reached. Amidst the backlash against the introduction of a new system, there still remained a deep-rooted view that it is necessary for there to be articles on sanctions in order to improve the confidence in ASEAN as an institution through speedy decision making and

agreements and the reliable implementation of them. At the August 24 ASEAN Economic Ministers Meeting held in Manila, ASEAN Secretary-general Ong Keng Yong emphasized that provisions should be introduced regarding the imposition of sanctions on any member state that violates agreements on economy.

The Myanmar issue exerted a great influence on the discussions regarding the ASEAN Charter. Dissatisfaction rose among people in Myanmar as a result of the lagging democratization process as well as economic hardships arising from sanctions imposed by the international community, led by Europe and the United States. A demonstration led by democratic activists took place on August 15, 2007, that was sparked by the broad rise in fuel prices and skyrocketing prices of food. The security forces suppressed the demonstrations that broke out sporadically in August, but in September demonstrations led by Buddhist monks took place. The demonstration of monks that began on September 18 in the former capital city of Yangon swelled until some 100,000 of the city's residents had joined. Starting on September 26, the military government began to clamp down and sweep away the monks and residents participating in demonstrations, and the security forces' armed suppression of the demonstrations resulted in deaths and injuries. The scale of the demonstrations shrank because of the security forces' crackdown, and on September 29 the military government declared that the demonstrations had been crushed.

The expanding scale of demonstrations led the international community, particularly the United States and the European Union, to rapidly turn up their criticism of Myanmar's military government. On September 26, an emergency session of the UNSC was held regarding the problem in Myanmar. The outcome of talks at the session was the announcement of an unofficial statement expressing concern about the situation. Within the UNSC, Britain, the United States and France took a hard-line stance, whereas a cautious attitude was adopted by China and Russia, which have close

economic and security relations with the military government in Myanmar. The foreign ministers of the ASEAN nations, who had gathered in New York to attend the United Nations General Assembly, held an unofficial emergency meeting on September 27, where they discussed the response to the Myanmar problem. After the meeting, a statement by the chairman of ASEAN was released that expressed “revulsion” regarding the fatalities that resulted from the violent force used to suppress the demonstrations and urged the military government to exercise the utmost restraint and seek a political solution while resuming national reconciliation with all parties and working towards a peaceful transition to democracy. Thus, even ASEAN, which adheres to a principle of noninterference, criticized the military government in an unusually strong manner as a result of the worsening problem in Myanmar and the high level international criticism directed towards that country.

In connection to the Myanmar issue, attention was focused on what conclusion will be reached regarding how to handle the principle of noninterference within the ASEAN Charter. The outcome ended up being basically an adherence to the status quo. At the ASEAN Summit held in Singapore on November 20, the ASEAN member states signed the charter. The document reaffirmed respect for the principles of noninterference and consensus-based decision making, as stipulated in the preamble, while the issue of introducing articles on sanctions, such as suspension of membership or expulsion, was left to the future. However, Article 20 “Consultation and Consensus” of Chapter 7 “Decision-making” states that as a basic principle, decision making in ASEAN shall be based on consultation and consensus, but where consensus cannot be achieved, the ASEAN Summit may decide how a specific decision can be made. It is also specified that in the case of a serious breach of the charter or non-compliance, the matter shall be referred to the ASEAN Summit for decision. Further, Article 14 clearly states that a human rights body will be established. The leaders of the ASEAN countries, including Myanmar, placed priority on signing a charter that all of the member states could agree on at the current stage. Whether or not the charter will lead ASEAN to function as a more effective organization will depend on whether the charter operates effectively. However, even if it does operate effectively, the problem still remains of whether it is possible to unify the diverse opinions of the ASEAN member states.

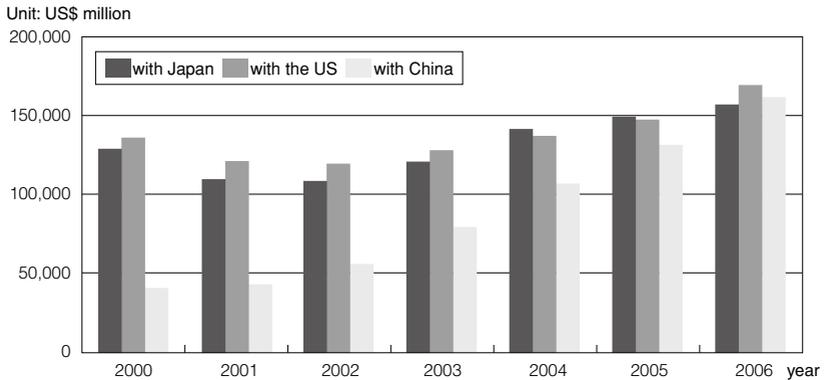
## **(2) International Relations between ASEAN and External Powers**

In 2007, China showed a positive stance towards expanding relations with ASEAN. At the January 14 ASEAN-China Summit, both parties agreed to expand the free trade agreement starting on July 1 to include some sixty services, including transport and the energy sector. According to the statement made by the summit chairman, cooperation was confirmed for nontraditional security fields, such as energy, epidemics and natural disasters. Furthermore, at the November 20 ASEAN-China Summit, Chinese Premier Wen Jiabao displayed a desire to strengthen security ties with ASEAN, proposing a program for exchanges between researchers on security and a joint training program between China and the three countries bordering the Strait of Malacca, while at the same time hinting at turning the 2002 Declaration on the Conduct of Parties in the South China Sea into a code of conduct.

In contrast with the extension of China's influence, it is hard to deny that the United States has paid inadequate attention to ASEAN. Because US Secretary of State Condoleezza Rice prioritized visiting the Middle East, she did not attend the Fourteenth ASEAN Regional Forum (ARF) held on August 2, 2007, sending Deputy Secretary of State John Negroponte to attend in her place. Secretary of State Spokesman Sean McCormack, at his daily press conference said that he did not think anybody seriously questioned the US engagement in Southeast Asia just because Secretary of State Rice did not attend the meeting. However, Southeast Asian countries interpreted this US stance as an example of its underemphasizing of the region, and the July 27 issue of the *Straits Times*, for example, interpreted the lack of a US presence in Southeast Asia as playing into the hands of China.

Amidst the deepening of ties between China and ASEAN, Japan also showed a positive attitude towards building relations with Southeast Asian countries. From August 19 to 25, 2007, Prime Minister Abe visited Indonesia, India and Malaysia. Abe held talks with Indonesian President Yudhoyono, and the two leaders agreed to cooperate in the areas of nontraditional security fields, such as the environment and energy, avian influenza, maritime security, and achieving peace on Aceh. Abe also gave a speech indicating the fundamental policy of Japan towards ASEAN, entitled, "Japan and One ASEAN that Care and Share at the Heart of Dynamic Asia." In the speech, Abe positively viewed the initiatives of ASEAN to advance the formation of a community based on the fundamental values of respect for the rule of law and human rights. In terms of Japanese policy towards ASEAN, Abe

**Figure 4.1. ASEAN trade with Japan, the United States, and China (exports and imports)**



Source: Compiled using data from the Japan External Trade Organization website. ([http://www.jetro.go.jp/biz/world/asia/asean/statistics/asean\\_stat7.xls](http://www.jetro.go.jp/biz/world/asia/asean/statistics/asean_stat7.xls))

referred to problem solving and peace building in conflict-torn regions such as Aceh, Mindanao, and Timor-Leste, in addition to discussing Japan's engagement in the area of economy such as implementation of economic partnership agreements and providing focused assistance to the Mekong region. Also, at his meeting with Malaysian Prime Minister Abdullah, Abe exchanged opinions regarding security issues, such as support for peace in Mindanao, the security of the Malacca-Singapore Straits and dialogue between Japan and ASEAN on counterterrorism.

After becoming Japanese Prime Minister on September 26, 2007, Yasuo Fukuda visited Singapore from November 19 to 22, where he participated in the ASEAN-Japan Summit, the ASEAN+3 Summit, and the East Asia Summit. Fukuda also held individual meetings with the leaders of China, South Korea, and India, as well as the leaders of ASEAN countries such as Cambodia, Laos, Vietnam, Myanmar, and Singapore. At the ASEAN-Japan Summit, Fukuda referred to the spirit of the 1977 Fukuda Doctrine. At the same time, he fundamentally adhered to the ASEAN policy of the previous administration, clearly referring to economic policy such as economic partnership agreements and the development of the Mekong region, as well as nontraditional security issues such as avian influenza, terrorism, the environment, and maritime security.

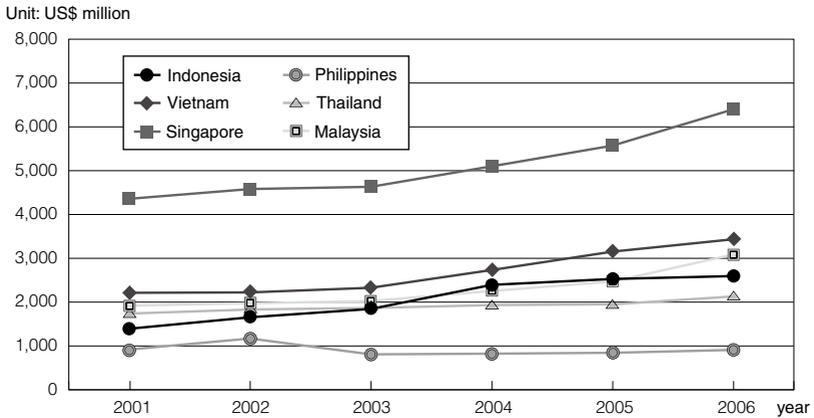
Russia has also taken a positive stance towards Indonesia, one of the preeminent large nations in Southeast Asia. Russian President Vladimir Putin visited Indonesia in early September 2007, where he held talks with Indonesian President Yudhoyono. At the meeting, the two countries agreed that Russian companies would invest up to US\$5.5 billion in the areas of crude oil and aluminum. It is thought that Russia's intention was to enhance its presence in Southeast Asia by strengthening ties with the regional power Indonesia, in addition to the already close ties it has with Malaysia and Vietnam.

### **3. Military Trends in Southeast Asia**

#### **(1) Military Procurement—Active Trade with Russia**

The importance of Russia to Southeast Asian countries' procurement of military equipment has been increasing in recent years. Russia has been attractive to Southeast Asian countries as a source of equipment procurement not only because Russia's weaponry is cheaper than that offered by the United States or Europe, but also because its methods of payment are more flexible, including the acceptance of barter transactions and the provision of credit. Russia's supplying of weapons is at the same time evidence that Russia is engaging in active diplomacy based on arms trading in order to enhance its political and military influence in Southeast Asia and expand its global markets. Russia's main trading partners currently are Indonesia, Malaysia, and Vietnam. Russia has forged close ties in recent years with Malaysia, which has distanced itself somewhat from the United States, while Russia's close ties with the socialist country Vietnam date back to the Soviet era. Meanwhile, Russia's trade with Indonesia is founded on the importance of building ties with another large, resource-rich regional power.

Even Indonesia, which has been diversifying its procurement sources for military equipment, has benefited from trade with Russia. In 2007, the two countries signed a string of large-scale contracts for the purchases of equipment. On June 29, Russia's state-owned import-export company, Rosoboronexport, announced that it had reached an agreement with the Indonesian navy for a contract regarding the design and construction of the Project 20382 corvettes (*Tigl*), which are modeled after the Project 20380 *Steregushchy*-class corvettes. This was followed by Indonesia signing a contract with Rosoboronexport at MAKS 2007, an international aviation and space salon held in Moscow from

**Figure 4.2. ASEAN5 + Vietnam defense budgets**

Source: *Military Balance* 2003-2004, 2006, 2007

August 21 to 26, for the purchase of six Sukhoi fighters (three Su-27SKMs and three Su-30MK2s). The purchasing price was between US\$330-350 million, with delivery scheduled between 2008 and 2010. On September 6 President Putin visited Indonesia, where the agreement was reached that Russia would provide Indonesia with a US\$1 billion loan. According to an Indonesian Ministry of Defence spokesman, Indonesia would use the loan for its plans to buy ten transport helicopters, five assault helicopters, twenty amphibious tanks, and two submarines from Russia. Meanwhile, Indonesian Minister of Defence Juwono Sudarsono indicated the intention to enter a contract with India for maintenance of the purchased Sukhoi fighters because the cost of such maintenance provided by Russia was too high.

Malaysia, for its part, ordered eighteen Sukhoi fighters (Su-30MKMs) for US\$900 million. Six of the aircraft have already delivered to the Royal Malaysian Air Force sequentially, starting in May 2007, while the remaining twelve are expected to be supplied in two shipments before the end of 2008. Prime Minister Abdullah visited Russia on June 19, 2007, where he held talks with Putin. The two countries reaffirmed their cooperation in the fields of space and energy. Russia also hopes that Malaysia will purchase armored vehicles, anti-tank rocket systems, helicopters and air defense systems, in addition to more Sukhoi fighters. In response, the Royal Malaysian Air Force is considering a new contract for the

purchase of Russian Su-30MKM fighters. According to the breakdown of Malaysia's defense budget, in FY2007 RM890 million will be spent on the country's army, RM1.2 billion on its navy, and RM1.7 billion on its air force.

In addition to Indonesia and Malaysia, Vietnam is another Southeast Asian country that has introduced Sukhoi fighters. Starting in the 1990s, Vietnam has been progressively introducing and deploying Sukhoi fighters, and it plans to purchase more in the future. Rosoboronexport has also signed a contract with the Vietnamese navy for the construction of two *Gepard*-class frigates (Gepard-3.9, project 11661). The frigates are to be supplied to Vietnam some time between 2009 and 2010. Vietnamese Prime Minister Nguyen Tan Dung visited Russia in September 2007 and the two countries agreed to aim for greater cooperation in the area of military technology. Based on this agreement, Rosoboronexport will cooperate with Vietnam for the provision of weapons, repair work and the operation of military technology.

In Thailand, after the launch of the military government, the defense budget has been broadly increased. The military budget in FY2007 increased 33.8 percent year-on-year to 115 billion baht. Now supported by a lavish defense budget, the military has called on the government to cease barter transactions. In FY2008, the proposed defense budget increased a further 24.3 percent to 140 billion baht, or 8.6 percent of the total government budget. The Thai air force considered the introduction of one of three next-generation fighters: Su-30MK, Sweden's JAS-39 Gripen, or F-16C/D. On October 17 the Swedish military aircraft manufacturer Saab reported that the Thai government had approved the expenditure of 34.4 billion baht for the purchase of twelve Gripen fighters. The Philippines, in the process of considering its purchase of six attack helicopters, is eyeing the Russian Mi-24 as one candidate.

## **(2) Military Cooperation—Development of Cooperation with India**

Generally speaking, there is a trend among Southeast Asian countries for each country to prioritize its own sovereignty, so there has been hesitancy to embark on cooperation in the area of security. However, intra- and extra-regional cooperation has been carried out in the areas of disaster relief and maritime security, and that cooperation has brought about significant results. The issue of natural disasters in Southeast Asia has become an important element of the area of nontraditional security ever since the problems of large-scale haze, earthquakes, and tsunami

became so noticeable.

Five ASEAN environment ministers, from Indonesia, Brunei, Malaysia, Singapore, and Thailand, met on June 19 and 20, 2007, and endorsed a draft agreement on policies to deal with the large-scale problems of forest fires and haze that usually occur in Indonesia every year. At the meeting, Malaysia and Singapore expressed readiness to work out a master plan to solve the haze problem and prepare fire-fighting equipment. This was followed by the fourteenth ARF held on August 2, where participating countries adopted the ARF General Guidelines on Disaster Relief Cooperation. The countries at the same time welcomed the Australian and Indonesian initiative to develop standard operating procedures through a desktop exercise in the coming year and also agreed to the proposal of the Philippines and the United States to hold a disaster relief exercise in 2009.

As regards the security in the Strait of Malacca as well, the countries affected have been seeking out various types of cooperation. The three countries on the coast—Indonesia, Malaysia, and Singapore—began coordinated sea patrols in 2004 and the “Eyes in the Sky” aerial surveillance flights the following year. These operations have resulted in a trend towards fewer incidents of piracy in Malacca. Thai Prime Minister Surayud, in a regular television address made on August 25, 2007, after his official visit to Malaysia, expressed the desire for Thailand to also participate in the coordinated sea patrols. The three littoral countries have sought involvement from countries whose vessels benefit from passing through the strait, in addition to those countries with sovereignty over the coastal waters. On June 3, 2007, at the Asia Security Conference held in Singapore (Shangri-La Dialogue), Indonesian Defense Minister Sudarsono urged China, Japan, and South Korea to provide technical assistance to help the Indonesian navy boost its capacity to fight piracy in the Strait of Malacca.

In 2007, there was noticeable movement towards advancing the military cooperation between India and ASEAN countries. India is engaging in multi-directional diplomacy, thanks to its improved relations with both the United States and China, and is pushing ahead with military cooperation with various other countries. One aspect of this is India’s intensification of military exchanges with ASEAN countries. For example, India and Indonesia, which formed a strategic partnership in November 2005, began concrete military cooperation in 2007. The Indonesian Ministry of Defence announced on April 2 that a defense agreement

with India, which had previously been ratified by the House of Representatives, had come into effect. The cooperation on security includes human resources training, the exchange of officers, joint border patrols, and the fighting of terrorism and sea piracy, but for Indonesia the primary focus is the joint production of military equipment. Based on the agreement, the first Joint Defense Cooperation Committee meeting was held in Jakarta over a four-day period beginning on June 11, jointly chaired by the defense ministers of both countries.

Vietnam is also aspiring to cooperate with India on security issues. Vietnamese Prime Minister Nguyen Tan Dung visited India from July 4 to 6, where he held talks with Indian Prime Minister Manmohan Singh. During the talks, the two leaders signed a joint declaration regarding a strategic partnership. In order to develop their strategic partnership, Vietnam and India agreed to strengthen their cooperation regarding training and the exchange of information in order to deal with piracy and transnational crime.

India is also actively carrying out bilateral joint military exercises with ASEAN countries, centering on regularly held exercises. The navies of India and Indonesia held their ninth joint patrol in the Andaman Sea, from March 5 to 27, 2007, and they have also conducted joint exercises intended to enhance interoperability. In addition, the armies of India and Singapore, from March 23 to 29, held their annual bilateral armor exercise in central India, and from March 23 to 28, the navies of the two countries held their annual training exercises in the South China Sea. The Thai army also held joint anti-terrorist exercises with the Indian army in Jharkhand State, located in the east of India. Moreover, Malaysia is apparently considering holding joint exercises with India. Malaysian Minister of Foreign Affairs Syed Hamid visited New Delhi to attend the fourth meeting of the Malaysia-India Joint Commission, held on February 16, and he suggested the possibility of holding bilateral joint exercises with India.