

---

**NIDS**

---

*East Asian Strategic Review 2005*

Executive Summary

March 2005

---

**The National Institute for Defense Studies, Japan**

---

---

## About this brochure

---

**This brochure contains the full text of “Overview” (provisional translation) and a summary of chapters from *East Asian Strategic Review 2005* (『東アジア戦略概観 2005』). The Japanese version is printed by the National Printing Bureau for wider distribution and copies are available at major bookstores including online stores and Service Centers/Stations for Government Publications. The English version is forthcoming.**

---

# Contents

---

<b>“Overview—East Asia in 2004” from <i>East Asian Strategic Review 2005</i></b> (full-text, provisional translation)	<b>1</b>
<b>1. Responses to New Threats</b>	<b>1</b>
<b>2. Persisting Factors of Uncertainty in the Region</b>	<b>3</b>
<b>3. East Asia and Alliances on the Move</b>	<b>5</b>
<b>Chapter Summary</b>	<b>7</b>
CHAPTER ONE <b>Maritime Security in East Asia and Non-proliferation         of Weapons of Mass Destruction</b>	<b>7</b>
CHAPTER TWO <b>Regionalism in East Asia and Japan’s Leadership</b>	<b>8</b>
CHAPTER THREE: The Korean Peninsula <b>Changing Security Environments</b>	<b>9</b>
CHAPTER FOUR: China <b>Two Sides of China’s “Peaceful Rise”</b>	<b>11</b>
CHAPTER FIVE: Southeast Asia <b>Elections and New Governments</b>	<b>13</b>
CHAPTER SIX: Russia <b>Tightening of State Control</b>	<b>15</b>
CHAPTER SEVEN: The United States <b>Towards a 21st Century Defense Posture</b>	<b>17</b>
CHAPTER EIGHT: Japan <b>New National Defense Program Guideline and         Defense Buildup for the 21st Century</b>	<b>19</b>

---

“Overview —East Asia in 2004—”  
from *East Asian Strategic Review 2005*

---

(full text, provisional translation)

## 1. Responses to New Threats

After riding out the 1997 currency crisis, East Asian economies have steadily recovered since 2000. The economic development that followed helped underpin stability in this region. Cooperation among the countries in the region has increased in the course of the struggle to tide them over the financial crisis, and various mechanisms that promote self-help and mutual assistance have been strengthened.

However, the security environment in East Asia as it stands now gives no grounds for optimism. A number of internationally important maritime trade routes, such as the Malacca Strait and the Singapore Strait, run through this region, and maritime traffic passing through these routes has increased sharply as economic interdependence has grown stronger. Meanwhile, the number of pirate attacks in the areas surrounding the Malacca Strait has been on the rise since the currency crisis. The occurrence of coordinated attacks mounted simultaneously on ships in this area shows that piracy has begun to take on the characteristics of organized crime. These acts of piracy have become a serious threat to the safe passage of ships.

Maritime terrorism has also put the region on alert. In Southeast Asia, there is the Jemaah Islamiyah network, which has links with al-Qaida and is engaged in atrocious terrorist activities. Terrorism threats still remain unabated. In February 2004, a ferry was bombed in Manila Bay by members of Abu Sayyaf. In March 2003, pirates seajacked and steered a tanker for long hours in the waters surrounding the Malacca Strait in what is suspected to be a training exercise for learning to steer a ship. These incidents have spread the fear that pirates working in concert with terrorists might seajack petrochemical or liquefied natural gas (LNG) tankers in the waters surrounding the Malacca Strait and attack port and harbor facilities in the area. If the maritime trade routes in this region were closed due to terrorist attacks with serious damage on the port and harbor

facilities there, the terrorist activities would not only cause human and physical damage but would also seriously affect the development of the world economy. This awareness has raised the necessity for the international community to strengthen maritime security measures.

The question of how to stop the traffic of weapons of mass destruction (WMD), missiles and WMD-related materials and equipment (hereinafter referred to as WMD and related materials) through the maritime trade routes has taken on critical importance. Countries in this region have introduced measures to strengthen control of the navigation of ships and their cargoes. On the non-proliferation of WMD and related materials, new initiatives—such as United Nations Security Council Resolution 1540 and the Proliferation Security Initiative (PSI)—have been introduced. Resolution 1540 demands UN Member States to take and enforce effective measures to ensure domestic control over WMD and related materials including by tightening control over their export. Though lacking any provisions for penalties and sanctions on non-fulfillment states, the resolution, based on Chapter VII of the Charter of the United Nations, can be seen as providing the ground for taking some sort of enforcement measures where the situation so warrants. The PSI is aimed at impeding and stopping the land-, sea-, and air-borne transport and transfer of WMD and related materials, and is expected to complement the existing export control regimes such as the Nuclear Suppliers Group and the Australia Group as well as the measures taken by UN Member States under Resolution 1540. To make PSI activities effective, it is essential to share WMD-related information among its members.

However, many countries in East Asia are not very keen on these initiatives. Japan and Singapore are just about the only countries in the region that actively participate in the PSI as members of its core group, and China and South Korea are yet to join the scheme. Acquisition and use of WMD and related materials by states of proliferation concern or terrorist organizations is posing a serious threat to the security of this region. Japan has been an active participant in PSI activities that were proposed to help cope with such new threats. It has also been strengthening cooperation with Asian countries in their efforts to enact laws designed to check the proliferation of WMD and related materials. Toward the end of October 2004, Japan hosted a three-day maritime interdiction exercise in the waters off

Sagami Bay and in the Port of Yokosuka, intercepting vessels suspected of carrying WMD and related materials. Navies, coast guards and customs authorities of the United States, France, and Australia participated in the exercise. The Mid-term Defense Force Improvement Program for FY2005-FY2009 adopted by the Security Council of Japan and the Cabinet on December 10, 2004, states that Japan will proactively participate in international activities such as those under the PSI. In order to effectively check the proliferation of WMD and related materials in East Asia, Japan must appeal to Asian countries for their cooperation in this common task by making utmost use of the experience and ideas it has gained from these experiences.

## **2. Persisting Factors of Uncertainty in the Region**

Along with these new threats, long-standing elements of instability unique to East Asia still linger on. Development and proliferation of nuclear weapons and ballistic missiles by North Korea is posing a serious threat to this region and the international community. There is no immediate prospect for peaceful resolution of the issue through the Six-party Talks. In an attempt to obtain through nuclear-backed diplomacy assurance of its security from the United States and economic assistance from other countries, North Korea has been refraining from acts, such as nuclear testing, that are likely to forfeit chances of negotiation. However, as North Korea refused to attend the Six-party Talks since August 2004, this process has been stalled. Although North Korea has pronounced the denuclearization of the Korean Peninsula as its final goal, the term “denuclearization” does not cover a civil nuclear program, and it has persistently rejected the idea of the complete, verifiable, and irreversible disarmament (CVID) that the United States has been demanding. North Korea is reportedly in the process of developing new ballistic missile systems with an estimated range of 3,000-4,000 kilometers. They are presumably based on the former Soviet Union’s SS-N-6 submarine-launched ballistic missile (SLBM), and some reports suggest the US government’s concern that the North Koreans might launch these missiles using small commercial vessels approaching the US coastlines. For Japan, the issue of

abduction of its citizens by North Korea is also a crucial issue. Despite the fact that Kim Jong Il has acknowledged that these abductions were the work of persons affiliated with North Korea and offered his apologies expressing his regret, North Korea responses have so far remained extremely insincere.

Since President Hu Jintao took to the helm, the Chinese government has been pursuing an active diplomacy following its “peaceful rise” theory. China considers “non-traditional security problems” as a challenge facing the international community as a whole. It has begun to signal increasing willingness in joining cooperative efforts for international security and has come to promote military diplomacy. In June 2004 an Executive Committee of the Regional Anti-terrorism Structure was established under the Shanghai Cooperation Organization (SCO), whose members also conducted a joint counter-terrorism military exercise in September 2004 as they did in 2003. China also proposed to convene a Security Policy Conference within the ASEAN Regional Forum, and its first meeting was held in Beijing in November 2004.

Meanwhile, China has been pressing ahead with programs for the modernization of its nuclear and missile forces. China’s naval and air forces are also in the process of modernization. Moreover, the situation surrounding the Taiwan Strait has grown increasingly unpredictable. Seemingly in response to the potential volatility in the Taiwan Strait, the People’s Liberation Army (PLA) is stepping up the modernization of its equipment, organization and training. Of particular note is the fact that the PLA has been frequently conducting offensive “joint (*Yitihua*)” training with a focus on the use of armed forces against Taiwan and blocking the US military intervention. On its part Taiwan has been modernizing its military to compete with China. However, it is not clear whether Taiwan’s opposition alliance, which won a majority in the recent Legislative Yuan (parliamentary) election, will pass the government’s budget bill for the procurement of large military equipment such as submarines. This makes it even more difficult to read in which direction the cross-strait military balance might swing in coming years.

### **3. East Asia and Alliances on the Move**

In response to the co-existence of new and conventional threats, the United States is pressing ahead with programs for the transformation of its military forces. While continuing its war on terrorism, the Bush administration is thoroughly reviewing two aspects of the Cold War-based conventional military posture the United States maintained throughout the 1990s. One is aimed at shifting the US military planning from the “threat-driven” model to a “capabilities-based” approach and then transforming its armed forces into the ones with a flexible structure that combines rapid deployment and expeditionary capabilities and emphasizes joint force organization and joint operations. This is referred to as “transformation.” The other aspect is called the global posture review, which intends to recast the global deployment of US forces in light of the new security environment that has emerged in the wake of the terrorist attacks on September 11, 2001. The United States is thus trying to slough off the Cold War-based conventional military posture.

As the United States started moving toward a reorganization of its forces in South Korea, there has emerged a change in South Korea’s military posture. While assessing that its military buildup since 1974 enabled the country’s military capability to reach a level strong enough to repel an armed invasion by North Korea, the Ministry of National Defense recognizes that South Korea is heavily dependent on the deterrence provided by the US Forces Korea. This is said to provide a background to the “cooperative self-reliant defense policy” advocated by the government of President Roh Moo-hyun, and his administration is currently in the process of articulating this policy. With regard to the review process of the ROK-US alliance, the two countries have agreed to hold a ROK-US Security Policy Initiative meeting in lieu of the Future of the ROK-US Alliance Policy Initiative meetings. On this new setting, the two countries might start discussions on topics that have not been provided for in the previous arrangements, such as the roles to be played by the alliance outside the Korean Peninsula.

To respond to the new security environment, the Japanese government has approved the National Defense Program Guideline for FY2005 and After (new NDPG) and the Mid-term Defense Force

Improvement Program for FY2005-FY2009 at the Security Council and the Cabinet meeting on December 10, 2004. The new NDPG defines future defense buildup as one designed to effectively cope with the new threats and diverse situations that are likely to affect peace and security, and to make efforts proactively and on its own initiative for the improvement of the international security environment. The new Improvement Program outlines the fundamentals of a defense buildup program for the next five years to fulfill the diverse roles of the Self-Defense Forces (SDF) stipulated in the new NDPG. It also reviews the organization of the SDF's three services, and prescribes major plans related to SDF capabilities. Given the increasing weight of restraining factors—such as the tightening fiscal conditions and the decreasing youth population—how to realize a “multi-functional, flexible, and effective” force mandated by the new NDPG will pose a crucial challenge. The close relations Japan enjoys with the United States thanks to the Japan-US alliance have been playing a critical role in effectively promoting the global efforts to prevent and deal with new threats posed by terrorism and ballistic missiles. In addition, the new NDPG makes it clear that Japan will proactively engage in strategic dialogue with the United States on wide-ranging security issues, such as role-sharing between the two countries and the US military posture including the structure of US forces in Japan.

Moreover, the new NDPG states that Japan's basic security policy is to improve the international security environment by combining Japan's own efforts including the defense buildup and its cooperative efforts with the United States and the international community as a whole in an integrative manner. In East Asia, regional cooperation towards an East Asian Community on the basis of the framework of ASEAN+3 (Japan, China, and South Korea) is making headway, and Japan is expected to play a leading role in this collective effort. Therefore, it is necessary for Japan to actively promote East Asian cooperation for the realization of an East Asian Community and to explore the way in which American involvement in East Asia can be best framed in the interests of the region as a whole. Viewed from this standpoint, the role to be played by Japan as a crucial US ally and as a pivot of an East Asian Community is highly important. As such, Japan should work to achieve a strategic convergence between US alliances in the region and moves towards an East Asian Community.

### **CHAPTER ONE**

#### **Maritime Security in East Asia and Non-proliferation of Weapons of Mass Destruction**

In recent years, incidents of damage to ships by pirates in Southeast Asian waters have been on the rise, posing a threat to the safety of passage of ships. The masterminds of such acts have changed from plain criminals to those who are suspected as extremists and terrorists, and this has raised concern about maritime terrorism. It is conceivable that they will attack or seajack oil tankers and liquefied natural gas (LNG) tankers, or alternatively use seajacked tankers or ships themselves as a weapon to attack port facilities, other ships, and oil refining facilities. Given the advancing wave of economic globalization, disruption of the global supply chain by pirate and terrorist attacks could inflict serious damage to the world economy. Therefore, it is necessary to strengthen patrols and other measures against piracy and maritime terrorism.

With a view to strengthening the security of Southeast Asian waters, particularly the Malacca Strait, the United States called for the adoption of a Regional Maritime Security Initiative, and China also has shown keen interest in ensuring the security of these waters. Countries bordering these waters are wary of major powers establishing military presence in the region under such pretexts. Toward the end of June 2004, Indonesia, Malaysia, and Singapore agreed to conduct coordinated patrols in these waters. The deployment of their naval vessels in the waters surrounding the Malacca Strait under this agreement can have strong deterring effects.

As a vehicle to ensure the safety of maritime cargo and trade, the United States has proposed various schemes such as the Container Security Initiative and the Secure Trade in the APEC Region initiative. Meanwhile, the International Maritime Organization has adopted an International Ship and Port Facility Security Code (ISPS Code). In addition to these efforts to beef up maritime security at ports, new initiatives—such as the Proliferation Security Initiative (PSI) and measures under the United Nations Security Council Resolution 1540—have been adopted to prevent

states of proliferation concern and terrorist organizations from acquiring weapons of mass destruction and related materials. However, with China and South Korea yet to join the scheme, Japan and Singapore are just about the only countries in the region that have participated in the PSI as members of its core group. East Asian countries have thus far shown relatively little interest in actively joining this collective effort. Toward the end of October 2004 Japan hosted a maritime interdiction exercise in the waters off Sagami Bay and in the Port of Yokosuka, intercepting ships suspected of carrying WMD and related materials and equipment, and has thus been actively involved in preventing the proliferation of WMD. It is necessary for Japan to urge Asian countries to cooperate in such efforts by drawing upon the experiences and ideas it has so far gained from its activities in this field.

## **CHAPTER TWO**

### **Regionalism in East Asia and Japan's Leadership**

The idea of creating an East Asian Community is beginning to take on a concrete form as a political agenda. Cooperative efforts through ASEAN+3 (Japan, China, and South Korea), which was formed in the aftermath of the 1997 financial crisis, are displaying a clear trajectory beyond crisis management to region-wide cooperation aimed at creating a community. In addition to economic cooperation, these countries are seeking to cooperate in political and security areas.

In recent years, an atmosphere receptive to expanding East Asia cooperation within the framework of ASEAN+3 has grown remarkably. The most important factor that has triggered such a change is a shift in China's foreign policy priorities. China attaches as much importance to its diplomacy toward East Asia as it does to its relations with major powers, and has acknowledged the expanding role of Japan as a major influence on the shape of regional cooperation. On the other hand, ASEAN still remains wary of China's influence on its future, and expects Japan to play a leadership role as a restraining factor vis-à-vis the rapidly growing presence of China in this region. ASEAN acquiesces to China's involvement in regional affairs but wants Japan and China to coordinate their policies that would form the core nexus of an East Asian Community in the future.

However, relations between the two countries remain what is often described as “cold politically while warm economically”, making the ironing out of the existing political differences an urgent task for them.

From the standpoint of working out new developments in the Japan-US alliance, such as reorganization of the US Forces Japan, Japan’s active involvement in East Asia cooperation is essential. Views on the scope and method of cooperation with the US military forces vary from one East Asian country to another. If only to ensure the US deployment of a more agile and more flexible force in the event of an unforeseen contingency such as terrorism, Japan, which constitutes the core pillar of US alliances in the region, must see to it that its leadership prevails across East Asia. In order to achieve the strengthening of the US-led alliances in East Asia and the creation of an East Asian Community in a mutually compatible manner, it is essential to achieve a convergence between the two through accelerated strategic dialogues.

### **CHAPTER THREE: The Korean Peninsula Changing Security Environments**

The nuclear issue of North Korea that flared up again in the autumn of 2002 remained unresolved as late as 2004. North Korea publicly declared that it possessed—and would strengthen—its nuclear deterrence, extracted plutonium and uranium, and is believed to continue the development of ballistic missiles. It also reportedly has developed a new type of intermediate-range ballistic missile (IRBM). As evidenced by the transfer of nuclear-related technology by A.Q. Kahn of Pakistan and the sale of missile technology to overseas clients, the nuclear and missile development program of North Korea has become an issue with serious international ramifications.

The United States has refused to hold bilateral talks with North Korea on the nuclear issue and is insisting on solving the issue within the multilateral framework of the Six-party Talks. All countries participating in the Six-party Talks, including North Korea, have agreed that denuclearization of the Korean Peninsula is their final goal, but they differ on specific issues such as the scope and timing of denuclearization and payoffs for doing so. As North Korea has refused to participate in the

Six-party Talks since August 2004 citing various reasons, a next round of the talks, which would have been the fourth if realized, did not materialize in the remaining months of 2004.

President Roh Moo-hyun of South Korea has been pursuing a “Peace and Prosperity Policy” aimed at establishing durable peace on the Korean Peninsula. While professing that it would not tolerate the development of nuclear weapons by North Korea, the South Korean government claims that promotion of people-to-people exchange and economic cooperation with North Korea will play a role in solving the nuclear issue. It thus appears to refrain from doing acts that risk provoking North Korea. Reasons behind this approach may be the fear of the effects an intensification of tensions on the Korean Peninsula might have on South Korea’s economy and a change in the perception of North Korea among younger generations. Indeed, such exchange and cooperation between the two Koreas has seen steady progress, and in May general-officer-level talks were held, the first ever of its kind, evidencing concrete progress made in the area of military confidence-building.

However, this is not to say that the threat of North Korea’s WMD and conventional military forces has receded. Bilateral talks on the US Forces Korea (USFK) went beyond a relocation of the US military bases to include realignment plans that might entail a reduction in its troops, and the South Korean authorities worried that the end result might undercut the country’s deterrence capabilities against North Korea. At the 36th Security Consultative Meeting held in October 2004, the two countries agreed to strengthen their joint defense posture through a combination of the US deployment of cutting-edge military equipment to South Korea and the “cooperative self-reliant defense” policy proposed by President Roh.

The South Korean government published in 2004 a defense white paper for the first time in four years. The paper’s publication had been put on hold due to controversies over its explanation of South Korea’s defense objectives, in which the older versions characterized North Korea as its “main enemy”. The *Defense White Paper 2004* did not contain such a passage. Although the authorities managed to paper over the disagreements on the characterization of North Korea as the main enemy, sharp debates over South Korea’s nation security are likely to persist for some time to come. The two countries are expected to discuss the future

status of their ROK-US alliance, while taking into account South Korean sensitivities regarding the possibility of their armed forces playing a role outside the Korean Peninsula under the alliance.

## **CHAPTER FOUR: China**

### **Two Sides of China's "Peaceful Rise"**

Two years into his term, President Hu Jintao has been coming up with his own agenda. A key word that sums up his political priority is "the scientific concept of development," which attaches importance to the balanced development of the economy. This concept states that priorities should be on developing human resources instead of making goods, and is aimed at achieving comprehensive, harmonized and sustainable development. To the extent that it is designed to coordinate domestic reform with the "reform and open-door" policy, however, the concept essentially represents a continuation of the policy of Hu Jintao's predecessor, Jiang Zemin. President Hu also follows his predecessor by pushing ahead with the pursuit of dismantling socialism.

On the front of foreign policy, too, Hu Jintao is seeking to map out his own agenda—the advocacy of the theory of China's "peaceful rise". It is thought that this theory is designed to create an environment conducive to economic development externally by dispelling the idea of a Chinese threat and internally by suppressing hard-liners. However, the wording met with domestic criticism and the theory has since been put aside.

In 2004 China's economic relations with the United States improved steadily, and its security relations continued to be stable thanks to its cooperation with the United States in the war on terrorism. On the other hand, China was offended by the US export of arms to Taiwan. China stepped up its cooperation with Russia through the Shanghai Cooperation Organization (SCO). At a meeting with President Vladimir Putin of Russia who visited China in October, the two countries unveiled an Implementation Outline (Action Plan) to strengthen the bilateral "Strategic Partnership" and signed a Complementary (Additional) Agreement demarcating the borders of eastern China with Russia. In addition, Europe is becoming a region of increasing weight in China's foreign policy. In early May Premier Wen Jiabao made a tour of various European countries where he strongly

urged them to further develop economic relations and to lift the EU ban on arms exports to China. On the issue of nuclear development by North Korea, the Six-party Talks are stalled, and China has failed to live up to the expectations of the international community in exercising its influence on North Korea. Symbolic of the delicate position of China vis-à-vis North Korea is the episode in which the government suspended the publication of *Strategy and Control* that had carried an article calling for the suspension of aid to North Korea. With ill feeling lingering between the peoples of Japan and China; with the incidents of Chinese vessels conducting maritime research in Japanese territorial waters without prior notification; and with infiltration of Japan's territorial waters by a Chinese submarine in November, the bilateral relationship often described as "cold politically while warm economically" continued into 2004.

In a presidential election held in Taiwan in March 2004, incumbent President Chen Shui-bian, who advocated the adoption of a new Constitution by national referendum, was reelected. While refraining from outright saber-rattling, China called on the United States, Japan, and other countries to restrain Taiwan. The opposition alliance maintained its majority in the Legislative Yuan (parliamentary) election held in December, frustrating the constitutional amendment and the "name rectification campaign" advocated by President Chen. It was feared that his reelection might provoke a hostile reaction from China depending on his post-election moves, but he made it clear in his inaugural speech that he would continue his "five-no's" policy (no to declaring independence, to changing Taiwan's formal name from the Republic of China, to enshrining "state-to-state" in the Constitution, to endorsing a referendum on formal independence, and to abolishing neither the National Reunification Council or the National Reunification Guidelines). Subsequently, however, he angered China by pushing ahead with the "name rectification campaign" and reiterating the possibility of a national referendum. In December, China on its part announced that it would deliberate on an "anti-secession law" to the wrath of the Taiwanese.

In September, the Fourth Plenary Session of the 16th Central Committee of the Communist Party of China elected Vice Chairman Hu Jintao as chairman of the Central Military Commission (CMC). In addition, commanders of the People's Liberation Army (PLA) Navy, the PLA Air Force,

and the Second Artillery Corps were elected as CMC members. Their elections symbolize a change toward creating a supreme command integrating all services and branches, and are a manifestation of the PLA's recent commitment to the integration of its forces. The PLA has frequently conducted joint training exercises using modern high-tech equipment. Under the key word "military diplomacy," the PLA has also stepped up the pace of military exchanges with other countries. Meanwhile, Taiwan has been pressing ahead with its own military modernization program. However, as the opposition alliance successfully maintained its majority in the recent Legislative Yuan election, it is uncertain whether the budget bill for the procurement of large arms including submarines will pass intact. As a result, the prospect of military balance between China and Taiwan has become increasingly murky.

## **CHAPTER FIVE: Southeast Asia Elections and New Governments**

Terrorist activities in Southeast Asia showed no sign of winding down in 2004. A terrorist bombing suspected as the work of a radical Islamic organization occurred in front of the Australian Embassy in Jakarta. Deep in the southern part of Thailand, disturbances believed to have been agitated by a separatist organization continued. In the Philippines too, many fell victim to terrorist attacks by Abu Sayyaf. Southeast Asian countries are trying to rein in terrorists by toughening security measures in the short run and by improving economic and social policies in the long run. They are also cooperating among themselves and with various other countries outside Southeast Asia in sharing intelligence, in enacting related laws, in working out closer coordination among them for patrols, and in conducting joint training exercises. In the course of promoting such cooperation, momentum has been gathering among the Association of Southeast Asian Nations (ASEAN) members towards the creation of a security community. However, much remains to be done to further deepen cooperative relationships to the extent that would allow ASEAN members, for instance, to create a regional peacekeeping force. In an effort to cope with transnational crimes, they are continuously holding multilateral

consultations by actively utilizing the framework of ASEAN or ASEAN+3.

The democratization of Myanmar continues to be a thorny problem for ASEAN. Myanmar's military regime has rebuffed urgent calls for democratization from Western countries and the United Nations by adroitly taking advantage of shifting international relations. In mid-September the military regime replaced Foreign Minister Win Aung and Deputy Foreign Minister Khin Maung Win with Major General Nyan Win and Colonel Maung Myint respectively, and in October it announced the resignation of Prime Minister Khin Nyunt and the appointment of Secretary-1 Soe Win in his place. The reshuffling of its Cabinet has made the prospect for Myanmar's democratization even murkier.

The year 2004 saw national elections in a number of Southeast Asian countries—a general election in Malaysia, a presidential election in the Philippines, and a general election and a presidential election in Indonesia. In Malaysia, the National Front won an overwhelming victory, heralding stability under the government of Prime Minister Abdullah Ahmad Badawi. In the Philippines, incumbent President Gloria Macapagal-Arroyo was reelected, allowing a second term for her administration. If the action taken by her government in response to the hostage-taking of Filipino workers in Iraq is any guide, however, it can hardly be said that the power base of her government is stable. In the general election held in Indonesia, the ruling Indonesian Democratic Party-Struggle (PDI-P) lost its leadership position, and in a direct presidential election, the first ever in Indonesia, then President Megawati Soekarnoputri who headed the PDI-P was defeated by—and had to hand over power to—Susilo Bambang Yudhoyono backed by the Democratic Party. In Singapore, Lee Hsien Loong took office as prime minister in August. Former Prime Minister Goh Chok Tong and first Prime Minister/ former Senior Minister Lee Kuan Yew remained in the Cabinet as senior minister and minister mentor respectively. The new prime minister is highly unlikely to change the course of the country's erstwhile policy. The July visit to Taiwan by Lee Hsien Loong, then deputy prime minister, offended China, and the relations between the two countries were strained. But as he supported the one-China principle after assuming office as prime minister, relations with China have improved.

The defense budget of Indonesia has tended to increase over the past

several years, and the three services of its national army have been actively procuring new military equipment. In particular, the purchases of equipment it has made from Russia and East European countries in recent years have stood out. However, its equipment modernization program has been riddled with scandals. Under the slogan of developing the “Third Generation” national forces, the Singapore Armed Forces has been pushing ahead in stages with a program for the modernization of the facilities and equipment.

## **CHAPTER SIX: Russia**

### **Tightening of State Control**

Russia’s goal, “the revival of a strong nation,” as advocated by President Vladimir Putin, has met with popular support, and his government has achieved political stability and economic growth. Riding the surge of popularity, President Putin was reelected president for a second term by an overwhelming majority vote in the presidential election held in March 2004. However, as many outside Russia have pointed out, the political stability was brought about by high-handed control of the legislature, the executive branch, provincial governments, new financial cliques and the media, and foreign criticism of the president’s authoritarian bent is mounting in contrast with his domestic popularity. Internally, terrorist attacks believed to be perpetrated by Chechen rebels continued with no end in sight, and in September armed groups seized a school in Beslan, the capital of the Republic of North Osetiya-Alaniya. This was the worst terrorist incident in the history of Russia, in which more than 300 people were killed. A slight fumble in dealing with the Chechen problem could heavily cost Putin’s popularity and it has thus become the biggest Achilles’ heel of the Putin administration. Moreover, President Putin has established a vertical power structure with himself at the top. He has also made a sweeping change in government organization with the aim of enhancing the efficiency of administration and strengthening his leadership, and has expanded the organization of the Federal Security Service (FSB) which constitutes the core of the power ministries known as *siloviki*. Further centralization of power in its relations with local governments has also been observed.

Although Western leaders have expressed their concern that his actions are reversing the democratization of Russia's governance structures, there has not been much resistance in domestic quarters.

Areas that raise the most serious security concern to Russia are its western flank, which has been penetrated by expanding North Atlantic Treaty Organization (NATO), and its southern flank, which has been infested by Islamic extremists and international terrorists. Following the affiliation of the three Baltic states with NATO, Russia took the view that the strategic environment of its western front has deteriorated. In addition to the expansion of NATO, Russia has differences with the United States over the prolonged US military presence in Central Asia and the receding democratization of the Putin administration. However, some point out the convergence of strategic interests of the United States and Russia, and the cooperative relationship between the two countries, which has come to the fore since the terrorist attacks on September 11, 2001, has been continuing steadily. The worsening strategic environment on its western front has prodded Russia to strengthen its ties with SCO member countries. Russia needs to strengthen its economic relations with the Asian neighbors in order to recover its national strength. Therefore, it sought to strengthen its economic relations with China and South Korea and has settled the long outstanding question of border demarcation with China. In addition, it has adopted the Pacific route, advocated by Japan, for its East Siberian oil pipeline project .

In 2004 Russia began taking concrete steps for the modernization of its armed forces, one of the state's top priorities. For starters, it reshuffled key military officers and reorganized the defense establishment with a view to separating the functions of the General Staff and those of the Ministry of Defense. Military exercises of the three services were held frequently, chief of which were the exercise "Rubezhi (Border) 2004," an anti-terrorist field training exercise by rapid deployment forces, and the exercise "Mobilnost (Mobility) 2004", a new type of operational and strategic exercise designed to ensure Russia's strategic mobility. In addition, Russia has taken steps to accelerate weapon exports and to modernize the defense industry by increasing appropriations to cover orders for military equipment and materials—all to achieve the national goal of modernizing the military.

## **CHAPTER SEVEN: The United States Towards a 21st Century Defense Posture**

Following the terrorist attacks on September 11, 2001, the Bush administration defined the war on terrorism as one that must be fought with every instrument of US national power including the military. And it attached importance to the option of a preemptive strike in order to deal with terrorists, weapons of mass destruction, and the danger posed by collaboration between terrorists and their state sponsors. Under such strategy, the Bush administration attached top priority to the security of its homeland and has since been devoting major efforts to creating a domestic defense system by establishing a Homeland Security Advisory System and by instituting a US Northern Command and a Department of Homeland Security. In December 2004 Congress enacted an Intelligence Reform and Terrorism Prevention Act of 2004, and the Bush administration has decided to create a National Counterterrorism Center and has instituted the post of a Director of National Intelligence.

After toppling the Taliban regime in Afghanistan and the Hussein regime in Iraq, the United States has begun to help rebuild the countries in cooperation with other countries. In Iraq, however, the stationing of its armed forces is likely to be prolonged given the continuing difficulty of restoring peace and public order there, and the United States is experiencing a shortage of military personnel available for dispatch. Worse yet, the supply of certain kinds of material is reportedly running short. The Department of Defense is pressing ahead with a plan to make efficient use of the tightening pool of available military personnel, and is expediting the production of up-armed Humvees and add-on armor kits for vehicles.

While continuing the war on terrorism, the Bush administration is reviewing from two different angles the conventional Cold-War military posture the United States maintained throughout the 1990s. One is a process aimed at shifting its defense planning from the “threat-driven” model to a “capabilities-based” approach and then transforming its armed forces into the ones with a flexible structure that combines rapid deployment and expeditionary capabilities and emphasizes joint force organization and joint operations. This is referred to as “transformation.”

The United States has shifted the structure of its ground forces into a 21st-century “modular army”; has strengthened their communications and intelligence capabilities; has expanded the capabilities and missions of Special Operations; has reorganized the joint forces; and is in the process of transforming its army into the one consisting of Stryker Brigade Combat Teams. The operational capabilities of US forces, demonstrated in the course of their military action in Iraq leading up to the fall of Baghdad, showed a glimpse of how war should be waged in the future.

The other angle is the global posture review (GPR) to ensure the flexibility of the deployment of its forces in its homeland and overseas under a new security environment in which it is difficult, unlike in the Cold War era, to predict when and where the United States will be confronted with a threat. The GPR thus intends to review the deployment of its forces that are currently concentrated in Europe and East Asia. At present, US forces are expected not only to maintain readiness for combat in these areas but also to rapidly respond to conflicts developing in remote areas. The review process so far suggests that the US forces would need to consolidate and retain some of the main operating bases while dismantling others, and would rely more heavily on forward deployment bases and security cooperation areas. This is because it is essential to secure not only the capability of transport units but also access routes in order to ensure sufficient strategic mobility. The plans for the redeployment of US forces overseas now in place show that the United States will withdraw some of the units out of Europe and Asia, and if carried out as planned, they might impact on the defense arrangements it has made with these countries. Through the GPR, the United States seeks to make US military presence overseas tuned to achieve adequate balance among the military requirements of the 21st century, relationships with its allies and friends, the strategic environments of certain regions, and its effects on host countries. The GPR is thus intended to enhance the existing defense arrangements with its allies and to build new partnerships.

## **CHAPTER EIGHT: Japan**

### **New National Defense Program Guideline and Defense Buildup for the 21st Century**

On December 10, 2004, the Japanese government approved a “National Defense Program Guideline for FY2005 and After” (new NDPG) and a “Mid-term Defense Force Improvement Program for FY2005-FY2009” at the Security Council and Cabinet meetings. This marks the second time since 1995 that the Japanese government has reviewed its National Defense Program Guideline, a basic guideline for Japan’s defense buildup, maintenance and operation.

The new NDPG states that the defense capability of Japan should be one that is capable of effectively responding to new threats and diverse situations affecting Japan’s peace and safety and international peace and stability, and of making proactive efforts on its own initiative to improve the international security environment. It also states that, while modifying the military equipment and personnel currently in place to deal with full-scale invasion, Japan will continue to maintain the most basic defense capabilities able to meet such invasion. Meanwhile, the new Improvement Program spells out the fundamentals of the five-year defense buildup plan in order to play various roles stated in the new NDPG, reviews the organization of the three services, and outlines the main projects related to the improvement of the Self-Defense Forces capabilities. However, given the increasing gravity of restraining factors—the tightening fiscal conditions and the aging population, among others—how to achieve the “multi-functional, flexible and effective defense forces” envisioned in the new NDPG will pose a crucial challenge in coming years.