
NIDS

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Executive Summary

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About this brochure

This brochure contains the full text of “Overview” (provisional translation) and a summary of chapters from *East Asian Strategic Review 2006* (『東アジア戦略概観 2006』). 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 (<http://www.npb.go.jp/>). The English version is forthcoming.

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“Overview —East Asia in 2005—”
from *East Asian Strategic Review 2006*

(full text, provisional translation)

1. Destabilizing Factors in East Asia

The first-ever East Asian Summit was held in Kuala Lumpur, Malaysia, in December 2005. It has generally been thought that integrating East Asia in the manner of the European Union (EU) would be difficult given ethnic and religious differences in the region and its divergent stages of economic development. However, the holding of the summit marked a significant step in the direction of establishing a region-wide community of East Asia. It is also true that while cooperation toward regional integration is gathering momentum, some destabilizing factors still exist. North Korea had refused to participate in the Six-party Talks on its nuclear program since June 2004, accusing the Bush administration of continuing its hostile policy toward Pyongyang. Subsequently, in a statement issued by its Foreign Ministry in February 2005, North Korea declared that it possessed nuclear weapons and would indefinitely suspend its participation in the Six-party Talks. In May the same year, North Korea announced that it had completed extracting about 8,000 spent nuclear fuel rods from its experimental graphite-moderator reactor in Nyon Byon. However, thanks in part to the diplomatic efforts of the United States, the fourth round of the Six-party Talks was resumed in July 2005, which resulted in the Joint Statement of the Fourth Round of the Six-party Talks issued in September in which all the participants agreed to set denuclearization of the Korean Peninsula as the final goal. In the joint statement, Japan and the United States promised that they would take measures necessary for normalizing their diplomatic relations with North Korea. In order to achieve the diplomatic normalization, however, it is necessary for Pyongyang to settle not just the problem of nuclear weapons but also those of ballistic missiles and other weapons of mass destruction (WMD) including chemical and biological weapons. North Korea announced in February 2005 that it possessed nuclear weapons, and it is believed that North Korea already possesses WMD such as chemical and biological weapons or has the capacity to produce them. North Korea is also developing missiles to carry these weapons, and is now in the process of developing Taepo Dong-2, a ballistic missile that has a range of 3,500–6,000 kilometers, to join its No Dong and Taepo Dong-1 missiles. North Korea’s WMD and ballistic missiles pose a grave threat to East Asia.

North Korea's greatest concerns are to maintain the present regime and rehabilitate the country's stagnant economy. To this end, the normalization of diplomatic relations with Japan and the United States is essential. For their part, Japan and the United States take the position that normalizing diplomatic relations with North Korea is conditional upon resolving wide-ranging security issues involving not only nuclear weapons but also the abduction of Japanese nationals as well as the matter of other WMD. This presents some tough choices for North Korea, which seems intent on realizing the normalization of its diplomatic relations with Japan and the United States merely by abandoning its nuclear development program. In fact, North Korea clearly stated after the fourth round of the Six-party Talks that it would abandon the program when its diplomatic relations with the United States have been normalized.

China's strategy in East Asia is not entirely clear. China has been actively pursuing "neighboring diplomacy" aimed at cultivating cooperative relations with neighboring countries and regions. China is trying to play a strong leadership role in forming an East Asian Community. China is pushing for the creation of a free-trade area with Association of Southeast Asian Nations (ASEAN) countries and is actively carrying on diplomacy to build a framework of strategic dialogue with major countries and regions. China thus has to cultivate a cooperative relationship with Japan in order to pursue productive neighboring diplomacy. However, since the anti-Japan demonstrations staged in China in April 2005, China's policy toward Japan has become increasingly stalemated. Although the Hu Jintao administration has adopted a policy of valuing relations with Japan, it cannot ignore the anti-Japanese sentiment prevailing among the Chinese public—with the result that Hu's government has difficulty in giving shape to its Japan policy.

Meanwhile, regarding Taiwan, China has been bringing various forms of pressure to bear on the Chen Shui-bian administration, which has been showing a growing inclination to lead Taiwan toward independence. In March 2005, the National People's Congress (NPC) of China adopted the Anti-secession Law by a near unanimous vote. This is a policy the Chinese government has wheeled out as part of "the struggle against 'the Taiwan independence' secessionist forces and their activities," and is aimed at restraining the separatist ambitions of former President Lee Teng-hui and President Chen Shui-bian whom Beijing regards as leaders of the pro-independence faction in Taiwan. The Anti-secession Law explicitly provides for "non-peaceful means and other necessary measures" that represent the use of force against Taiwan. While Beijing defines the Taiwan issue as a domestic affair of China, it is stepping up diplomatic pressure on the Chen Shui-bian administration by urging the international community,

particularly Japan and the United States, to oppose Taiwanese independence. Although Beijing seeks to unify Taiwan with mainland China by peaceful means, it continues to modernize its nuclear and missile capabilities and its naval and air forces to enable it to prevent Taiwan from becoming independent, and the People's Liberation Army (PLA) has been conducting various exercises with this aim.

For instance, China acquired Sukhoi fighters from Russia to secure command of the air over the Taiwan Strait. At the same time, China has increased the number of short-range ballistic missiles (SRBMs) deployed in the coastal area bordering on the Taiwan Strait and is modernizing its cruise missiles. Since 1996, the PLA has repeatedly carried out military exercises with an invasion of Taiwan in mind. In addition, China and Russia conducted, on August 18–25, 2005, their first-ever large-scale bilateral military exercise dubbed "Peace Mission 2005" in an area surrounding the Shandong Peninsula in which 1,800 Russian troops and 7,000 Chinese troops participated. The two countries explained that their exercise was aimed at strengthening mutual confidence and military cooperation between the two countries and improving the capability of their troops for coping with international terrorism, separatist movements, and extremism, and did not target any specific third countries. However, given the fact that the bilateral military exercise included landing operations and a sea blockade, the exercise was widely regarded as aiming at Taiwan. As the modernization of China's armed forces has been making headway, many observers take the view that the military balance between China and Taiwan is shifting in China's favor.

Along with the improvement in its military capability necessary to unify Taiwan with itself, China continues its efforts to develop nuclear capability and ballistic missiles. China is pressing ahead with research on the development of technologies for building missiles with multiple warheads and submarine-launched ballistic missiles (SLBMs) to counter the missile-defense capability of the United States. In June 2005, China test-launched an SLBM, which, Western observers believe, is Ju Lang-2, an improved version of Dong Feng-31, China's intercontinental ballistic missile (ICBM). As it has an estimated range of 8,000 kilometers, a Ju Lang-2 launched from Chinese waters would reach a target on the mainland United States. The murky relations between China and Taiwan and an increase in China's military muscle can be seen as major destabilizing factors in East Asia.

In addition to these conventional threats, there exist a number of unconventional threats in Southeast Asia such as terrorist activities, separatist and independence movements, and rampant maritime piracy in areas surrounding the Malacca Strait. Nanggroe Aceh Darussalam Province (Aceh Province), Indonesia, was hit the hardest

by the devastating Sumatra earthquake and the Indian Ocean tsunami, and the separatist Free Aceh Movement (*Gerakan Aceh Merdeka* or GAM in Indonesia), which had carried on a struggle for independence for about 30 years, signed a peace accord with the Indonesian government. Whether peace will take hold or not in coming years remains to be seen, but the fact that the separatist independence movement has tentatively come to an end is worthy of note. However, a further terrorist bombing in Bali, Indonesia, in October 2005 heightened the sense of vigilance against the terrorist activities of Jemaah Islamiyah (JI). In Thailand, disturbances incited by Islamic extremists have continued in the southern provinces since the beginning of 2004 and showed no sign of abating in 2005—suggesting that the separatist and independence movements led by terrorists and Islamic extremists continue to pose serious threats to the security of East Asian countries. Furthermore, the challenges posed by the spread of infectious diseases such as avian influenza as well as natural disasters have become a grave concern in Southeast Asia.

2. East Asia Policy of the United States

China's modernization of its military, the Taiwan issue, and North Korea's nuclear development program are also major concerns of the United States. North Korea has been trying to restrain the United States by officially admitting to having nuclear weapons and by announcing indefinite suspension of its participation in the Six-party Talks. In testimony given at a hearing of the Senate Armed Services Committee held on April 28, 2005, Vice Adm. Lowell Jacoby, then director of the Defense Intelligence Agency (DIA), acknowledged that North Korea had "a theoretical capability" of attacking the United States with an ICBM carrying a nuclear warhead. To counter such a move, it was reported that the United States at the end of May deployed 15 F-117 stealth fighters to South Korea to enable US forces to maintain deterrence in East Asia. The United States takes the position that North Korea's nuclear problems should be resolved not through bilateral talks with Pyongyang but through a multilateral framework, namely, the Six-party Talks, and has been employing carrot-and-stick diplomacy to coax North Korea to attend. As a result, the fourth round of the Six-party Talks materialized in July 2005, and the parties issued the joint statement in September. Two months later, the fifth round of the talks was held to discuss North Korea's nuclear development program, but no prospects for a solution have emerged.

Relations between the United States and China are improving in wide-ranging areas

—political, economic, and military—but many concerns remain. At the *Shangri-la Dialogue* held in June 2005 under the auspices of the International Institute for Strategic Studies (IISS), US Secretary of Defense Donald H. Rumsfeld expressed concern over the increasing military spending and the growing missile capability of China. On July 19, the US Defense Department released the *Annual Report to Congress: the Military Power of the People's Republic of China*, which warned that if its present tendency toward military expansion continues, China's military capability could pose a credible threat to the countries of the region in the long run. The United States has also heightened its vigilance against China's development of military technology and has expressed concern about the European Union (EU), which seeks to lift the ban on the export of weapons to China. The Bush administration's China policy is based on engagement and deterrence. While his administration has accepted China as a major power and is pressing China to fulfill its concomitant responsibilities, it expressed serious concern that China's military buildup could have a worrisome impact on the security of the region and the world. Outside the security area, there are also problems pending between the United States and China—the trade imbalance, human rights problems, issues revolving around religious freedom, and the sale of arms by the United States to Taiwan—and these are factors destabilizing relations between the two countries.

On the other hand, the Bush administration is also carrying out a program called “transformation,” which is aimed at overhauling Cold War-oriented military posture geared toward deterring specified countries and adopting a strategy capable of dealing with the new types of threat emerging in the 21st century. The term “transformation” refers to a long-term process designed to transform the defense posture as a whole by forging a new combination not just of military technology but also of ideas about combat capability, manpower, and organization. Also included is a change in the way of fighting, business reform of the Defense Department, and reorientation of international partnerships. The focus of the transformation is to respond rapidly to threats that are unpredictable in place and time through a capabilities-based approach. To this end, the US government is making changes both at home and abroad, the latter through the Global Posture Review (GPR). US forces in Asia play a critical role in stabilizing the situation in the Asia-Pacific region, and thus their transformation will inevitably have an impact on the defense posture of Japan. The review of US forces deployed overseas takes into consideration the characteristics of the security environment in different regions, which in the case of the Asia-Pacific region includes the potential for conflict in the Korean Peninsula and the Taiwan Strait. In Southeast Asia, terrorism as well as

separatist and independence movements constitute security threats. In carrying out the transformation of US forces in the Asia-Pacific, therefore, the United States needs to take into account three elements—maintaining deterrence, improving its rapid-reaction capability, and reducing troop numbers in the medium- and long-term.

3. International Cooperation and the Security of Japan

In December 2004, the Japanese government adopted the *National Defense Program Guidelines* (NDPG) of 2005. In the NDPG, Japan takes the position that in the increasingly globalized world of the 21st century, Japan by its own efforts alone cannot cope with new threats such as international terrorism, and must deal with regional and global security problems by expanding and deepening regional and international cooperation. The objectives of the NDPG are to prevent any threat from reaching Japan and, in the event that it does, repel it and minimize any damage, and to improve the international security environment so as to reduce the chances that any threat will reach Japan in the first place. The Japanese government has discussed with the United States at the Japan-US Security Consultative Committee meetings the issue of the transformation of US Forces Japan (USFJ) with these two objectives in mind, and in February 2005 the two countries agreed to pursue common strategic objectives. Included in these objectives are ensuring the security of Japan, strengthening the peace and security of Asia-Pacific, peaceful unification of the two Koreas, peaceful settlement of various problems involving North Korea, cultivating cooperative relations with China and encouraging it to play a responsible and constructive role, peaceful settlement of issues relating to the Taiwan Strait, and enhancing the transparency of China's military activities. As their global objectives, the two countries also agreed on policies designed to promote democracy and other basic values, to cooperate in multilateral efforts for world peace, to check the proliferation of WMD, and to prevent and eradicate terrorism.

Following the agreement, an interim report about the realignment of the US Forces Japan was released in October 2005. The interim report reaffirmed role-sharing and a mechanism for the defense of Japan and region-wide cooperation in Northeast Asia in line with the two objectives of the NDPG, and it explicitly stated that bilateral cooperation has become a key element of the Japan-US alliance to improve the international security environment. The interim report went on to list factors essential to strengthening the security and defense cooperation postures of the two countries, specifically: a fine-tuned and continuous policy with operational adjustments as needed;

progress in reviewing the plan; improved cooperation over intelligence-sharing and intelligence-gathering; improvements in inter-operability; an increase in the number of joint exercises between Japan and the United States; shared use of facilities and installations between the SDF and the USFJ; and ballistic missile defenses.

The promotion of international cooperation is also defined as an important pillar in the NDPG. This is because Japan alone cannot sufficiently cope with terrorism and new forms of threat emerging in the wake of growing globalization, making international cooperation necessary to achieve regional and international stability. The NDPG attaches importance to removing potential threats through positive cooperation with allies and the international community in addition to the efforts Japan makes on its own.

In December 2004, an earthquake occurred in an area off the coast of Sumatra and triggered a tsunami that wrought devastating damage to the countries bordering on the Indian Ocean. In response, aid on a global scale poured into the affected areas. For its part, Japan gave large sums in grant aid—the largest amount, in fact, among the donor countries—and dispatched contingents of the SDF to Thailand and Indonesia to carry out search-and-rescue operations, transport relief goods, and provide medical and communicable disease control services to tsunami victims. When an earthquake hit Pakistan and northern areas of India in October 2005, the SDF transported aid goods to the stricken areas and evacuated victims. In addition, in the Indian Ocean, vessels of the Maritime Self-Defense Force (MSDF) supplied fuel to naval vessels of the US and other Coalition countries, and the Air Self-Defense Force (ASDF) transported materiel to US forces. In Iraq, Japan has been carrying out humanitarian aid activities. With the exception of participation in United Nations peacekeeping operations pursuant to the International Peace Cooperation Law, the Japanese government has enacted special measures laws, such as the Antiterrorism Special Measures Law and the Special Measures Law for Humanitarian Aid and Rehabilitation of Iraq, each time it wanted to participate in international cooperation for peace. Aware of the growing necessity for international cooperation, the Japanese security policy circle is discussing the necessity of enacting a comprehensive law relating to Japan's international cooperation, and is discussing an amendment to the SDF Law to define international peace activities as a standard part of the duties of the SDF.

The Japan-US alliance is growing stronger, but, on the other hand, a movement for creating an East Asian Community excluding the United States is gathering pace. For Japan, as an ally of the United States intending to realize regional integration aimed at bringing about stability and prosperity in East Asia, the question of how to get involved in the process of forming such a community in the face of China's ambition to exclude

the US presents a difficult challenge. To formulate a vision of an East Asian Community in concert with the countries of the region, and to deepen strategic dialogue with the United States and Australia to dispel US concerns, are also critical tasks for Japan. To do so, it is necessary for Japan to map out a comprehensive and long-term East Asian strategy that takes into account not only its economic implications but also the impact it might have on political and security areas.

CHAPTER ONE

The Realignment of US Forces and the Security of East Asia

A pillar that supports the defense policy of the Bush administration is the transformation of its armed forces, converting US forces from a Cold War set-up to a 21st century one. At the same time, the Bush administration has been pressing ahead with a program to overhaul the deployment of US forces in its homeland and overseas, which is called Global Posture Review (GPR) or Integrated Global Presence and Basing Strategy (IGPBS).

US forces are thus undergoing a major change. This reflects a change in the basic idea underlying US defense policy from a threat-based to a capabilities-based approach. In line with this change in basic concept, the United States is moving from a military posture that attaches importance to deterrence in order to contain hostile forces to one that puts emphasis on its capability to undertake expeditionary operations in order to prepare for contingencies in unpredictable places and at unpredictable times. US forces in the Asia-Pacific region are not an exception. As the Asia-Pacific region has a number of destabilizing factors to contend with, US forces in this region have to meet two competing requirements, namely, a reduction in troop numbers and maintenance of deterrence and rapid reaction capability.

As US forces in East Asia are fulfilling a critical role in maintaining the security not only of Japan but also of the Asia-Pacific as a whole, their realignment will have a great impact on Japan's security. With a view to hammering out a realignment plan that is beneficial to both countries, the Japanese and the US governments have discussed various options on a number of occasions. At a Japan-US Security Consultative Committee (SCC) meeting ("2+2" talks) held in Washington, D.C., on February 19, 2005, the governments of the two countries agreed on their common strategic objectives. Pursuant to this agreement, on October 29, representatives from both sides worked out an interim report on the realignment of US forces, titled *US-Japan Alliance Transformation and Realignment for the Future*.

CHAPTER TWO

International Cooperation Dealing with the Indian Ocean Tsunami

An earthquake occurred off the coast of Sumatra at the end of 2004 and the subsequent tsunami it triggered in the Indian Ocean (“the Indian Ocean tsunami”) wrought devastating economic damage to Asian countries bordering on the Indian Ocean and claimed hundreds of thousands of lives. In response, international organizations, governments and militaries, nongovernmental organizations (NGOs) and individuals extended aid to the countries affected on a global scale. Of note was the emergency aid provided by the militaries of various countries, particularly during the initial stages of the disaster relief.

The support provided by the major countries seems to have had an impact on international relations in the region. In addition to its direct aid to disaster victims, the United States’ role in coordinating the relief activities of the different militaries was highly appreciated across the region. Australia was also commended for playing a similar role. On the other hand, China, which has been seeking to strengthen its influence in the region, failed to make a tangible contribution to the relief efforts.

The relief activities carried out in the disaster-stricken areas by the different militaries, international organizations, NGOs, and others raised several issues: (a) the problem of coordinating the relief activities of militaries from different countries, (b) constraints deriving from the governments of disaster-stricken countries and problems concerning the smoothness and efficiency of relief activities, (c) the slow pace of rehabilitation activities, and (d) the approach taken by the Association of Southeast Asian Nations (ASEAN) and ASEAN Regional Forum (ARF) to deal with unconventional security risks, including disaster relief. It is hoped that the lessons learned from the tsunami relief activities will be applied during large-scale relief efforts in future.

CHAPTER THREE: The Korean Peninsula

In Search of Balanced Relations with the United States and China

In a joint statement following the fourth round of the Six-party Talks, the participants, while agreeing that the denuclearization of the Korean Peninsula was the end goal, said that they would take steps necessary to resolve other, non-nuclear, issues, namely, the normalization of North Korea’s relations with Japan and the United States. The United States says that the development of weapons of mass destruction (WMD) and the

provocative disposition of conventional arms by North Korea are pending issues to be solved. The Japan-DPRK Pyongyang Declaration, a foundation for normalizing relations between Japan and North Korea, touches on the necessity of resolving missile issues in addition to the nuclear problems. Addressing the wide-ranging issues of security in talks about North Korea's problems would drastically change North Korea's international relations and could lead to the creation of a more stable order in East Asia. The key lies in the normalization of its relations with Japan and the United States.

President Roh Moo-hyun of South Korea put forward a concept called "the Balancer of Northeast Asia Initiative." The National Security Council (NSC) of South Korea issued a document explaining the concept that South Korea could play a role in persuading the United States to pursue an accommodating policy toward China—meaning that South Korea would act as a mediator between the United States and China. A factor that prompted Roh to propose the concept was the mounting fear that South Korea might become entrapped in the US policy toward China. Meanwhile, the Roh administration has been discussing the future of the US-Republic of Korea (ROK) alliance. The discussion covered the possibility of assigning a regional role in East Asia to the US-ROK alliance, which has primarily focused on dealing with the threat of North Korea in the Korean Peninsula. Should this happen, South Korea would have to cooperate with the United States in deterring China, making it difficult for Seoul to play the role of a mediator envisaged in the Balancer of Northeast Asia Initiative. Therefore, being an ally of the United States is not easily compatible with being a regional mediator among great powers.

CHAPTER FOUR: China

Achievements and Challenges of 'Neighboring Diplomacy'

China has been carrying out active diplomacy in recent years. The examples include "neighboring diplomacy," through which China seeks to expand and further develop cooperation with neighboring countries. In East Asia, China is trying to show leadership in the creation of an East Asian Community. In this context, China assigns high priority to its Japan policy and is seeking to break the prolonged deadlock in its relations with Japan, which are usually described as "cold politically while warm economically." Notwithstanding, a series of anti-Japanese demonstrations broke out in major cities including Beijing and Shanghai in April 2005. Although President Hu Jintao attaches importance to improving China's relations with Japan, differences may have surfaced

within his administration reflecting the strong anti-Japanese public sentiment. These divisions have stymied efforts to implement his accommodative foreign policy toward Japan.

China's differences with Taiwan as well as its unstable Japan policy have become a bottleneck hampering the Hu administration's active pursuit of neighboring diplomacy. At a meeting held in March 2005, the National People's Congress (NPC) passed almost unanimously the Anti-secession Law that provides for non-peaceful means and other necessary measures (Article 8) to protect China's sovereignty, meaning the use of force against Taiwan. While defining the Taiwan issue as a domestic affair, China stepped up diplomatic pressure on the Chen Shui-bian administration by urging Japan, the United States, and the international community at large to oppose Taiwan independence. Although China wants to unify Taiwan with the mainland by peaceful means, at the same time the People's Liberation Army (PLA) has been modernizing its nuclear and missile capabilities and its navy and air forces to enable it to achieve unification by force, and has been conducting various exercises with that in mind. President Chen Shui-bian, for his part, stresses the necessity of developing self-reliant defense capability, and has indicated his intent to restore defense spending to a reasonable level above 3 percent of Taiwan's gross domestic product (GDP). However, due to a division between the ruling party and the opposition parties, the Legislative Yuan failed to pass a special budget bill that was necessary for the purchase of arms to counter China's rapidly expanding arsenal of ballistic missiles and submarines—with the result that the military balance between China and Taiwan is swinging in China's favor.

CHAPTER FIVE: Southeast Asia

In Search of Harmonization of Major Powers

The province of Nanggroe Aceh Darussalam (Aceh Province), was hardest hit by the Indian Ocean tsunami. The Free Aceh Movement (*Gerakan Aceh Merdeka*, GAM in Indonesia), which had led a struggle for independence from Indonesia for about 30 years, dropped its demand and signed a peace accord with the Indonesian government in August 2005. It is still too early to predict how the situation will play out, but the fact that the Aceh separatist independence movement is at an end is a remarkable development. However, a terrorist bombing in Bali, Indonesia, in October 2005 heightened the sense of vigilance against the activities of Jemaah Islamiyah (JI). In Thailand, disturbances staged by Islamic extremists in its southern provinces since early

2004 showed no signs of abating in 2005. Turbulence incited by terrorists and Islamic extremists continue to pose a threat to the security of Southeast Asia.

A series of meetings relating to the ASEAN held in the latter half of 2005 stressed the necessity to further strengthen regional and international cooperation in dealing with non-traditional threats including terrorism and maritime piracy. The strengthening of cooperation for “human security”—minimizing the impact of tsunami damage, eradicating avian influenza, narrowing regional economic disparities—has also become an important challenge. Myanmar, which resists transitioning to a democratic system, emerged as one of the focal points of these meetings.

An East Asian Summit also became a major issue of these meetings. In the end, participants agreed to form the East Asian Summit with 16 countries, including ASEAN+3 (Japan, China, and South Korea), India, Australia, and New Zealand; but excluding the United States. As the East Asia Summit and the proposed East Asian Community have to address a number of problems—the increasing influence of major powers, the leadership rivalry among them, and the inconsistency between the East Asian Summit and the existing frameworks of multilateral cooperation—it will be necessary to keep an eye out for future developments. Until now, ASEAN has managed to maintain balanced relations with major powers through skilful diplomacy. The key to the successful creation of an East Asian Community lies in how ASEAN will take the initiative in developing and maintaining good relations with the major powers.

CHAPTER SIX: Russia

Closer Relations with China

As Russia’s relations with the United States have cooled over setbacks in Russia’s democratization, and as Russia’s influence in the former Soviet bloc has waned, there have been new developments in Russia’s policy toward Asia. Russia is attaching greater importance to the Shanghai Cooperation Organization (SCO) and held its first-ever military exercise with China in August 2005. Resource-rich Russia is now actively involved in “resource diplomacy” in East Asia through exporting energy to Japan and China. In terms of economic cooperation and exchanges of defense officials, Japan-Russia relations have made visible progress, but President Vladimir Putin’s first visit to Japan in five years saw no progress on the issue of the Northern Territories.

The Putin administration is revising the *National Security Strategy* and is accelerating the modernization of Russia’s armed forces—one of the national goals to be achieved

by 2010—by drawing upon the strength of the country’s recent economic growth. Russia is promoting the modernization of military equipment by increasing its defense orders. It has simultaneously conducted four military exercises, suggesting that the readiness of its armed forces and their combat skills are recovering. President Putin appointed Defense Minister Sergey Ivanov to serve concurrently as vice premier in charge of the defense industry with the aim of carrying out the modernization of the armed forces and the rehabilitation of the defense industry in an integrated manner. In an effort to build up closer military cooperation with China and India, whose economies are expected to enjoy continuous growth in the coming decades, Russia has been conducting bilateral military exercises with the two countries and selling them arms. Military exchanges among these three countries thus bear close watching.

CHAPTER SEVEN: The United States Challenges Facing the Second-Term Bush Administration

The second-term Bush administration began in January 2005. In both his inaugural speech and also in his State of the Union address, President George W. Bush reaffirmed that US policy was to spread freedom and democracy across the world, and he made clear that his administration would continue the basic foreign policy objectives of his first term. However, the second-term administration is staffed by those who attach importance to the national interest and give priority to diplomacy. As a result, the United States is shifting away from “unilateralism” and is giving higher priority to cooperation with allies and friends.

The second-term Bush administration has continued the defense policy articulated in the *National Security Strategy of the United States* announced in September 2002 during the first term, on the basis of which the US government released a series of strategy-related documents such as the *National Defense Strategy*, the *National Military Strategy*, and *Quadrennial Defense Review Report*.

Aware that international terrorism is a serious threat to the security of the United States and the international community, President Bush is vigorously waging a war on terrorism as a wartime president.

Despite the headway being made in Iraq on the political front, law and order still remain elusive, and the Bush administration is faced with a number of difficult problems, not least the mounting number of US casualties, the increasing burden in terms of manpower and finances of stationing forces in Iraq, and the delay in restoring

peace and order. If the situation in Iraq escalates into a civil war, this would deal a heavy blow to the international credibility of the United States. Therefore, it is necessary for the United States to strengthen the Iraqis' ability to govern and to enlist greater and broader-based international cooperation in assisting Iraq.

At present, the United States and China are strengthening their good relations in wide-ranging areas—political, economic, and military—while various problems have still to be addressed. Co-opting China into the international community, and leading it in a direction in which it can fulfill constructive responsibilities, represent a big challenge for the United States and its allies and friends.

As regards the problem relating to North Korea's nuclear weapons, the Six-party Talks held in Beijing issued a first-ever joint statement on September 19, 2005. However, the work of drafting concrete plans, measures to be taken, and schedules for implementing the agreement were left hanging in the air for further discussions. As a result, there were no prospects for solving the problem as of the end of 2005.

CHAPTER EIGHT: Japan

Toward More Substantial International Cooperation

The basic course of action to be followed by the defense policy of Japan is set forth in the *National Defense Program Guidelines* (NDPG). The new NDPG adopted in 2004 is the third NDPG following the first document issued in 1976 and the second in 1995 that was revised to reflect changes occurring in the international situation in the wake of the end of the Cold War. The basic concept of the new NDPG is that merely providing against a full-scale invasion of Japan is not enough to cope with new threats and diverse situations in the 21st century, which is seeing the globalization of security.

Defending Japan still assumes top priority for the Self-Defense Forces (SDF). However, it is inconceivable that a full-scale attack on Japan, a situation envisaged in the Cold War era, will ever be carried out by several divisions of a hostile country. Rather, under the security environment now prevailing, there is a mounting necessity to provide against new threats and diverse situations such as a ballistic missile attack or an invasion of Japan's offshore islands. Given that, the government has changed the force structure and resource-allocation priorities within the limits allowed by the nation's finances.

Another characteristic of the new NDPG is the emphasis it places on cooperation with Japan's ally the United States and the international community, and more active

involvement in global security problems. In a highly globalized world, SDF specializing only in the defense of the homeland can hardly defend Japan's overall security. The SDF must expand and deepen international cooperation and deal with regional and global security problems. This idea was originally conceived in the NDPG of 1995, and the new NDPG promotes it further.