East Asian Strategic Review 1998-1999

The National Institute for Defense Studies

Japan

Copyright © 1999 by the National Institute for Defense Studies

All rights reserved. No part of this report may be reproduced in any form without written prior permission from the publisher.

Published by:
The National Institute for Defense Studies
2-2-1 Nakameguro, Meguro-ku, Tokyo 153-8648, Japan
Phone: +81-3-3713-5912
Fax: +81-3-3713-6149
E-mail: planning@nids.go.jp

ISBN 4-939034-04-6

The National Institute for Defense Studies East Asian Strategic Review 1998-1999

Printed in Japan

Editor's Note

The East Asian Strategic Review 1998-1999 is the third in the series of annual reports that first appeared in 1997. The report is published by the National Institute for Defense Studies (NIDS), the main policy research arm and war-college-level educational institution of the Defense Agency, Japan. It is authored by research staff of NIDS from their own scholarly perspectives.

This constitutes a part of endeavors currently pursued in East Asia for building a more stable and secure environment in the region, and is designed to contribute to more active, constructive and objective discussion on issues of strategic importance for regional security.

The period covered by this publication runs from the beginning of September 1997 to the end of 1998. As to titles and names of people and organizations, usage by those concerned are followed as much as possible. Honorifics are always dispensed.

The views expressed herewith are those of the authors and do not represent policies or official positions of the Japanese government, Defense Agency and any other governmental organizations.

The original Japanese version appeared in February 1999 and is available for purchase from the Printing Bureau, Ministry of Finance, Japan. It was translated into English by, and will be available for wider distribution from The Japan Times, Ltd.

Contents

Li	st of	Abbreviations	vii
Ov	erv.	iew East Asia in 1998	1
Cł 1.	hapter 1 Security of East Asia The Asian Currency Crisis and the Security of		17
	Eas	st Asia	19
	(1)	Causes of the Asian Currency Crisis	19
	(2)	The Asian Currency Crisis and Japan	26
	(3)	Impact on the East Asian Security	30
2.	ΑP	olitical Change in Indonesia and Its Impact	38
	(1)	From a Currency Crisis to a Political Crisis	38
	(2)	The Significance of the Resignation of President	
		Suharto	42
	(3)	The Advent of a Habibie Government	44
	(4)	Agendas for the Habibie Government	46
3.		ian and Pakistani Nuclear Tests, and	
	the	Nonproliferation Regime	49
	(1)	Why Did India and Pakistan Conduct Nuclear Tests?	49
	(2)	Strategic Implications of the Nuclear Tests	51
	(3)	Response of the International Community	55
	(4)	Impacts on the NPT Regime	59
	(5)	Impacts on the Security of East Asia	62
4.	Nor	rth Korea Launches a Missile	64
	(1)	Legal Implications of the Missile Launch	64
	(2)	The Background to the Missile Launch	66
	(3)	Response of Japan, the United States and	
		South Korea	67
5.	Jap	oan's Possible Countermeasures to the Missile	
	Thr	reat	70
	(1)	Promoting Arms Control and Arms Reduction	70
	(2)	Maintaining and Strengthening Deterrence	71
	(3)	Building Ballistic Missile Defense	73
		er 2 The Korean Peninsula	77
1.	Sou	ıth Korea The Advent of the Kim Dae Jung	
	Gov	vernment	79
	(1)	Economic Crisis and the New Government	79
	(2)	The Ruling Coalition Parties Win a Majority,	

		and Debate about Constitutional Amendment	
		Looms Ahead	80
	(3)	Kim Dae Jung and the Military	82
2.	Th	e Kim Dae Jung Government's North Korea and	
	Sec	curity Policies	85
	(1)	The Sunshine Policy	85
	(2)	The U.SROK Alliance, and Security Cooperation	
	` '	with Neighboring Countries	86
	(3)	The Impacts of the Currency Crisis	88
	(4)	The Maintenance of a Combined Defense Posture	
	()	with the United States	91
3.	No	rth Korea The Kim Jong Il Regime and Its	
٠.		litary	92
	(1)	Session of the Supreme People's Assembly, the First	۰.
	(1)	in Four Years	92
	(2)	The Advancement of the Status of the Military	94
	(3)	Chronic Shortages of Food	95
	(4)	Diversifying Roles of the Military	98
4.	` '	odern War" and "Revolutionary War"	99
т.	(1)	A 1-Million-Men Army and Unconventional Warfare	00
	(1)	Capability	99
	(2)	North Korea and Missile Launch	100
5.		e Korean Peninsula and International Relations	
٥.	(1)	The Continuation of the Four-Party Talks	
	(2)	The Resumption and Suspension of North-South	104
	(2)	Talks	102
	(3)	North Korea and Missile Diplomacy	
	(4)	Japan-North Korea Relations at a Stalemate	
	(5)	Toward Building a New Japan-South Korea	105
	(3)	Partnership	106
		r at the iship	100
Cl	ant	er 3 China	111
1.		litical Stability and Economic Instability	
1.		The Jiang Zemin-Zhu Rongji Regime Takes Hold	
		Reforms and Their Costs	
	(2)		
	(3)	1	
0	(4) E	Hong Kong after Reversion	122
2.		ternal Relations Based on a Policy of	100
		operation	
	(1)	0	
	(2)	Improving Relations with Japan	131

iv

CONTENTS

	(3)	All-Directions Cooperative Diplomacy and	
		the Asia-Pacific Region	133
3.	Progress in Defense		
	(1)	Professionalization of PLA and Party-Military	
	` ,	Relations	135
	(2)	Troop Reduction and the People's Armed Police Force	
	(3)	Defense Modernization: Progress and Challenges	
	(4)	China's Defense Exchanges	
	(5)	Publication of Defense White Paper	
	(6)	Japan-China Defense Exchanges Gather Pace	
4.		wan at a Turning Point	
	(1)	Sign of Change in China-Taiwan Relations	
	(2)	The Post-Lee Teng-hui Presidential Race	
	(3)	Progress in Defense Modernization	157
	(-)		
Cł	apt	er 4 Russia	161
		acerbated Domestic Confusion of Russia	
		Yeltsin Government and Economic Crisis	
	, ,	The Russian Far East in Uncertainty	
2.		tional Security Concept and Its Implication	
3.		reign Policy to Stress Its Presence	
	(1)	Economic Interests and Participation	
	` '	in the Asia-Pacific Region	169
	(2)	Promoting Partnership with China	
	(3)	Developments in Japan-Russia Relations	
	(4)	Developments in Relations with the Asia-Pacific	
	` '	Countries	176
4.	Mil	itary Reform and the Armed Forces	
••	(1)	Unification of the Security Council and the Defense	
	` '	Council	177
	(2)	Military Reform under Financial Constraints	
	(3)	A 500,000 Troop Cut and Organizational	
	(-)	Restructuring	179
	(4)	The Military and a Plethora of Problems	
	(5)	The State of the Russian Forces in the Far East	
5.		e Defense Industry and Its Restructuring	
	(1)	The Defense Industry in Difficulties	
	(2)	Defense Industries Face Winnowing	
	(3)	Russian Defense Industry and East Asia	
	(0)		0

Cł	apter 5 U.S. Security Policy toward East Asia 191	L
1.	Developments in U.S. Military Presence 193	3
	(1) "Anchor of Stability amidst the Storm" 193	3
	(2) Military Reinforcements to the Persian Gulf and Their	
	Repercussions	3
2.	Controversy over Long-Term National Defense	
	Program199)
3.	Progress in U.SChina Relations201	Ĺ
	(1) Toward "Constructive Strategic Partnership"	Ĺ
	(2) Achievements of U.SChina Summits 202	2
	(3) Expanding Military Exchanges	ó
	(4) Deep Domestic Suspicions over China	7
	(5) Consideration for Regional Allies)
4.	Efforts toward Stability in the Korean Peninsula 210)
5.	Progress in Japan-U.S. Security Relations 212	2
	·	
Re	ference Section215	ó
1.	Chronology of Events in East Asia217	1
	Military Exchanges287	
	Combined Exercises297	

vi vii