Chapter 5

U.S. Security Policy toward East Asia

1. Developments in U.S. Military Presence

(1) "Anchor of Stability amidst the Storm"

During the past year of financial turmoil in East Asia, high-ranking officials of the Clinton administration have made frequent visits to countries in the region. In particular, Secretary of State Madeleine Albright and Secretary of Defense William Cohen have visited the region three times and two times, respectively, meeting leaders of almost all nations there. Through these high-level visits to East Asia, the Clinton administration discussed with countries of the region on the ways and means of supporting their efforts to combat the financial crisis. At the same time the administration reaffirmed U.S. commitments to the stability of this region, as expressed in a pledge to maintain forward-deployed 100,000 military personnel.

In January 1998, Cohen visited Malaysia, Indonesia, Singapore, Thailand, China, Japan and South Korea. In Kuala Lumpur, Singapore and Beijing, he delivered speeches on U.S. security policy toward East Asia. According to a briefing by the Defense Department, the purpose of his visits was to convey to these nations "a comprehensive security message of American engagement, continued engagement, even during this period of uncertainty." Cohen described the U.S. military presence in this region as "an anchor of stability amidst the storm" that brings regional stability and confidence. He said the United States stands by East Asian nations in both good and bad times, and reaffirmed continued U.S. engagement in the region. On that basis, Cohen urged ASEAN states to expand security cooperation with the United States by allowing wider access for U.S. naval vessels and aircraft to facilities in these countries.

Thus far, ASEAN states have contributed to the maintenance of the U.S. military presence: by allowing flights of U.S. military aircraft through territorial airspace and port visits by U.S. naval vessels; by providing U.S. naval vessels with repair services; and

by conducting combined exercises with the U.S. forces. The United States maintains official or unofficial access agreements with such countries as Thailand, Malaysia, Indonesia and Singapore. In this regard, two events of significance took place in 1998.

In January 1998, Singapore announced that it will allow U.S. naval vessels, including aircraft carriers, to call at Changi Naval Base, which is scheduled for completion in 2000. Singapore is a country of strategic importance because it is situated halfway along the vital sea lanes extending from Northeast Asia to the Middle East and holds a potential stranglehold on the Strait of Malacca. Access of U.S. carrier battle groups to the new naval base will be of great significance to the security of these sea lanes. The other event was the signing of the Visiting Forces Agreement (VFA) between the United States and the Philippines in February 1998. This agreement will be applied to U.S. forces entering the country for combined exercises and other purposes. The United States maintains similar agreements with other nations. The VFA, if ratified by the Senate of the Philippines, will lead to the resumption of large-scale combined exercises between the two countries, that have been virtually suspended since 1992, and of port calls by U.S. naval vessels, that were discontinued in September 1996. During his visit to the Philippines, Cohen applauded the agreement as proof of that country's strong support of the U.S. military presence that is the "anchor" of regional stability. Cohen visited Manila during his second round of East Asian trips that took him to Australia and Indonesia as well from late July to August 1998. The U.S. defense chief expressed hope that this agreement, like similar agreements with other ASEAN states, will enable periodic port calls by U.S. naval vessels and combined exercises. He made it clear, however, that the United States has no plans to seek semipermanent bases in the Philippines. Meanwhile, Philippine President Joseph Estrada said in a meeting with Cohen that ratification of this agreement is of vital importance to the interests of the Philippines. In this connection, Estrada reportedly pointed out that the territorial dispute with China over the Spratly Islands has increased the need for such an agreement. In 1995, following the withdrawal of U.S. forces from Subic Bay Naval Base, the Philippines confronted China over Mischief Reef in the South China Sea. The South China Sea, which includes sea lanes of strategic importance, provides an operational theater for the U.S. naval and air forces. It is also an area that connects the Indian Ocean and then, the Persian Gulf, and the Pacific Ocean. Consequently, VFA is believed to have a great significance not only for the United States and the Philippines but also for the deterrence of conflict in the South China Sea where nations in the region are involved in territorial disputes.

Furthermore, in coping with the financial crisis in East Asia the United States has taken pains, from the security standpoint, to help maintain political stability in Indonesia. Indonesia is situated in a region of great strategic importance that includes major sea lanes such as the Strait of Malacca and the Strait of Lombok. In addition, as the leading member of ASEAN, Indonesia has made great contributions to the maintenance of regional stability. For instance, it has played a key role in the mediation of territorial disputes in the South China Sea and in the settlement of the Cambodian conflict. Cohen visited Indonesia during both of his two rounds of trips to East Asian nations. On these occasions he pledged U.S. support for the maintenance of political stability in Indonesia and expressed hope for an early resumption of routine military exchanges.

Meanwhile, the U.S. Defense Department submitted its fourth East Asian Strategy Report (EASR) to Congress on November 23, 1998. The review, which outlines U.S. security policy toward the Asia-Pacific region, has been prepared every two or three years since 1990. The latest report states, as did the previous report, that U.S. engagement and the U.S. military presence in the Asia-Pacific region brings stability to the region and promotes the region's constructive development. From this standpoint, the latest

report confirms that the United States will continue to strengthen its alliances and friendly relations with nations in the region, and will maintain the 100,000 U.S. troops in Asia. At the same time, the fourth EASR stresses the need to make positive efforts to promote "good-neighbor" relations between U.S. forces and host nations, in order to maintain the U.S. military presence on a long-term basis.

(2) Military Reinforcements to the Persian Gulf and Their Repercussions

The Clinton administration's national defense program is designed primarily to maintain military capability to fight and win two major regional conflicts that are deemed likely to occur almost simultaneously. One is another Persian Gulf War, and the other is an invasion of South Korea by North Korea. Currently, the United States is in the process of reducing and reorganizing its armed forces with the final target set for the end of fiscal 1999. This strategy of confronting two major regional conflicts has stirred much controversy with respect to its feasibility and validity. Two events of the past year have called this strategy into question in terms of its operational feasibility and its validity in the context of a long-term defense planning.

The U.S. military reinforcements to the Persian Gulf following the rise in tensions over the Iraqi situation in the autumn of 1997 cast doubts over the operational feasibility of that strategy. These deployments had adverse effects on the force level of the military presence in East Asia. The United States has made it clear ever since the Gulf War that it is ready to use force, if necessary, to prevent Iraq from attacking neighboring countries and from possessing weapons of mass destruction (WMD). This policy of deterrence has three pillars: forward deployment of U.S. troops in the Persian Gulf, maintenance of rapid-reinforcement to strengthen forward deployments when necessary, and support for U.N. Security Council resolutions and their implementation.

The United States reinforced its forces to the Gulf area after Iraq rejected inspections by the U.N. Special Commission (UNSCOM). As a result, Baghdad accepted inspections and the situation calmed down. Subsequently, in May 1998, the Defense Department announced a reduction in the Gulf deployments. According to the Pentagon, the U.S. Army, Navy, Air Force and Marine Corps had a total of about 18,000 to 19,000 troops deployed in and around the Persian Gulf around October 1997, before the crisis broke out. The force level reached its peak from March to April 1998 when it increased to about 44,700 troops, including those assigned to two carrier battle groups. In early August 1998, according to a Defense Department briefing, the forces deployed in and around the Gulf were down to approximately 20,000 troops, a figure close to the pre-crisis level. However, U.S. forces still maintained a powerful combat-ready posture, as evidenced by the doubling of number of cruise missiles deployed in the Gulf from a year earlier. The Defense Department revealed that one carrier battle group would be constantly deployed in the Gulf in the foreseeable future and that another such force would be dispatched to the area in several days' time, if necessary, from other sea areas, including the Mediterranean.

Reinforcements were swung from East Asia to the Persian Gulf. These included a carrier battle group and amphibious assault ships. These reinforcements caused a temporary decline in the force level of the military presence in East Asia. For example, the USS Independence, which is normally stationed in the Western Pacific, left Yokosuka Naval Base in late January 1998 and reached the Gulf by May. In the meantime, the Western Pacific was left with no U.S. aircraft carrier, till the USS Kitty Hawk was deployed to Japan in the place of the USS Independence which, following its last port call at Japan, returned to the United States in July for decommission.

The Gulf reinforcements are believed to have provided the first test of the U.S. strategy of confronting two major regional con-

flicts. The Korean Peninsula is where one of these major regional conflicts is considered likely. The diminution of the U.S. military presence in East Asia, however temporary, caused concern on the part of a field commander who stays on the alert for any contingency in the Korean Peninsula.

According to U.S. newspaper reports, Gen. John Tilelle, commander of the U.S. Forces, Korea, expressed concern in a secret memo to the Defense Department that the deployments to the Gulf, particularly the dispatch of an aircraft carrier, cruise-missile carriers and ammunition supply ships, had reduced the capability of U.S. forces to meet attacks from North Korea. However, he ruled out any imminent threat from the North. The memo was sent in early February at the peak of U.S. deployments to the Gulf. Adm. Joseph Prueher, commander in chief of the U.S. Pacific Command, reportedly expressed similar concern that the increased reinforcements to the Gulf had reduced the level of military preparedness for contingency in the Korean Peninsula. While discounting the possibility of North Korea's taking military action by taking advantage of a diminution in the U.S. forces, Prueher, it is reported, expressed apprehensions over North Korea's short-fused surprise attack capability. According to Prueher, the United States took a number of steps to fill the vacuum created by the drop in the force level, including the dispatch of an F-15 fighter squadron and two AC-130 gunships to South Korea, and the alert placement of the aircraft carrier and fighters in the West Coast. Sea areas around North Korea are patrolled regularly by attack submarines mounted with cruise missiles. In addition, B-52 bombers flew to Guam from the U.S. mainland on a routine training mission. This was made public ex post facto. In early September 1998, following a missile launch by North Korea in August 31, it was announced that B-2 and B-52 bombers had been dispatched to Guam for "routine training."

2. Controversy over Long-Term National Defense Program

The National Defense Panel created by Congress raised questions about the validity of the current national defense program from the standpoint of long-term defense planning. The nine-member panel consists of former government officials, retired generals and private specialists. The committee evaluated the Quadrennial Defense Review (QDR) published by the Defense Department in May 1997 and studied long-term security questions the United States faces. The report released in December, titled Transforming Defense: National Security in the 21st Century, points out that the challenges of the 21st century will be different, both qualitatively and quantitatively, from those of the Cold War, and urged the United States to fundamentally change its national security institutions, military strategy and defense posture by 2020.

The report states that the current defense strategy, designed to fight two major regional conflicts, could be an inhibitor to reaching the capabilities the United States will need in the 2010-2020 time frame. The reasons given for this is as follows: The strategy of fighting two major regional conflicts concurrently has come to be used as a means of justifying maintaining the current force structure, in spite of the fact that its real aim is to determine the required force structure; in addition, if possibility of one or the other contingency should disappear, the armed forces would face demands for a drastic force reduction. The authors of the report believe that, in light of the lessons of the Gulf War, potential enemies will not commit the folly of challenging the United States with conventional forces in which it is overwhelmingly strong, and that highly probable threats in the long run are different from those of the Gulf War model assumed in the current national defense program. Threats anticipated by the report are "asymmetrical threats," such as terrorism, threat of use or use of WMD, and disruption of information and communications networks. In other

words, "asymmetrical threats" are aimed at hitting America's "weak spots" by these means. In this connection, QDR states that these threats will likely lead to smaller-scale contingencies, including various forms of military action, short of major regional conflicts, and that such smaller-scale contingencies will likely occur frequently in the next 15-20 years. Consequently, how to meet these threats is a question of critical importance.

In December 1997, Cohen presented his comments to Congress on the National Defense Panel report, rebutting the panel's position that the current national defense program is in doubt from the long-term viewpoint. In the statement, Cohen said that the current U.S. force structure is designed to meet "three broad requirements: to provide adequate overseas presence and conduct a wide range of peacetime activities that help promote peace and stability in key regions; to conduct the full range of smaller-scale contingencies; and, in concert with allies, to deter and defeat large-scale, cross-border aggression in two distant theaters in overlapping time frames." Accordingly, judging from the serious challenges posed to U.S. security in the Korean Peninsula and the Persian Gulf, Cohen stated, the maintenance of a capability to fight and win two major theater wars in overlapping time frames is essential to deter aggression in these regions. The secretary of defense stated that these forces are necessary to prepare for the emergence of enemies more powerful than the present adversarial forces. The statement, of course, does not rule out the possibility of the national defense program being altered in line with future changes in the security environment. Thus it points to the need to reevaluate the current theaters warfighting requirements in the event of changes in the security environment, such as increased, or sharply reduced, threats of large-scale regional aggression.

With the Cohen's comments to Congress, the series of studies on a U.S. military strategy and national defense program for the beginning of the 21st century, which will succeed the current national defense program, ended for all practical purposes. These

studies were based on the Bottom-Up Review of 1993. The Joint Chiefs of Staff, the Army, the Navy and the Marine Corps, and the Air Force have already completed studies on their respective future plans. Based on these studies, the Defense Department has initiated an effort to transform the U.S. forces into a new force structure capable of addressing the future security environment. In May 1998, Adm. Harold Gehman, commander in chief, U.S. Atlantic Command, was appointed commander of units that will conduct a joint combat experiment, which will begin in October 1998, to develop a joint doctrine, a new system of formations, new methods of training and education, using units.

3. Progress in U.S.-China Relations

(1) Toward "Constructive Strategic Partnership"

The greatest achievement of the past year in U.S. relations with Asia is the progress in U.S.-China relations, capped by two summit meetings between President Bill Clinton and President Jiang Zemin. The two leaders have met seven times during more than five years of Clinton administration, including meetings at the APEC forum. But it was the first time that they had visited each other's country as a state guest. In preparation for the summits, many U.S. Cabinet members, congressmen, and leaders of governmental agencies and the military, visited China. Among them were Vice President Albert Gore, House Speaker Newt Gingrich, Secretary of State Madeleine Albright, Secretary of the Treasury Robert Rubin, Secretary of Defense William Cohen, Secretary of Commerce William Daley, Commander in Chief, U.S. Pacific Command Joseph Prueher, and Chief of Naval Operations Jay Johnson. These visits enabled U.S. government departments concerned to promote business relations with China in their respective areas of jurisdiction.

At the summit meeting held in Washington in October 1997, the United States and China agreed to build a "constructive strate-

gic partnership" as a framework of future relations between the two countries. Although neither country has clearly defined the term, statements by the two leaders suggest what it means. In a speech on the China policy immediately before the Washington summit, President Clinton said, "By working with China and expanding areas of cooperation, dealing forthrightly with our differences, we can advance fundamental American interests and values." Meanwhile, President Jiang Zemin said at a press conference following the summit that the United States and China share extensive common interests in important matters bearing on the survival and development of mankind. He added that it is imperative to handle U.S.-China relations and promptly address their differences in accordance with the principles of mutual respect, noninterference in each other's internal affairs, equality and mutual benefit. These statements indicate that the two countries intend to build constructive relations by expanding areas of common interest while continuing consultations in areas of conflict.

At the Washington summit of October 1997 the United States and China agreed to hold summit meetings on a regular basis, to set up a hot line between the two presidents (an agreement was signed in April 1998), and to hold regular ministerial and vice-ministerial meetings, including military leaders. Through these two summits and related exchanges of visits, the two countries began efforts to build a "constructive strategic partnership." While avoiding sharp confrontation in areas of divergence in interests, they are moving toward deepening cooperation in areas of common interest and expanding pragmatic relations in economic and other areas.

(2) Achievements of U.S.-China Summits

The summit meetings held in Washington and Beijing took up a wide range of subjects from security to environmental problems. The main item of discussion was the nonproliferation of WMD. At the Washington meeting the United States and China confirmed that they are committed to maintaining the nuclear nonproliferation regime and have common interests in preventing the proliferation of WMD to unstable areas or to the countries the United States call "rogue states," such as Iran and Syria. At the Beijing meeting, which was held in the wake of nuclear tests by India and Pakistan, the United States and China issued a "Joint Statement on South Asia." The United States and China confirmed that the two countries have common interests in promoting peace and stability in South Asia and in strengthening the global nonproliferation regime. They agreed to intensify consultations on security issues and to coordinate efforts to strengthen peace and stability in South Asia, as well as in the Korean Peninsula and the Middle East. The statement confirmed that the United States and China will not export to India and Pakistan any equipment, materials and technology that might lead to the development of nuclear weapons and ballistic missiles. In this connection, the United States has welcomed that China is considering participating in some of the nonproliferation regimes of WMD, particularly in the Missile Technology Control Regime (MTCR).

In the area of security, the United States and China agreed at the Beijing summit that their missiles targeted at each other will be detargeted. A similar agreement is already in effect between the United States and Russia. The Central Intelligence Agency (CIA) estimates that 13 of the 18 intercontinental ballistic missiles (ICBM) deployed by China are targeted at the United States. The U.S.-China agreement does not call for verification. Moreover, it is believed to be technically possible to retarget the missiles in a short period of time. It can be said, however, that the agreement has a symbolic and political significance as a confidence-building measure.

Meanwhile, the Taiwan problem remains a major area of conflict between the United States and China. At the Washington summit the United States confirmed its firm commitment to the "One China" policy. At the Beijing summit President Clinton mentioned the "three no" — meaning that the United States does not

support "two Chinas" or "one China, one Taiwan"; Taiwan independence; and Taiwan's membership in any organization for which statehood is a requirement. It was the first time that a U.S. president had referred to the "three no." However, President Clinton's reference to this was not documented. It was unofficially confirmed by National Security Adviser Sandy Berger. In this regard, former Assistant Defense Secretary Joseph Nye in the March 8, 1998, issue of the Washington Post called for clarification of U.S. policy on Taiwan and proposed: that the United States pledge not to recognize Taiwan's independence; that China renounce use of force against Taiwan; and that China recognize Taiwan's status quo in exchange for Taiwan's promise not to seek independence. Albright, who visited China in April, referred to the "three no" at a news conference. On arms sales to Taiwan, however, she made it clear that the United States move in accordance with its Taiwan Relations Act. Consequently, the "three no" does not represent a basic departure from the policies set forth in three U.S.-China communiques — namely, the Shanghai communique issued during President Richard Nixon's visit to China in 1972, the 1978 communique on the establishment of diplomatic relations and the 1982 communique on arms sales to Taiwan. However, the United States has abandoned a certain degree of "ambiguity" about nonsupport of Taiwan independence. Since improvement in China-Taiwan relations is essential for promotion of peace and stability in East Asia, the United States will likely continue to support a peaceful settlement of the Taiwan problem.

The Clinton administration indicated during the president's visit to China that the United States attached great importance to the Chinese market. Prior to the visit, President Clinton decided on an extension of the most-favored-nation (MFN) treatment for China. The extension was approved by Congress in late July 1998. During the Clinton visit, no real progress was made on such issues as China's bid for membership in the World Trade Organization (WTO) and a permanent granting of MFN treatment. But, according to media reports, economic and trade contracts and agreements worth more than $3 billion were concluded at government and business levels. Regarding bilateral technology transfer, the two countries agreed on the practice of visiting Chinese end users of exported U.S. high technologies on a routine basis. Prior to Clinton's visit to Beijing, Congress voiced increasing criticism of U.S. exports of satellite- and missile-related technologies. The agreement on technology transfer, which restricts use of high technology for purposes other than those agreed upon, provides a framework for high-tech exports to China.

(3) Expanding Military Exchanges

Over the past year, military exchanges between the United States and China have expanded significantly from formal exchanges to more practical efforts for cooperation. During a visit to China in January 1998, Cohen proposed deepening the current efforts for cooperation, broadening them into new areas and advancing from confidence-building to real-world cooperation. Cohen visited the Beijing Air Defense Center on the suburbs of Beijing. It was probably the first visit by American official to the facility according to the explanation of the Defense Department. Cohen appreciated the tour, saying that such openness on the part of China would make Sino-American military exchanges more substantial and productive.

During Cohen's visit the United States and China concluded the Maritime Military Consultative Agreement (MMCA), the first formal accord to be signed by the two militaries. This is an important measure to advance military exchanges to real-world cooperation. Under the agreement, the two countries held their first working-level annual consultative meeting in July in Beijing to work out arrangements for preventing maritime collisions and other accidents involving U.S. and Chinese military vessels and aircraft, such as maritime traffic rules and methods of communication in the affected area. Additionally, at the summit meeting in June, the

two countries agreed to the mutual dispatch of observers to their military exercises. China sent observers to Rimpac 98, a combined naval exercise conducted by Pacific-rim countries from July to August. The two countries also agreed to promote exchanges in humanitarian assistance and disaster relief, and to conduct sand table exercises in these areas.

At a defense-ministerial meeting in January, the United States and China agreed on cooperation between the two militaries and information-sharing to prevent environmental damage from military activities. A formal agreement was signed between Cohen and Gen. Zhang Wannian, vice chairman of the Central Military Commission, during the latter's visit to the United States in September 1998. As a result of the meeting, a Chinese military delegation was agreed to visit the Sandia National Laboratories, the U.S. nuclear research facility, in 1999 and Chinese naval vessels to visit the United States the same year. In addition, they agreed on the exchange of students and on conducting sand table exercises on disaster relief and humanitarian assistance. At a news conference

U.S. President Clinton and Chinese President Jiang meet the press in the Great Hall of the People. (June 1998) (Courtesy of Kyodo News Agency)

following the meeting, Cohen said the military exchanges between the United States and China "will build mutual understanding and continue to foster more stable relations and understanding between the world's most populous country and the world's most powerful country." In the same vein, General Zhang said that maintaining and developing a healthy and stable relationship between the two countries is in the fundamental interest of the two and conducive to peace and stability in the world.

Thus, the military exchanges between the United States and China are "advancing" from confidence-building efforts and formal exchanges of visits to practical efforts for real cooperation. In particular, working-level periodic consultations and the dispatch of observers to command-post and maneuver exercises will likely deepen the mutual understanding of the command and deployment procedures. If such mutual understanding is achieved, it will help significantly to prevent accidents and to avoid crises which night be triggered by misjudgment.

(4) Deep Domestic Suspicions over China

As a result of the two summit meetings, the United States and China moved toward building a "constructive strategic partnership." However, considering that their relations are apt to become strained in connection with their domestic situations, the future prospects remain uncertain.

In fact, there is still a considerably large body of opinion in the United States that is critical or suspicious of China. During the past year, various groups have tried to politicize their complaints about China. For example, human rights groups have supported the position of the Christian Coalition against religious persecution in China. Leftist and rightist groups held joint protest demonstrations during Chinese President Jiang Zemin's weeklong tour of the United States in October 1997. There is strong anti-China feeling among Republican members of Congress, and many of them opposed Clinton's China visit. Because of this, Congress was unable

to form a bipartisan delegation to China, with only Democrats accompanying the president. However, the Democratic Party takes a strong stance on China's human rights record. In this respect, Democrats are just as critical of China as Republican hard-liners. During the past year, the Republican-led Congress has taken an increasingly critical stand on China by adopting a series of tough resolutions, including those calling for a ban on the export of satellite and missile technology, and increased funding for Radio Free Asia. As for Clinton's "three no" on Taiwan, Congress passed a resolution reaffirming that U.S. Taiwan policy remains unchanged. According to Doug Bereuter, chairman of the House International Relations, Subcommittee on Asia and the Pacific, these resolutions are designed to spell out congressional thinking on the Clinton administration's China policy or express congressional criticism of Chinese actions. More specifically, Bereuter said, these resolutions aim to: (1) state the "sense of Congress" on specific issues in the form of resolutions that are not legally binding; and (2) urge concrete U.S. measures against China, such as denial of visas to certain individuals engaged in religious repression.

The Clinton administration is fully aware of the presence of these domestic groups critical of China. In his briefing on June 19 prior to Clinton's visit to China, Stanley Roth, assistant secretary of state (East Asian and Pacific affairs), said the trip was aimed at educating the American public about what is happening in China, besides continuing and expanding the process of strategic dialogue. "A second objective," he said, "is to give the American people a better understanding of China and what is happening in China . . . By taking a nine-day trip, going to a number of different cities and locations, highlighting different aspects of Chinese life and society, the president hopes that the American public will have an opportunity to become much better educated about what is happening in China." In this regard, the Clinton administration stepped up PR activities to publicize the trip, not only through news briefings to reporters who accompanied the president, but also by providing

global access to its special Web site on the Internet. In this sense, the highlight of the summit meeting was the joint press conference, as it was with the previous summit. At the latest press conference sharp debates took place on such issues as human rights practices in China.

(5) Consideration for Regional Allies

Progress in Sino-American relations raised the need for the United States to consider its possible impact on U.S. allies in the region. The two countries are striving to promote relation toward a "constructive strategic relationship," although they recognize that they disagree on some fundamental values and principles. In doing this, the two sides understand that engagement of China is essential to maintain stability in East Asia. Clinton's nine-day visit to China was one of the longest foreign trips made by a U.S. president. During the summit meeting, held in the midst of Asia's financial crisis, Clinton welcomed Beijing's commitment to keep the exchange rate of the renminbi unchanged. At the same time, the summit called for Japan to take further action to revive its economy. In a July 3 speech in Hong Kong, the last leg of his China trip, Clinton reaffirmed that the U.S. alliances with Japan, the Republic of Korea, Australia, Thailand and the Philippines remain the cornerstone of U.S. security in Asia. He also maintained that U.S. military presence is essential to Asia's stability. In this connection, Secretary of State Albright emphasized anew during a stopover in Japan that the Japan-U.S. alliance is the linchpin of U.S. strategic policy in Asia. The improvement in Sino-American relations suggests that it is important for the United States to maintain dialogue with its allies on its China policy so that progress in their relations will not create the wrong perception among its Asian allies that the United States is trying to strengthen its China ties at their expense.

4. Efforts toward Stability in the Korean Peninsula

In its security policy, the United States sees North Korea as a threat in East Asia. It is primarily attributed to North Korea's alleged development of WMD and their delivery means. Nonproliferation is one of the highest priorities of U.S. security policy after the end of the Cold War. Preventing North Korea from developing nuclear weapons is part of U.S. efforts to reduce the threat from the North. In this regard, the North Korean nuclear program has been frozen under the Agreed Framework and the Korean Peninsula Energy Development Organization (KEDO), through which two light-water reactors are scheduled for construction in North Korea. However, the missile launch by North Korea on August 31, 1998 delayed a final agreement on the cost-sharing of the light-water reactor construction. Meanwhile, Congress is reluctant to approve the U.S. share of funding for KEDO. Under the Agreed Framework the United States is to supply 500,000 tons of fuel oil annually to North Korea. However, this plan faces funding difficulties because of congressional objections. Some members of Congress question the effectiveness of the Agreed Framework, partly due to North Korea's missile launch and construction of suspected nuclear underground facilities.

Another security problem in the Korean Peninsula is missile development by the North. The missile launch is taken as proof that North Korea maintains a high level of missile technology. Robert Walpole, the CIA national intelligence officer, states that North Korea is the most advanced among countries currently seeking to have ballistic missile capability. He says that the missile launch confirms their concern that North Korea is trying to acquire ICBM capability and that its missile program is progressing ahead of schedule. According to Walpole, the Taepo Dong 1 and Taepo Dong 2 were thought to be two-stage missiles. He notes, however, the Taepo Dong 1 used in the recent launch had a third stage. This shows, he says, that North Korea has succeeded at least at multi-

stage separation. A report released in July 1998 by the Commission to Assess the Ballistic Missile Threat to the United States, the congressional panel chaired by former Secretary of Defense Donald Rumsfeld, states that it is difficult to make a precise analysis of the long-range Taepo Dong 2 missile. However, the report makes a number of points regarding the state of its development. First, North Korea has a well-developed ballistic missile testing infrastructure. Second, if the missile system is already in place, a missile can be test-launched within six months of a relevant decision. Third, if North Korea concludes that it has made successful launching tests, it will be able to deploy missiles in a relatively short period of time. Fourth, missiles of this type can attack cities and military bases in most of Alaska and the smaller, westernmost islands in the Hawaiian chain.

According to the report, North Korea has already deployed medium-range No Dong ballistic missiles with a range of about 1,300 kilometers. The report states that North Korea has created a sizable missile production infrastructure and that a considerable number of No Dong missiles have already been produced. New missile-developing countries, it adds, are capable of accelerating their development programs because they are not following the pattern set by the United States and the former Soviet Union. In other words, these programs do not require high targeting precision, reliability and safety, nor do they involve many missiles. In fact, North Korea tested-launched its No Dong missile only once, in May 1993. Moreover, since the ballistic missile development program is based on the Scud missile of the former Soviet Union, it claims, North Korea was capable of test-launching a longer-range missile about five years after a relevant decision is made.

Still another problem with North Korea's missile development is the fact that the country has exported the missiles it has developed. Specifically, North Korea has exported Scud B and C missiles, and their parts, as well as their production technology, to such countries as Iran and Syria. The report, The Proliferation

Primer, released by Congress in January 1998 points out that the North Korean missile development program is motivated largely by a desire to earn hard currency and secure oil through missile exports to countries in the Middle East. Missile exports mean a great deal to North Korea's deteriorating economy, the report says, because the country is poor in natural resources and has few products to export. It believes that the country has earned about $1 billion in hard currency from missile exports during the past 10 years and that these foreign exchange earnings have helped to accelerate its missile development efforts. In response to these allegations, North Korea in June asserted the legitimacy of its missile development program and acknowledged that it has exported missiles to earn foreign exchange. Pyongyang took a tough stand on the matter, however, saying that if the United States demanded a halt to missile exports, North Korea would demand a lifting of the economic sanctions and compensation for losses that would arise from a discontinuation of such exports. The missile talks between the United States and North Korea were suspended after the second such meeting in June 1997. In early September 1998, however, immediately after the missile launch, the talks resumed. During the third meeting, which ended in failure, the United States called for North Korea to stop the development and export of missiles, but rejected the North Korean demand for compensation. North Korea, for its part, rejected foreign interference in its missile development program, saying that the country as a sovereign state has the right to defend itself. The two countries agree on the need to continue the missile talks, but it is unclear when the next meeting will be held.

5. Progress in Japan-U.S. Security Relations

Looking back to recent Japan-U.S. relations, economic issues have again loomed as the highest priority in bilateral relations amid the mounting monetary, financial and economic crises in East Asia, and the protracted slump in the Japanese economy. As a result, security issues have receded to the background. In contrast, U.S. demands on Japan regarding economic issues have become increasingly stringent.

The most important event in Japan-U.S. security relations was the formulation of the Guidelines for Japan-U.S. Defense Cooperation of September 1998. A high degree of transparency was maintained in the process of reviewing the Guidelines leading up to the final report so that countries in the region would fully understand the significance and objectives of the review. For example, an interim report was published three months before the final report. The two countries continued security dialogues with countries in the region, including China and South Korea, to convince them about the need to strengthen the Japan-U.S. alliance in the post-Cold War security environment of East Asia.

In a speech in Beijing in January 1998, Cohen sought Chinese understanding of the Japan-U.S. security arrangements and the Guidelines for Japan-U.S. Defense Cooperation, saying that the revised Guidelines jeopardize no one's interest. Elaborating on the objectives of the Guidelines, Cohen said they are not designed to isolate particular countries in the region, but are intended to expand stability for the benefit of all nations. To that end, he emphasized, maximum efforts were made to secure transparency in the review process by explaining the aims of the Guidelines to China and other countries in the region. Moreover, Cohen pointed out anew that "an important objective of the revised Guideline is to ensure that the United States is fully capable of meeting its security commitments to the Republic of Korea." Thus he paid regard to the position of China, which was increasingly nervous about the relationship between the Guidelines and Taiwan.

In September 1997, after approving the final review report, the Japanese government made a Cabinet decision titled "For Ensuring the Effectiveness of the Guidelines for Japan-U.S. Defense Cooperation." Subsequently, in April 1998, the government introduced to the Diet a Bill Concerning Measures to Secure

the Peace and Safety of Japan in Situations in Areas Surrounding Japan, an Agreement to Revise Acquisition and Cross-Servicing Agreement, and a Bill for Amending the Self-Defense Forces Law.

President Clinton's visit to Japan during the period from November 19 to 20 capped the past year's developments in Japan-U.S. relations. During the summit meeting which covered a broad range of subjects, the two countries reaffirmed the importance of the Japan-U.S. relationship not only in the bilateral context but from the standpoint of global contribution.

The new Guidelines and joint efforts based on them provide solid foundations for Japan-U.S. defense cooperation in a new age, making such cooperation more effective and thus increasing the credibility of the Japan-U.S. security alliance. The Bill Concerning Measures to Secure the Peace and Safety of Japan in Situations in Areas Surrounding Japan and other related bills are essential to secure the effectiveness of the new Guidelines. It is hoped that these bills, all of which are vitally important to the peace and safety of Japan, will be enacted or approved at an early date.