

## **CHAPTER 2**

### **Factors Regulating Security in the Asia-Pacific Region**

#### **Introduction**

This chapter takes a medium-range perspective to extract factors considered to have an effect on security in the Asia-Pacific region, and to examine the trends in those factors. First comes an examination of trends in states such as China or North Korea that may become sources of concern in relation to security in the Asia-Pacific region. Next is a look at energy issues and the effects of US-led efforts to deal with the expansion of terrorism and proliferation of WMD, followed by the outlook for engagement in the Asia-Pacific region by the United States, the sole superpower in the post-Cold War era, the outlook for a strategic agreement between China and Russia designed to constrict US power, and finally the outlook for bilateral alliances in the Asia-Pacific region that are anchored on the United States.

#### **A. The Rise of China, and Modernization of Its Armed Forces**

With China's rapid economic development and steady modernization of its armed forces in recent years, the question of where China is heading has fast become a factor affecting security in the Asia-Pacific region. The implications of the rise of China for security in the Asia-Pacific region must be examined from the two following perspectives.

First, hidden in the shadows of China's rapid economic development are problems with domestic instability that are actually worsening. In other words, it is feared that the growing gap between urban areas receiving the benefits of economic growth and rural areas that have been left behind could result in long-term destabilization of China's domestic situation. In addition, pursuit of economic policies in response to economic globalization is requiring implementation of reforms that will cause pain for various parts of the domestic economy, a situation that some observers say could lead to increased levels of dissatisfaction within the country.

Second is the enormous effect that expansion of China's defense budget and modernization of its armed forces, spurred on by the country's economic development, is having on the security environment in the Asia-Pacific region. In particular, concerns are being raised about the effects of China's modernization and reinforcement of sea and air power on security in the Asia-Pacific region.

### 1. China's Economic Development and Domestic Instability

The pace of China's economic development has been rapid, with the rate of GDP growth actually surpassing the government's planned pace for the two years of 2003 and 2004. Where the rate of GDP growth in 2003 was forecast to rise by 7.0% to 8.0% over the previous year, the actual rate was a 9.1% increase. And in 2004, the forecast rise of 7.0% was eclipsed by an actual increase of about 7.8% to 8.0%.<sup>18</sup>

Despite this high rate of economic growth, however, China's economy is faced with a number of structural problems. First, economic development is reliant on investment from foreign countries and exports. In 2003, 40% of the GDP growth was due to exports, and it has been revealed that more than half of all exports were made by enterprises that were recipients of investment from foreign countries.<sup>19</sup> China's economic development policy can be described as a combination of liberal policy encouraging expansion of exports and investment from foreign countries, and of tight government control. Since government control can imply protectionist tendencies, the possibility that China's economic growth policy will run into a deadlock in the long term cannot be denied.

Second, it is feared that the Communist Party's one-party dictatorship structure will hinder pursuit of the flexible policies needed in response to economic globalization. While China has generally abandoned the old Soviet Stalinist-style state planning methods, some have pointed out that mobilization of capital, labor, and resources to achieve dramatic economic growth without any increase in productivity is actually similar to the Soviet Union during the Stalinist era.<sup>20</sup> It cannot be denied that this characteristic of the political system could well become a hindrance to the Chinese economy's response to globalization.

Third is the fear that the widening internal economic disparity created by the economy's growth will lead to domestic instability. In particular, rural areas that have failed to benefit from the economic development are displaying increasing dissatisfaction, and promotion of reform policies are causing many workers at state-owned enterprises to lose their jobs, leaving workers in these sectors, as well, increasingly dissatisfied. About 75,000 demonstrations against the government are said to occur every year.<sup>21</sup>

Judging from the above factors, it would appear that the Chinese government policy of responding to economic globalization through promotion of economic development based on exports and investment from foreign countries may not necessarily be set on a firm foundation.

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<sup>18</sup> V.I. Merkurov, *Rossiia—ATR: Uzel Interesov* ("Russia - Asia-Pacific Region: A Base of Interests"), (Moskva: Akademicheskii Proekt, 2005), p.15.

<sup>19</sup> *Ibid.*, p.21.

<sup>20</sup> Hugo Restall, "India's Coming Eclipse of China," *Far Eastern Economic Review*, March 2006, p.13.

<sup>21</sup> *Ibid.*, pp.16-17.

## 2. China's Armed Forces Modernization Strategy

Aaron L. Friedberg, writing about the relationship between a nation's economic growth and its outward expansion, referred to Samuel Huntington to make the following argument. The outward expansions of Britain, France, Germany, Japan, the Soviet Union, and the United States always occurred during periods of rapid industrialization and economic growth for those particular nations. China has been in this stage of development since the end of the 1970s, and an understanding of the historical correlation between rapid domestic growth and outward expansion surely raises troubling issues about the direction of China in regards to stability in Asia.<sup>22</sup> The armed forces modernization seen in China in recent years is already becoming a matter of debate regarding what its strategy and objectives are, and a major source of concern for the security of surrounding nations.

Modernization of China's armed forces is not being promoted solely to strengthen sea and air forces in preparation for a hypothetical crisis in the Taiwan Strait. Rather, one important objective is to strengthen ocean-going forces in order to secure marine resources and other marine economic interests, and to ensure the safety of sea lanes used for seaborne transport of energy.<sup>23</sup> This strategy to strengthen ocean forces can be traced back to the 1980s, when Liu Huaqing, then head of the Chinese Navy, broke with the long-standing coastal defense strategy laid down by Mao Zedong to argue for an offshore active defense. Admiral Liu's active defense strategy followed the precepts for naval strategy laid down by Alfred Thayer Mahan, and was designed to expand Chinese control of East Asian seas.<sup>24</sup> Admiral Liu's concept for the active defense strategy consisted of three stages. The first stage was to build up naval forces sufficient for control of the sea region bounded by the First Island Line stretching from the southern tip of Japan through Taiwan as far as the Philippines. The second stage aimed to extend control further eastward, to obtain control of the sea region bounded by the Second Island Line stretching from the Kurile Islands through Japan as far as the Marianas and Caroline Islands. The third and final stage was to be achieved by the year 2050, when China would build an ocean-going navy rivaling the US Navy, complete with aircraft carriers and the latest weapons systems.<sup>25</sup>

Later on, however, this three-stage ocean strategy was revised, and the focus of Chinese strategy was shifted to the south. This change was fueled by China's transition to an oil-importing nation after 1993, which heightened for China the strategic importance of the

<sup>22</sup> Aaron L. Friedberg, "Ripe for Rivalry: Prospects for Peace in a Multipolar Asia," *International Security*, Vol. 18, No. 3 (Winter 1993/1994), p. 16.

<sup>23</sup> In particular, the Chinese build-up of naval forces is showing signs of moving away from a defensive posture to an active defense strategy that looks toward the safeguarding of maritime rights. Rajan Menon and S. Enders Wimbush, "Asia in the 21<sup>st</sup> Century: Power Politics Alive and Well," *The National Interest*, Spring 2000, p. 83, and J. Marshall Beier, "Bear Facts and Dragon Boats: Rethinking the Modernization of Chinese Naval Power," *Contemporary Security Policy*, Vol. 26, No. 2 (August 2005), pp. 287-316.

<sup>24</sup> Toshi Yoshihara and James Holmes, "Command of the Sea with Chinese Characteristics," *Orbis*, Fall 2005, pp. 680-681.

<sup>25</sup> *Ibid.*, p. 681.

sea lanes used for maritime transport of energy from the Middle East.<sup>26</sup> With China's continuing economic development, the government became acutely aware that prosperity for the people was an essential element in maintaining the legitimacy of the Communist Party system, and ensuring stable supplies of energy resources became increasingly important. Control of the sea lanes within the First Island Line is essential in order to ensure the safe arrival at the China mainland of ships sailing from the Persian Gulf, across the Indian Ocean, through the Malacca Straits, and across the South China Sea. In this strategy, control of the Taiwan Strait is particularly important. China's leadership understands that China cannot truly ensure control of the coastal regions essential for China's development as long as control of Taiwan is not secure.<sup>27</sup> The strategic objective of the Chinese Navy over the next 10 years is said to be to establish absolute superiority over sea regions up to 500 nautical miles from the coast.<sup>28</sup> This line of thinking among China's leadership hints that the focus of China's armed force modernization is on Taiwan.

### 3. Russian Arms Exports to China

With the countries of the world focused on China's economic development, Russia is also watching this development, in its role as the biggest exporter of arms to China. From Russia's perspective, an unabated continuation of China's economic development could lead to the emergence of a superpower next door. Moreover, even supposing that this result is still many years off, Russia can expect for the time being to see continued expansion of arms exports to China during the period of economic development. This is important when viewed from the perspective of Russian economic recovery. For China as well, imports of advanced weapons from Russia are essential for promoting the modernization of its armed forces, and cooperation between China and Russia in military technology has grown stronger in line with the China-Russia strategic partnership that has been developing since the 1990s. Russia has strengthened its defense industry under the Putin administration. The policy is based on the idea that maintenance of defense industry R&D and production capabilities is essential for maintaining the nation's defense capabilities.<sup>29</sup>

Russia has preserved a cautious stance toward the export of arms to China that could boost China's ground force capabilities. This is because Russia does not want the military threat from China to grow too strong along its 4,300-kilometer land border with that country.

On the other hand, however, since expansion of China's sea power is not viewed by Russia as constituting a direct increase in the threat to itself, Russia is willing to export

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<sup>26</sup> *Ibid.*, pp.682-683.

<sup>27</sup> *Ibid.*, pp.686-687.

<sup>28</sup> *Ibid.*, p.687.

<sup>29</sup> For recent trends in Russia's defense industry, see V.M. Burenok, G.B. Babkin, A.A. Kosenko, "Oboronno-promyshlennyi kompleks: Sostoyanie i perspektivy razvitiya (Military-Industrial Complex: Current situation and perspective of development)", *Voennaya Mysl'*, No.6, 2005, pp.34-41.

weapons that help to modernize the Chinese Navy.<sup>30</sup>

Moreover, behind the drive to export fighter aircraft such as the Su-27 and Su-30 lies the fact that cities whose economies rely heavily on companies engaged in the manufacture of fighter aircraft for export to China tend to be concentrated in the Russian Far East. Out of the 89 federal entities existing in Russia, 32 federal entities are home to a total of 129 cities that are reliant on the defense industry, some of which rely on the income of a single company for more than 70% of their city finances.<sup>31</sup> This Russian reliance on arms exports in its economic structure tends to encourage expansion of arms exports to China.

One reason for Russia's expansion of arms exports can be traced to the economic chaos that was stifling Russia's own defense budget. The Russian armed forces were incapable of increasing placement of orders with the defense industry which, if it was to survive, was left with no choice but to find a way to export arms to other countries. The Russian government's policy in recent years had been to put more emphasis on research and development, with large-scale orders for the defense industry to commence again from 2006 or 2007.<sup>32</sup> Now, however, the Russian defense budget is growing again and defense orders are rising, and the upward trend in arms exports to China may not be sustainable for very long.

#### 4. Implications for Security in the Asia-Pacific Region

Even if expanding arms exports from Russia to China does not increase the Chinese military threat for Russia, expansion of Chinese sea power and air power cannot be considered desirable for the security of Japan or the East Asia region.<sup>33</sup> Although broader military technological cooperation between China and Russia can be promoted as one aspect of efforts to sweep away mutual distrust between the two countries, the results of such cooperation should not be allowed to give rise to security concerns in other countries or to become threats to security.

The joint declaration for the Japan-US Security Consultative Committee meeting of February 2005 (the so-called "2+2" Meeting) set out joint strategic goals for Japan and the United States. In this declaration, the two countries touched on the Taiwan issue for the first time in a joint official document, calling on China to seek a peaceful resolution to the issue. The declaration also mentioned the modernization of China's armed forces, issuing a call for the Chinese government to show more transparency in regards to its military forces.<sup>34</sup>

As can be seen, US concerns about security in East Asia are clearly focused on China.<sup>35</sup>

<sup>30</sup> Beier, "Bear Facts and Dragon Boats: Rethinking the Modernization of Chinese Naval Power."

<sup>31</sup> Merkurov, *Rossiya—ATR: Uzel Interesov*, pp.319-325.

<sup>32</sup> Regarding this point, the report by the Swedish Defense Research Agency, *Russian Military-Technological Capability*, is particularly useful. ([http://www.foa.se/english/rapporter\\_manuella\\_en/1042631867.html/](http://www.foa.se/english/rapporter_manuella_en/1042631867.html/)).

<sup>33</sup> Although China's armed forces are progressively being modernized, some observers believe that weapons quality in China remains far behind the level of advanced industrialized countries.

<sup>34</sup> [http://www.mofa.go.jp/mofaj/area/usa/hosho/2+2\\_05\\_02.html](http://www.mofa.go.jp/mofaj/area/usa/hosho/2+2_05_02.html).

<sup>35</sup> On March 27, 2006, when Yoshiaki Sakaguchi visited the Indian Institute for Defense Studies and

The US East Asia maritime strategy is founded on the idea of preventing the rise of nations that are hostile to the United States. In this regard, Japan, a US ally, and Russia, China's strategic partner, should strive to strengthen their respective relationships with China so that they can assume roles that will help the United States and China to avoid a critical confrontation, which would certainly contribute much to the peace and stability of East Asia and the Asia-Pacific region.

## **B. The North Korea Situation**

North Korea, which aims for "strong and rising great power" status, is a "military-first government" where the state administration is focused on strengthening the army and relies on the army for its existence. North Korea has long pursued the goal of nuclear deterrence, and the Kim Jong Il government has maintained those goals. In addition, North Korea continues to hold the idea that nuclear development is an effective tool for diplomatic negotiations with advanced nations.<sup>36</sup>

At the Fourth Round of the Six-Party Talks held in Beijing from September 13 to 19, 2005, an agreement was reached between all participants on the goal and principle of denuclearization of the Korean Peninsula. However, the specific methods and procedures for achieving this were left to future discussion. Although North Korea in the joint statement committed to "abandoning all nuclear weapons and existing nuclear programs," there is a huge disparity between how the United States and how North Korea interpret the specific content of this statement. Furthermore, there is an enormous gap between the United States and North Korea on the interpretation of the most specific item in the joint statement, to "discuss, at an appropriate time, the subject of the provision of a light water reactor" to North Korea. As has been seen by the process since the Framework Agreement of 1994, some observers believe that North Korea intends to use the issue of provision of a light water reactor as a stalling tactic in the Six-Party Talks, to drag out the process until the US presidential election of 2008.<sup>37</sup>

The United States currently has its hands full with the Iraq problem and the Iran nuclear problem, and the agreement at the Fourth Round of the Six-Party Talks was probably backed by a corresponding urgency to seek a resolution to the North Korean nuclear issue through negotiations. Russia, one of the participants in the Six-Party Talks, believes that the

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Analyses (New Delhi) for an exchange of opinions on the topic of "Implications for East Asia of China's Rise," he was asked if the US military realignment and the stronger Japan-US alliance was targeted at China. Sakaguchi believes that this question was framed in the context of India's own enhanced cooperative relationship with the United States of recent years, and that India is probably wondering what sort of role it should play in the US policy toward China.

<sup>36</sup> Menon and Wimbush, "Asia in the 21<sup>st</sup> Century: Power Politics Alive and Well," p.82.

<sup>37</sup> Yoichi Shimada, "Kita Chosen Mondai to Busshu Seiken (The North Korea Issue and the Bush Administration)," *Kaigai Jijo*, December 2005 issue, pp.31-33.

possibility of US armed intervention cannot be completely ruled out.<sup>38</sup> What Russia fears is an Iraq-type scenario where the United States disarms Pyongyang, which would give the United States decisive control of the Asian region and bring US forces with their high-performance weapons right up to the China-Russia border. In order to avoid this scenario, Russia wants to use the framework of the Talks to resolve the North Korean nuclear issue, and also seeks to promote reforms in North Korea, activate the North Korean economy, and stabilize the North Korean government system. For Russia, which wants to participate in the economy of the Asia-Pacific region, a destabilized Korean Peninsula is a worst-case scenario that must be avoided at all costs.

North Korea has apparently exported ballistic missiles to Middle Eastern countries and elsewhere as a way to procure foreign capital, and this proliferation of ballistic missiles from North Korea has become a threat to regional and international security. Moreover, North Korea appears to have used the nuclear black market operated by Dr. Abdul Qadeer Khan of Pakistan to obtain nuclear technology, and North Korea apparently reciprocated by sending missile technology to Pakistan. This black market is also believed to have contributed to Iran's nuclear development. Iran's missile development uses both Russian and North Korean technology, and it is believed that Iran at one time even attempted to purchase nuclear weapons from Kazakhstan.<sup>39</sup> What these facts show is that a number of different actors have been involved in some way or another in nuclear proliferation in the Middle East region. Moreover, considering that North Korea's missile technology is actually derived from the former Soviet Union, Russia should be assuming a correspondingly serious role in the international cooperation efforts to avoid destabilization of the Middle East region.

### C. Energy Issues

With energy demand rising in the East Asia region, competition for acquisition of energy resources is heating up. In particular, increased energy demand in China is stoking up this competition. The Chinese government believes that now is a strategic opportunity for creating an environment toward achievement of "complete prosperity" (bringing all the people up to a reasonable economic standard) in 10 to 20 years. In other words, China has set economic development as its main goal for the years up through 2020, and at the same time intends to make maximum use of the opportunities afforded by this economic development to expand its influence. For China, securing the energy resources needed to drive this economic development is the most important issue of all.

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<sup>38</sup> On October 3, 2002, when Yoshiaki Sakaguchi visited the Institute of World Economy and International Relations (Moscow) for an exchange of opinions regarding Russian evaluation of US policy in East Asia, the Russian participants asserted that the Neo-Con faction in the United States includes the use of armed force for regime change in North Korea among the US range of options.

<sup>39</sup> *Mainichi Shimbun*, March 4, 2006 issue.

China currently positions oil and other major energy resources as strategic goods for national security. Even as oil production within China is stagnating, consumption of oil is expanding rapidly in line with the country's economic growth. In 2004, China's oil consumption volume rose to the No.2 rank in the world.<sup>40</sup> It is this background that has led the Chinese government to seek stronger economic relationships with countries in the Middle East, Africa, and Latin America, and to decide that it needs to approach such countries as Iran, Sudan, and Venezuela. Furthermore, China has been enthusiastic in its efforts at energy cooperation with Kazakhstan and other countries in Central Asia. But there is a chance that China's aggressively outward-looking energy strategy could lead to friction in the future with such countries as the United States or Russia, which have their own interests in the energy resources of these various regions.<sup>41</sup>

From the perspective of security in East Asia, the possibility of a confrontation between China and Russia over oil interests in Kazakhstan is attracting attention as a possible negative element for the future of the China-Russia strategic partnership. At present, a pipeline linking Alashankou in China to Atasu in Kazakhstan has been opened, so that only about 1,000 kilometers remains for China to complete an access route to the Caspian Sea oilfields. Behind the development of energy cooperation between Kazakhstan and China lies a calculation by the Kazakhstan government to play a diplomatic card against Russia and escape from that country's complete dominance over its oil exports. At any rate, China's economic advance into the Central Asia region is not necessarily viewed with favor by Russia, and this may lead to deterioration in the relationship between Russia and China in the future.<sup>42</sup>

The activity of Chinese ocean survey vessels searching for resources in waters near Japan has sparked a new point of conflict between Japan and China. As already mentioned above, China is said to be putting emphasis on modernization of its navy in order to ensure access to marine resources and to ensure the security of its seaborne energy transport routes.<sup>43</sup>

China, Japan, and the other nations of East Asia are largely dependent on outside sources such as the Middle East for their energy requirements. In order to reduce this over-dependence on certain regions for energy, these countries need strategies for diversification of energy import sources. On this point, the countries of the region share a certain degree of awareness about the importance of increasing energy cooperation with Russia, a great resource power. The countries of the region also share a common interest in ensuring the security of seaborne energy transport.

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<sup>40</sup> Seiichi Nakajima, "Chugoku no Shigen Senryaku (China's Resource Strategy)," *Kaigai Jijo*, October 2005 issue, pp.93-96.

<sup>41</sup> Menon and Wimbush, "Asia in the 21<sup>st</sup> Century: Power Politics Alive and Well," p.83.

<sup>42</sup> For the development of energy cooperation between China and Kazakhstan, and the reaction from Russia, see Tsutomu Toichi, "Kazafu ni Miru Chuo Ajia Shin Paipurain Chiseigaku (New Pipeline Geopolitics in Central Asia as Seen in Kazakhstan)," *Foresight*, February 2006 issue, pp.14-15.

<sup>43</sup> Menon and Wimbush, "Asia in the 21<sup>st</sup> Century: Power Politics Alive and Well," p.83, and Yoshihara and Holmes, "Command of the Sea with Chinese Characteristics," pp.680-687.



## D. The United States and the War on Terrorism

### 1. Expansion of Terror after the Cold War

The trend toward increased international terrorism was already underway well before the events of September 11, 2001. For example, in the 20 years between 1968 and 1988, there were 35,150 incidents of terrorism recorded worldwide. This represented an average of 1,673 incidents per year. By contrast, there were 30,725 terrorist incidents around the world in just six years from the end of the Cold War in 1990 to 1996, for an average of 4,389 incidents per year.<sup>44</sup> A comparison of these figures reveals an abrupt increase in terrorism after the end of the Cold War. Why was there such a sudden increase in terrorism at this time? The causes can be summarized in three main points.<sup>45</sup>

First, frequent outbreaks of conflicts based on ethnic and religious differences following the end of the Cold War led to an accompanying rise in race- and religion-based terrorism. Moreover, the terrorism accompanying these conflicts was not only more frequent than before, the scale of the terror also worsened, as seen in the number of victims in the former Yugoslavia and other parts of Eastern Europe.

Second was the increase in terrorism by militant Islamic extremist forces. This terrorism increased in frequency and at the same time became much more widespread. Terrorist incidents of this nature have occurred in Western Europe, the United States, and Israel, as well as in Lebanon, Saudi Arabia, and other Middle Eastern countries, and have even extended to India and the southern Philippines, bringing South Asia and Southeast Asia within its reach. Major terrorist attacks directed at the United States alone have included the bombing of the New York World Trade Center in 1993 (six dead, 1,000 injured), the bombing of the Khobar Towers housing complex in Saudi Arabia in 1996 (19 dead, over 500 injured), and the bombings of the US embassies in Kenya and Tanzania in 1998 (240 dead, 1,700 injured).

Third is the appearance of terrorism by ordinary citizens who are not professional terrorists. An important background cause is the spread of the Internet, which has made it easier for ordinary people to obtain information about terrorism.

As the above points show, the events of September 11, 2001 occurred in an atmosphere of increasing levels of terrorism since the end of the Cold War.

### 2. The US War on Terrorism, and Allied Countries

Since the events of September 11, 2001, the United States, in its pursuit of a global war on terrorism, has been promoting a military transformation to create armed forces capable of

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<sup>44</sup> Chalk, *Non-Military Security and Global Orde: The Impact of Extremism, Violence and Chaos on National and International Security*, (Macmillan Press LTD, 2000), pp.15-16.

<sup>45</sup> *Ibid.*, pp.16-25.

rapid response to diverse situations that may occur in various regions.

The US military transformation has had a massive effect on the security policies of its East Asian allies of Japan and South Korea. From the perspective of ensuring a firm deterrent force against such traditional threats as the North Korean nuclear threat, Japan and South Korea need to strengthen their alliance relationships with the United States. As the United States promotes a review of its global military stance, the positioning and role of US forces in Japan and South Korea has also been diversified. In this situation, unless Japan and South Korea move to strengthen their own defense efforts, and take stances that allow rapid cooperation in the War on Terror now being prosecuted by the United States, proper maintenance of the alliance relationship with the United States will be difficult.

The New Defense Guideline adopted in December 2004 sets out a policy that, in addition to territorial defense, puts emphasis on international peace cooperation as a mission for the Self-Defense Forces for stabilization of the international strategic environment. In other words, this means that the positioning of non-traditional missions has become relatively higher among the armed force roles.

While promotion of international peace cooperation will require improvement in areas such as long-range transport capability where Japan has not been strong before, this could raise concerns among Japan's neighbors. As a result, smooth promotion of international peace cooperation actually needs maintenance of stable relationships with neighboring countries. In other words, although the Japan-US alliance is the main strategic axis, establishment of a multilateral security structure that includes stable security relationships with China, Russia, and others, will also help promote smooth operation of the Japan-US alliance.<sup>46</sup>

## **E. US Unilateralism, and China and Russia**

The United States' unilateralist behavior and moves to strengthen its alliances have led to increasing alarm in the region's major powers of China and Russia. Certainly, it is true that both Russia and China share the US awareness of the threat posed by Islamic extremism since the events of September 11, 2001, and both countries have shown a cooperative stance in the US-led war on terror. The fact that US forces were able, as part of the War on Terror, to obtain approval for bases in the Central Asia region, where both Russia and China have deep national interests, shows the extent of their cooperative stance toward the United States.<sup>47</sup>

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<sup>46</sup> For this issue, see Kaneko, Sakaguchi, and Mayama, "Japan's Security in the Changing Eurasian Strategic Environment," pp.33-37.

<sup>47</sup> For a survey of the current state and future outlook of relations between the United States, and Russia and China since the events of September 11, 2001, see Yoshiaki Sakaguchi, "Beikoku Doji Tahatsu Tero Jikengo no Beiro Kankei to Yuurashia no Senryaku Kankyo (US-Russia Relationship after the Multiple Terrorist Attacks on the United States, and the Strategic Environment in Eurasia)," *Boei Kenkyujo Kiyo*, Vol.6, No.3, March 2004, pp.87-97.

Recently, however, some changes have begun to appear in this stance. In late August 2005, China and Russia engaged in their first-ever large-scale joint military exercise, "Peace Mission 2005," which plainly had the United States in mind. Moreover, a summit meeting of the SCO held in the preceding month of July issued a statement calling on the United States to clarify the timing for withdrawal of US forces from Central Asia. The relationship between these major powers — the United States vis-à-vis China and Russia — is one factor that has a large impact on security in East Asia.

While the United States and China are becoming increasingly interdependent in economic areas, the Taiwan issue continues to be a major source of concern between the two countries. In addition, the United States views China as an economic rival, and can be expected to apply various forms of pressure in the future. There are also issues such as human rights and democratization that are related to differences in political systems, which tend to put limits on the US-China relationship. The *Military Power of the People's Republic of China (2005 Edition)* prepared by the US Department of Defense notes that China's behavior toward other countries now has the capability in terms of economic and political power of having an effect on a worldwide scale, and warns that China is turning its diplomatic efforts toward creation of a framework in the Asia-Pacific region that excludes the United States.<sup>48</sup>

Meanwhile, the relationship between the United States and Russia improved remarkably after the events of September 11, 2001, with Russia moving closer to the United States and putting more emphasis on relations with the West. Recently, however, the cooperative relationship after the events of September 11, 2001 has begun to show signs of weakening in the face of a deteriorating strategic environment around Russia, as evidenced by NATO's eastward expansion into the former Soviet zone to encompass the three Baltic republics, and by the string of democratic revolutions in Ukraine, the Caucasus, and Central Asia.

While the leaders of both China and Russia undoubtedly share a determination to strictly observe the direction and principles of their Treaty for Good Neighborliness and Friendly Cooperation, no matter what the changes in the international situation, and no matter what changes may occur in China and Russia, and to unceasingly promote and expand their strategic cooperation partnership, filling out and deepening their relationship as new conditions unfold, it must be pointed out that a variety of problems could hinder future development of the China-Russia relationship. Many people in Russia's Far East region harbor strongly held ideas about an imminent China threat and, with the exception of the arms trade, the economic and trade relationship between the two countries, and the level of mutual investment, has never been very high.<sup>49</sup>

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<sup>48</sup> Office of the Secretary of Defense, *Annual Report to Congress, The Military Power of the People's Republic of China 2005*, Chapter 1.

<sup>49</sup> Yoshiaki Sakaguchi and Katsuhiko Mayama, "Significance of the War in Kosovo for China and Russia," *NIDS Security Reports*, No.3 (March 2002), pp.20-22.