

East Asian Strategic Review 1997-1998

1. Objective

The worldwide East-West confrontation with the background of ideological differences has come to an end. Today we are in the midst of an era when security concerns are regionalized. Religious and territorial issues, which had been contained during the Cold War era, are emerging as a source of conflict. It can be said that maintenance of regional security has become more complicated. Under such conditions, the Defense Agency is making efforts to promote security dialogue with neighboring countries and we need to deepen the understandings of strategic environment and regional situations in East Asia each other. In this regard, the National Institute for Defense Studies(NIDS) began to publish the *East Asian Strategic Review 1996-1997* last fiscal year. The second edition, the *East Asian Strategic Review 1997-1998* is to be translated into English by the end of March. English version will be sent to research institutes in various countries.

2. Characteristics

The *East Asian Strategic Review* is the annual report on the security situations in East Asia from the perspective of researchers who specialize in security and regional studies at NIDS. It does not represent the views or opinions of the Japanese government or the Defense Agency.

3. Abstract

The East Asian Strategic Review 1997-1998 consists of six chapters including overview. It covers the period from September 1996 through August 1997 and also refers to the major events which happened up to the end of 1997 briefly.

(1) *Overview* illustrates the general characteristics of the security situations in East Asia.

(2) *Chapter 1* discusses security issues and events which affect the security of the entire region such as new development of relations among major powers, namely Japan, the United States, China and Russia. This chapter also analyzes the implications of the Korean Peninsula issue on regional security, and introduction of the new Guidelines for Japan-US Defense Cooperation.

(3) The following chapters respectively analyze situations on the Korean Peninsula, in China and Russia, and US security policy toward East Asia in detail.

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"East Asian Strategic Review 1997-1998"

Summary

Preface

East Asia Strategic Review 1997-1998 is the second annual report on the security situation in East Asia from the perspective of researchers who specialize in security and regional studies at the National Institute for Defense Studies. Note that it does not represent the views or opinions of the Government of Japan or the Defense Agency. There is a growing recognition in post-Cold-War East Asia that security dialogue and confidence building with other countries in the region is an important step in the direction of promoting regional peace and stability. Meanwhile, despite the fact that Japan is involved economically, politically and in security issues on a global scale, it has relatively few research institutes covering security or national defense issues. This is why Japan supplies little analysis of security issues to other countries. The group of writers involved in the preparation of this report hope that it might contribute in some way to security dialogue and confidence building in East Asia.

Originally this report was only intended to cover the events for the one year period up to the end of August 1997 as well as the 15th National Congress of the Communist Party of China and the announcement of the new Guidelines on defense cooperation between Japan and the United States, both planned for September. However, a number of important events related to the region's security transpired as the report was being edited, including Kim Jong Il's accession to the position of General Secretary of the Workers' Party in North Korea and the holding of summit meetings between the United States and China, Japan and China, Japan and Russia and China and Russia at the end of October and into early November. Therefore, an additional effort was made to include these events in this text even though the references are limited to factual information. A more thorough treatment of the fall 1997 events will be provided in the next edition.

This book does not have a chapter devoted to Southeast Asia. Instead the situation in Southeast Asia is given slightly more detailed consideration in the overview and Chapter 1 provides an analysis of the issues surrounding the domestic upheavals which took place in Cambodia in the summer of 1997.

The region name "East Asia" is used in official documents and other types of publications to have generally the same meaning as "Asia Pacific." For the purposes of this book, the term "East Asia" is universally applied.

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Overview

Amidst efforts to establish a new world order in the wake of the Cold War, the North Atlantic Treaty Organization (NATO) and the security relationship between Japan and the United States remain essential vehicles for security in Europe and East Asia, respectively. Since mid-1996, NATO expansion has been accepted in principle, and the 1978 Guidelines for U.S.-Japan Defense Cooperation have been reviewed. The United States continues to play a large role in maintaining regional security in both Europe and East Asia. This is especially true in the case of East Asia. In Europe, there are numerous multilateral organizations with many areas of overlapping jurisdiction. In addition to NATO, there are also the Organization for Security and Cooperation in Europe (OSCE), the Western European Union (WEU), the European Union (EU), and others. These organizations are working in complementary fashion to build a regional security apparatus, but East Asia does not have a single multilateral organization for regional security. For this reason, relationships with major powers in East Asia are extremely important for regional security.

While these key countries hold each other in check, there has been a clear trend since the spring of 1996 toward improved relations. Although the Taiwan Strait Crisis of March 1996 heightened tensions between the U.S. and the People's Republic of China, the U.S., nevertheless, believes it is necessary to integrate China, which is increasing its influence upon security in East Asia, into the international community as a constructive member. As for China, although its growing power has given it increased confidence, the need for economic development means that it cannot be heedless of its economic and trade relations with the United States. Against this backdrop, the U.S. and China have both taken steps to improve relations. Japan and China, with an eye to the 25th anniversary of the resumption of diplomatic relations in 1997, began seeking in autumn 1996 to improve a relationship that had grown cool.

At the same time, however, economic development has given China confidence. It is opposed to the continuation of the U.S.'s great influence in East Asia, and is wary of the increased political and military influence that Japan might gain from its alliance with the United States. Concurrent with its moves to improve ties with the U.S. and Japan, China has also entered a "strategic partnership" with the Russian Federation, and these two countries have taken a similar stance on "opposition to hegemonism." China's criticism of the reviewed Guidelines is also thought to be a reflection of China's basic foreign policy. As for Russia, its efforts to improve and stabilize relations with China and other countries to the east of it is thought in part to be a response to the eastward expansion of NATO. Russia's diplomatic policies are difficult to read, however. While establishing a strategic partnership with China, it has also maintained a positive

attitude toward the close relationship between the U.S. and Japan.

Thus, the quest for a balance of power is beginning to tinge relations between the major powers of this region—Japan, the U.S., China, and Russia. All these countries are seeking improved relations even as they work to hold the others in check. As a result, in order to maintain a stable security environment in East Asia, it is now more necessary than ever for the major powers in this region to engage in security dialogues with each other and make efforts to build confidence.

It is imperative for the sake of peace and stability in East Asia that stability be achieved on the Korean Peninsula, where military tensions continue to run high. The principal key to success lies with North Korea, which has long used the unpredictability of its actions and the intransparency of its internal situation as a foreign policy tool. In the last year, however, North Korea's foreign policy has revolved around efforts to obtain food to deal with an increasingly severe food crisis.

As Southeast Asia undergoes economic growth, the Association of South-East Asian Nations (ASEAN) is pushing for regional integration in an effort to assume greater weight in the international community. Toward this end, ASEAN followed up on the admission of Vietnam in 1995 by working to include the remaining Southeast Asian nations in an ASEAN 10 by the end of 1997. On the one hand, by admitting politically unstable and economically underdeveloped countries to ASEAN and including them in the region's wave of economic development, the region could possibly have gained greater stability as well as enhanced political and economic potential. On the other hand, the admission of such countries might also have imposed an increased burden upon ASEAN members. This fear was realized when internal strife resumed in Cambodia just as the ASEAN 10 was on the verge of becoming a reality.

The cause of Cambodia's internal conflict was the breakdown of its unique system of dual prime ministership. The current regime in Cambodia at first opposed any "interference" by the international community at the outbreak of the conflict. However, the international community, which had restored the Cambodian government through United Nations peace-keeping activities, was outraged by this stand and induced them to accept the settlement offered by the United Nations. As a result, the current regime is now being called upon to carry out fair and democratic elections in 1998.

The monetary crisis that began in Thailand in July 1997 quickly threw a pall over the economic development of all ASEAN members. Prior to the crisis, some security analysts had pointed out that the growing amount of arms transferred into the ASEAN countries might provoke instability in the region. The source of concern has shifted since then. Today the international community is worried that the downturn in the ASEAN economies might deteriorate their domestic stability and regional security.

1. Korean Peninsula — Continuation of Intermittent Talks

On the Korean Peninsula, while the concerned parties have shown occasional signs of willingness to achieve progress in talks, the tense standoff continues, fueled principally by the actions of North Korea.

In North Korea, food shortages have been exacerbated by the combination of a continuing economic recession, a series of natural disasters, and failed agricultural policies. International organizations have concluded that the government's ability to supply food to average citizens falls far short of what is needed for survival and that the country is "on the verge of famine." This situation may have weakened the government's ability to control North Korean society, as witnessed by an increasing number of defectors, including high ranking government officials.

Although Kim Jong Il did not become General Secretary of the Workers' Party of Korea or President until three years after the death of Kim Il Sung, he has, nevertheless, acted as the nation's supreme leader and used the military to maintain control over the system. In addition to frequent visits and guidance given to military units and the use of promotions to control the military, Kim Jong Il is mobilizing military personnel to alleviate the country's economic ills and carrying out indoctrination work among the people at large. While the role of the military in North Korean society has grown, it appears that Kim Jong Il is also working through Party channels to control it.

Diplomatically, North Korea has sought to maintain its system by improving relations with the U.S. and obtaining food aid from the international community. It has continued, however, to refuse direct talks with South Korea. "The submarine incident" of September 1996 caused increased tension in North-South relations, but the mediation of the U.S. led to a preparatory meeting for "the four-party talks" in August 1997. These preparatory talks were attended by North and South Korea, together with the U.S. and China. The meeting could be described as a North-South dialogue brought about by the U.S., with China playing a coordinating role. North Korea, however, is demanding large-scale food aid and the inclusion in the talks of the withdrawal of U.S. forces from South Korea. Although the four-party talks were held in December, the road ahead is not expected to be an easy one. Since August, North Korea has shown a positive attitude toward improvement of relations with Japan.

In spite of its economic distress, North Korea continues to strengthen its armed forces and engage in shows of force. This is a cause of grave security concerns in South Korea and neighboring countries. Furthermore, North Korea has a tendency to use military provocation as a diplomatic bargaining chip, and there is worry that such provocations could lead to the accidental eruption of hostilities. The submarine incident

served to underline the need for détente on the Korean Peninsula.

In South Korea, democracy has taken root and the level of economic development now places the country among the ranks of developed nations. Nevertheless, the past year has seen a string of bankruptcies by large corporations and other signs of a flagging economy, and the approaching end of the president's term in office has weakened the current government. In addition, revelations of illegal financial contributions from South Korea's chaebol (conglomerate) have prevented President Kim Young Sam from exerting any influence over the selection of a ruling party candidate for the next presidential election. This has further intensified political instability.

South Korea's diplomatic activities have been devoted almost exclusively to the effort to gain the cooperation and understanding of the U.S., Japan, and China in dealing with North Korea. Although South Korea succeeded in bringing about the four-party talks, it has yet to achieve its number one goal, which is to carry out official bilateral talks with North Korea. The latter continues to spurn all overtures toward this end.

With respect to the country's defense posture, South Korea is working to deter North Korea through military modernization and maintenance of its alliance with the United States. Military modernization efforts are focused primarily on the navy and air force. The country is now working, for example, to procure a new main jet fighter and submarine. South Korea maintains a close relationship with the U.S. based on the Mutual Defense Treaty, carrying out joint military exercises. The two countries do have differences, however, especially regarding South Korea's efforts to develop long-range missiles. In an effort to diversify its arms sources beyond the U.S., South Korea is also seeking to make purchases from such countries as Russia and France. Even as it modernizes its military forces, South Korea is also working to carry out confidence building measures with neighboring countries.

2. China — Concentrating on Internal Affairs

A number of historical events, especially the death of Deng Xiaoping and the reversion of Hong Kong to Chinese sovereignty, kept the Chinese people focused on the home front during the past year. The 15th National Congress of the Communist Party of China (CPC), held in September 1997, saw the Jiang Zemin administration take new steps in preparation for the coming 21st century. Unlike 1996, which was rocked by the Taiwan Strait Crisis, domestic political stability took top priority, and the country's diplomatic activities were marked by relative caution. For China, it was a year for looking inward.

The reversion of Hong Kong to Chinese sovereignty on July 1, 1997 was a major historical event for China. Around the time of the reversion, nationalist sentiment ran high throughout China. In substantive terms, the significance of the reversion of Hong Kong lies in the forging of a stronger linkage between the Chinese and global economies, and an increased necessity for China to act in coordination with the international community.

National reunification, especially with regard to Hong Kong and Taiwan, has been on China's political agenda ever since the founding of the People's Republic of China. It is a key objective of the Chinese government to regain all the territories which were originally part of China but are not now ruled by the central government. Macao is scheduled to revert to China in 1999, but there has been no major progress on the issue of Taiwan. The strength of nationalist sentiment in China has served to rally the support of the Chinese people for the CPC Central Committee, but there has been a notable upsurge of separatism and independence movements among ethnic minorities in China's border regions.

On another front, Deng Xiaoping, who had given his powerful backing to the Jiang Zemin administration, passed away last year. This made it necessary for General Secretary Jiang Zemin to run China's politics on his own. Jiang Zemin has prepared thoroughly for his accession to power, however, and enjoys a firm political base. China's political situation is expected to remain stable for the foreseeable future. At the 15th CPC Congress, which was the biggest political event for China in the past year, Jiang Zemin expounded upon the country's basic policy as it heads into the 21st century. He called upon the CPC to "hold high the great banner of Deng Xiaoping Theory for the cause of building socialism with Chinese characteristics." The new leadership selected at the Congress adopted the slogan of "stability and unity," and the composition of the leadership clearly bears the stamp of Jiang Zemin.

China conducted its foreign affairs cautiously during the past year to overcome the aftermath of the Taiwan Strait Crisis. In particular, China took advantage of the unofficial meeting between William J. Clinton, the president of the United States and Jiang Zemin at the Asia-Pacific Economic Cooperation (APEC) Manila meeting in November 1996 to improve bilateral relations. Both sides have continued working since then to improve ties, and the U.S.-China relationship is now different from what it was in 1996. In other relationships, too, China's top leaders have set off for meetings with heads of states in a wide range of countries to expand friendly ties with neighboring states. Jiang Zemin visited Moscow in April 1997, and with Kazakhstan and other countries signed "the Agreement on Reduction of Troops in Border Areas." China has stepped up its involvement in the Korean Peninsula, developing its economic ties with South Korea while signing "the Agreement on Economic and Technical Aid" to North

Korea. Vis-à-vis Japan, China expressed opposition to the U.S.-Japan Joint Declaration on Security that was announced in April 1996. In spite of unresolved differences, however, the visit of Prime Minister Ryutaro Hashimoto to China to commemorate the 25th anniversary of the normalization of relations has improved the relationship.

In military affairs, the reversion of Hong Kong was accompanied by the stationing of the People's Liberation Army (PLA) in Hong Kong, but overall China did not engage in any high profile military activities. China's National Defense Law was formulated in spring 1997, thus subjecting the PLA to the rule of law and establishing a legal framework for the relationship between the party and the military. The long-discussed plan to reduce troop strength by 500,000 was finalized, signaling that basic policy on military modernization has shifted increasingly "from quantity to quality."

The reversion of Hong Kong to Chinese sovereignty spurred a wave of reflection on the nation's modern history and activities that emphasized national unity, including the Campaign to Commemorate the 60th Anniversary of the Marco Polo Bridge Incident. Against this backdrop, the government began working in the past year to build a new system to take the country into the 21st century.

3. Russia — Struggle for Recovery Continues

For Russia, this was a year of continuing struggle for recovery of superpower status. President Yeltsin was re-elected in the midst of ongoing confusion with Russia's transition to a market economy and democracy. Yet because he was hampered by serious health problems, he could not exercise the powerful leadership expected of him. As a result, his subordinates gained more influence and power struggle among them permeated within the Yeltsin administration. Therefore, important policy decisions were neglected until around the Spring of 1997. Formulation of a National Security Concept which reflects the post-Cold War international situation and a new military doctrine based on this was significantly delayed, despite the pressing need for change. Furthermore, fundamental reform plans for economic recovery were not announced. Even though the Russian economy has been successful in controlling inflation, the decline in industrial production continued, and together with a faulty taxation system, this weakened the government's fiscal base. President Yeltsin appointed two young officials to the positions of first deputy prime minister in a March 1997 cabinet reshuffling and embarked on economic and social reforms, but strong resistance is expected from existing special interest groups.

The most important foreign policy agenda for the Yeltsin administration following the election was its response to the eastward expansion of NATO. Confronted with the move of the former Warsaw Pact countries to join NATO, Russia tried to

improve its ties with neighboring countries to avoid international isolation, while maintaining cooperative relations with the Western countries. With China, in particular, Russia continuously sought to strengthen its relation. In April 1997, Russia and China issued the joint declaration, which calls for the formation of a new multi-polar, international order and seeks to counterbalance the United States. At the same time they also concluded an agreement to reduce forces in the border region between the two countries.

In the military area, due to the lack of leadership from the President and financial hardship, the Russian military did not make significant progress in its reforms and continued to suffer from insufficient funding and reached a critical state. In July 1996, Col. Gen. Igor Rodionov was appointed as the minister of defense. He, together with Yuriy Baturin, secretary of the newly established Defense Council, came to grips with reforms for the armed forces. However, Rodionov was suddenly relieved of his position after a visit to Japan in May 1997. Col. Gen. Igor Sergeyev replaced Rodionov and submitted a reform plan which outlined an early and significant reduction of forces. This, however, is just the beginning of a reform process which has many problems to resolve.

Uncertain conditions, both politically and economically, remain in the Russian Far East. As part of democratization in Russia, elections were conducted for the heads of constituent entities or local government bodies, and incumbents received overwhelming support in the Russian Far East. This result reflected the political immaturity and backwardness of this region which is economically dependent on the central government. There has also been a rash of strikes by workers demanding payment of unpaid wages, and this poses a serious social problem. It is notable that while military exercises in the Far East had been low key in the past, recently, in addition to command-post exercises, certain ground troops began to conduct maneuver exercises.

Arms sales from Russia had declined since the collapse of the Soviet Union, but began rising again with the large increase in exports to the economically prosperous Asian countries. Russia set up an export control structure for acquiring foreign currency and created a state-run arms export company, Rosvoorouzhenie, to actively promote weapons exports. These arms exports are expected to be a factor which influences the system of security guarantees in East Asia.

4. United States — Active Engagement

During most of its first term, the Clinton administration was criticized for the lack of clear order of priorities and an over-emphasis on economic issues in its Asia

policy. However, the Clinton administration succeeded in giving a strong impression to regional countries of the U.S.'s intention to continue its active engagement in the security of East Asia in its response to the Taiwan Strait Crisis of March 1996 and the April 1996 announcement of the U.S.-Japan Joint Declaration on Security. Over the past year, the Clinton administration used various occasions to emphasize the U.S.'s commitment to security in East Asia, sought to repair relations with China which reached their worst levels since the normalization of relations 18 years ago because of the Taiwan Strait Crisis and played a central role in bringing North Korea to the dialogue table in an effort to stabilize the situation on the Korean Peninsula.

President Clinton, following a visit in April 1996, visited East Asia again in November 1996 and, in the course of these two trips, managed to pay a visit to all of the U.S.'s allies in this region, including Australia. In these visits, he reconfirmed the importance of the alliance relationships with these countries. Also, The United States Congress insisted that the Department of Defense revise its Defense Plan once every 4 years given the fluidity of the international security environment and changes in the national defense budget. The first such report, announced in May 1997, spelled out yet again that the U.S. would maintain nearly 100,000 forces in East Asia. Related to this U.S. military presence, Japan and the U.S. proceeded with their review of the Guidelines. The review process started after the U.S.-Japan Joint Declaration on Security and the New Guidelines were announced in September 1997.

During this past year, President Clinton was re-elected in the November 1996 presidential election and, at the start of this second term, the Clinton administration expressed its plans to place more emphasis on East Asia. The newly appointed Secretary of State, Madeleine K. Albright, and Secretary of Defense William S. Cohen both emphasized the importance of relations with East Asia in their statements at the Senate's confirmation hearings. Also, President Clinton, in the State of the Union Address of 1997, defined the major foreign policy goals for East Asia in his 2nd term as building a bridge between the divided Koreas, the last vestige of the Cold War, through peace negotiation with North Korea and promoting deeper dialogue with China.

The United States continued to pursue a soft landing policy with North Korea in an effort to stabilize the situation on the Korean Peninsula in as peaceful a manner as possible. Events have shown that North Korea's severe food crisis and the support provided by the U.S. and related countries to this crisis served as significant factors in promoting dialogue. However, this further accentuated North Korea's proclivity to put priority on direct dialogue with the U.S. and refuse the North-South dialogue with South Korea and was a source of disharmony at times between the North Korean policies of the U.S. and those of South Korea.

A state of tension in relations between the U.S. and China is neither desirable for

these countries, nor for the security of this region. The U.S.-China relationship antagonized by the Taiwan Strait Crisis began moving in the right direction after a visit to China by Anthony Lake, assistant to the President for National Security Affairs, in July 1996. A summit meeting was held between President Clinton and President Jiang Zemin at the APEC Manila meeting in November, and the two leaders agreed on the need for periodic, mutual interaction among high ranking officials. However, U.S.-China interaction continued to be marked by the fundamental conflicts between the two countries regarding the Taiwan issue and the human rights issue. At the same time, the progress achieved in mutual interaction, even though these sources of disagreement continued to exist, suggested an understanding by both sides that the overall relationship of interests is so large that the aggravation of one source of conflict is no longer enough to throw the entire relationship into crisis.

Chapter I The Security Environment in East Asia

1. New Developments in Relations between Japan, the U.S., China, and Russia

Relations between the United States and China remained at a low ebb for several years following the Tiananmen Incident of 1989, but the visit of Anthony Lake, Assistant to the President for National Security Affairs, to China in July 1996 prompted a shift in favor of a “strategic dialogue.” President Jiang Zemin visited the United States in October 1997, and President Clinton is scheduled to visit China in 1998. One reason for these efforts for an improved relationship is the fact that both sides realize the importance of their interdependence. From the U.S. perspective, since the growth of China into a major power is inevitable, it is essential for the sake of peace and stability in East Asia that China be integrated into the world order. From China’s perspective, chilly relations with the U.S., which wields an overwhelmingly decisive voice in the formulation of international security arrangements, limits China’s ability to seek the security arrangement most favorable to its own interests. Furthermore, access to U.S. markets is essential to China’s economic development.

The two countries are thus working to rebuild their relationship, but they have different political systems, and sharp disagreements remain. The situation does not necessarily warrant optimism. Overall, the process of strategic dialogue will most likely be marked by alternating periods of cooperation and confrontation.

While there are signs that China attaches higher priority to its relationship with the U.S. than that with Japan, China and Japan have nevertheless been working since the latter half of 1996 to improve their relationship. The visit to China by Prime Minister Hashimoto in September 1997 yielded agreements for regular and reciprocal visits by their heads of state, and for cooperation in carrying out confidence building measures. The two countries have serious disagreements, however, regarding the review of the Guidelines and various other issues.

In an effort to maintain and strengthen U.S.-Japan security arrangements, Japan and the United States have been working from the autumn of 1996 to review the Guidelines, and to realign and reduce U.S. military bases in Okinawa.

China and Russia have had a closer and more stable relationship during the past year, but it would be difficult to argue that this will lead to a “strategic partnership” in the true sense of the term.

As for relations between the U.S. and Russia, the latter changed its stance regarding the expansion of NATO, opting to fight only over the terms of expansion. The United States, for its part, has worked to maintain a cooperative relationship with Russia. A worsening of bilateral relations is expected to occur, however, as NATO

expansion spurs a resurgence of conservative forces in Russia.

In relations between Japan and Russia, there has been major progress on both the political and military fronts. Prime Minister Hashimoto has formulated a new policy toward Russia, to which Russia has responded favorably. At the summit between Japan and Russia held in November 1997 in Krasnoyarsk, the two sides agreed do their best to sign a peace treaty by the year 2000.

2. The Korean Peninsula within the East Asian Context

The actions of North Korea continued during the past year to be the biggest uncertain factor for the security of East Asia. There are suspicions that North Korea has once again exported missiles to the Middle East and supported terrorism, thus these actions are also a threats to peace worldwide.

In an effort to avoid military conflict on the Korean Peninsula and prevent global problems such as the proliferation of nuclear weapons and missiles, the U.S has long engaged in “two-party” talks with North Korea at many different levels. In April 1996, however, the U.S. and South Korea issued a joint proposal for “the four-party” talks. Preparatory meetings involving the four parties were held in August, and after a long and tortuous process of negotiations, the first round of the four-party talks was finally held in Geneva in December 1997.

3. Cambodia and the Expansion of ASEAN

The outbreak of hostilities in Phnom Penh between different units of the armed forces in July 1997 resulted in an effective coup d'etat by Second Prime Minister Hun Sen. There were several reasons for the conflict. First, Cambodia's adoption of a system of co-prime ministers was simply a reflection of unyielding political attitude. Second, Cambodia's coalition government did not fully understand the principle of “non-interference in the internal affairs of nations” that has been adopted by ASEAN. The third reason was the country's political immaturity, especially the systemic tendency toward facile resort to the use of force. And fourth, there was no concept of the gravity of promises made by a head of state to the international community.

The deteriorating situation in Cambodia was an extremely delicate problem for the member nations of ASEAN, which finally decided to postpone the admission of Cambodia to ASEAN. Japan, for its part, temporarily froze grant aid and technical cooperation programs. While seeking to bring calm to Cambodia, the response of the international community has also shifted toward a wait-and-see attitude. It is hoped that fair and democratic elections will be carried out in 1998 by the present

administration.

The “ASEAN way,” which emphasizes consensus, is developing a values system different from that of the West. The issue of Cambodia, however, has exposed the dangers of ASEAN-style consensus building, and has spurred a shift in ASEAN policy from “constructive engagement” to “constructive intervention” with regard to the maintenance of security in the ASEAN region.

At the Fourth ASEAN Regional Forum (ARF), which was held right after the outbreak of strife in Cambodia, internal Cambodian politics constituted the prime focus of attention. Almost no progress was made toward strengthening security mechanisms, however. Thus a shift of policy toward preventive diplomacy remains an issue on the agenda.

4. East Asia and the Proliferation of Weapons of Mass Destruction

North Korea has not signed the Comprehensive Nuclear Test-Ban Treaty (CTBT) which was adopted at the UN General Assembly in September 1996. This may indicate an intention to keep open the option of developing nuclear weapons, or it may be that North Korea wishes to use its nuclear program as a bargaining chip to wrest more concessions from Japan, the U.S., and South Korea.

China, while definitely not enthusiastic about the CTBT during negotiations on the treaty, still ended up signing it even though it could permanently freeze China’s nuclear capabilities at a level inferior to those of the U.S. and Russia. One reason for doing so was the fact that the failure to establish the CTBT would not have benefited China’s long-term security interests, inasmuch as it would have meant the loss of a strong means of preventing the U.S., Russia, and any future nuclear states from further upgrading their nuclear warfare capabilities. From a diplomatic standpoint, as well, rejection of the CTBT could have harmed China’s national interests by leaving the country isolated internationally. It is also possible that China has interpreted the treaty as allowing ample opportunity for renewed testing of nuclear weapons should the need arise.

The Chemical Weapons Convention (CWC), which entered into force in April 1997, contains a system of challenge inspections and other arms control and arms reduction provisions of historic significance. The CWC requires the disposal not only of existing chemical weapons, but also of abandoned chemical weapons. As a result, within 10 years after the CWC enters into force, or within 15 years at the latest, Japan will be obligated in principle to dispose of all chemical weapons abandoned in China by the former Japanese Imperial Army.

With the exception of North Korea, all the nations of East Asia have signed the

CWC. Russia, which had been reluctant to ratify the treaty, did so nevertheless in November 1997. Its reluctance had stemmed from the difficulty of funding the disposal of 40,000 tons of chemical weapons, the largest such stockpile in the world.

Among the nations of East Asia, China and North Korea are suspected of exporting ballistic missiles as well as materials and equipment related to the manufacture of nuclear weapons. In September 1997, China finally joined the Zangger Committee, which supports enforcement of Article 3 of the Nuclear Non-Proliferation Treaty (NPT), but it has shown no sign of any intention to join other export control regimes, such as the Nuclear Suppliers Group (NSG) or the Missile Technology Control Regime (MTCR). As a permanent member of the UN Security Council, China bears heavy responsibility for international peace and stability, and is urged to act promptly to allay suspicions regarding its activities.

With regard to the development and export/proliferation of missiles by North Korea, the U.S. is seeking a resolution of these problems through bilateral talks with North Korea. The United States and North Korea have thus far carried out two rounds of missile talks without achieving any substantive agreements; each time they have managed only to agree on further talks.

The possibility of smuggling and disappearance of weapons-grade nuclear material from Russia is an extremely serious issue. If North Korea were to find it easy to procure weapons-grade nuclear materials, the role of the Korean Peninsula Energy Development Organization (KEDO) would be rendered largely meaningless. In April 1996, The G7 countries and Russia held “the Summit on Nuclear Safety and Security” in Moscow, at which they announced “a program for preventing and combating illicit trafficking in nuclear materials.” It is now necessary to fully implement this program at the earliest possible date.

In December 1995, the ten nations of Southeast Asia signed the “Southeast Asia Nuclear Weapon-Free Zone” (SEANWFZ) Treaty, but neither the U.S. nor China was willing to sign the Treaty Protocol. One reason for China’s refusal to sign the protocol is that the Nuclear Weapon-Free Zone is defined to include the continental shelf and exclusive economic zone (EEZ) of each signatory to the treaty, which means that the treaty covers most of the maritime territory claimed by China in the South China Sea. In order to safeguard the meaningfulness of the creation of a nuclear weapon-free zone, it will be necessary to take measures to urge the signing of the Treaty by nuclear states. If one interprets, however, that the nations of the ASEAN region chose to include their continental shelves and EEZs under the treaty coverage precisely as a means of preventing China from deploying nuclear weapons in the South China Sea, then it follows that revision of the protocol is highly unlikely, and it will be difficult to resolve the confrontation between China and the nations of Southeast Asia over the Treaty.

5. Review of the Guidelines for U.S.-Japan Defense Cooperation, and Confidence Building Efforts Taken by Japan

The U.S.-Japan security arrangements, which have always played a key role in maintaining peace and stability in Asia, have become all the more important amidst the global changes occurring in the wake of the Cold War. The U.S.-Japan Security Treaty brings forth two main objectives. Article provides for the defense of Japan, and Article 6 of the same Treaty provides the United States armed forces with the use of facilities and areas in Japan to contribute to the maintenance of peace and security in the Far East. In light of the situation in East Asia, both governments were convinced that they should discuss more about their defense cooperation based on Article 6. As a result, following their summit meeting in April 1996, Japan and the U.S. issued the U.S.-Japan Joint Declaration on Security. There they agreed to review the former Guidelines for U.S.-Japan Defense Cooperation of 1978.

The review of the former Guidelines began in June 1996, and the new Guidelines were issued in September 1997. The review was carried out in accordance with four basic principles, one of which was that the fundamental framework of the U.S.-Japan alliance would remain unchanged. The new Guidelines establish a general framework and policy direction for U.S.-Japan defense cooperation in three areas, namely: cooperation under normal circumstances; actions in response to an armed attack against Japan; and cooperation in the so-called situations in areas surrounding Japan.

One significant aspect of the new Guidelines is the clarification of the degree of support that Japan can provide the U.S. armed forces when they operate in situations in areas surrounding Japan. The closer defense cooperation between Japan and the U.S. will improve regional stability and enhance the capability of the alliance to deter conflict.

At the governmental level, almost all countries in East Asia understand the significance of the new Guidelines, which serve to make the U.S. military presence in this region more assured. China, however, has expressed serious concerns about the new Guidelines. The review of these Guidelines served to underscore the importance of using security dialogue and exchanges to build confidence in the trilateral relationship between Japan, the U.S., and South Korea and in the trilateral relationship between Japan, the U.S., and China and China's bilateral relationships with Japan and the United States.

A notable aspect of the new Guidelines is the effort made by the U.S. and Japanese governments to achieve transparency, not only within Japan but also vis-à-vis other countries, including Japan's neighbors.

Besides working on the Guidelines, the Japan Defense Agency is trying to build

more stable and reliable relationships with East Asian neighbors through multilateral and bilateral frameworks, such as the “Forum for Defense Authorities in the Asia-Pacific Region.” The National Institute for Defense Studies has also carried out the “Asia-Pacific Security Seminar” and other exchange activities to contribute to this end.

Chapter II The Korean Peninsula

1. North Korea Hit Hard by Food Shortages

The North Korean economy continues to be caught in a vicious cycle in which a scarcity of foreign exchange prevents it from importing sufficient energy resources, which in turn depresses production and exports. Unless the country undertakes thorough economic reforms, there is little prospect of it overcoming its current difficulties.

The situation has deteriorated to the point where North Korea is in danger of a famine. This deterioration could weaken the government's ability to rule the society and even threaten the stability of the present regime. Signs of such problems are already beginning to show in the form of increased numbers of defections to South Korea. Included among these defectors are high-ranking officials from North Korea such as Hwang Jang Yop, a secretary of the Central Committee of the Worker's Party of Korea.

This massive wave of defections has not yet, however, led to a collapse of the present regime. Some reasons for this may be that Kim Jong Il effectively controls the military and has strengthened public security while stepping up ideological campaigns.

2. Kim Jong Il Regime Emphasizes the Military

Kim Jong Il became the General Secretary of the Workers' Party of Korea on October 8 1997 three years after the death of Kim Il Sung, officially establishing his position as the supreme leader of North Korea. For the previous three years, he had acted mostly in his capacity as the supreme commander of the Korean People's Army (KPA). During this period, he has cemented his control over the military through large-scale promotions and frequent visits to military units. In addition, he frequently mobilized military personnel to participate in economic activities and help revive the economy. This move may also have been taken to maintain public order. A stepped up effort is being made to maintain social control by means of a militaristic ideological campaign.

Thus the military is playing an expanded role in maintaining the North Korean system. However, the military is, in the final analysis, subject to party control. In addition to controlling military policy and the military chain of command by virtue of his position as the supreme commander, it appears that Kim Jong Il has also taken the military reins via party-commissar channels.

3. Four-Party Talks and Food Diplomacy

With respect to foreign relations, North Korea has sought to improve its relationship with the U.S. and obtain food aid from the international community. It has remained hostile towards South Korea, however, and refused to participate in direct government-level talks.

Since the U.S. and South Korea issued a joint proposal in April 1996 for “the four-party talks” with North Korea and China, the four nations have engaged in difficult negotiations over conditions. In the midst of these negotiations, the submarine incident heightened tension in North-South relations, although the incident was resolved with the mediation of the United States. Negotiations concerning the four-party talks were then resumed, and “a preparatory meeting for the four-party talks” took place in August 1997 with China in attendance. The progress of the preparatory talks had stalled over North Korea’s demands for large-scale food aid, the lifting of economic sanctions imposed by the U.S., and the inclusion in “the four-party talks” of the withdrawal of U.S. forces from South Korea. Nevertheless, all sides managed to meet for the first round of “the four-party talks” in December 1997. Since August, North Korea has shown a positive attitude toward improvement of relations with Japan.

4. North Korea Engages in Saber Rattling

In spite of its economic distress, North Korea continues to maintain and strengthen its armed forces and engage in coercive diplomacy. North Korea’s actions other than this, however, are seen as quite positive. As stipulated in “the U.S.-DPRK Agreed Framework,” North Korea is abiding by the requirement to halt development of nuclear weapons. Nevertheless, its ballistic missiles and the forward deployment of its military forces constitute a threat to South Korea and other neighboring countries. North Korea is also suspected of manufacturing and stockpiling biological and chemical weapons. Furthermore, North Korea frequently uses military provocation as a diplomatic tool. Such provocations could lead hostilities. It is also believed that North Korea still maintains military ties with China.

5. South Korea — Political and Economic Instability

In South Korea, the establishment of democracy has increased the influence of public opinion on the government. With presidential elections scheduled for December 1997, the presidency of Kim Young Sam entered a lame duck phase, which was

augmented further by various incidents such as illegal contributions to politicians. The election was won by Kim Dae Jung. In February 1998, the opposition party leader will assume the presidency through an election for the first time in South Korean history.

On the economic front, although South Korea has joined the ranks of “developed nations,” prospects for growth were uncertain. The value of the Korean won plummeted on foreign exchange markets in November 1997, and South Korea experienced a serious shortage of foreign currency reserves. In December, a bailout package was arranged for South Korea, with loans to be provided by the International Monetary Fund (IMF), Japan, the U.S., and other Western nations.

6. South Korea Remains on Guard Against North Korea

While South Korea’s foreign policy is based principally on its relationship with the United States, South Korea is also seeking the cooperation and understanding of Japan, China, and other countries in its dealings with North Korea. When the final report on the Guidelines for U.S.-Japan Defense Cooperation was released in September 1997, the South Korean government reacted favorably, stating that the Guidelines would play a useful role in the maintenance of regional stability in Northeast Asia. The news media and public opinion, however, had a critical attitude toward the Japanese government.

In addition to the diplomatic efforts mentioned above, South Korea has also worked to deter North Korean military actions by modernizing its armed forces and strengthening its partnership with the United States. South Korea and the United States are in disagreement, however, regarding South Korea’s efforts to develop long-range surface-to-surface missiles. South Korea is also seeking to purchase arms from Russia and other countries, and is engaging in confidence building measures with Japan and other neighboring countries.

Chapter III China

1. Top Priorities of Domestic Policy — Stability and Unity

Although the authority of Deng Xiaoping has come to an end, the Jiang Zemin administration is in firm command of the country's political situation. Furthermore, through high-level military appointments and implementation of the rule of law within the military, he is even strengthening his control over the military, which has been considered a weakness for Jiang Zemin . Many issues remain unresolved, however, and the outlook for the medium to long term is uncertain in many respects. Among major problems brought in with the country's economic development strategies are the widening of various economic disparities and the inadequate reformation of state-run enterprises. In addition, corruption, bribery, and other causes of social unrest are also on the rise.

The most significant aspect of the 15th CPC Congress was that it set the basic course for national development in the 21st century and established the roster of leaders who will carry out this development. It remains to be seen, however, whether the current group leadership mode, which has no precedent in China, will actually take root and function effectively. With regard to policy, the government has taken up the task of reforming state-run enterprises, which requires comprehensive measures.

The country achieved stable growth in the past year, thus easing smoothly into the "Jiang Zemin era" of economic growth, but China has been postponing work on some serious problems, which will have to be addressed sooner or later.

2. Foreign Relations — Reaching out in All Directions, Aiming at Stability

Until last autumn, China maintained a low-profile diplomatic posture and sought friendly relations with neighboring countries. Since the 15th CPC Congress in September, however, a higher diplomatic profile has been in evidence as China has engaged in summit meetings with Japan, the U.S., and Russia. With respect to ASEAN, there has been a fairly clear shift toward coordination. Relations with both North and South Korea have been strengthened as well. This is especially true of relations with South Korea because China, which hopes to maintain the continued existence of the Korean Peninsula as a buffer region for itself, shares South Korea's concerns regarding the fact that efforts to achieve stability are being led by the United States and North Korea. In this area, these two countries were beginning to engage in subtle cooperation. Chilly relations between China and Japan have shown signs of improvement since the APEC Manila meeting in November 1996. In the fall of 1997 the prime minister of

Japan and the premier of China engaged in reciprocal visits. China takes the position that Asian nations should take charge of efforts to ensure their own regional security, and for that end she is expecting to continue to push for an expanded consensus with surrounding countries.

Considerable progress has been made in relations between China and the United States since the Taiwan Strait Crisis. Jiang Zemin visited the United States in October 1997, and President Clinton is scheduled to visit China in 1998. China has a strategic interest in maintaining domestic and international peace and stability, and as such has a strong motive for improving relations with the United States. Nevertheless, in spite of the emphasis that has been placed on consolidation of Jiang Zemin's authority and cooperation with the U.S., the waxing and waning of tensions which have characterized this bilateral relationship will probably not change over the long term.

A number of factors lie behind the rapprochement between China and Russia. For one thing, the Chinese leadership wishes to stabilize its relationship with Russia in order to put a diplomatic feather in its cap for its benefit both domestically and internationally. This rapprochement could also be seen as a sign that these two countries seek to hold the U.S. in check. When President Yeltsin visited China in November 1997, the dispute over the eastern sector of the border between China and Russia was resolved, putting an end to a long-standing source of concern. Overall, in addition to emphasizing improvement of its relationship with the U.S., upon which China is highly dependent in the economic sphere, China has now gained new leeway to explore new initiatives with countries off its eastern and southeastern sea fronts.

3. World Watches as Hong Kong Reverts to China

The reversion of Hong Kong to Chinese sovereignty proceeded smoothly according to China's plans, but there are still causes for uncertainty concerning the future of Hong Kong. Since its reversion, Hong Kong has been a testing ground for the "one country, two systems" policy, but events in the latter half of 1997 caused many parties to worry whether the "Sinification of Hong Kong" were not being pushed too quickly. Over the short term, Hong Kong's position as an economic center is not in jeopardy, but over the long term there is an undeniable possibility that Hong Kong could become just another of China's developed coastal cities.

In its quest to achieve "the great task of reunifying the motherland," China could find the reversion of Hong Kong to be a double-edged sword. "Special treatment" accorded to Hong Kong could ignite the resentment of border region ethnic minorities and fuel a desire among them for autonomy. The freedom and prosperity of Hong Kong has a bearing not only upon China's reunification with Taiwan, but can also be

expected to affect the maintenance of public security within China as well.

The United States is wary of the possible transfer of advanced military technology to China via Hong Kong, but the Chinese navy does not show any intention of using Hong Kong as a principal military port, thus the reversion of Hong Kong cannot be expected to have a major impact on the balance of military power in Asia.

4. Rule of Law and Military Modernization Advance in Tandem

The formulation of the National Defense Law in the spring of 1997 was probably intended in part to address the lack of transparency in China's defense policy and defuse resulting fears of a "Chinese threat." The Law is particularly noteworthy in several respects, including the fact that: 1) the principle of control of the military by the Party was stipulated in law for the first time; 2) the authority of the State Council and the Central Military Commission (CMC) was explicitly stated in writing; and 3) the duties of the military were explicitly stated in writing. The National Defense Law systematizes, and thus strengthens, the subordination of the military to the Party. At the 15th Party Congress new problems arose concerning the 500,000-man reduction in troop strength and the representation of the military on the Central Committee of the CPC. In particular, there are signs that the reduction in troop strength has caused considerable controversy within the military.

A decision has been made to equip part of the armed forces with highly sophisticated military technology. Special emphasis has been devoted to the strengthening of the naval and air forces. In addition to the introduction of high-tech weaponry and other improvements to the physical apparatus of the military, great importance is also being attached to less tangible aspects, such as education and training. China is considering splitting its training program into two branches. One of these would be for preparing a relatively small number of crack troops using the latest armaments, while the other would be for the majority of troops using outdated armaments.

China has also engaged in military exchanges with the U.S., but the U.S. is extremely cautious about the transfer of military technology and weaponry. Between China and Russia, however, the trend is toward more and more transfers of weaponry and an exchange of military technology, because China thirsts for high-tech weaponry while Russia is badly in need of foreign exchange. China has also signed the Agreement on Reduction of Troops in Border Areas with Russia and the central Asian members of the Commonwealth of Independent States (CIS).

China remains worried and suspicious about the U.S.-Japan Joint Declaration on Security and the Guidelines for U.S.-Japan Defense Cooperation. However, Chi

Haotian, defense minister of China, is scheduled to visit Japan in 1998. Thus, it is expected that Japan and China will achieve a deeper mutual understanding and build confidence related to defense issues.

5. Taiwan Since the “Presidential” Elections

Since the “presidential” elections, Taiwan has shown an increasing tendency to keep its distance from China. In July 1997, the “National Assembly” adopted constitutional amendments, the two main thrusts of which were to strengthen the authority of the executive branch and effectively abolish the Taiwan Province. China objected strongly, but with top priority on the reversion of Hong Kong, it limited itself to applying pressure on Taiwan by wooing the Taiwanese business community and launching a diplomatic offensive.

In the military sphere, Taiwan also attaches importance to reducing troop strength and modernizing the armaments of its air and naval forces. To this end, it is engaged in weapons transfers with the West. The Taiwanese Army has long put top priority on preparedness for blocking the landing troops on the beach, but it is now in the process of switching its main emphasis to defense against a rapid deployment force. Furthermore, Taiwan has resumed the live shell firing practices that had been interrupted since the Taiwan Strait Crisis, and in June 1997 carried out a comprehensive live military exercise in spite of a U.S. request for cancellation.

In the economic arena, direct shipping lanes for cargo ships were partially reopened, which represented a success for China’s policy of “separating politics from business.” Two main themes appear likely to dominate cross-strait relations for the foreseeable future. One is a conscious effort by Taiwan to maintain its distance from China, and the other is China’s attempts to pressure Taiwan into a more cautious stance, mainly by applying pressure in the economic and diplomatic spheres.

Chapter IV Russia

1. Yeltsin's Reelection and Continued Domestic Instability

President Yeltsin was successfully reelected in July 1996 and reshuffled his cabinet. However, after that, he was repeatedly hospitalized and this weakened his leadership. In March 1997, President Yeltsin again attempted to reorganize his administration with the appointment of two young officials as the first deputy prime ministers. These frequent changes in the administration have brought negative repercussions for the formation of a security policy. Neither the national security concept, nor the new military doctrine have been adopted.

The economy is in a state of disarray and problems surrounding the government's accumulated debt and arrearages of wages are unresolved. Economic decline has resulted in a chronic shortage of defense funds, and the already squeezed military is being forced into development of its capabilities under ever stricter budgetary restraints.

The political and economic situation in the Russian Far East is also in a state of disorder and thereby social conditions are unstable. This phenomenon has rippled through to troops stationed in the Russian Far East. Corruption of military personnel and labor strikes at military facilities are occurring. Furthermore, in the long run, the population of this region is declining and due to this, the Russian forces in the Far East will continue to rely on other regions for personnel replacement.

2. Foreign Activities for Sloughing off Stagnation

The response to the eastward expansion of NATO was an important task in Russia's foreign affairs. Yet given its diminished power position relative to Western countries, Russia was forced to compromise and to shift focus to its relationships with the CIS countries, China and other Asian countries more than it did in the past.

The Sino-Russian relationship is making steady progress. During the visit to Russia by Jiang Zemin in April 1997, the joint declaration between the two countries was signed. It called for the promotion of a multipolarization of the world and the formation of a new international order with an implicit attempt to hold the U.S. in check. An agreement on mutual reduction of troops in border areas was signed, although this was largely showmanship to highlight the closeness of the relationship between China and Russia. When President Yeltsin visited China in November, both countries agreed to delineate the eastern border with two islands unresolved. Meanwhile, both China and Russia have to maintain cooperative relations with the

United States for the sake of economic development. Thus, Russia's foreign activities in recent years have been characterized by the dichotomy of trying to rein in the U.S. and take a cooperative stance. It is likely that close relations between China and Russia will continue for some time since Russia is concerned about the expansion of NATO.

In military affairs, there were advances from 1996 in confidence-building measures in relations between Japan and Russia. In this respect, the statements by Defense Minister Igor Rodionov during his visit to Japan in May 1997 acknowledging the close U.S.-Japan relationship are noteworthy. This position can be understood as both a view of the U.S.-Japan relationship as a counterbalance to the future emergence of China and a political posture in anticipation of economic support from Japan. In politics as well, signs of an improvement in the relationship between Japan and Russia could be observed. The Russia-Japan unofficial summit was held at Krasnoyarsk in December 1997, and both leaders agreed to make every effort to conclude a peace treaty by 2000.

On the Korean Peninsula, Russia did not make any obvious maneuvers over the past year, although it stepped up the pace of arms exports to South Korea.

Russia has shown an active interest in economic interaction with the East Asian region. On the other hand, it is aggressively promoting arms sales to this region, and this has raised concerns about destabilization of the region.

3. Military Reforms in Arrears

Currently, the Russian military is in serious need of reform. Igor Rodionov, appointed Defense Minister in July 1996, pursued a policy of gradual military reform under a tight budgetary constraint while promoting personnel changes. In contrast, Yuriy Baturin, secretary of the newly established Defense Council, wanted to move ahead quickly with force reductions. In May 1997, Rodionov, who clashed with Baturin, was suddenly removed. With this decision, President Yeltsin wed himself to the reform approach based on the ideas of Baturin, and two commissions in charge of military re-organization were formed within the Defense Council.

New Defense Minister Igor Sergeyev created an armed forces reform plan which would even further accelerate the implementation of massive force reductions and won the approval of military leaders, the prime minister and the president. However, there are still many issues to be resolved, including underfunding, and considerable difficulties remain in the path of reforming the armed forces.

In the Far East, military exercises have been low key so far because of fiscal problems. However, recently, in addition to command-post exercises, certain ground troops began to conduct maneuver exercises. Meanwhile, even if the nuclear-propelled

cruiser, Petr Velikiy, is assigned to the Pacific Fleet as scheduled, this Fleet will have serious trouble with the operation and maintenance of the world's largest, advanced cruiser. Furthermore, a new cosmodrome was established in Svobodnyy in the Russian Far East, and activities started despite the tight fiscal situation.

4. Push for Arms Exports

Russia is relying on arms exports to South Korea, Southeast Asian countries and India, and these weapons exports from Russia are beginning to have a major impact on the security of East Asia. While the Yeltsin administration has set up an arms export control structure, including the Export Control Commission of the Russian Federation, and in November 1993, it created a state-run arms export company, Rosvoorouzhnie. With this triumvirate of support from the president, government and military industry companies, Russia's arms exports, which had been stagnant since the final years of the Soviet Union, began to rise again in 1995 and grew to \$3.5 billion in 1996.

For the Russian leadership, arms exports have an important role to play from an economic perspective and also from the perspective of maintaining the technology of its military industry companies and keeping its national defense capability at a high level. Additionally, the spread of Russian weapons to Asian countries contributes to the expansion of its political influence in this same region. Finally, there is the expectation that larger export volume ensures that Russia will not be left out of the various frameworks forming in the Asian region.

Chapter V United States' Security Policy for East Asia

1. Clinton Administration's Military Strategy

The United States has conducted three reviews of its post-Cold-War national defense strategy, including the Bush administration's "Base Force," the Clinton administration's "Bottom-Up Review" (BUR) and the first "Quadrennial Defense Review"(QDR), each of which has stipulated reductions and re-organization of U.S. military forces. The QDR emphasizes maintaining superiority in military technology reaping the gains of the "Revolution in Military Affairs" as an insurance policy in order to face a possible global peer competitor or regional great power (candidates include Russia and China) as well as unexpected threats in the period beyond 2015.

In all three of the reviews, the importance of maintaining the presence of the U.S. military in East Asia is reconfirmed. In the QDR, the Clinton administration confirms its commitment to continued engagement as a stabilizing force in this region, and it is noted that the network of alliances in this region centered around the U.S. is what supports this U.S. military presence with the U.S.-Japan Security Alliance being the most important of these alliances.

2. Efforts to Stabilize the Korean Peninsula

North Korea is viewed as a current threat to the security policy of the United States in East Asia. In the past year of the U.S.-North Korean relationship, there was no visible progress by the end of 1996, although the U.S. was using this time to prepare an environment for starting negotiations. Following the working-level meeting of April 1997, the dialogue with North Korea, while intermittent, has shown progress. The Clinton administration, in its 2nd term, has set a course of continuing to promote a soft-landing policy. Though the 4-party talks were held, missile negotiations have been stalled.

Meanwhile, disharmony surfaced in the U.S.-South Korea relationship. In the triangular relationship on the Korean peninsula with the U.S. at the apex and South Korea and North Korea at the base, no connection is seen between the base points. From the South Korean perspective, the soft landing policy of the United States, viewed together with North Korea's predisposition to put priority on the U.S.-North Korea relationship, appears at times to be a type of appeasement toward North Korea, and the overall structure fans the flames of impatience in South Korea.

3. Promote “Engagement” with China

A look at the past year in the U.S.-China relationship shows that progress was accomplished in the area of human exchange, including at the military level, while the confrontation over fundamental interests such as human rights, Taiwan, trade friction and China's weapons exports remained largely the same. The progress achieved in strategic dialogue between the two countries demonstrates that the overall relationship of interests is so large that the aggravation of one source of conflict is no longer enough to put the entire U.S.-China relationship in crisis and that there are common interests in maintaining regional stability, avoiding the costs of a new confrontation and moving forward with economic interdependence. Jiang Zemin's visit to the United States in October 1997 demonstrated the “strategic” relationship between the two nations. Therefore, even though tough negotiations are expected for issues where interests differ, mutual interactions will continue to advance.

On the other hand, there is growing apprehension about China's military power, and particularly on the issue of whether China will become a presence that will threaten US's interests in East Asia over the medium- to long-term, and the Department of Defense submitted its first report to the U.S. Congress on Chinese military capabilities.

There was considerable discussion of policy toward China with the main focus on the adequacy of the Clinton administration's engagement policy. Most interest surrounded the question of what ability to constrain China, either obvious or discreet, the U.S. possesses to achieve results through its engagement policy or to deal with the situation if this policy is not successful.

4. Progress in the U.S.-Japan Security Relationship Following the Joint Declaration

The major focal point for the Japan-U.S. security relationship over the past year was the Guidelines review process. Related to this, it was noteworthy that some former U.S. government officials involved with the U.S.-Japan security relationship called on Japan to approve the right of collective self-defense. In the United States, there is dissatisfaction with the asymmetric military roles in the U.S.-Japan Security Arrangements, but at the same time deep-rooted concerns exist about an expansion of Japan's military role, so reaching a satisfactory consensus between the two countries on Japan's choices is a key issue in the process of fleshing out the new Guidelines.

Another noteworthy point is the assertion among some experts in the U.S. that a reduction or removal of the U.S. marines stationed in Okinawa is possible. The Clinton administration on many occasions has confirmed that the current force levels,

including the marines stationed in Okinawa, will be preserved in reference to the maintenance of the military presence. If the marines were to be reduced or removed without a real change in the security environment, even on a conditional basis, the reliability of the U.S.'s commitment would be called into question.