The Emerging Security Environment
in the Asia Pacific

Michael Wesley
The Griffith Asia Institute's “Regional Outlook” papers publish the Institute's cutting edge, policy-relevant research on Australia and its regional environment. The texts of published papers and the titles of upcoming publications can be found on the Institute's website: www.griffith.edu.au/asiainstitute

The Emerging Security Environment in the Asia Pacific", Regional Outlook Paper No. 1

About the Author

Professor Michael Wesley
Professor Wesley is Director of the Griffith Asia Institute, formerly the Assistant Director-General, Transnational Issues Branch, Office of National Assessments and Senior Lecturer in Political Science, University of New South Wales. Professor Wesley holds a Ph.D. in International Relations from the University of St. Andrews, Scotland, and a Bachelor of Arts - Honours (First Class), from the School of Government, University of Queensland. His recent publications include: Regional Institutions of the Asia-Pacific: Exploring Institutional Change, (Basingstoke: Palgrave-Macmillan, 2003) (editor and author of 5 of the 10 chapters); Making Australian Foreign Policy, (Melbourne: Cambridge University Press, 2003), (co-authored with Allan Gyngell); and Casualties of the New World Order: The Causes of Failure of UN Missions to Civil Wars (Basingstoke: Macmillan, 1997).
Contents

Executive Summary ................................................................. 3
1 Introduction ........................................................................... 4
2 Strategic Postures and Preferences ..................................... 5
  (a) The United States Global Force Posture Review ............... 5
  (b) Japan's Security Normalisation ..................................... 6
  (c) China's Regionalism ..................................................... 7
3 Strategic Focal Points .......................................................... 10
  (a) The Korean Peninsula .................................................. 10
  (b) The Taiwan Straits ...................................................... 12
  (c) Southeast Asia's Maritime Corridors ............................. 13
  (d) Domestic Instability .................................................... 14
4 The New Regionalism .......................................................... 15
5 Transformational Forces ...................................................... 18
  (a) Demographic and Attitudinal Change .......................... 18
  (b) Economic Growth, Integration and Instability ............... 18
  (c) Energy Competition .................................................... 19
  (d) Resolutions ................................................................. 20
6 Conclusion ............................................................................. 21
Notes ....................................................................................... 22
Executive Summary

Terrorism and the war in Iraq have to some extent diverted attention from a series of strategic shifts in the Asia Pacific over the past five years. Each of the region’s great powers has significantly altered its strategic approach to the region. The United States’ strategic posture has undergone a substantial modification as a result of the War on Terror and the ongoing Global Force Posture Review. China has developed a new approach to regional diplomacy, which emphasises multilateralism, regional solidarity and a co-operative approach to security. Japan has begun ‘normalising’ its security posture within the framework of the US alliance, and becoming much more active in its regional diplomacy and its support for out-of-area security operations.

These changed approaches, along with other factors, have given rise to four significant strategic trends. The first is the development of a new pattern of China-centred regional economic integration, which in turn has given added momentum to the resurgence of moves towards East Asian regionalism. The second is a deepening of cross-Pacific economic enmeshment, driven by trade and production processes and the financing of US debt by East Asian central banks. The third is a dynamic of ‘competitive multilateralism’ in which China and the US, and to a lesser extent Japan, are competing to each extend its regional influence while offsetting the regional gains of the others. Fourth, in reaction to competitive multilateralism, has been a policy of hedging pursued by the region’s smaller powers, which are seeking to gain the most from great power wooing, while preserving their independence and identity.

All of these patterns have resulted in overlapping dynamics of convergence and competition among all regional countries, but particularly between the US and China. On the one hand, the rivalries are structural and serious enough to ensure that converging interests will probably not develop into a comprehensive regional institution. On the other, the converging interests are weighty enough to prevent rivalries breaking into open confrontation.

The dynamics of confrontation and convergence are particularly obvious in relation to four strategic focal points: the Taiwan Straits, the Korean peninsula, Southeast Asia’s maritime corridors, and the internal stability of Southeast Asian states. In relation to the Taiwan Straits and the Korean peninsula, it is the local protagonists — Taiwan and North Korea — that have played the most destabilising role, throwing the great powers into a position of converging interests and increasing mutual dependence. Southeast Asian security issues, on the other hand, exhibit dangerous combinations of local sensitivities and mutually suspicious great powers.

The region’s complex patterns of converging and competing interests will shape Australia’s strategic environment. Canberra will share many of the emerging dilemmas of the smaller regional powers, though because of its ANZUS commitments, with less capacity to manoeuvre between the competing interests of the great powers. Australia’s alliance relationship with the US will likely be affected by security trends in the region, as well as developments in the United States’ relations with other allies. Canberra’s relations with Tokyo and Beijing will increase in importance, and will need to be managed carefully in the context of the region’s strategic complexities.
The Emerging Security Environment in the Asia Pacific

1 Introduction

The War on Terror has diverted attention from the strategic evolution of the Asia Pacific. Many have assumed that the common struggle against an unforeseen and implacable transnational enemy has either placed geostrategic competition on ice or displaced it with a new era of international co-operation against a single foe. That such quintessentially Cold War flashpoints as the Korean peninsula and the Taiwan Straits are still the region’s most dangerous trouble spots seems merely to underline the impression that little has changed in strategic terms in the Asia Pacific.

This paper will argue that the War on Terror has on the one hand merely camouflaged strategic competition in the Asia Pacific, and on the other has ushered in a period of rapid geostrategic change and sparring in the region.

The present dynamics of competition and co-operation in the Asia Pacific are explored in what follows by examining four sets of issues:

1. The evolution of the strategic postures and preferences of the great powers: the US, Japan and China
2. Perceptions and dynamics converging around the region’s strategic focal points: the Korean peninsula; the Taiwan straits; Southeast Asia’s maritime corridors; and domestic instability
3. The capacity of existing or emerging regional institutions to shape, absorb or mitigate conflict and competition
4. The possibility of several transformational forces significantly altering the shape of the emerging regional security environment.

Each of these factors has seen rapid change since 2000, either in response to the rise of transnational security threats or because of other pressures and calculations. The changing strategic postures and preferences of the great powers have given rise to three general processes: deepening enmeshment in the region; the rise of competitive multilateralism among the powers; and the intensification of ‘hedging’ behaviour among the smaller powers.

These processes, along with local developments, have altered the dynamics in several key strategic focal points: the Taiwan Straits, the Korean peninsula, Southeast Asia’s maritime corridors, and patterns of energy supply and competition. Each of these issues is affected by complex patterns of converging and competitive preferences.

The way in which these new dynamics of competition and co-operation play out will determine Australia’s security environment for the next 15 years. Australia shares many of the perspectives of the smaller powers towards the major dynamics and strategic focal points, but because of its strong security relationship with the US, is less able to hedge. The region’s security dynamics will place a premium on Australia’s management of its relations with the US, Japan and China. It will also need to use its institutional links with the region to mediate some of the competing pressures to which it will be subjected.
2 Strategic Postures and Preferences

The strategic postures and preferences of the United States, Japan and China have been undergoing significant change, driven by internal and external imperatives. These changes, driven partly by each power responding to the shifting postures of the other two great powers, entail significant dilemmas for each country's strategists. The way in which decision makers respond to the pressures and resolve these dilemmas will have a major impact on regional security.

(a) The United States Global Force Posture Review

The Global Force Posture Review, still under way, is being driven by a belief by strategic thinkers on both sides of politics in the US that Cold War force postures are no longer adequate to the new strategic environment. The body of opinion that the current US global force posture is outdated and inefficient means that, whatever the outcome of the review, the Bush administration is likely to make major changes to the disposition, structure and equipment of US forces. To use the interior decoration metaphor of one strategic scholar, this will not be a minor redecoration, it will entail a major movement of the heavy furniture.1

There are three main rationales behind the Global Force Posture Review. One is a belief that the threat environment has changed, leaving the US exposed behind its current force posture. Another is a range of advances in the technology and conduct of warfare, including long-range, high-precision targeting systems, the integration of information technology into command, control and intelligence systems, and the ability to move large forces over great distances more quickly than ever before. A third is a belief that deployments in being — especially in the significant example of the US force build-up in the Gulf in late 2002 — can curtail the United States’ strategic and diplomatic flexibility in dealing with crises.

Given that the US, as a global power, views regional security problems through a global lens, the consequences of the Global Force Posture Review for the Asia Pacific security environment will be substantial. One much-discussed consequence involves the draw-down of US personnel from their northeast Asian bases. But other ramifications, including the expectations on allies, the perceptual consequences of flexible deployments, and the way in which strategic uncertainty will affect policy makers under the new force configuration, all will play a major role in shaping the security environment in the region.

A key unknown remains how extensive the changes entailed by a Global Force Posture Review will be in the Asia Pacific. One major question is the extent to which the global vision of the US generates tensions with its enduring commitments in the Asia Pacific, particularly in terms of its strategic restraint goals in Northeast Asia. One example of global-regional disjuncture is that globally, the doctrine is that the US ‘doesn’t always know where [it will] have to fight’ while regionally, in the Asia Pacific, it has a very good idea of where it is likely to have to fight: on the Korean peninsula, the Taiwan Straits, or possibly in maritime Southeast Asia. These will all probably be limited conflicts, i.e. contests aimed at establishing military superiority in a delimited area, rather than to assert absolute military ascendancy.
While the US's absolute military ascendancy is not in danger, officials in Washington are worried about its ability to prevail in limited regional conflicts, especially in the western Pacific. China, in particular, has been making rapid advances in weapons systems designed to neutralise and prevail over American capacities to defend Taiwan: information networks, stealth aircraft, cruise missiles, and precision-guided munitions. And the US's history of waging limited wars in the Western Pacific has not been positive; in this context Japan's security normalisation has started to make more and more sense to Washington (see below).

So while globally, the doctrine may be 'places, not bases', there are very strong reasons to maintain well equipped and manned bases in Northeast Asia. US military planners have classified the conventional challenges it may face in regions such as Northeast Asia as 'anti-access and area-denial threats', and have been considering supplementing reduced permanently-deployed troop numbers with 'New combinations of immediately-deployable forward stationed and deployed forces, globally available reconnaissance, strike, and command and control assets, information operations capabilities, and rapidly deployable, highly lethal and sustainable forces that may come from outside a theatre of operations, [all of which] have the potential to be a significant force multiplier for forward stationed forces.' American strategists continue to discuss how the War on Terror and the force structure changes can be structured to support each other rather than working at cross-purposes.

Another concern for the US is to ensure that a withdrawal of troops from forward bases will not be read, by allies and adversaries, as a withdrawal of commitment. This problem has plagued US re-thinks of its security posture in the Western Pacific throughout the 1990s. The major issue for the US as it considers shifting to a doctrine of 'places, not bases', is how a withdrawal of major troop concentrations from Northeast Asia can be managed while still demonstrating a commitment to regional security and the status quo. Paradoxically, a global retreat from forward basing could result in the US becoming more interventionist as a way of demonstrating its ongoing commitment to the status quo.

### (b) Japan's Security Normalisation

Japan's post-war pacifist security posture has been transformed since the mid-1990s, in response to both internal and external imperatives. The revisions made to the US-Japan Security Agreement in 1996 saw Japan acquire a more active naval posture, the ability to provide logistics and refuelling support to US forces outside Japan, and the capacity to deploy to peace-keeping and peace-building operations Self-Defence Force personnel able to protect themselves.

Japan's security diplomacy appears to have become more overtly active and forthright, evidenced by recent overtures to North Korea and Iran, and a string of involvements in the "hot-too-near-abroad": East Timor, Afghanistan, Iraq. Japan has signed on to develop a missile defence system with the US and is considering further revisions to its constitutional limits on the deployment and development of forces. Prime Minister Junichiro Koizumi has transformed Japan's security posture into one of forthright support for US global security goals; the counterpart to this will likely be support for regional order goals as they emerge.

That Koizumi has been able to sign on to such controversial policies as missile defence and the deployment of the SDF to Iraq reflects the change that has occurred within Japan during the 1990s. Stung by US criticisms of its passive role in the 1991 Gulf War, Japanese policy makers began during the 1990s to make statements linking Japan's national interests with the stability and integrity of the global order. The Taiwan Straits crisis of 1996 and the Asian financial crisis of the following two years reinforced the view that Japan's well-being is tied to regional stability. The revision of the US-Japan Security Agreement and the Miyazawa initiative providing support to regional economies affected by the financial crisis can both be read as responding to these concerns. Beginning in 1998, a series of security incidents involving North Korea brought home to many Japanese the specific dangers of Japan's immediate environment, and the need for Japan to be more forthright in protecting itself and its interests.
A major external driver behind these changes to Japan’s security posture has been US pressure for the US-Japan alliance to become much more like a ‘normal’ alliance. Partly motivated by trans-Atlantic tensions over alliance burden-sharing, and partly by US unhappiness over Japan’s role during the 1991 Gulf War, the unequal commitments imposed on the parties by the US-Japan Security Agreement had been attracting adverse comment in Washington during the 1990s. Recent US pressure for further Japanese security normalisation dates at least from the Armitage-Nye Report of October 2000 and was confirmed in the confirmation hearings of Secretary of State Colin Powell and Undersecretary of State for East Asia James Kelly in 2001. Changing expectations of its allies will most likely make the US continue to press for Japanese security normalisation, a factor that suggests that this is a process that will likely continue after the departure of Koizumi.

It is no accident that the major ongoing doctrinal changes to Japan’s security posture occurred through a revision of the US-Japan Security Agreement. Japan has acted to shift its security posture within the framework of the alliance with the US with the express intent of reassuring most countries in the region that such moves do not amount to a return to Japanese militarism, but are intended to support the US in maintaining global and regional order goals. Tokyo is taking its time to reassure others; it remains a long way behind the timelines of the Armitage-Nye report. Most regional states appear to have accepted this.

By sending troops to Iraq and Afghanistan, Japan is complying with US wishes, but many Japanese strategic policy makers remain concerned about the impact of US Middle East policy on Japan’s energy interests. So Tokyo has joined the Northeast Asian rush to diversify its investments in energy and other commodities. These have not always followed American interests, as demonstrated by Japan’s recent deal with Iran to co-develop oil production facilities in the Fars region.8

The regional country most unhappy about Japan’s security normalisation is China, which once supported the US-Japan alliance because of its strategic restraint of Japan, but which is growing increasingly nervous about Japan’s increasing activism within the alliance framework. Paradoxically, it is the rise of China that has provided Japan with some of the justification it needs to transform its security posture. Japan, probably prompted by China’s successes, has also begun to show a growing interest in regional multilateralism.

For its part, Tokyo realises that, given the likely continuation of its strategic rivalry with China, Japan has no other option but to remain tied to Washington’s strategic vision for the Asia Pacific. China’s strategic vision for the region is incompatible with Japan’s self-image, and probably with Japan’s interests. Japan’s relations with the US, Australia, and even Taiwan will grow in importance as it normalises its posture, while its relations with the rest of Asia remain problematic, and will remain so for as long as its history constrains its ability to develop a compelling regional vision.

(c) China’s Regionalism

China has been the Asia Pacific region’s major strategic beneficiary of the War on Terror. Beijing, along with Moscow, seized the opportunity after 11 September 2001 to recast its internal security preoccupations as congruent with those of the US and Europe, rather than at odds with Western human rights goals. In the ensuing pause in its overtly competitive relationship with the US, China has made important diplomatic gains in the Asia Pacific region. China has particularly identified Southeast Asia as an environment in which it can demonstrate its ‘peaceful rise’ assertions while building soft power and loyalty through promoting converging interests.
For many Southeast Asian states, recent memories of China’s belligerence are fresh, and it is an increasingly worrying economic competitor. But most Southeast Asian leaders see no alternative to building strong relations with Beijing. China’s ‘early harvest’ trade commitments to the poorer members of ASEAN, its opposition to the use of external pressure to drive internal reforms, and its professed concern with non-traditional security concerns have formed a stark contrast with Washington’s perceived preoccupation with governance and hard security issues, its incessant demands, and its narrow focus on those relationships that will be most helpful in prosecuting the War on Terror. A great deal of resentment towards the US for its perceived lack of concern for regional countries affected by the Asian financial crisis continues to linger in Southeast Asia.

China-US relations are developing along a complex set of strands. Beijing and Washington are each pursuing a dual-track strategy in relation to the other, in which each seeks to reap the gains from co-operation but seeks to balance the influence of its strategic rival.

Mechanisms of Sino-American co-operation will continue to develop around areas of converging interest: economic growth and integration and an emerging two-power concert in which both Washington and Beijing realise that each needs the other to manage the problems of North Korea and Taiwan. Washington and Beijing also have a close interest in stability for the sake of economic growth, and for this goal both are willing to keep a lid on their overt strategic rivalry. There are indications that periods of warmer Sino-US relations make some of Washington’s traditional allies nervous: an ever-closer US-China concert will make both Washington and Beijing less eager to maintain close links to other regional allies.

Within the limits imposed by their desire for stability, and underneath the ostensible co-operation during the War on Terror, Sino-American strategic rivalry has intensified since 11 September 2001. Beijing and Washington are attempting to offset each other’s regional influence while seeking to reinforce their own. This has developed into a dynamic of competitive multilateralism, and this dynamic has been played out predominantly in two regions: Central Asia and Southeast Asia.

China has been alarmed by the strategic access the US has gained in Central Asia during the War on Terror, and by Washington’s strengthening relationship with India. Despite China’s interest in the battle against Turkic and Central Asian Muslim radicalism, the establishment of US bases in Central Asia looks to many in Beijing like a ‘soft containment’ of China. To offset this, China has increased its activism in Central Asia through the auspices of the Shanghai Co-operation Organisation, and recent years have seen an organisation that had been oriented towards trade and border disputes begin to develop counter-terrorism co-operation and exercises. Beijing has also tried to use aid payments and energy and trade deals to build its soft power in the region to offset US and probably Russian influence. China’s western frontiers, after a brief period of quiescence, have returned as an enduring security concern for Beijing, and a factor that will influence its strategic policy in the Asia Pacific region. Beyond this, Central Asia’s inherent instability could sponsor dangerous competition and possibly even conflict among China, Russia and the US.

For its part, the US is beginning to be concerned by the spread of Chinese influence through Southeast Asia. In response, Washington has moved to strengthen its alliances with its major regional allies: Japan, South Korea, Thailand, the Philippines and Pakistan, and to expand co-operation with Singapore and India. The Sino-American competition in Southeast Asia is more contained by historical precedent than in Central Asia, but factors such as maritime security and internal instability in Southeast Asia do raise the possibility of intensified great power sphere-of-influence competition in the region (see below).
There is little prospect that Chinese influence will displace the US from the region or threaten any of its bilateral security linkages. For decades most Southeast Asian countries have benefited from a US de facto security guarantee, where US concern for the regional status quo was treated as a security commitment with few costs for or expectations on regional countries. Southeast Asian governments are unlikely to surrender the certainties of the current system for the uncertainties of a Chinese security guarantee. Competitive multilateralism in both Central Asia and Southeast Asia will probably continue for some time, without either Beijing or Washington being able to displace the other from its position of regional influence.
3 Strategic Focal Points

There are four points of instability in the Asia Pacific region that have the potential to touch off dangerous power rivalries and possibly conflict: the Korean peninsula, the Taiwan Straits, Southeast Asia's maritime corridors, and domestic instability, particularly in Southeast Asia. Each of these issues has become more unstable during the War on Terror, and the uncertainties over each issue, some of which had been understood as stabilising factors, have become increasingly dangerous.

(a) The Korean Peninsula

In October 2002, North Korean officials admitted that Pyongyang is developing nuclear weapons, in clear breach of the 1994 Framework Agreement in which it agreed to forego its weapons of mass destruction programs. The intensive diplomacy aimed towards resolving the crisis that followed shed light on the major protagonists' strategic and diplomatic positions. These offer intriguing hints about the possible security environment in the region in the years to come.

Of any of the protagonists in this crisis other than North Korea, the US has the most at stake. Most policy makers in Washington see the resolution of the North Korean crisis as having the potential to impact heavily on the US ability to maintain global and regional order. At the level of Washington's global interests, North Korea's actions threaten its non-proliferation agenda, and the way in which it handles the crisis is a part of its evolving doctrine of deterring and transforming 'rogue states', which are taken to threaten the US directly through their potential passing of weapons of mass destruction to terrorists. At the regional level, the situation is potentially destabilising to the regional power balance and the framework of strategic restraint, particularly in Northeast Asia. Washington's global perspective on the problem creates divergent imperatives from those of the local participants in the six-party talks: while the US is prepared to countenance the collapse of the North Korean state as the price for non-proliferation, Pyongyang's neighbours seem more worried about the prospect of a catastrophic collapse than they are about the continuing shadow-boxing about North Korea's limited nuclear capabilities.

American policy makers are acutely aware of the failures of the 1994 Agreed Framework, and of the need to negotiate a much more rigorous solution this time. There are three components to the US approach. The first is an insistence on multi-party negotiations, resisting Pyongyang's insistence on bilateral talks. The second is the specification of complete, verifiable and irreversible disarmament as the only acceptable end-point for the discussions. Third is the initiation of the Proliferation Security Initiative, aimed at preventing third-tier proliferation of weapons of mass destruction and missile technologies, and also at increasing the financial pressure on the North Korean regime by cutting off its foreign exchange earnings through illicit overseas activities. If it were to succeed, the US would add another template to its post-11 September 2001 security doctrine: multilateral, coercion-backed negotiated disarmament (in addition to the templates already in place: intervention and regime change [Iraq] and isolation- and intimidation-driven unilateral disarmament [Libya]). But the US probably lacks crucial levers of influence to bring this new template to fruition. It is likely that the continuing US lack of leverage against North Korea will place greater pressure on China to do more to bring about an acceptable resolution. If this were to occur, China would likely demand a quid pro quo on Taiwan.
Japan’s involvement is focused by genuine concern that, for historical-cultural reasons, as well as due to its alliance with the US, it may bear the brunt of the actions of a nuclear-armed and belligerent North Korea. Underlying this is the emotive popular issue of nuclear weapons for many Japanese. For a time, popular Japanese anger about the abductee issue became a major consideration, causing Tokyo to lapse into a familiar ‘bankroller’ role in the six-party talks. But Japan’s genuine concern about a nuclear-armed North Korea has more recently driven a surprisingly active Japanese diplomatic effort in relation to North Korea. Tokyo has initiated several bilateral meetings and initiatives, though none have been particularly successful thus far.

China has an aversion to a nuclear-armed North Korea and seems genuinely frustrated by Pyongyang’s obduracy during the crisis. Beijing is worried about North Korea’s fragility and the impacts that its implosion would have on China’s northeastern provinces. China is therefore unwilling to be more than mildly punitive towards North Korea or to support punitive action.

Despite being committed to the six-party talks process, China, along with Japan and Russia, still sees the crisis as primarily a bilateral conflict between North Korea and the US. Like Japan and Russia, China sees its role as basically facilitative and oriented towards protecting its own interests. Chinese pronouncements on the talks carry strong implications that China sees itself as the mediator between Pyongyang and Washington, rather than as a major protagonist. The Chinese government has also made it clear that, while it accepts the objectives of US policy towards the North Korean crisis, it has reservations about the broader US security policy doctrine that has informed its approach to the Korean crisis.

South Korea sees the six-party talks as a vital stabilisation measure keeping the US-North Korea stand-off under control. Seoul joins China and Russia in opposing punitive sanctions on North Korea, a coalition that makes it extremely difficult for the US to impose coercive leverage on Pyongyang. Many South Koreans see North Korea less as a security threat than as part of an artificial division of the Korean nation; most support the development of a transformative, evolving relationship with North Korea, and are increasingly resentful of outside interference and antagonism, particularly from the US. Most South Koreans want greater agency for Koreans themselves in solving the peninsula’s problems, and this in turn feeds a growing frustration that the serious crisis negotiations are occurring above Seoul’s head. But Seoul is also well aware of the importance of the US alliance; its policy on the six-party talks is partly shaped by its twin fears of being either abandoned by the US or dragged by Washington into a major war in Northeast Asia.

Both the US and China are playing the game on the Korean peninsula at two levels: each is seeking a satisfactory resolution of the crisis while also cognisant of the impact of how it handles the negotiations on its relations with key regional partners. Most important in this context is South Korea. Washington is aware of popular sensitivity in South Korea to perceptions that outsiders are determining events on the peninsula. And any perception that a North Korean collapse, with all its attendant human costs, had come about as a result of US pressure could cause enormous strains on the US-South Korean alliance. On the other hand, the US must not allow its pressure on the North Korean regime to be dissipated if it is to achieve complete, verifiable and irreversible disarmament. China is aware of how its actions may be interpreted in light of its advocacy of a ‘peaceful rise’ and co-operative security in the region. Beijing’s policy towards North Korea is influenced by considerations of how comfortable South Korea and other regional countries will be with growing Chinese power.
(b) The Taiwan Straits

The Taiwan straits is the security nexus in the Asia Pacific that has evolved the most over the past ten years; the next five will probably see major change. Most of the destabilising change has been the result of growing Taiwanese demands for de jure independence from China, demands made more strident by the consolidation of democracy on Taiwan. As Taiwan has grown more certain about its interests, China and the US have each been placed in a difficult position over how to manage the issue. This has had the effect of drawing Washington and Beijing closer together and further isolating Taiwan in the region — an outcome contrary to many of Taipei's diplomatic efforts for the past three decades.

In the 1990s, Taiwanese leaders gradually formed the view that the self-imposed restraints on China's ability to act threateningly towards Taiwan present Taipei with the space to make increasingly assertive claims to independence. China's leaders have realised that belligerence over the Taiwan issue inevitably backfires, generating international sympathy and electoral support for Taiwan's pro-independence parties, and spiking regional fears about China's growing power. However, Beijing's recent criticism of the visit of Singaporean Prime Minister-to-be Lee Hsien Loong to Taiwan shows that China is still determined to ensure regional countries remain committed to the one-China principle.

Taiwan for over a decade has engaged in what Cold War strategists called 'salami tactics': making small unilateral challenges to the status quo that are always under the retaliation threshold, but each of which advances one's objectives in a significant way. In 1991 Taipei dropped its claim to be the government of all of China, modifying its understanding of the one-China policy to that of recognising China as one country with two governments. To avoid provoking China, what level of government Taiwan had in mind was left ambiguous. But ever since, Taiwan has been testing the limits of this definitional ambiguity, from Lee Teng-hui's reference to cross-Straits relations occurring on a 'special State-to-State basis', to the recent addition of the name 'Taiwan' along with the 'Republic of China' on Taiwanese passports.

Taiwan has also been pushing at the limits of the other crucial ambiguity - strategic ambiguity - that is so important to the management of the issue. Strategic ambiguity means the US keeps both China and Taiwan uncertain as to whether it will defend Taiwan against China, as a way of restraining each side from provoking the other. But Taiwan, with each new provocation of China, is effectively trying to draw the US guarantee into greater clarity. This strategy has worked only to highlight the divisions in Washington between a Presidency increasingly alarmed and irritated by Taipei's provocations and a firming resolve within the US Congress that the island democracy must be defended from its communist aggressor. In place of deliberate ambiguity over whether the US will defend Taiwan, there is now genuine uncertainty over how the executive-legislative politics in Washington will affect a response to a Taiwan Straits crisis.

These Taiwanese actions have painted China into a corner, to the extent that Beijing is in the invidious position of relying on Washington to restrain Taipei, lest it be forced into yet another damaging display of belligerence by Chen Shui-bian. For its part, the Bush administration has been forced closer to the Chinese position in its desire to restrain Taiwan's moves towards independence. By raising fears of instability among regional countries that had been sympathetic to Taipei's position, Chen's policy has begun to reinforce Taiwan's diplomatic isolation, a predicament it has worked for years to overcome. Taiwan's continued testing of the diplomatic boundaries could ultimately have the effect of stimulating a regional concert of countries concerned to manage the issue in a way that preserves regional stability.
Southeast Asia's maritime corridors carry a significant proportion of world trade and nearly all of Northeast Asia's energy supplies. They provide easy mobility for Muslim terrorists moving between Sulawesi and Mindanao, and rich pickings for pirates preying on shipping and tourism.

The War on Terror and concerns about nuclear proliferation and organised crime have had the effect of 'securitising' Southeast Asia's perennial maritime law-enforcement problems. This has been imposed on a region that hosts long-standing dynamics of uncertainty and rivalry over claims to sovereignty over and access to maritime territories and access routes. While Southeast Asian states and regional powers agree that maritime security in the region is a pressing issue, there are significant disagreements over how to manage the issue, as well as suspicions about others' motives for becoming involved in managing Southeast Asia's maritime security.

The most important maritime corridor in Southeast Asia is the Malacca Straits, through which more than a quarter of the world's trade passes. This makes the Straits a perfect hunting ground for pirates and an ideal future location for a major maritime terrorist attack. But the three Southeast Asian countries that border the Straits — Singapore, Indonesia and Malaysia — are unable to agree on how to ensure security in this waterway. Singapore emphasises the security of the Malacca Straits as a major national security interest, while Indonesia and Malaysia have tended to emphasise broader security and sovereignty concerns. Singapore, for its part, is worried about Indonesia's, Malaysia's and the Philippines' weak capacities to enforce maritime security in the Malacca Straits and elsewhere.

These divisions among Southeast Asian states have been somewhat exacerbated by the concerns and growing interest of regional powers in Southeast Asian maritime security. In March 2004, Admiral Thomas Fargo, head of the US Pacific Command, presented to the US Congress a Regional Maritime Security Initiative that proposed the US deploy speedboat-borne special forces to work with Southeast Asian countries to protect the Malacca Straits. Fargo's proposal also envisaged mutual intelligence gathering and joint patrolling of the waterway. Singapore immediately supported the initiative, and soon after also called for joint US-Japan patrols of the Straits. Malaysia and Indonesia rejected both proposals. Similarly, Singapore has been an enthusiastic participant in the US-sponsored Proliferation Security Initiative and Container Security Initiative, while the support of other Southeast Asian states has been more qualified.

Japan and China also have an interest in Southeast Asian maritime security. Both countries are acutely conscious of the vulnerability of their economies to a disruption of trade or energy supplies through Southeast Asia. For their part, most Southeast Asian states agree that Japan should contribute to maintaining maritime security in the region, even while disagreeing on the type of Japanese involvement they will accept. China is concerned that the US will use concerns over terrorism and proliferation to increase its strategic footprint in Southeast Asia and offset Beijing's regional influence. Several Chinese strategic commentators have interpreted Washington's strengthening of its counter-terrorism co-operation with Southeast Asian states as an integral part of the US Global Force Posture Review and therefore a regional component of a renewed US drive to dictate the global security order. However, recent memories of China's behaviour over the South China Sea make it unlikely that Southeast Asian states would be comfortable replacing the US with a Chinese security guarantee.
(d) Domestic Instability

Communal violence and secessionist conflict have flared across Southeast Asia and parts of China in recent years. While the external drivers of Muslim terrorism may have weakened over time, little progress appears to have been made by regional countries towards resolving communal and secessionist tensions. Domestic instability is likely to be reinforced by population pressures and economic dislocation, especially in the Philippines and Indonesia.

While sporadic outbreaks of conflict and terrorism in Southeast Asia continue, the major Southeast Asian states are likely to remain internally-focused and the price-takers rather than the price-makers in moves towards the development of security management institutions. The US will probably continue to view domestic instability in Southeast Asia strategically, and from the point of view of its own vulnerability to transnational threats. Washington's bilateral alliances with the Philippines and Thailand, and its security relationships with Indonesia and Malaysia, will likely continue to be defined and driven by terrorism concerns. China will most likely watch this continuing US involvement in Southeast Asia with suspicion.

The ASEAN states have realised that after 11 September 2001, maritime security and domestic instability pose them a familiar problem. Unless the states of Southeast Asia can enforce maritime and internal security in the region to a standard sufficient to assuage the concerns of the region's powers, the pressure will grow for external intervention and management of the issues. The fear of external intervention under the pretext of regional instability was a founding impulse of ASEAN, and appears to be behind the Indonesian proposal for an ASEAN Security Community floated in New York in June 2003. Progress on this initiative has not been impressive to date. But such moves may be the first signs of the development of mechanisms of convergent security management in the region that go beyond the ASEAN Regional Forum, in which a range of regional powers partner ASEAN states in ensuring maritime security.
4 The New Regionalism

Also largely unnoticed in recent years has been the slow rekindling of interest in regional institutions in Asia. The late 1990s saw regional institutions lose their momentum, as ASEAN struggled to absorb its new members, APEC succumbed to divisions over sectoral liberalisation, and the ARF became bogged down in its own action agenda. The Asian financial crisis highlighted the shortcomings of all of these institutions. But since 2000, there has been renewed interest in regional institutions. Several new mechanisms and initiatives were stimulated by the financial crisis. More importantly, China began to display a new interest in multilateralism and collaborative management of security issues. These developments have set off various reactions in the region, which do not as yet amount to a single picture of institutional development, or indicate how adequate the new institutionalism will be for managing the region's security challenges.

Among the great powers, the US, China and Japan, multilateralism has taken on a competitive edge. In addition to the competitive multilateralism between China and the US, discussed above, there has been growing rivalry between China and Japan over multilateral influence in Southeast Asia. Some observers have interpreted a strengthening of sections managing multilateral relationships within Japan's Foreign Ministry as a sign that Japan has realised that it must take seriously its multilateral engagement with its region.

On current indications, however, Japan and China are unequally matched in their ability to play the multilateral game in the region. China is developing and using significant soft power resources, mainly based on widely shared perceptions about the growth potential of its economy and the seeming inevitability of its rise to regional pre-eminence. This has prompted among regional countries a growing sensitivity to China's interests and a heightened awareness of any Chinese policy that appears to benefit the region. Japan, on the other hand, remains hampered by a severe soft power deficit in the region. Its economy is still three times the size of China's, a fact which is rarely acknowledged and generates far less influence for Tokyo than it should. Japanese regional initiatives regularly outstrip those of China by several times, yet are rarely lauded to the same extent as Chinese initiatives. And while China's soft power surplus is growing, Tokyo appears to be able to do little about its soft power deficit.

There are indications that Japan is becoming more important to China in economic terms; in the absence of other factors, economic indicators would suggest a long-term normalisation of China-Japan relations, with important implications for East Asia regionalism. However, in recent years, discussion of the need for 'new thinking' on Japan among some Chinese opinion makers has succumbed to Chinese popular hostility to Japan and the lack of a positive Japanese response. So while Sino-Japanese relations may improve following the departures of Jiang Zemin and Koizumi, it is more likely that the habits of popular distrust and rivalry will keep any improvement modest in scale.

China's rapid diplomatic gains in the region have been assisted by its selective adoption of established Southeast Asian norms of co-operation, a tactic which has made China's
multilateralism appear familiar and benign to most ASEAN members. Beginning with the negotiation of a Code of Conduct for the South China Sea, under which China and the members of ASEAN agree to jointly address common challenges while managing conflicting territorial claims cooperatively, China has adopted an approach to multilateralism centred on three principles. The first is non-intrusive relations, whereby parties refrain from criticising or commenting on each other’s affairs, and which China has extended into a ‘no-strings-attached’ approach to building relations with Southeast Asian states. The second is an instrumentalist approach which seeks to build on converging interests while quarantining competing interests and ideological or doctrinal differences. The third is an appeal for the ‘democratisation’ of international relations, meaning a championing of development and other interests of smaller states against the dominance of the US, and a commitment to multilateralism as the best way of securing democratisation. Each of these principles, in rhetoric and practice, resonates positively with the ‘ASEAN way’. Beijing also benefits from ASEAN countries’ awareness that China’s growing power brings with it more potential coercive levers, and that China historically has not been averse to playing hardball.

Washington’s general scepticism about multilateralism has been replicated in the Asia Pacific. The US has long been uncomfortable with Asia’s lowest-common-denominator multilateralism because, in the eyes of many American policy makers, it magnifies all of the inefficiencies of more legalistic forms of multilateralism. It is no coincidence that the prominent forms of US engagement in the Asia Pacific in recent years have been the negotiation of bilateral free trade agreements and the prosecution of the War on Terror largely through bilateral relationships. In many ways, Southeast Asian states are comfortable with Washington’s reluctance to institutionalise its security engagement in the region, because for decades they have been able to enjoy a de facto US security guarantee to the status quo in the region without incurring costs or obligations.

For the countries of Southeast Asia these developments present a challenge of balancing between the offers and demands of the great powers in such a way that gains the most benefits without surrendering their independence or the centrality of ASEAN. ASEAN itself continues to be hampered by a lack of leadership and its members’ cautious approach to institution building. It is likely that progress towards effective economic integration and security co-operation will be slow. But the organisation and its members stand to gain much from the great power interest and momentum towards a new regionalism. Many have already benefited from outside powers’ offers of assistance in the fight against terrorism: Canada, Europe and Australia have only recently realised that some of their individual assistance to Southeast Asian countries was duplicating that provided by others, and have begun to consult on what assistance they are providing to whom. Another major benefit has been the decrease in China’s belligerence over issues such as the South China Sea; indeed the continuing stand-off over the Taiwan Straits has the major benefit of ‘domesticating’ Beijing’s behaviour in the rest of the region.

The record so far suggests that the countries of Southeast Asia have readily engaged bilaterally with China and Japan, but remain somewhat wary of closer multilateral engagement. There is no common approach among these states about how to deal with China in particular. At one end of the spectrum is Myanmar, which has pursued a policy of engagement bordering on alignment with China for some time. At the opposite end is Vietnam, which has become much more active in ASEAN since the late 1990s, seeing the organisation as a way of balancing against China. In between are the other ASEAN members, each of which is pursuing its own objectives of hedging between China, Japan and the US.

So ASEAN faces two challenges in the future: making the most of Sino-American rivalry while avoiding being fully co-opted by either; and riding the new momentum towards Southeast
Asia–Northeast Asia integration without surrendering ASEAN’s centrality or diplomatic culture. Both will be demanding challenges and may promote greater convergence among ASEAN members themselves. It also suggests that ASEAN will have a continuing interest in building strong external ‘ballast’ relationships with adjacent countries such as India and Australia.

The mix of converging and competing interests in the Asia Pacific suggests that the development of a regional institution capable of managing the region’s security challenges is unlikely. Institutional development that does progress — and the development of ASEAN + 3 seems likely — will probably become part of the complex patterns of competition and cooperation rather than displacing them. Collaborative mechanisms may develop to manage some security challenges, such as maritime security in Southeast Asia, but these are unlikely to develop into region-wide mechanisms.
5 Transformational Forces

There are several other factors that could impact on the regional security environment. Demographic and attitudinal change among the populations of key regional countries is likely to constrain the strategic options of policy makers. Economic growth, integration and instability, energy competition, and the resolution of central strategic challenges hold the possibility of altering the strategic picture in their own right.

(a) Demographic and Attitudinal Change

The next decade will see generations with no memory of their countries' post-War underdevelopment and instability coming of age and acceding to positions of influence and responsibility. This generation will also be more cosmopolitan and experienced in the outside world than its predecessors, thanks to widespread overseas education and advances in communications technologies. Those in authoritarian states will probably expect more in terms of governmental responsiveness to popular demands, while those in democracies will likely become increasingly cynical and apathetic about issues of governance and accountability. A return of popular pride in Asia's economic dynamism and a rising nationalism born of the rhetoric of growing power and the increasing popular discussion of foreign policy issues will be significant attitudinal currents.

Generational change has already begun to affect the options of strategic policy makers in Japan and South Korea. Many younger people in both countries have become increasingly critical of the perceived inequality of their country's alliance with the US, and in recent years have come to see the US as a destabilising force rather than an integral aspect of their country's security. President Bush's inclusion of North Korea in the 'axis of evil' was resented by many South Koreans, who feared the US would escalate the tensions on the Korean peninsula as part of its War on Terror. These pressures have already affected US alliances with Japan and Korea in terms of inspiring consolidations and reductions of US troop numbers in order to minimise their impact on local communities. While attitudinal change is unlikely to break the US alliances with Japan and Korea, it will play an increasingly central role in determining how Washington, Seoul and Tokyo approach strategic issues in the region.

(b) Economic Growth, Integration and Instability

Three economic trends are highly likely to continue in the Asia Pacific over the next decade or so. First, there will be ongoing economic development and growth in most countries in South, Southeast and Northeast Asia, although countries will grow at different rates depending on their capacities to adjust to the pressures of globalisation. Second, this region will become increasingly central to the global economy, in terms of economic weight and dynamism. Third, the Asia Pacific region will continue to integrate into the global economy, and as a consequence will reap the benefits of the world market and global finance, but will also be vulnerable to global economic shocks and systemic instability.

Trade and investment flows demonstrate that China has emerged as a major driver of renewed regional economic integration. A range of figures demonstrate that the growth of regional economies from Japan to Indonesia has been largely attributable to the dynamism of the Chinese economy, a realisation that seems to mitigate the fact that China's exports are out-competing many of the staple exports of Southeast Asian countries.

China-centred integration has bolstered Beijing's position in the region. It has become
increasingly apparent that China’s economic partners now have a vested interest in China’s economic health and the continued success of its economic reform process. This is particularly true of regional countries, which recognise that economic health promotes domestic stability in China and elsewhere in the region, that China’s booming industries stimulate regional economies, and that China shares many of the resource and financial security concerns of its neighbours, a factor reinforcing a collaborative attitude to regional diplomacy. Growing integration with the Chinese economy brings increased vulnerability should the Chinese economy fail.

By championing an ASEAN-China Free Trade Agreement, China is attempting to add a layer of institutional integration to the pre-existing market driven process. This has in turn touched off a broader dynamic of institutional integration, driven partly by competitive multilateralism (in Japan’s case) and the desire to partly balance or offset China’s weight and influence (in the case of a possible ASEAN-Australia Free Trade Agreement). It remains to be seen whether the clutch of bilateral free trade deals can be rationalised into a single institutional framework.

This new wave of economic integration and institutionalisation may have long-term implications for regional identification and for institutionalisation in other policy areas. The slow advance of institutionalisation and regionalism in East Asia seems to have received impetus both from economic growth and from crisis. Whether or not this occurs, a benign security environment depends on the continuation of converging economic imperatives among the region’s countries. A common interest in economic development, and stability for the sake of economic growth, is the major stabilising factor mitigating the range of competing interests in the region. Any change to the current convergent economic logic will almost certainly have dangerous implications for the regional security environment.

(c) Energy Competition

Concern about the adequate supply of energy, particularly among policy makers in Beijing and Tokyo, has the potential to transform power competition in the Asia Pacific region from its current bounded forms into open confrontation. Since the end of the Second World War, US strategic involvement in the Middle East has been designed to guarantee world oil supplies and prevent the development of dangerous great power competition in the region. But the invasion and occupation of Iraq have led to growing Japanese and Chinese disquiet over whether the US vision for regional security in the Middle East really coincides with their interests. This nervousness will only grow if Washington decides to confront Iran over its uranium enrichment program.

For China, the supply of energy has begun to take on the sort of life-or-death stakes that previously only the status of Taiwan held. For several years, China has been diversifying its investments in energy and resources, securing non-Middle Eastern suppliers of oil and gas in Central Asia, South America, Africa and Australia. The urgency of Beijing’s search for energy security has begun to influence its global diplomacy, and is likely to continue to do so. The concern about energy supplies has generated considerable competition between China and Japan to secure an oil and gas pipeline from Russia, a competition from which Moscow has gained maximum diplomatic advantage. China, Japan and India have each recently signed energy deals with Iran, moves that will probably fatally complicate Washington’s plans to impose sanctions on Tehran.
The stakes involved in North Asia's continued access to adequate energy supplies suggest that China in particular will not passively accept the US as its energy guarantor for long. Chinese strategists are well aware that the submerged competition between the US and China could come to a head at any time, and that Washington's ability to threaten China's energy supplies would be a compelling lever of influence. China, therefore, is likely to continue to give greater priority to energy interests in its foreign policy, and these could begin to clash with US interests in the Middle East and elsewhere. Emerging Sino-US conflict over energy has the potential to make their competition in the Asia Pacific region much more serious, and much more dangerous.

(d) Resolutions

Points of intense rivalry often serve to crystallise and hold in place power configurations; once these points of rivalry are resolved, power configurations can change very quickly. Two of these exist in the Asia Pacific: Taiwan and North Korea. Arguably, the resolution of either or both of these issues will have a rapid transformative effect on the regional security environment – probably for the worse.

The Taiwan Straits stand-off has locked in place a major prop of Sino-American antagonism and rivalry for decades. As discussed above, recent Taiwanese moves have demonstrated to Beijing and Washington that they have become to some extent hostage to Taipei's manoeuvres, a fact that has resulted in the development of a form of mutual dependence between the rivals. Other states in the region also have vital stakes in the confrontation: most dread the impact of a US-China war over Taiwan on regional stability and economic growth. Many US allies fear being forced to choose between the belligerents.

The trend of public opinion in Taiwan suggests that Taipei will try to force a resolution of the stand-off over the next five years. Three outcomes are possible: two malign and one benign for the regional security environment. If Taiwan clandestinely develops a nuclear weapons capability and makes a unilateral declaration of independence, it would lock in China's hostility and severely interrupt cross-Straits trade and investment, but would also probably result in Taiwan's diplomatic isolation in the region. Such is China's depth of feeling about the Taiwan issue, the nuclear stand-off over the Taiwan Straits would be extremely precarious. If Taiwan continues to move towards a declaration of independence, it will most likely sharpen the confrontation between Beijing and Taiwan's supporters in the US Congress. An escalating crisis may dangerously restrict the US President's flexibility. It will probably also change the character of US and Chinese diplomacy in the region, adding an edge to their competition for support from regional countries. A benign outcome would be the development of a concert of regional countries dedicated to helping manage the tensions. Depending on Taipei's reaction (and Beijing's agreement to somewhat 'internationalise' the issue), such a mechanism could lead in time to a negotiated solution to the crisis.

North Korea functions as a convenient ‘strategic plug’ in the western Pacific; while unpalatable, its removal would be highly destabilising. The continued existence of North Korea is in this sense a stabilising force; if it were to collapse or if re-unification were to occur, it would usher in a range of even more serious security challenges. When pressed, strategists admit that a nuclear-armed but stable North Korea is preferable to an unstable, belligerent, fast-collapsing liability. The countries around North Korea would bear the brunt of the consequences of its collapse and of the ensuing strategic uncertainty and competition.

Or North and South Korea could unify peacefully. At a basic level, China, Japan and the US would each have a vital interest in the alignment of a reunified Korea — while the continued alignment of such an entity with the US would be deeply unsettling for China, Japan would worry about a reunified Korea in China's sphere of influence. As for Koreans themselves, they would likely be extremely particular about their relationship to neighbouring powers. Whether it goes nuclear or not, North Korea's neighbours are likely to continue to prop up the regime while they try to work out what to do after it ceases to exist.
6 Conclusion

The future security environment in the Asia Pacific will be determined by trends that have developed while much of the region's attention has been distracted by the War on Terror and the hostilities in Iraq. Since 2000, the US has developed into a power that is certain about its regional interests and role in the region, but is less sure about the mechanisms of its regional engagement. It is certain of its stakes in the growing rivalry with China and the serious transnational threats that manifest themselves in the Asia Pacific, but is uncertain about the overall mix of its military and institutional commitments. China, on the other hand, has a clear vision of the mechanisms and style of its regional engagement, but has little sense of its ultimate regional role or interests. The weight of China’s statements about its role in the world relate to being allowed to develop economically and as a great power. There is no vision about its role once it achieves wealth and power. These differences between the US and China have kept their regional rivalry contained, and will probably continue to do so for some years.

For China and the US to come to an understanding about their respective influence in the region, both will need to cede diplomatic and strategic ground. But this will be difficult for both countries to do. Paradoxically, as the US feels more threatened by the growth of Chinese power and influence, the less inclined it will be to voluntarily cede ground to China.

Asia Pacific security is maintained above all by the coexistence of rivalries and converging interests among regional countries. On the one hand, the rivalries are structural and serious enough to ensure that converging interests will probably not develop into a comprehensive regional institution. On the other, the converging interests are weighty enough to prevent rivalries breaking into open confrontation. A change in the tenor or balance between converging interests and strategic rivalries will usher in a period of rapid change and destabilisation in the Asia Pacific.
Notes


4 For example, the use of Japan's security normalisation to support counter-terrorism actions, and the strengthening of counter-terrorism co-operation with Southeast Asia as a buttress against growing Chinese influence.


6 Contrast these initiatives with Japan's regional diplomacy during the 1960s, 1970s and 1980s, in which aid and investment were used to shape the regional economy in such a way as to advance Japan's economic interests: see Ming Wan, ‘Japan and the Asian Development Bank’, Pacific Affairs, Vol. 68, Winter 1995/96; and Stephen Krasner, ‘Power Structures and Regional Development Banks’, International Organization, 35:2, Spring 1981.

7 These incidents included the North Korean launch of the Taepo-Dong I missile over Japan in August 1998, clashes between the Japanese navy and what were probably North Korean intelligence gathering ships, North Korea's admission to kidnapping Japanese citizens, some of whom had died in captivity. All of these incidents reinforced fears of being hostage to an unpredictable and belligerent regime in Pyongyang, and that to protect itself from such actions, Japan may have to explore options other than those provided by the US-Japan alliance as it stood.

8 China and India have also recently signed energy deals with Iran.

9 Beijing did not initially protest about this because it had broader interests to pursue. Policy makers in China are unlikely to have taken seriously any US assurances that it wouldn't use these Central Asian bases for more general geostrategic advantage.

10 In a mid-2004 SCO meeting, China pledged US$900 million for the development of economic co-operation in the SCO, and gave an extra US$350 million in aid to Uzbekhistan.

11 In what follows, the positions of only four of Pyongyang's interlocutors in the six-party talks are discussed; in excluding Russia from consideration, this paper concurs with most commentators who regard Moscow as a relatively minor protagonist in the six-party talks and in the Asia-Pacific security environment for the foreseeable future.


13 See for example the remarks made by Vice Foreign Minister Wang Yi at the conclusion of the Third Round of Six-Party Talks on 26 June 2004, at http://www.fmprc.gov.cn/eng/topics/chfht/t141648.htm

14 Security theorists Ole Waever and Barry Buzan coined the term ‘securitisation’ for the process whereby an issue is re-defined as an existential threat as a way of mobilising resources for and overcoming resistance to addressing the issue. See Barry Buzan, Ole Waever and Jaap de Wilde, Security: A New Framework for Analysis, Boulder: Lynne Reinner, 1998.
For example, the Philippines has continued its ambiguous position on distinguishing between what it regards as its internal waters and archipelagic waters, while Indonesia has yet to designate an east-west sea lane to complement the three north-south sea lanes it has designated.


As early as November 2001, the second annual ASEAN Chiefs of Armies meeting agreed to co-ordinate anti-terrorism and anti-crime activities.

See for example a speech by Foreign Minister Tang Jiaxuan in the People’s Daily Online, http://english.peopledaily.com.cn/200212/20/


Currently the East Asian economic region accounts for about a quarter of world trade to the EU’s 35% and North America’s 20%; most economists predict East Asia’s portion to grow.

Currently around 58% of China’s exports go to East Asia and it receives 47% of its imports from the region. 60% of China’s foreign direct investment comes from East Asia, compared to only 20% from the US and the EU combined. Last year, China had a US$97 billion trade deficit with East Asia compared to a US$92 billion surplus with the US and the EU. China’s total imports from the ASEAN economies have increased ten-fold since 1990.

Recent studies also suggest that the character and purpose of foreign business linkages is changing. Much of the rapid growth in the 1990s was in procurement or joint venture relationships aimed at the export market. China’s entry into the WTO in 2001, however, has added momentum for greater levels of foreign ownership and investment aimed at accessing the domestic market. This is helping to weave US and Japanese economic interests more tightly into the fabric of the Chinese economy.


China’s refusal to back UN Security Council sanctions against Sudan was based on its extensive energy investments in that country.

The war in Cambodia is a case in point. Once that conflict was resolved through the United Nations process, it paved the way for the rapid accession of the Indochinese states into ASEAN and the broader strategic reorientation of the region.