THE REGIONAL OVERVIEW

At the beginning of 1997, the security outlook for the Asia Pacific region looks quite positive for the nearer term, but with specific points of danger and many underlying sources of longer term tension. Optimists emphasize that large power relations in the 1990s have been at their most benign compared to any previous period in this century. At the domestic level, armed insurgencies are also at their lowest ebb in decades. The region's governments and societies have made economic development their central concern, and understand that economic growth requires a peaceful political environment. The lowering of policy barriers to economic interaction has resulted in a growth of economic, social, and cultural links in the region as a whole and, most importantly, across most of the former political faultiness. Bilateral security dialogues have multiplied, and multilateral security dialogues—the intergovernmental ASEAN Regional Forum (ARF) and the "second track" Council for Security Cooperation in Asia Pacific (CSCAP)—have been initiated and are gradually assuming substance.

Pessimists point to such dangerous areas as the Korean peninsula and Taiwan Straits, both of which have witnessed major tensions and military demonstrations in recent years. Other international problems include unresolved and contested claims to territory and frequent disputes over trade and other issues that can erode security relationships and increase tensions. At the domestic level, rapid socio-economic change fostered by interdependence places pressures on existing institutions and may produce instability and heighten nationalism. The multilateral consultation processes are only newly emerged and untested, and multilateral dispute resolution mechanisms are largely unformed or ad hoc and informal. The spreading webs of interdependence are only beginning to establish an Asian or Asia Pacific regional society and sense of community. Although military spending as a share of Gross National Product has tended to decline in the region, absolute levels of military spending continue to rise, and virtually all countries are engaged in efforts to upgrade their defense capabilities. Differential rates of economic growth suggest that there will be major power transitions in future years that may be fraught with tensions.

The Asia Pacific Security Outlook is developed from the contributions of country security analysts from around the region, who wrote background country reports, participated in a workshop to compare notes and discuss the issues, and responded to a questionnaire on an anonymous basis. It does not seek to provide a consensus view. As a group, the analysts reflect both optimistic and

pessimistic perspectives on an uncertain security environment. In this overview, we provide a "watch list" of the issues of most concern to the analysts based on discussions and the questionnaire and draw out some of the cross-cutting themes that emerged in the country papers. These papers focused on three areas: national security perceptions, defense doctrines and issues, and contributions to regional and global security.

In general, most analysts tended to be more optimistic about the nearer term outlook and more deeply concerned about the longer-term outlook. Despite individual variations, those from Southeast Asia and the Southwest Pacific are inclined to be more optimistic about the stability of the region as a whole, its institutional development, and its ability to accommodate differences among neighbors. On the whole, those from Northeast Asia and North America are more pessimistic, and are more inclined to see the region's future security relying on power balances rather than institutional development.

This reflects the different circumstances of the subregions. In Northeast Asia, interests of the large powers intersect and there is a tradition over the past century or more of viewing regional relations in balance of power terms. The presence of divided nations in the subregion gives it a potentially explosive quality and, not unrelatedly, it has the sparsest development of international institutions. In contrast, the Southeast Asian and Pacific countries have been quite successful in utilizing informal modes of frequent consultation among elites to dampen traditional differences and establish an emerging sense of community. Countries in these subregions have also been the most active and successful in developing new formal and informal security arrangements, including nuclear free zones for their respective areas and the ASEAN Regional Forum.

Despite these differences of outlook, there is wide agreement among the security analysts on the broad issues of critical importance. Our "watch list" includes two issues—the Korean peninsula and territorial disputes—that can suddenly become critical or may remain issues in the longer-term. Two other issue areas—large power relations and arms modernization—are usually seen as significant or worrisome in the longer-term. However, Sino-American differences over Taiwan and a host of other issues in 1995–96 did attract considerable attention to the more immediate security issues associated with this key trans-Pacific large power relationship.

THE WATCH LIST

The Korean Peninsula. The Korean peninsula represents the area of foremost current security concern for the Asia Pacific region for a number of reasons. It is the one area of the region that has been most resistant to the positive trends in post-Cold War relations occurring elsewhere. Economic and other contacts remain minimal across the Korean divide, and military forces on both sides are massive and are deployed near the Demilitarized Zone. Military tensions were rekindled again in September 1996 when a North Korean submarine ran aground off the coast of the South, triggering a large South Korean manhunt. North Korea's December expression of regret for this incident was an encouraging sign, and permits restarting the multinational KEDO (Korean Energy Development Organization) program to transfer light water reactors to the North in exchange for the North's ending its indigenous nuclear reactor program. Nevertheless, the prolonged and severe food and economic crisis in the North, the uncertainties about that country's political future, the absence of confidence-building measures between the two Korean governments, and the minimal involvement of North Korea in regional and global dialogue institutions make the peninsula high on any regional or global list of places to be monitored and given attention.

Territorial Conflicts. Unresolved territorial conflicts are probably the most widespread and volatile security problem in the region. There is virtually no Asian country without some land or maritime boundaries in dispute. Although most of these involve uninhabited islets, they have much broader significance because of their importance in terms of marine and seabed resources and as symbols of national integrity and influence. Few governments have the courage to resolve such claims if resolution means potentially having to concede ownership. An October 1996 decision of Indonesia and Malaysia to refer one dispute to the International Court of Justice is a rare exception. More typically, governments seek to set the disputes aside and leave them to coming generations to resolve.

Because the disputes remain unsettled, they tend to cause recurring if brief flare-ups. Sometimes these are the result of the efforts of one government to strengthen its claim to a territory. At other times, the flare-ups have been provoked by subnational groups. While primary concern in 1994–95 was with maritime disputes in the South China Sea, in 1996 two disputes in Northeast Asia flared briefly—the Takeshima/Tokdo dispute between Japan and South Korea and the Daiyu/Senkaku dispute involving Japan and China. In both cases, the governments involved sought to ameliorate tensions, and bilateral leaders'

meetings alongside multinational summits helped this process. However, both disputes also illustrated the potential in pluralistic societies for nongovernmental actors to exploit and heighten such tensions. In the case of the Daiyu/Senkaku dispute, the driving forces for conflict came from nationalist activists in Japan, Hong Kong, and Taiwan. Thus such disputes can provide the tinder for conflict, tinder that can become especially dangerous where deeper sources of suspicion or conflict exist.

Large Power Relations. For the medium and longer term, the primary security concerns of the Asia Pacific Security Outlook analysts focus on a broader set of issues associated with large power policies and relations, particularly between China and the United States. There is currently no central conflict among the large powers comparable to the Cold War Sino-Soviet or Soviet-American conflicts. Large-scale economic interactions and human exchanges are occurring between China, Japan, and the United States, quite in contrast to the Cold War rivalries. Even when large power relations have become especially frosty, as Sino-American relations did during much of 1995–96 following Lee Teng-hui's visit to the United States, they have a tendency to recover, as Sino-American relations did in the second part of 1996. Lines of communication remain open and are reinforced by regional meetings, such as the APEC ministerial and leaders meetings, that maintain contact at senior levels. Leaders want these meetings to go well, and this puts a premium on patching up outstanding disputes.

Fluctuations in relations are bound to occur between countries with different systems, traditions, and outlooks. Of deeper concern is the potential for a reemergence of longer-term, polarizing conflict. There are disturbing signs of a hardening of attitudes within each of the larger powers about one or more of the others. Such attitudes affect dominant interpretations in one society of specific actions of the others and establishes a climate in which seemingly small disputes can take on heightened significance and become symbolic of the deeper mistrust in the relationships. If they persist, such attitudes can become the basis of new fault-lines of longer term rivalry and tension.

The security specialists in China, the United States, Japan, and Russia all report signs of attitudes and outlooks that can become very dangerous. Chinese are said to be increasingly convinced that the United States wants to "contain" China and thwart its development into a full-fledged power. The strengthening of U.S.-Japanese security ties in 1996 reinforced this perception. Russian attitudes are reportedly becoming more nationalistic, as hoped for benefits from interaction with the West have not materialized and as the West moves forward with NATO expansion. In the United States, attitudes towards China are reported

to have become much more negative after the Tiananmen incident in 1989, and China's economic growth and military modernization stimulated fears among some Americans of a longer term threat from China. Last year's tensions in the Taiwan Straits further reinforced these American views, just as they fed Chinese suspicions of the United States. Japanese are also said to be increasingly concerned about China's political ambitions in the region.

These key bilateral relationships contain elements of suspicion and mistrust as well as of cooperation. Frequently, where suspicions exist, there is a tendency in each country to see the disparate elements in the policy of the other country as related and motivated by the same negative animus. While such suspicions have not hardened nor reached truly alarming levels, they are clearly important and underscore the continuing need for dialogue and interaction on security and military issues and the building of a broad-based fabric of relations across many different sectors.

Arms Modernization Programs. As noted in our country reports and elaborated below, virtually all the countries of the region are engaged in arms modernization programs. In contrast to other world regions, military modernization efforts have significantly increased rather than decreased in East and Southeast Asia. However, a number of factors make this trend seem less worrisome than it would appear on the surface. First, in most cases modernization is occurring in the absence of a clear-cut sense of enemy or competitor and in this sense do not have the character of an arms "race." Second, defense effort as a share of national budgets or of the overall size of the economies (GDP) have been dropping for most countries. Because of rapid economic growth, many Asian countries have more to spend on arms but this does not necessarily mean that they are spending a larger share of their available resources on arms. Third, arms modernization is usually associated with reduced manpower. Many countries have substantially reduced the size of their armed forces including China, Japan, Russia, Thailand, United States, and Vietnam. Finally, in many cases defense specialists generally acknowledge that equipment is outdated or insufficient to meet increased non-offensive defense missions, such as improved patrolling of Exclusive Economic Zones (EEZs).

For this reason, very few of our security specialists see the arms procurement efforts as a near-term cause of tensions. But there is more concern in the longer run. Over time, increased arms procurements, particularly by large countries of technologically advanced equipment, do feed neighbors' suspicions and may undermine the positive impact of the still nascent confidence building measures. Arms registers, for example, are not that reassuring when they register

substantial purchasing not seemingly related to security needs or when disputes arise as to whether the figures being provided are accurate.

NATIONAL SECURITY PERCEPTIONS

The country contributions focus on three areas—security perceptions, defense doctrines and issues, and contributions to regional and global security. The dominant threat perceptions among the ARF member countries vary according to their political and economic circumstances, their social make-up, and their historical legacies, but there are significant common elements.

First, for virtually none of the ARF countries, with the possible exception of South Korea, is there widespread fear of an imminent full-scale invasion or attack from another country in the near future. Thus fears of external military invasion appear to be at their lowest ebb in recent history. However, official rhetoric notwithstanding, it appears that in many societies threats of one kind or another are associated with specific neighbors. Moreover, many smaller and medium-sized countries fear the loss of remote disputed territories, incursions into maritime EEZs, or an erosion of their relative power vis-à-vis stronger powers that may increase their vulnerability to coercion. Protection of sovereignty and full independence is highly valued, and adequate military power is seen as essential to this protection.

Second, despite reduced external military concerns in the short term, there is considerable doubt about the longer term about the continuity of some of the key elements that underlie the relative stability the region has enjoyed in recent years—China's outward-looking modernization policies, the Sino-American détente, the U.S.-Japan security relationship, the U.S. forward presence, positive Sino-Japanese and Sino-Russian relations, and the political integrity of major powers in the region such as Russia and China. Security concerns are less focused on direct aggression than on the engulfing effects of potential disorders created by new large power rivalries or, more speculatively, the collapse of a major state. The management of China's emergence (or re-emergence) as a superpower, and the possible power transition between China and the United States, are widely cited as the most critical long-term security issues facing the region.

Third, internal military threats to national integrity remain, although dampened in much of the region as state power and authority has grown. China and the Korean peninsula are two special and very significant cases of nations divided by unresolved civil wars with potentially system-wide implications. As pointed out above, these cases are frequently cited as the most dangerous

potential triggers of renewed conflict among major powers in the region. In both cases, the division of the nation was congealed by the Cold War, and state structures were set up that in each case controlled millions of people and governed in a sharply defined physical territory. This has given a sense of permanence to these divisions, both externally and internally, although the official positions of both parties in Korea and China is that there should be reunification. Despite the opening of communications and, in the Chinese case, substantial economic ties and human interactions, deep suspicions remain. Periodically, one side seems to want to test the limits and the international support of the other, and these tests of brinksmanship make miscalculation and a reopening of conflict appear quite possible despite the strong desire by all involved as well as the international community, that future political arrangements be reached peacefully.

Aside from the special Chinese and Korean cases, the Philippines, Russia, and Papua New Guinea face significant active insurgencies in outlying territories. Although the separatist insurgencies among Muslims in the southern Philippines, the Chechnyan minority in the Russian Caucausus, and in Bougainville in PNG involve small and relatively remote areas in these countries, they can have a wider national political and social impact. The insurgents are or may be a terrorist threat far beyond their home areas, and the effective handling of the insurgencies represents difficult and potential treacherous challenges to current national leaders, thus threatening their political survival. Beyond these three countries, others have multi-ethnic populations or far flung territories (such as Tibet in China and West Irian or East Timor in Indonesia) that are not fully politically, socially, or culturally integrated with the main body of the country or where significant numbers passively if not actively question the legitimacy of the national government. In such areas, the potential for an activation or reactivation of serious separatist threats remains a concern to civil and military authorities.

Finally, in many societies, non-traditional security issues—the health of the economy, the protection of the environment, and the preservation of a strong domestic society against corrupting influences—have taken on increased relative importance in national priorities. These, however, are frequently seen in developing Asian societies as national security issues. In the more developed countries, non-traditional threats are usually viewed as serious social or economic issues that threaten national or personal well-being, but generally not as threats to national security. This may reflect differences in basic thinking about what constitutes "security" or it may reflect a greater sense of vulnerability in weaker states with less-well established political, economic, and even social systems.