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Geostrategic Trends in Asia

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About the Speaker

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The tsunami disaster and US policy to Asia

I think we have to begin in Washington with the tsunami and the immediate aftermath of this terrible disaster. One of the most interesting things about the last four years in Washington's policy-making was the expectation when President Bush was elected in 2000 that the United States would be shifting its strategic focus more from Europe and from the Middle East towards Asia because that was where all the major strategic challenges were said to lie. But of course what we have seen in the last three years is something quite different in which the United States in many respects is preoccupied away from Asia. It is really not a case of strategic neglect but simply the overwhelming challenges facing the United States in the Middle East have, if anything, caused the United States to draw its attention away from an extraordinary dynamic time in Asia's history. I personally would argue that we may come to look back on this period as the most important period in Asia's history and that the United States may have missed much of it while we have been preoccupied in Iraq.

There is always some small glimmer of bright spot associated with even the worst tragedy. One of these for the United States in this horrible tragedy is a reminder again of the importance of Asia. Many have suggested, perhaps unfairly, that the United States was slow to appreciate the magnitude of the tsunami crisis and the necessity of the international response. Many in the US media pointed out the fact that the initial contribution of the United States to the relief effort was dwarfed by the amount of money that the United States was about to spend on the re-election festivities for President Bush.

Yet, very quickly, what has happened is that with the establishment of this US fund co-headed by President Bush and President Clinton, which is a very interesting political gesture, suddenly the United States is now much more engaged, with Governor Jeb Bush, Secretary Powell visiting the region. This suggests the United States appreciates that not only is this an opportunity to “appeal to hearts and minds” but also to get back in the game in terms of Asian politics. So often we have heard in the last several years that, at major diplomatic fora in Asia, the United States is primarily engaged on just one issue — and that is the war on terror. This new situation gives us the opportunity to talk in a broader context.

Thus, there has been a recovery from a not very adept initial approach to the crisis and I think we will now see a real outpouring of relief and support. Interestingly enough, much of this initial relief is being coordinated by the US military out of Hawaii. There is the media focus on Asia, with every major American newspaper devoting pages to the tragedy, the human costs, the political consequences and some of the things that have already been discussed in terms of early warning that should be put in place as we go forward.

Transition in Washington — wholesale purge of senior officials

But beyond that, in Washington this is the transition year, an awkward interregnum. And ironically it is even more awkward a transition from one administration to the next of the same political party because what we are seeing is really almost a wholesale purge of a very large number of people that friends in Asia came to feel very comfortable with.

There are two things that are dawning on both Americans and I think the global community during this January. One, something that Americans had been very reluctant to acknowledge, that is the situation in Iraq is going extraordinarily poorly. To you in Singapore this may seem very obvious. You would be surprised at how difficult it is for Americans to acknowledge that we are failing strategically in Iraq.

The assassination of the governor of Baghdad was a major setback for us and we are beginning to appreciate that, even with an election of some kind in the next month, in all likelihood the United States is facing challenges that we have not

anticipated. Here, I must agree with Gareth Evans. I do not think Americans fully appreciate the nature of the tragedy that we are facing in Iraq.

Then there is a major change in political figures in Washington. Many of the people that Asia became comfortable with, reassuring faces like Richard L. Armitage, Secretary Powell and others, are going to be moving on and Asians are going to be dealing with a whole new generation of policy makers in senior Republican ranks. They are much harder-line, much less susceptible to the language of cool diplomacy. We often hear the term neo-Conservative. I wouldn't use that term specifically, but you would find these people not as warm and cuddly as the traditional group of Republicans that you have dealt with for many many years, for decades now.

I noticed that in his keynote address, Gareth talked of how Brent Scowcroft, whom I worked very closely with on the Aspen Strategy Group, played a key role in the recommendations that he talked about. Unfortunately, General Scowcroft who had served very ably during the last four years as the Head of the President's Foreign Intelligence Advisory Board, will not be serving in that capacity. He was basically invited not to participate anymore, just as Powell, Richard L. Armitage, were thanked for their service and shown the door. You are going to see a whole new group of people that are coming to power with not nearly the experience or the historical legacy of personal relationships. That is going to be a real challenge for a number of countries in Asia.

Let me say that this period of transition also allows us the opportunity to reflect not only on the past but on what's to come. One of the things that has caught former Secretary of State Kissinger's eye is a recent book that basically compares global strategy not to chess but to the ancient boardgame, "Go", in which, you seek to limit the options of your opponent. What he has argued is that Iraq in many respects, because it has sucked enormous resources, intellectual, financial, and military resources of the United States, has taken away from us a flexibility to be able to act elsewhere. I think that is likely to be the pattern over the next four or five years.

Challenges and strategic surprises in Asia

I just like to articulate four or five challenges, strategic surprises that we could well experience over the next several years in Asia. I am not sure Americans are well prepared for them, and I am not sure Asians are prepared for the fact that the United States is not prepared for them.

China

The first and at the top of the list is something that is well-known and appreciated to everyone in Asia but it is only slowly becoming apparent to Americans. By any aggregate measurement United States remains the great power of Asia — militarily, strategically, commercially and financially. But if you go behind the scenes and talk to anyone in military planning councils, in boardrooms, in diplomatic gatherings, it is no secret that the great power of Asia today is China. In many respects, much more significant, much more powerful, even with all its domestic difficulties, than the United States. I have been struck time and time again at how effectively they have operated in a multilateral context.

I have seen on a number of occasions American senior diplomats, sometimes a little clumsily, often preferring the bilateral give and take and the Chinese friends being much more interactive, prepared to reach out, listen to initiatives and ideas for multilateral engagements. It is as if we traded places in many respects, with China being a more status quo player and in many respects we, a more revisionist player.

I am not sure Americans fully appreciate how dramatic this change has been. Just in the last four or five years, a very senior official from the State Department summed it up perfectly and by the bluntness of the language you would guess who he is. He said the fact is “China is kicking our ass all over Asia.” I think that is the reality that the second Bush Administration has to take more fully into its strategic calculus and if possible to divert a little bit of attention away from Iraq and devise strategies for engagement that take into consideration the necessity continued high for level American focus in Asia.

What is interesting here is that in the past, while Asians have been relatively comfortable with the US engagement in the here and now, they have always been

worried about the future. Will Americans remain engaged in Asia over the long term? Today, the situation is reversed. I think over the long term Asians believe that the United States will return to Asia once the current unpleasantness in the Middle East is resolved over the next five to ten years. But of course the problem is that during this interregnum, dramatic strategic changes can take place. So the United States really does not have that option if it wants to maintain its position of primacy in the Asia-Pacific region.

Korean Peninsula

The second issue that I think is likely to cause a degree of strategic surprise is Korea, where there is the potential for dramatic changes. I am not speaking here just of the nuclear dimension although that is the issue that receives the most attention here. What Asian countries and the United States are involved in is a giant fiction. If you ask any senior administration official from any country in Asia about North Korea he will say it is unacceptable for North Korea to have a nuclear weapon. The reality of course is that North Korea does have nuclear weapons and it is building them as we sit here in this hall. The worry is that over a period of time, if this continues, North Korea may be only the first step in a chain reaction. Other countries will reconsider their nuclear options given the developments on the Korean peninsula.

In addition we are beginning to see signs in North Korea of internal instability. I and many others have been terribly wrong about this in the past, predicting in the 70s, 80s, 90s and now into the new century the imminent collapse of North Korea. But the fact that we have been wrong in the past does not negate what is going on today — the huge numbers of military refugees leaving North Korea, economic dislocation, crime and signs of political unrest of a kind that is difficult to explain. These developments suggest that one of the things that the great powers including the United States and China have to begin to discuss is political instability on the Korean peninsula. The reality is that as long as the status quo holds, the interests of the great powers surrounding North Korea are roughly in alignment. If that status quo starts to shift even subtly, then suddenly, the interests of China, the United States, Japan,

South Korea could diverge rather dramatically. Here I would like to see a much more robust dialogue with friends in Beijing.

I would also like to see a better dialogue between Washington and Seoul. One of the things that have worried me the most in what I think has otherwise have been a fairly successful Bush strategy despite its lack of high level focus is the fact that US-South Korea relations are really at a low point.

So the second issue that we need to focus on is the potential for dramatic changes on the Korean peninsula.

Taiwan Straits

Third is the situation across the Taiwan Straits despite a recent election that will cool the DPP at least for the short term. I think over the longer term the political challenges there are very grave. We see increasing militarisation on both sides of the Straits, a political culture in Taiwan that is moving dramatically away from the concept of one China policy, and tensions developing between Taiwan and Washington of the kind that I would not have imagined a couple of years before.

One of the great successes of the Bush Administration is having good relations with China and Taiwan simultaneously. I am not convinced that that can continue very long into the future. In fact, if anything, I think the chances are the tensions are going to increase between Beijing and Washington and between Washington and Taipei simply because these issues are so difficult in terms of how to implement a successful strategy.

Ultimately I think the United States is going to have to get more actively engaged. It is just strategically difficult to explain that while we cannot involve ourselves directly, diplomatically, overnight US forces can be brought to bear across the Taiwan Straits. That just doesn't make sense. Ultimately, I think what you are going to see is the United States becoming a bit more involved diplomatically. Not so much as a direct negotiator but as a facilitator of dialogue because clearly, the two parties have indicated their inability to find any way forward.

War on Terror and Southeast Asia

The fourth issue is associated with the changing dynamic of Islamic fundamentalism in Southeast Asia. This again is an issue that Americans scarcely understand. When you ask them where is the biggest challenge for winning hearts and minds in terms of Islamic societies, they will say the Middle East. Most Americans don't appreciate that the largest populations and the most successful examples of multi-cultural societies are in Southeast Asia and that we have an enormous stake in seeing those countries succeed.

The United States has had a relatively narrow focus on the war on terror in Southeast Asia. We need a more sophisticated nuanced strategy to engage those countries in the region whose success is very much in America's long term strategic interest.

If you were to make a list of countries that are important to the United States, but the United States did not recognize their importance, Indonesia would be number one on that list. We just do not appreciate its importance, and hopefully one of the things that comes out of the summit in Jakarta is a recognition of its increasing importance as we go forward.

Fiscal surprises

The last issue that I put on the table really is not a strategic one, although it could well have very important strategic implications. I would argue that because of fiscal mismanagement we may see ourselves in a situation where we can have a very serious fiscal surprise.

One of the great issues that economists have debated in recent years is why Asian countries have continued to hold such large stocks of dollars even while the US dollar has declined in value. Someone has suggested it is because of Asia's interest in maintaining full employment and there are other theories and conjectures but ultimately one of the things we recognize is that this situation is quite precarious and that if the United States continues to run these enormous twin deficits, the potential for a fiscal surprise is great. One of the things we have seen of late is that to the extent the United States has been involved economically in Asia, it is largely through

bilateral trade agreements. While important at some sort of state to state level and often as a reward for support in the ongoing war on terrorism, at a larger level what has been absent is an American vision of steps to take in terms of market openings or fiscal realignments that could be stabilizing and reassuring to the region. Without such a vision I worry a lot about the financial and fiscal underpinnings of the Asian economic scene.

In conclusion I would just say that the United States will re-elect President Bush in a magnificent coronation on January 20. The central preoccupation will be trying to find some way forward in a desperate situation in Iraq. The challenge for those of us that are interested in Asia is to make sure that the strategic policy makers in the United States appreciate that this is a crucial time in Asia and that the United States cannot afford to direct its attention away from Asia at a period of enormous change.

I must say here that there is no country of Singapore's size that punches so far above its weight. When you come to Washington make sure your voice is heard, that the United States has to become more deeply involved, has to play the game more intensively and more deeply in Asia than it has over the last four years, and if it does not, it will do so at its own peril.

Question

Kishore Mahbubani: One of the points that Kurt made was that one big shift we are seeing from the first Bush administration to the second Bush administration is the departure of what he calls the old Asia hands, people like Powell, Armitage, who knew Asia very well. But isn't it true that traditionally you get much better prospects of solving difficult problems in a second administration than in a first administration, because the second Bush administration will not be preoccupied in getting re-elected again, this frees his hands, he can act more decisively whether in Middle East, North Korea or Taiwan. Doesn't this mean that perhaps things may be better for Asia in the second Bush administration?

Kurt Campbell

I think that even in the past when Americans were comfortable talking about some of these issues, if push came to shove, we retreated to more unilateral military means. Today we are prepared to even dispense with the diplomatic niceties. I found much of what Gareth said to be hopeful and forward looking. I must tell you that much of that would fall on deaf ears in Washington today.

The big debate in Washington is what is the essential character that you are likely to see in a second Bush Administration. Most of those who were more reluctant about the dramatic expression of unilateral American power are going to be gone. Most of the people that have very strong views about the application of military force will either remain or take on new positions. So what you are going to see is an American approach that is embodied along several dimensions. One dimension is an absolute confidence in the certainty and rightness of the US approach. Even if that approach changes dramatically over a several month period, it would be right then and is right now, even if the two approaches are diametrically opposed.

There is a sense of American exceptionalism that somehow America is the chosen country, touched by God, clear ivory tower-on-the-hill approach to world affairs. I think occasionally this can be quite off-putting and I think as others have suggested, tends to undermine the dimensions of America's soft power.

We are unfortunately even more distrustful of multilateral diplomacy than we were even several months ago. The hope was that Iraq would cause the Administration to rethink some of those approaches. I am not sure that is the case at all. Time will tell, but I am not at all comfortable that that is the essential truth that has been gleaned from Iraq.

There is also one thing Americans are quite uncomfortable discussing — there is now an undeniable religious undertone in much of what America is about. You see that both in our domestic priorities and also internationally. There is a fine line here. I myself was raised in a very fundamentalist part of United States and many times you will find senior administration officials speaking almost in a kind of code that is understandable by those who are deeply fundamentalist Christians. The elements of that have a lot to do with the idea of a manifest American role in the global

environment. That dimension plays a much larger role in the formulation and execution of American foreign policy in the White House than it has ever in the past.

So the traditional kinds of Republicans that you are familiar with — Jim Baker, Brent Scowcroft, Bush I — this is a group of Republicans that are not in the ascendance. There is a new group in play, they are much more hardline, they are much less romantic, they are much less multilateral. I am afraid that some lessons that the world believes that they learned in Iraq have not been learned. If anything, we are going to see more of the same over the next several years and I am not at all as comfortable as some of the sentiments that I have heard lately that we will handle some of the problems that we face in Iraq and North Korea more elegantly.

About the Speaker

Robyn Lim is Professor of International Relations at Nanzan University, Nagoya, Japan, and the author of The Geopolitics of East Asia (CurzonRoutledge, U.K., 2003). She is a frequent contributor of articles on Asian regional security for the international press. Her previous academic affiliations include Senior Lecturer at the University of New South Wales, Australian Studies Professor at the University of Tokyo, Academic in Residence in the Australian Department of Foreign Affairs, and Professor at Hiroshima Shudo University. She holds a Ph.D. in International Relations from the Australian National University. From 1988 to 1994, Professor Lim worked at the Office of National Assessments, Australia's national foreign intelligence assessment agency, where her last position was Acting Head of Current Intelligence. In 1992, she was Head of the Asia-Pacific Section in the International Division of the Department of the Prime Minister and Cabinet.

Robyn Lim

Deng Xiaoping must be spinning in his grave. His successors seem unable to follow his sensible advice that a “rising China” should build up its wealth and power gradually, without provoking powerful rivals to combine against it.

Today’s China does not seem to be calculating very well, as evidenced by an oil policy full of contradictions, as well as dangerous hubris towards Japan. More than anything else, greed could lead to Chinese miscalculation, a disease that comes from wanting too much too soon. Japan succumbed to the same disease in the 1930s, with results disastrous for itself and for the wider region.

In 2005 the most significant strategic development in this region is likely to be rising tension between China and Japan, despite their growing economic interdependence. As Lee Kuan Yew once observed, the two great powers of East Asia have never previously been strong at the same time. As a product of history, much visceral instinct lies just under the surface — something not present between the superpowers during the Cold War.

Sino-Japanese tensions will focus increasingly on Taiwan, as well as their dispute over the Senkaku/Diaoyutai islands and contested sovereignty over potential oil and gas fields in the East China Sea. And as China probes eastward, it will meet the bedrock of the US-Japan alliance.

So things could go very wrong in East Asia, the only part of the world where great power war remains thinkable. The differences among the major actors that determine the East Asian balance (and are manifest in Southeast Asia) do not stem from simple misunderstanding. So they are not likely to be resolved by means of dialogue through regional forums, preventive diplomacy or so called non-aggression

pacts. Rather, these tensions are grounded in clashes of strategic interest. Only a stable power equilibrium can contain them — because “only power checking power can restrain the use of force”.

Geopolitical parallels?

The study of geopolitics — which focuses on the spatial dimension of international politics — does not provide a template. It cannot do so because history does not repeat itself. Still, some patterns are too striking to ignore.

When a land power that occupies a central geographical position starts to manifest blue water ambition, alarm bells begin to ring in the capitals of the maritime powers and all who depend on them for protection. And the history of the recent struggles between land and maritime powers provides little comfort for China, the current Elephant with Ambition.

Last century saw three failed bids for hegemony over Eurasia by continental powers. Two by Germany, one by Russia. During the Cold War, the United States led to victory a mixed continental-maritime coalition held together by the sinews of maritime power. Thus Whales 3: Elephants 0. Maritime power alone did not win these titanic struggles, but in each case it provided the keys to victory.

That outcome would not have surprised Alfred Thayer Mahan, who famously wrote in *The Influence of Sea Power upon History* that “history has conclusively demonstrated the inability of a state with even a single continental frontier to compete in naval development with one that is insular, although of smaller population and resources”.

As China’s blue water ambition becomes manifest, alarm bells are ringing in Washington and Tokyo. China sees itself as reasserting its rightful position as East Asia’s Middle Kingdom after its century of humiliation. But the United States is not likely to see things that way.

Because of the maritime basis of its own security, America needs to see power balances struck, and conflicts resolved, as far from its shores as possible. It cannot tolerate a bid for hegemony over Eurasia, or any of its critical parts, and China is the

current chief candidate. China possesses the motive, will and opportunity to seek dominance in East Asia.

If China were to seek to or succeed in doing so, that would detract from American security directly by excluding the United States from the area, so; and indirectly by its effects on Japan.

The US-China nexus

The US-China nexus will drive strategic developments in this region. True, these great powers have many shared interests. These include avoiding war, and preventing the nuclearization of the Korean peninsula. Moreover, it suits the interests of both parties, as well as the wider region, that Japan should continue to rely on the United States for its nuclear and long-range maritime security.

But the United States and China are pursuing opposing interests that could lead to war if unchecked. In relation to the Korean peninsula, for example, China's success in having reduced South Korea to the status of a "craven ally" has increased the risks already present as a consequence of North Korea's nuclear ambitions and dangerous brinkmanship.

Further afield, Sino-American tension is also rising. China may think that its growing strategic foothold in Latin America is merely tit for tat for America's continued dominance in China's back yard. But President Hu Jin-tao's recent Royal Progress through Latin America (including Cuba) will remind United States of the reasons for the Monroe Doctrine.

In Iran, as in North Korea, America wants to see regime change. But both regimes are developing nuclear weapons as the best available guarantee of retaining power. So there is symmetry among Washington, Pyongyang and Tehran. All are playing the same game, albeit from different points of view.

China doesn't want Iran to succumb to American pressure. So Beijing has hinted that it might block the Bush administration from taking the issue of Iran's nuclear weapons ambitions to the UN Security Council. PLA-related companies also continue to provide Iran with missile technology. China encourages Iran's defiance because Beijing understands better than most that the United States intends to use its

position in Iraq and Israel to secure a dominant position in the Middle East and Gulf regions. But China, by raising its head above the parapet on the Iran nuclear issue, is drawing ever more attention to the growing challenge that Beijing is posing to global US interests.

Nor can the United States afford to ignore China's drive to bring Taiwan to heel — because of America's own interests as the dominant maritime power, and because of Taiwan's importance to Japan's strategic security.

Taiwan flashpoint

The island of Taiwan occupies a vital position on the First Island Chain because it screens the maritime approaches from the west to both China and Japan. Few in the Japanese navy have forgotten the USS *Queenfish*, a submarine that lurked in the Bashi Channel in the latter stages of the Pacific War and sank an inordinate amount of Japanese shipping.

The Taiwan issue is a strategic residue of the Cold War. It was sidelined during the latter stages of the Cold War, when the United States and China moved into strategic alignment in order to resist the growing Soviet power that threatened them both. But the Taiwan issue resurfaced with the end of the Cold war, and with a dangerous twist because Taiwan had become a democracy. Now neither China nor the United States can control the competitive political process on Taiwan. That's an illustration of the fact that democracy is not a panacea to strategic problems.

Indeed, to the growing irritation of the Bush administration, some in Taiwan seek to poke China in the eye and expect the United States to keep China on a leash. That is redolent of the way Chiang Kai-shek kept provoking Japan in the 1920s while expecting America to keep Japan on a leash.

Moreover, Taiwan's raucous democracy is a challenge to the legitimacy of the regime in Beijing, or rather, to the lack of it. And in China, unlike in the unlamented Soviet Union, the party and the military have always been equals. Moreover, the legitimacy of the PLA is bound up with the 1937-1945 war against Japan. For these reasons, none in the leadership in Beijing can afford to look weak on Taiwan.

Today there is no Old Deng who, wielding the authority of the Long Marcher, can insist that China play the long game. Tensions between the United States and China, for example, would be easier to manage if each party had reason to think that time was on its side.

In relation to Japan, China wants a quiescent Japan, not a powerful rival. But its provocations to Japan, starting with Jiang Zemin's disastrous 1998 visit, are producing the kind of Japan that China least wants. Can it be in China's interests, for example, that it is no longer taboo in Japan to talk about pre-emptive strike and nuclear weapons?

China's provocation of Japan

Do China's provocations towards Japan show that the PLA is beginning to slip its leash, the way Japan's military did in the 1930s? China's warships and survey vessels constantly intrude into Japanese-claimed waters without giving the required notice, and have demonstrated astounding hubris by sailing through the Tsugaru Strait between Honshu and Hokkaido, the maritime heart of Japan.

Japan's leaders have not forgotten that during the 1904-5 Russo-Japanese war, the Vladivostok Squadron escaped Admiral Togo's blockade, sailed through the Tsugaru Strait, and panicked the defenceless cities on Honshu's eastern seaboard. Today's China, fixated on waving its own bloody shirt — “remember Nanjing” — (and still teaching a highly nationalistic version of history in its textbooks) is unlikely to understand how Japan reads its history. But it is not hard to see that “remember the Vladivostok Squadron” and “remember the *Queenfish*” must have particular resonance in a resource-poor but populous archipelagic state barely off the east Asian littoral.

Moreover, last November a Chinese submarine was tracked as far out as Guam, way out in the Second Island Chain. That was yet more evidence of Chinese ambition — even though the submarine was only an old *Han*, and the Chinese seamanship on display showed that China has a long way to go in being able to operate submarines efficiently.

Small wonder that Japan's new defence policy outline named China as a threat, along with China's quasi ally North Korea. In fact, this Chinese maritime incursion was God's gift to the Japanese navy, then in a knife fight with the finance ministry about its budget. (The submarine's refusal to travel on the surface while transiting a Japanese strait, as required by international law, was headline news in Japan. Moreover, the submerged submarine was most enthusiastically "pinged" by Japanese surface ships and maritime surveillance aircraft in order to make the point that it is Japan, and not China, that has the real navy in North Asia.)

We will soon see Japan basing its maritime surveillance aircraft on Shimojishima, near Ishigaki, and close to both Taiwan and the Senkaku/Diaoyutai islands. Japan is also developing amphibious capabilities lest China try to take the Senkakus by force. (That would enable Japan to invoke Article V of the US-Japan security treaty.)

Moreover, neither Japan nor the United States can afford to ignore growing Chinese strategic pressure in the South China Sea, the Malacca Strait and the Indian Ocean.

Malacca Strait

China's extensive territorial claims in the South China Sea represent the greatest threat to strategic stability in the ASEAN region. Because the ASEAN claimants are unable to combine in defence of their interests, China will pick them off one by one when the time is ripe. In addition, a growing foothold in friendless Myanmar has allowed China to press on the Malacca Strait from both directions. China, by virtue of its alignment with Pakistan — designed to contain India within its subcontinent — has also acquired a strategic foothold on Pakistan's Indian Ocean coastline. In January 2005, President Hu Jin-tao is expected to open the port of Gwadar in Baluchistan, which will be connected to Karachi by the hard surfaced Mekran Coastal Highway.

Would anyone be surprised to find Gwadar become a PLAN submarine base, pointed equally at the Gulf and the western entrance to the Malacca Strait? Indeed, the eight Kilo submarines that China ordered in 2002 (in addition to the four the

PLAN already operates) are being built in three separate Russian shipyards — another sign that China is in a hurry, not least because it sees Taiwan slipping from its grasp.

Oil: China's Achilles Heel

China's Achilles heel is its dependence on Middle Eastern oil. So in 2003 Hu Jin-tao issued an order to secure oil supplies abroad that would not be subject to interdiction in case of a conflict over Taiwan. The result has been a near-hysterical scramble to secure oil production in such places as Brazil, Venezuela and the Sudan.

Thus China paid an inflated price for a trade deal with Brazil that included funding for a joint oil-drilling and pipeline program said to be three times the cost of simply buying oil on the market. Moreover, in Sudan, which now supplies some seven per cent of China's oil, China has become one of the leading supporters of the odious regime. Thus, in relation to the Darfur issue, China found itself threatening for the first time in decades to wield its veto power in the Security Council against a petition initiated by the US and backed by France and Britain.

But China, however hard it tries, cannot avoid dependence on Middle East oil and gas. Moreover China, in planning a blockade of Taiwan, has more to worry about than the US Seventh Fleet interdicting its oil supplies. China cannot assume that the Japanese navy would remain in port. How could China hope to prevail against the world's two most powerful navies — which also have a long history of close co-operation (whatever Japan's interpretation of its constitution says to the contrary).

Australia, a particularly close US ally, fronts the Indian Ocean and the Southeast Asian straits, and has a powerful new fleet of conventional submarines. Given Australia's equities in US alliance protection, it's hard to see Australia staying out of a Taiwan Strait clash — even though the booming resource trade is increasing China's leverage in Canberra.

India, which has its own strategic ambitions and sense of historical grievance, might also join the fray if New Delhi calculated that China was bound to lose in a Taiwan Strait clash (a reasonable assumption). Although India behaves with characteristic ambivalence, no one in Beijing can afford to assume that India would not take the opportunity to avenge its humiliation by China in 1962 — and pick up

some of the spoils if a failed attempt to take Taiwan led to a collapse of the regime in Beijing.

If that were to happen, Vietnam might also be keen to avenge the humiliations of 1974 (China's invasion of the Paracels) and 1988 (naval clashes in the South China Sea) — as well as Deng Xiaoping's administering the “first lesson” by invading northern Vietnam in early 1979 (to make the point that Vietnam could not with impunity invade Cambodia with Soviet backing, and that Moscow was an unreliable ally.)

China's continuing *sotto voce* tensions with Vietnam — which is now a member of ASEAN — are a reminder of Mahan's dictum previously quoted. China has land borders with fourteen states, few of which it can call a friend. The weaker states will have no choice but to acquiesce in growing Chinese power. But others will be inclined to resist, and to form coalitions in order to do so.

For example, the hubris on display in Beijing may lead Russia and Japan to sink their differences in order to align against a “rising” China that threatens them both. It would not be the first time Russia and Japan have resolved their differences, the precedent having been set in the period from 1907 to 1916. Indeed, recent visits by senior Japanese army officers to the Russian Far East would have any old *geopolitiker* sniffing the breeze.

As noted, the history of Whales 3: Elephants 0 stands as a warning of the difficulties that China faces in managing its “peaceful” rise. It is all starting to look redolent of what happened in Germany early last century when an arrogant and foolish young Kaiser sacked that great helmsman Bismarck. Wanting too much too soon, the Kaiser soon provoked the formation of the very coalition of the flanking powers (France and Russia) that Bismarck had laboured so hard to prevent. That soon led into a disastrous war.

Currently, those advising Deng's successors are said to be studying this history. But are they learning the right lessons? If not, it will be a familiar story of greed, hubris and miscalculation leading to war. And this time with nuclear weapons as part of the equation.

About the Speaker

Professor Wang Jisi has been Director of the Institute of American Studies at the Chinese Academy of Social Sciences (CASS) in Beijing since 1993. He is concurrently director of the Institute of International and Strategic Studies at the Party School of the Central Committee of the Communist Party of China, a Guest Professor of the National Defense University of the People's Liberation Army, a vice-chairman of the China Reform Forum, and president of the Chinese Association for American Studies. He is a Founding Member of the Pacific Council on International Policy in Los Angeles, an International Council Member of the Asia Society in New York City, an Advisory Council Member of the Center for Northeast Asian Policy Studies of the Brookings Institution in Washington D.C., an advisor to the East Asian Security Program of Stanford University, an international advisor to the Institute of Global Conflict and Cooperation, University of California, and an adviser to the Asia Center, Harvard University. Professor Wang was born in Guangzhou, China, in 1948. His formal education was interrupted in 1966 by the Cultural Revolution, and he was a farmer and a factory worker from 1968 to 1978. He entered Peking University in 1978 and obtained an M.A. in 1983. From 1983 to 1991, he taught at Peking University's Department of International Politics. He was Visiting Fellow at St. Antony's College, Oxford University (1982-83), Visiting Scholar at the University of California, Berkeley (1984-85), and a Visiting Associate Professor at the University of Michigan, Ann Arbor (1990-91). He taught at Claremont McKenna College in California as a Freeman Professor of Asian Studies for the fall semester of 2001. In February-March 2002 he taught and did research at the Singapore Institute of Defence and Strategic Studies as an S. Rajaratnam Professor.

The Changing Strategic Balance in Asia

Since the Iraq War, grievances about U.S. unilateralism have further surfaced around the world. The “soft power” and image of the United States are being damaged. However, America’s “hard power,” particularly its military muscle, remains unprecedentedly strong. There are few signs that other great powers, including the EU, Russia, Japan, India, and China, are likely to shape a coordinated counterweight to U.S. power on a multilateral or bilateral basis. Instead, Washington’s influence seems to loom even larger in shaping political orders in Iraq, Afghanistan, Central Asia, and Eastern Europe (like Ukraine) as compared to other great powers.

With its central focus on anti-terrorism, the United States is tied up strategically and militarily in the Greater Middle East. In the next couple of years, it is unlikely that Washington will be able to get out of the quagmire in Iraq, to pacify the Israeli-Palestinian conflict, to deprive Iran of its nuclear capabilities, or to suppress terrorist activities effectively.

U.S. policy toward the Asia-Pacific region has to serve its overall strategy of anti-terrorism and nonproliferation of weapons of mass destruction. Thus Washington needs cooperation of China, Japan, South Korea, and ASEAN countries in light of its counter-terrorism efforts and the battles in Iraq and Afghanistan.

However, observers may draw different interpretations and implications from recent U.S. readjustments in its military deployment in East Asia and the Western Pacific. There are concerns in Beijing that some of the U.S. military moves are aimed at containing China.

The emergence of Chinese power and influence in Asia is an almost undisputable reality. It has aroused extensive discussions in the region at to how to cope with this evolving new balance of power. Chinese strategists have involved themselves in defining the role of China, as is reflected in the recent discourse about China's "peaceful rise."

The perceived rise of China is accompanied by a more assertive Japan with its economic recovery and conservative tendencies in domestic politics. Tokyo's security alliance with Washington has been consolidated and extended to cover a larger geostrategic area. Recent developments in China-Japan relations are increasingly worrisome in terms of both mutual perceptions and policy interaction. Meanwhile, Russia and India have also enjoyed a higher economic growth rate and are seen as "rising powers". However, the most prominent factor in shaping geostrategic trends remains the China-U.S. relationship.

The North Korean Nuclear Issue and Its implications

Contrary to some expectations in the outside world, the DPRK appears to be politically stable and economically recovering. The subtle changes in South Korean citizens' perceptions of their brotherhood with the North, the damaged image of the United States, and the changing South Korean political environment may contribute to Pyongyang's confidence in dealing with the United States.

Pyongyang's tenacity in positioning itself against U.S pressure on its nuclear weapon program is narrowing down Washington's policy choices. Without a meaningful bilateral channel to negotiate with the North Koreans, the Bush administration is still counting on the six-party talks to be resumed in Beijing. A military solution to the North Korean nuclear issue is both undesirable and unrealistic.

However, Washington's patience in dismantling Pyongyang's nuclear weapon capabilities may be limited. A lot depends on the second Bush administration's foreign policy team. If the six-party talks were considered fruitless, and if the North Koreans were seen as provocative in pursuing its goal of becoming a nuclear power, the hardliners in Washington might take initiatives to "punish" the North Koreans.

Such moves would pose a severe test to U.S. relations with China as well as with South Korea.

Cross Taiwan Strait Relations and China-U.S. Interaction

Washington's diplomatic circles and President G.W. Bush himself are increasingly viewing the Taiwan authorities as "trouble-makers" when American attention is being drawn to other urgent and crucial issues like Iraq. They are warning Taipei not to take risky steps to change the status quo unilaterally. On the other hand, Washington is also trying hard to persuade Beijing to soften its stand toward Chen Shui-bian.

Being cooperative with Washington on many global and regional security issues, Beijing is putting more pressure on the White House to stem Taiwan's separatist tendencies. Meanwhile, the Mainland is making serious military preparations to back up its deterrence to Taiwan.

With differences of opinion, American politicians and officials are holding ambivalent feelings about cross-Strait relations and sending confusing messages to both Beijing and Taipei. The real danger is that misjudgment of American and Chinese intentions and miscalculation of its domestic politics would drive Taipei to provoke a major crisis with Beijing, which would lead to a U.S.-China confrontation. Intensive dialogues between Beijing and Washington and their coordinated approaches should be able to contain such a danger.

Conclusion

Given the changing circumstances discussed above, the deepening economic integration in East Asia and various ideas of East Asian Community are not likely to develop into a political entity or a comprehensive security regime in the region. The United States as a Pacific power and a global hegemon still weighs heavily in shaping the security order in Asia. While China continues to maintain a good-neighbor policy, it does not want to exclude the United States from regional cooperation.

The North Korean nuclear issue and the Taiwan issue remain the two potential flashpoints, but both of them are under control for the time being.

Non-traditional security issues like terrorism, piracy, drug trafficking, epidemics, and natural calamities are eclipsing traditional security concerns and call for more effective regional cooperation across state boundaries.

About the Speaker

Mr K. Shankar Bajpai is the Chairman, Delhi Policy Group. He was formerly Secretary to the Government of India, External Affairs Ministry. He was educated at St Albans School, Washington, D.C., Merton College, Oxford and Ecole des Hautes Etudes, Geneva. He joined the Indian Foreign Service in April 1952 and in his early years served in Bonn, Ankara, Berne and the Vatican. He was Under Secretary Arab Affairs, Deputy Secretary UN Affairs, Officer on Special Duty (OSD) for Disarmament, Political Secretary Karachi, and Director of Pakistan and of America Divisions. From 1970 to 1974, he was the Government of India's Representative in Sikkim, and subsequently Ambassador to the Netherlands, Pakistan, China and the United States. After his retirement he was Visiting Professor at the University of California, Berkeley, and Professor at Brandeis. He was also Senior International Adviser to Merrill Lynch, New York for five years.

K. Shankar Bajpai

With the disasters of the tsunami still unfolding, we might do well to consider an aspect of security that is far too dangerously neglected, namely the capacity of a state to cope with nature's or man's own unintended challenges to stability and order. Most states throughout Asia and Africa, certainly in India's immediate neighbourhood called South Asia, are hardly adequately equipped or geared to handle the whole vast range of problems that arise from floods or earthquakes, climate change or urban congestion, HIV AIDS or drug abuse. Few of our cities would have enough fire engines to handle a major conflagration, or enough medical facilities for new disease epidemics, be they accidental or deliberate. Terrorists in particular could cause havoc in ways we are lucky they have not yet thought of. While we still may have time to prepare, do we have the resources, or even the conception of what needs to be done? And are our institutions and agencies anywhere near ready, in their thinking or their working capabilities? The issues involved, as much a matter of domestic governance as of international cooperation, are not on our agenda, but their importance and relevance I hope excuse their being mentioned.

As regards the more customary subjects for discussion in the context of our conference, there are several of concern to all the countries here represented — and indeed to the world at large, and others specifically concerning India. The former include issues such as the genesis and outcome of the Iraq crisis, the impact of the way things have gone there on other issues geographically of the region, but of wider impact such as Iran, the whole complex of the Palestine-Israel conflict, and the viability of neighbouring regimes from Saudi Arabia to the Gulf States. Then there is the question of the stabilization both of Afghanistan's internal situation and of the campaign there

and from there against Al Qaeda and the Taliban, and the next steps for combating terrorism. These are all issues which are important in themselves, but which perhaps matter even more because they each lead straight into the most far-reaching question of all — how America intends to use its unprecedented power.

To approach this from a natural but unproductive aversion to ‘unilateralism,’ in contradistinction to what most of us have hoped for, if not actually seen, as an emerging capacity for the international system to rely on multi-lateral institutions and methodologies, would be unrealistic and futile. Frankly, there is nothing new or even inherently reprehensible in great powers acting as they think fit, regardless of what others might think; they have all done it for millennia (cf. Thucydides Melian Dialogues) — not least those now loudest in criticising Washington (e.g France). Part of our dismay is just irritation: during the Cold War we became accustomed to having a voice, heard or ignored but certainly used, — and also expect more attention from the country that coined both the concept and the phrase, “a decent respect to the opinions of mankind”. But there is a serious core to our dismay: one expects determination to go it alone, even if it imposes heavy burdens on others, to be matched by foresight and careful weighing of consequences.

That was clearly not the case in regard to Iraq, and it is far from clear that things will be better. The grudging and tentative moves to reconsider the UN and/or some multilateral role in Iraq are too limited to augur anything significant in that regard; and all of us calling together for America to listen to us is not going to make any difference. But there are self- correcting forces at work within the US, and it is not unrealistic to hope that they will work.

It is by now fairly well recognized that, for all its hazards, the Cold War imposed certain self-restraints, as well as a degree of predictability about what actions would involve what reactions. Since its end, we have been casting around for new guideposts and new sextants to navigate a far more uncertain world. That was also true of the new sole Super-power. It was easy to make fun of the first President Bush’s rather fumbling references to a new world order; but though he could not define it, it was obvious enough that America would thenceforth protect its interests and project its values, through the multilateral institutions if it could but unilaterally if necessary. The

conditioning factor was what the American people would consider acceptable as being necessary. They were clearly reluctant to get involved unless convinced of a clear and present reason. 9/11 has of course provided that, and given those who wish to assert American power in active pursuit of what they consider its interests now have a backing they could hardly have expected. The 2004 election showed that, whatever the setbacks suffered in Iraq, there is enough backing available to approve of the general approach. Whether 2005 will bring any modifications is too early to tell, but what might have been expected as the sequence to follow Iraq, specifically some action in regard to Iran and North Korea, looks like being altered. What seems likely is that the basic principle of preemption — that, if a threat is seen as developing, America should act before it is acted upon, appeals to a majority of Americans in the light of 9/11, but it by no means follows that that majority would be available in particular cases.

But those particular problems remain. Just as misgivings over American ‘unilateralism’ as practiced in Iraq should not lead just to a sterile mistrust, we should also not overlook the need to develop alternative suggestions for what are after all serious challenges both to whatever international systems we might like to see developed and to the individual security of many of us. This applies most of all to Iraq itself. We can all find much to criticise about what has been done there, but we are also all agreed that it is vital for all of us that things do not get worse — indeed are salvaged. Hopes pinned on elections leading to effective national government seem distinctly optimistic. A long, unsettled and explosive situation hangs ahead, and may revive some form of international cooperation; how and when depends primarily on a still reluctant Washington but needs constructive inputs from us all — deserving indeed of a conference in itself.

Stabilising Iraq, important enough in itself, is no less so in relation to two dangers that flow from, or have grown because of the war: the spread of the appeals of terrorism on the one hand and of nuclear-weapons possession on the other.

The break-up of the Afghan based network may have earned a valuable respite, but there is ample indication that other groups are forming, fed by the feeling that the only way to hurt America or get justice from it is terror. The immediate victims may be the regimes in the neighbourhood, with incalculable consequences for the stability

— and energy supplies — of the Gulf states and of Saudi Arabia. Equally, while Libya's return to respectability is no doubt a great gain, other states — notably Iran and N-Korea but possibly others, not to dwell on non-state actors — would find it harder to resist developing WMD as protection against the kind of pre-emption exercised against Iraq. The year ahead will require careful watch on both these fronts.

Last year's rise of oil-prices, coupled with all these imponderables, also sharpened focus on global competition for energy resources. Projected demand rises, above all in China and to a lesser but significant extent in India have stimulated speculation of almost dangerous rivalries. While China and others have certainly been active looking for future supplies, with investments not only in Central Asia but all the way to Brazil or the Sudan, most experts seem to agree that there is no shortage of potential supply. Problems of access, either geographical or political, can have much the same effect as limited reserves, but while serious are not as inherently intractable. In India's case our concentration has to be on better use and on developing nuclear energy, both difficult — the latter involving many international obstacles. Again, an issue on which the immediate future will be revealing.

As one of the world's oldest victims of terrorism, India has a particularly strong interest in combating it both globally and in its region. What happens in Afghanistan is therefore of great relevance. While some stabilization of the Karzai regime is evident and welcome, the divisions between different groups leave Kabul virtually isolated, while the revival of Taliban activism is extremely worrying. Here again international cooperation is an absolute must, both for rehabilitation and for controlling the drug trade. Meanwhile, the Al Qaeda's remarkable durability raises both wider questions of how the combating of terrorism is to be made more effective and the specific issue of the role of terrorism in Pakistan.

Which brings us to what must be India's, as it must be every country's, first security priority, namely its immediate neighbourhood. It is not often realized that India has land and short sea frontiers with more countries than all but a couple of other states in the world — seven and three respectively, and of great geographic, political and civilisational variety. Mountains, deserts, jungles and oceans; Islamic, Buddhist, Communist and the world's only Hindu kingdom; republics, monarchies, democracies,

military or party autocracies. We serve, actually or potentially, as a crossroads between west, east and central Asia and the Indian ocean region. All this adds up to an immense range of conceptual and mechanical needs in dealing with one's neighbours — and to significant vulnerabilities. That is where terrorism imposes an exceptional challenge to us, both because it is an assault on an existing order and because it adds religious extremism to situations that are in need of stabilization. Of all the security challenges that a plural state faces in sharper form, terrorism, especially terrorism inspired by, and aimed at fomenting, religious extremism poses the greatest danger. India is likely to see it rise in the immediate future.

This may seem alarmist in the light of the apparent easing of the relationship most associated with India's exposure to violence. That India and Pakistan moved markedly away from confrontation in 2004 and have been exploring the contours of a constructive dialogue ought to augur well for the coming year. But while there is no reason to fear any return to the acute tension that preceded the current peaceable manoeuvrings, real progress towards good-neighbourly relations, or even stable détente, is hard to envisage. While the face off of two years looks hearteningly behind us, another major incident could all too easily shake the situation. Some diminution of some forms of terrorism against us in Jammu and Kashmir, welcome enough in itself, has been unfortunately accompanied by more manifestations within Pakistan itself, with serious fall-out possibilities for India, and by increased activity based on other parts of the sub-continent. Nepal and Bangladesh have been used by forces of destabilisation, with the governments there unable or unwilling to act against them. From Nepal we face the added problem of the so-called Maoists, who have not only imperiled that country but are spreading their cells in different parts of India. The postponement of last week's SAARC Summit, for very understandable reasons, somehow symbolizes the continuing weakness of any prospect of meaningful progress in intra- South- Asian interaction. India's neighbourhood will thus continue to be of major security concern.

China is of course the largest neighbour, and happily one with whom both the year past and the year ahead may be viewed with comfort: there were no setbacks but useful advances, especially in economic matters. In the longer run, we are like you and

other neighbours, hoping to see an increasingly prosperous giant be an increasingly constructive player in the world. We cannot ignore some indications of uncertainty — partly inevitable, as in the case of our boundary differences, on which we are reaching the difficult points, partly a matter of China's choice, as in relation to nuclear matters. But for the present, positive elements predominate.

In regard to nuclear issues, India's hopes, problems and role should be considered far more extensively than is possible here. We have been consistently misrepresented as a source of problems, instead of the victim, as we are, of problems created by others. The ideal situation, to which all countries, including the self-selected privileged five, have pledged themselves, is, we know, not foreseeable: there is no prospect of nuclear disarmament. Others have preferred to seek their security without 'going nuclear;' India slowly went otherwise. But what is not noticed is that no country has a greater interest in effective non-proliferation. Its own record in not helping others is, unlike that of some of its critics, impeccable. We would gladly do more.

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