



# ISIS FOCUS





## ISIS MALAYSIA

## ABOUT ISIS MALAYSIA

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- Science, Technology, Industry, Energy and Natural Resources;
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- Administering the Perdana Scholarship/Fellowship Programme.

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**2****The Global Financial Crisis: Fundamental Causes and Fundamental Remedies****6****A “New Era of Peace”: Appraising US Foreign Policy under the Obama Administration****10****A “New Era of Peace”: Opportunities and Obstacles in East Asia****16****A “New Era of Peace”: Opportunities for Advancement in the Middle East and South Asia****24****A “New Era of Peace”: Japan-US-China Relations in Asia****27****Political Change, Democracy and Stability in Southeast Asia****33****The Regional Security Architecture: Identifying Weaknesses and Solutions****42****The Three Most Compelling Future Challenges Confronting the Asia-Pacific Region****EDITORIAL TEAM**

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## THE GLOBAL FINANCIAL CRISIS: FUNDAMENTAL CAUSES AND FUNDAMENTAL REMEDIES

*Experts say the current financial crisis which has become a global economic crisis is preventable. However, the remedies are still on the drawing board. Plenary Session One of the Asia Pacific Roundtable brought together regional experts to discuss the causes and remedies of the global financial crisis. The chief speaker for the session, HE Mahendra Siregar, is the Deputy Co-ordinating Minister for Economic Affairs in Indonesia. The other two speakers were Dr Narongchai Akrasanee (former Minister of Commerce, Thailand and chairman of the Export-Import Bank of Thailand) and Tan Sri Azman Mokhtar, managing director of Khazanah Nasional Bhd. Dr Simon Longstaff and Tan Sri Jawhar Hassan were co-chairs. **Nor Izzatina Abdul Aziz**, analyst, ISIS Malaysia, reports.*

Plenary Session One of the Asia Pacific Roundtable brought together experts from the region to discuss the fundamental causes and remedies of the global financial crisis.

The chief speaker for the session, HE Mr Mahendra Siregar's involvement with his country's G-20 efforts puts him in a good

position to give an overview of the fundamental causes of the present economic crisis

Despite differing circumstances and perspectives on both issues, it was generally agreed that the causes of the crisis were global imbalances and the failure of institutions to act.

Other reasons included mismatch in financial sectors, excess liquidity in the global market and governance failure.

The hypothesis of global imbalances comes from a decade long imbalance in the balance of payments of the United States of America and East Asia.

The United States has long been experiencing account deficits and its consumption of imported goods from East Asian has grown steadily over the years.

The situation has been compounded by the export-oriented growth strategy adopted by major East Asian countries, particularly China and Japan, which have both increased their current account surpluses.

The basic factor for the global imbalances is that Western nations have been consuming goods and services in excess while the rest of the world, particularly Asia, have been producing too much.

The export-oriented growth strategy by Asian countries was pioneered by Japan. This was later followed by South Korea and Taiwan.

Asian exports grew exponentially with China's entry into the World Trade Organisation in 2001. At the same time, the East Asian region which reaped economic benefits through increasing current account surplus adopted a soft currency policy which positioned their



*(From Left) HE Mr Mahendra Siregar, Dr Simon Longstaff, Tan Sri Mohamed Jawhar Hassan, Dr Narongchai Akrasanee and Tan Sri Azman Mokhtar*

exchange rates to be favourable, thereby increasing exports.

Surpluses earned by East Asian countries from exports cannot be fiscally spent in the country but must be kept as foreign exchange reserves.

The surge in the current account surplus then leads to the enlargement of the country's foreign exchange reserve. Accumulation of foreign exchange reserve puts pressure on the government to place these funds into profitable vehicles.

Consequently, the bulk of these reserves went into government instruments like Treasury Bills. Generally this kind of action creates a huge pool of liquidity in the international market.

Given the excess liquidity in the financial market, private financial institutions have had to create profitable investment vehicles.

According to Siregar, these efforts involved non-productive activities. The innovation process that swept through the international financial market was carried out with minimum supervision from regulatory institutions.

The view was shared by Dr Narongchai who referred to Adam Smith's warning that the financial market needed to be more regulated than other markets.

The self-regulatory principle practised by the then Federal

Reserve Chairman Alan Greenspan also seeped into the rating agencies as they were promoting their own interest by cloaking the toxicity of some investment instruments with high ratings.

Global imbalances magnified at the beginning of 2008 with the start of a serious debt default from the United States.

The economic crisis was triggered by the collapse of Lehman Brothers that led to the near-collapse of global capital markets. Havoc in the money market spread and this caused wild fluctuations in the exchange rates market.

Dr Narongchai postulated that the impact of global imbalances was akin to the making of a perfect storm. The storm was a vicious circular flow that began with problematic financial markets. It led to recapitalisation problems in financial institutions.

Liquidity problems experienced by banks then spread to the real estate sector causing problems like lay-offs and bankruptcy. With the increasing number of non-performing loans (NPLs), the situation further aggravated difficulties in the financial institutions.

Initially, the fault of the financial crisis lay with regulatory institutions like the Federal Reserve and Securities and Exchange Commission of the United States but as the crisis rapidly unfolded, Bretton Woods institutions like the International



*Dr Narongchai Akrasanee*

Monetary Fund and World Bank were perceived as slow in controlling and preventing the financial crisis from spreading to developing and less developed countries.

Siregar pointed out that this could be attributed to the lack of resources of both institutions, and the Asian experience with IMF which put the credibility of both institutions in doubt.

The Indonesian Minister also focused on domestic government, supranational institutions and regulators as the source of remedies for this problem.

Governments around the world understand the importance of fiscal stimulus and fiscal steps to soften the impact of the current crisis. However in taking these measures, most developing countries faced financial constraints.

The IMF and World Bank are expected to lend a hand on this matter. However, both

institutions need reforms themselves to better serve the troubled nations. The mandate for both institutions was drawn up to address problems in 1944. The world is different now.

Siregar suggested reforming the Bretton Woods institutions by giving Asia a bigger share of the voting rights in IMF. At the same time, Asian nations need to address the stigma of IMF, based on their experience in the past Asian financial crisis.

In responding to the financial and economic crises, countries should resort to either changes in fiscal policy, monetary policy or both. On the fiscal policy, numerous stimulus packages were undertaken from the second half of 2008 to the first quarter of 2009.

Monetary policies have been adopted by countries by reducing interest rates. Included in these efforts were government bailouts in the financial sector.



HE Mr Mahendra Siregar

The bailouts undertaken by many countries caused massive protest from the public. Siregar said governments around the world must explain to their people why bailouts in the financial sector were necessary.

On the other hand, Dr Narongchai believed that all forms of stimulus package and monetary policy adopted by governments were only to contain the damage rather than fixing imbalances and correcting inept institutions.

Tan Sri Azman Mokhtar shared Dr Narongchai's view on counter-cyclical measures and ways to prevent protectionism from escalating.

According to Siregar, Indonesia is using its experiences from the 1997 financial crisis to handle the current economic crisis. During the 1997 crisis, Indonesia experienced the following:

- i. Investments fell by half,
- ii. Depreciated rupiah,
- iii. Negative capital inflows,
- iv. Reduction of official reserves and
- v. Increased non-performing loans.

Emerging stronger from the 1997 financial crisis, Indonesia can now afford an aggressive fiscal and monetary policy to soften the impact of a global financial crisis on its economy.

It is estimated that Indonesia will experience budget deficits

of -1 to -2.5% of its government finance to GDP ratio. The nation of 237 million people has used multiple approaches including lowering of interest rates, limited government guarantees, converting performing loans as a type of collateral by commercial banks and making full use of new financial instruments like Syariah compliant bonds.

Dr Narongchai pushed for long term remedies that involved a more balanced global macroeconomic picture and a stable global financial market.

With respect to Asia, this will provide opportunities for meaningful changes in infrastructure, education, healthcare and intra-Asia trade pattern. State enterprises will be given a bigger role to move economic direction along with greater governance.

Azman Mokhtar suggested steps involving the role of the US dollar as reserve currency, values and pragmatism in financial market. He added that government efforts need to move from the Keynesian framework of government spending to Schumpeter's creative destruction model in order to create lasting reform.

New regulations to oversee the capital market will impose cost on some quarters but the perils of inaction are even bigger. One way of improving the capital market is to reduce conflict of interest among the



*Tan Sri Azman Mokhtar*

rating agencies, especially in certifying grades of investment instruments.

A more regulated finance regime should be pushed by Asia with the assistance of IMF. Dr Narongchai felt that a stronger money market would help Asia increase investment in the region and curb unproductive investment in the West.

Institutional solutions were also pushed in the session as part of the solution to the global financial and economic crises.

Siregar mentioned several measures taken. Among these were the US\$100 billion made available by the Asian Development Bank for its members, efforts to expand the Chiang Mai Initiative and the bilateral currency swap among East Asian nations.

Azman Mokhtar was a bit cautious on multilateral efforts. He said that in the past, those

efforts were not fully inclusive for developing countries.

In conclusion, the panel viewed that the recovery from the economic crisis would be spearheaded by the Asian region. This was not done by taking a lead globally but by setting domestic economies on the right path and pushing for greater regionalism in trade and investment.

## A "NEW ERA OF PEACE": APPRAISING US FOREIGN POLICY UNDER THE OBAMA ADMINISTRATION

*Plenary Session Two of the 23rd Asia-Pacific Roundtable discussed the possible directions facing the Obama Administration's Asian policy. It was chaired by HRH Prince Samdech Norodom Sirivudh, Member of Parliament and Chairman of the Cambodian Institute for Cooperation and Peace (CICP), and Simon Tay, Chairman of the Singapore Institute of International Affairs (SIIA). The panelists were Dr Jamie F. Metz, Executive Vice-President of the Asia Society, Professor Kishore Mahububani, Dean of the Lee Kuan Yew School of Public Policy in the National University of Singapore, Professor Koji Murata of Doshisha University, and Jusuf Wanadi, Vice-Chairman of the Centre for Strategic and International Studies (CSIS) Indonesia. Keith Leong, Researcher, ISIS Malaysia, reports.*

Dr. Metz described the possible directions of the Obama Administration's Asia policy. He felt that the US would have a more multilateral orientation under Obama, and that its policy DNA would be very different, compared to the 'cowboy approach' of the Bush presidency.

While Asia's priorities would still be very nation-centric despite the presence of Obama, Dr. Metz felt that the old certainties were breaking down and that this would present a golden opportunity for peace.

The 'Pax Americana' of the past is changing, and whether

this development is good or bad will be determined by the direction that Asia takes. Again, the importance of multilateral engagements cannot be overstated in the equation.

Dr. Metz discussed the challenges facing both the Obama Administration and the Asian region. On the former, any failure to substantively change US foreign policy, as well as how it is perceived in the world will result in a crisis of some magnitude. For the latter, Dr. Metz saw possible parallels between it and Europe in the 1990s, when the Yugoslavian problem challenged the previous Europe-only stance in that continent.

There was also the on-going problem of building new regional institutions in Asia. This, as recent history shows, is an uncertain exercise at best.

As he put it: 'A movement from something to the promise of something'. Also significant are the internal pressures on the Obama administration.

The first of these is the anxiety over the current recession in the US. This will almost certainly lead to a fear, on the part of working-class Americans, of globalisation and foreign trade. It may also complicate relations with China.

This is compounded by the role of organised labour which will influence the Democratic Party and make trade negotiations difficult.



*(From Left) Professor Koji Murata, Dr Jamie F. Metz, HRH Prince Samdech Norodom Sirivudh, Mr. Simon Tay, Professor Kishore Mahububani, and Mr. Jusuf Wanadi*





Dr Jamie F. Metz

In addition, the 'Buy American' provisions in the various US stimulus packages may be regarded by other countries as a form of protectionism, as well as a push for climate change legislation.

The Obama administration will have to navigate between these domestic concerns and its crucial ties with rising economic powers like China and India. In this instance, its multicultural society, particularly its Asian-American and Indian-American lobby, will be increasingly important.

Professor Mahububani focused on three key points. He first struck a note of optimism, declaring that the election of Barack Obama has changed world history and inspired people of the world.

The US President has set for himself a series of dramatically idealistic goals, including a nuclear-free world, action on

climate change and improvement of ties with the Islamic world. The world ought to be encouraged by these stances.

However, Prof Mahububani also struck a note of caution. This is because all American Presidents are elected with great promise, but end up doing the exact opposite. A case in point is the Clinton Administration.

Obama was elected during a difficult period of world history. He faces enormous domestic pressures. He may not be able to move people both in his country and around the world as he hopes to, and may even simply be overwhelmed by events.

The Obama Administration, Mahububani posited, may find it difficult to implement the provisions of the Doha Round. Furthermore, it will struggle to contain North Korea, and Iran's nuclear ambitions, as well as restrain Israel from attacking the latter.

On a more positive note, he felt that North Korea could be dealt with successfully, as the major powers could still exert pressure on the regime there.

Prof Mahububani made a series of predictions. First, he shared the optimism that US-China relations would improve. There is, he claimed, greater elite understanding between the two nations and, unlike the US-Islamic world relationship, there's no fundamental clash of civilisations.

He also predicted that the US would pay greater attention to Asean, particularly as a result of Obama's experience in Indonesia. The professor felt that the US could do more to engage the region, and he called for bold steps with regard to US foreign policy, particularly in relation to Iran.

Professor Koji began by referring to the 'Change' theme of Obama's presidential campaign. Could this then mean a change in US foreign policy?

This might certainly be the case as framed in Fareed Zakaria's book, *The Post-American World*. The West has suffered a huge geopolitical setback due to the global financial crisis. The financial crisis and the rise of the Democratic Party of Japan have led some to fear that protectionism would make a comeback in the country.

This will be a key test for Obama who has stressed the



Professor Kishore Mahububani

importance of US-Japan relations. Secretary of State Hillary Clinton, for instance, visited Japan first, and Prime Minister Taro Aso was one of the first world leaders to be invited to the White House.

It is interesting to note that there is a bipartisan consensus in both nations on key issues. On Japan's part, both the DPJ and LDP place great importance on resolving the Okinawa issue. The question of regional security is also a vital one, especially with regard to North Korea's nuclear ambitions.

North Korea is a major challenge to Japan, both in terms of its nuclear warhead capacity and the thorny issue of the abduction of Japanese nationals. In this respect, the US deterrence (military) is still of strategic importance to Japan and South Korea.

Prof Koji felt that Japan will never go nuclear or attack North Korea, and he believed it was



Professor Koji Murata

important to put international pressure on North Korea. The abduction issue needed to be resolved as it could give rise to xenophobic sentiments in Japan. Furthermore Japan also needs, in Prof Koji's opinion, to re-examine its commitments in Afghanistan.

The professor concluded by stressing the need for policy change across the board, particularly on nuclear disarmament and climate change. Many opportunities and challenges await Obama's administration particularly in North Asia, especially in light of the fragile political matrix in both Japan and South Korea.

Jusuf Wanadi began by declaring that the United States has historically really been a 'lucky country', having been blessed with Presidents who had led the country out of crises. Could Obama repeat such success for America? Would he be able to create trust for the United States again?

According to Jusuf, this may well be the case, not only due to the President's personality, but also his willingness to take leadership of a global world. Obama is, amongst all his predecessors, also the most appreciative of other cultures.

The main problem confronting his presidency is domestic politics. America has become increasingly divided over the past few years, and Obama desperately needs allies. Nevertheless, he has also been



Mr. Jusuf Wanadi

able to significantly change several policies.

Jusuf described at length what the Muslim world expected from the United States. First, it hopes that there will be greater recognition of Islam's diversity and peaceful nature.

This could be the beginning of a solution to Muslim issues, especially the Israel-Palestine contention.

The Indonesian speaker felt that Obama has started taking steps towards this, and will play a more even-handed role in this conflict than his predecessor.

On the other hand, it is essential that problems such as the question of settlements and the influence of the Jewish lobby be resolved before any progress can be made.

The Muslims are also willing to embrace his initiatives, and they are aware that Obama has difficulties in moving his agenda

forward. Jusuf felt that the nations in question should not impose heavy demands on the US President.

On the other hand, strong high-level relationships between the US and Muslim countries like Indonesia are now possible due to the latter's democratic stance.

It also helps that Indonesia has adopted a moderate approach on Islam. Jusuf urged the Muslim world to do its part to improve relations with the West, especially on the issues of human and women's rights.

Simon Tay brought the session to a close with some concluding remarks. He felt that there was a risk that the global financial crisis would push Asia apart from America. There was also the possibility that perceived double standards in dealing with the crisis may threaten to divide countries.

He also raised the question of whether Obama has begun thinking about Asia, and whether his administration has developed a coherent policy towards the region. What will US priorities be? These are some of the issues that we will have to take cognisance of in the near future.

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## A "NEW ERA OF PEACE": OPPORTUNITIES AND OBSTACLES IN EAST ASIA

*Since time immemorial, East Asia has found that the best course for itself was to chart its own destiny. Thus, the opportunities for peace and the prospects of the future have compelled the nations concerned to rise to the challenges of the 21st century. Five speakers presented their views at the Plenary Session Three. They were HE Hitoshi Tanaka, former Deputy Minister for Foreign Affairs and Senior Fellow, Center for International Exchange Former, Japan, Ambassador Ma Zhengang, President, China Institute of International Studies (CIIS), China, Ralph A. Cossa, President, Pacific Forum CSIS, Hawaii, USA, Prof Kim Young-ho, Visiting Research Fellow, S. Rajaratnam School of International Studies (RSIS), Singapore and Simon Tay, Chairman, Singapore Institute of International Affairs (SIIA), Singapore. **Zarina Zainuddin**, Analyst, ISIS Malaysia, reports.*

The first speaker, Hitoshi Tanaka, was full of praise for East Asia's success stories. These achievements were attributed to the efforts and contributions by countries within and outside the region.

Tanaka singled out the significant role played by the US as the security guarantor. The

exports of the region's goods to the US market was particularly important.

Japan featured prominently by providing a massive amount of Official Development Assistance to East Asian countries, along with its Foreign Direct Investment and technology transfer.

Tanaka said that Asean was also in the forefront with its efforts on nation-building and peaceful transformation to democracy. And China's open-door policy and benign foreign policy helped East Asia to surge along the road to development and prosperity.

Even in times of global economic crisis, East Asia continued to be a major component of the world engine for growth.

Nevertheless, according to Tanaka, East Asia faces tremendous challenges. The North Korea situation poses an immediate threat to the region's stability.

There are also numerous political and economic governance issues. Within the East Asian sphere, questions of political freedom, human rights, energy sufficiency, and environment issues prevail.

These problems are not unique to the region, they are universal problems. Tanaka urged East Asia not to be in denial of their existence.

The solution lies in regional multilateralism. East Asia cannot be a European Union because there is too much diversity within the region.

There are differences in political and economic governance, differences in the levels of economic development, and in history and culture.



(From Left) Mr. Ralph A. Cossa, HE Hitoshi Tanaka, Prof. Carolina G. Hernandez, Prof. Brian L. Job, Ambassador Ma Zhengang, Prof Kim Young-ho and Mr. Simon Tay

The former deputy minister for Japanese foreign affairs suggested that East Asia seek a 'multilayered functional integration'.

He proposed three institutions that needed immediate attention. First, a multilateral economic partnership between the countries participating in the East Asia Summit consisting of the 10 Asean members, Plus Three of China, Japan, South Korea and Australia, New Zealand and India.

The multilateral economic partnership can generate enormous benefits to the various free trade zones in the region. The pact should not only encompass free trade but also include investment, movement of people, standard protection of the intellectual property right, and food safety. In short, the region is to create a rule based community.

Second, a non-traditional security format must be set up. Tanaka was of the view that security threat in the region does not arise from conflicts between States but from non-traditional threats such as piracy, natural disasters and terrorism.

He favoured the setting up of an action-oriented institution under the umbrella of the East Asia Summit, provided the US comes in as a formal member. Otherwise, the Asean Regional Forum would make an acceptable alternative.

The third institution is the establishment of the East Asia

OECD. In the East Asia OECD context, members would coordinate policies such as the Macro economic, financial, investment, energy, and environment.

Tanaka also expounded on the issue of North Korea. North Korea is perceived as an immediate threat to the region's stability. Based on his experience in dealing with Pyongyang, Tanaka felt that North Korea would not hesitate in taking provocative actions nor would it hesitate in escalating a dangerous situation.

He listed three 'determinations' that are needed in the North Korea issue. First is the determination to create an absolute solidarity among major countries such as the US, China, Japan, South Korea and Russia.

Solidarity is the key in dealing with North Korea and China's recent change of stand with regard to Pyongyang was an encouraging signal.

Second is the determination to cope with North Korean provocations. Tanaka opined that a regional contingency plan among the countries concerned was a better option. Thus, the right contingency plan would deter Pyongyang from taking any undesirable actions in the future.

His third proposal was an offer of a 'Grand Bargain' to North Korea and timing was of the essence. The Grand Bargain consisted of three aspects – normalisation of



*HE Hitoshi Tanaka*

relations between the US and North Korea, normalisation of ties between Japan and North Korea and conversion of the existing armistice agreement to a permanent peace pact.

The three elements in the Grand Bargain would be sufficient for North Korea to abandon its nuclear weapons policy.

In conclusion, Tanaka said: 'With all these, inclusive regional architecture and our resilience to cope with the question of North Korea, we would be able to have a better East Asia.'

Ma Zhengang contested the notion that we are living in an era of peace. Since World War II, military conflicts have continued unabated. In 2008 alone, there were 46 conflicts occurring around the world.

The causes have ranged from border disputes, racial and religious differences, to foreign interference. In addition, there



Ambassador Ma Zhengang

were issues such as terrorism, piracy and polar territorial claims. All these added to a less than peaceful world.

However in comparison, East Asia is enjoying a prolonged period of relative peace and stability. Ma attributed the stability to several factors.

One is the effect of globalisation. In East Asia, common interest has become a dominant factor in international relations. East Asian nations prefer to deal with contentious issues through diplomatic channels, dialogue and consultation.

Second is the existence of 'balance of interest.' An example is the Six-Party Talks where countries like the US, China and Russia come together with a common aim, the denuclearisation of North Korea.

While East Asia lacks balance of power, this balance of interest

has acted as a stabilising factor in the region.

Third is China's benign foreign policy. Since Beijing has chosen to pursue a policy of peace, conflict between old and new powers did not arise in the region.

Ma listed several reasons to be optimistic. One, bilateral ties particularly between former rival countries have gradually improved. Japan and China's relations have improved immensely over the years. The two countries now enjoy strategic ties based on mutual benefit.

Recent years have also seen a marked improvement in the relations between China and Taiwan. The cooling of tensions across the Straits of Taiwan contributed to general peace and stability in the region.

However, Northeast Asia now faces two challenges. First, the overlapping territorial claims by Japan, China, South Korea and Russia. Fortunately, the situation is not expected to be a flash point.

Ralph A Cossa elaborated on five pertinent issues. One factor is the change at the White House. Barack Obama is not George Bush and the new US President is Asian-friendly.

Cossa lists the five opportunities in the new era:

- Opportunity for a significant US-Asean co-operation.
- Opportunity for East Asia and Asia Pacific community-building and cohesiveness.

- Chance for a fundamental change in the US-China relationship.
- Enhancing co-operation in Northeast Asia, and
- A big step down the road to a nuclear free world.

For each opportunity, there are significant obstacles. One of the biggest obstacles is Myanmar. Recently, US Secretary of State Hillary Clinton acknowledged the failure of the US approach as well as the ineffectiveness of the Asean way.

There is a need for a new approach. Cossa suggested that the US and Asean draw up a Roadmap to Democracy for Myanmar. By doing so Myanmar could be held accountable for the standards that have been laid out. One of the conditions is the promise of free elections in Myanmar.

On the issue of East Asia and Asia Pacific community-building, there is a clear indication that the US will sign the treaty of Amity and Co-operation in the near future. The US may join the East Asia Summit. However, most nations are waiting to see what Asean will do next.

Cossa said: 'Asean has confirmed that it is in the driver's seat, now it needs to drive.'

North Korea has been perceived as both the biggest obstacle and the biggest catalyst. Any progress in this respect hinges on China's willingness to move in unison with its other four partners in the Six-Party Talks.

Cossa noted that there is a shift in opinions in dealing with North Korea, especially among scholars who now favour tougher actions. Whether there are similar sentiments at the government level remains to be seen.

The opportunity exists to work on building the Northeast Asia co-operation from the bottom up through a number of trilateral organisations that are evolving, namely the China-Japan-South Korea, the US-Japan-South Korea and US-Japan-China trilateral organisations.

However, such a move is not without challenges, one being the suspicions such meetings create in non members within the region. As Cossa puts it, 'countries in the region are in favour of trilateralism as long as there are four participants – the three countries that are involved and them.' One way to alleviate this suspicion is to have transparency in the trilateral process.

Fifth and final point was on a nuclear free world. The immediate obstacle is obviously North Korea, but for the long term, the focus is on the US–Russia nuclear disarmament process.

The US and Russia are serious about reducing to about 1,000 warheads. While China has fewer warheads, it has about 300. It is vital to note that China has agreed to a freeze at its current level and not build up its arsenal to the levels of US and Russia.

Prof Kim Young-ho touched on the subject of the New Era

of Peace from a South Korean perspective. Basically, the structure of the world order has not changed. It is still a unipolar world with a US dominance.

One main change, Kim said, is the present US administration. A change that is not only appealing and inspiring on a personal level but also on a global level.

President Obama signaled a turnaround on US leadership and the role America will play on the world stage. The Obama administration is willing to listen and engage with not only friends and allies but also adversaries. This change from the previous US administration, according to Kim, qualifies as a New Era.

Prof Kim identified three opportunities in Northeast Asian region.

First, progress at Six-Party Talks; second, the alleviation of tension between the Northeast Asian countries and third, enhancing development of regional co-operation mechanism.

It is unfortunate for the Six-Party Talks, that while President Obama is willing to talk to Pyongyang in different format settings without preconditions, Pyongyang has misread the situation. In recent months, Pyongyang has taken a series of provocative actions that resulted in the current gloomy scenario.

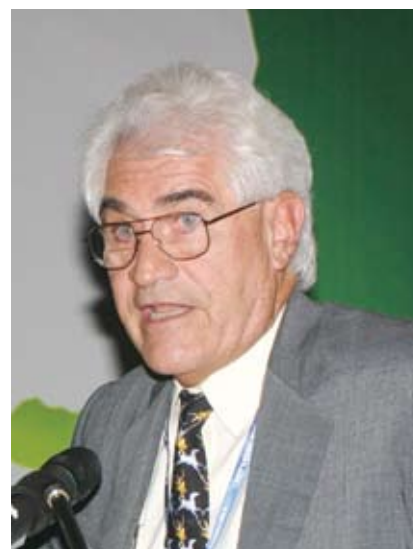
Between China and Japan, there has been a noticeable absence of hostility. Japan has tried to balance the shift in

power through its alliance with the US. The US-Japan alliance was greatly strengthened but it aroused Beijing's suspicions of the two countries' intentions. Consequently, China has moved towards a policy of hedging and soft balancing.

Prof Kim feels that the Obama administration is aware of the regional dynamics and seems to pursue a more balanced approach to the region. Even though US-Japan alliance is the main pillar of its Asia Pacific policy, the US is cautious in its dealings with Japan and China.

There is great opportunity for enhancing the development of a regional co-operation mechanism. In Asia, unlike Europe, bilateral relationships have been dominant.

Kim highlighted several security challenges that the region currently faces. First is the legacy of the Cold War. The Cold War has ended everywhere except in Asia.



*Mr. Ralph A. Cossa*

In Northeast Asia, the tension between North and South Korea, and the Taiwan Straits tension still persist. While both situations are relatively stable, military strategies and ideologies are at the heart of both. Neither is easily resolved.

The other obstacle is the proliferation of weapons of mass destruction. North Korea is the main culprit. Domestic politics and public sentiments play a big part in regional feuds which pose another challenge. Last political obstruction is the existing rivalry between Japan and China.

Of all the challenges, the North Korea and China-Japan rivalry are the most 'dangerous,' commented Kim.

In dealing with Pyongyang, Kim felt that the parties involved must pursue all available diplomatic channels but some options must also be on the table in the event of failure.



Prof Kim Young-ho

As for regional rivalry, China and Japan need to exercise self restraint; mutual respect and sensitivity to each other's needs and demands. Such restraints must prevail or the deep seated mutual suspicions will remain between the two countries.

In summary, Prof Kim stressed that everyone needed to work together. President Obama alone cannot make the change needed for the region.

As the final speaker for the session, Simon Tay acknowledged the hotspots that were discussed and proposed two additional potential hotspots.

The first is the South Asia issue, specifically the current turmoil in Pakistan and Afghanistan. The problems in these two countries are complicated and are not easily resolved.

Tay said there was high probability that the US and others would be preoccupied with dealing with the South Asia issues and would be less engaged in the East Asia region.

Second hot spot is the domestic situation in some Asean countries. The internal turmoil in Thailand, for example, needs to be observed.

One other factor that should be studied closely is the fall-out from the economic crisis. Tay said if nations failed 'to seize the economic crisis properly, we will be seized by it and will move away from geopolitics towards



Mr. Simon Tay

micro finance and other financial technicalities.'

However the present crisis also presents great opportunities in terms for further co-operation and deeper integration within the region.

The SIIA chairman marvelled at the evolution of the Chiang Mai initiative. It is a fledgling fund born of the Crisis of '97 and which grew to a sizeable multilateral fund of US\$180 billion with equal commitment pledges from the region's two heavyweights, Japan and China.

Tay cautioned against the possible danger of an unintentional division between the US and East Asia. There is no doubt that the US will recover, but it may become less powerful and less important.

In an effort to rebalance, Asian nations are likely to move away from the export-driven economy towards one that is more self-contained. The divide



*There is no doubt that the US will recover, but it may become less powerful and less important.*

might arise as America grapples with its diminished stature within the region, and at the same time contending with the rising power of China, and other smaller East Asian countries.

Given the potential dangers, it is imperative for East Asia to undertake measures to ensure a peaceful era that are not separate from America. One of the best ways to do so is to build institutions that not only benefit Asians but also ensure Asians trace their path back across the Pacific.

Simon Tay also elaborated on issues pertaining to Asean. Basically, Asean needs to deliver. The postponed Asean summit has hurt its stature and highlights old criticisms of the grouping and all its limitations.

He suggested that Asean look at the Indonesian example. Just seven years ago, there was real concern that Indonesia was breaking apart, but the populous nation has managed to become more stable and democratic.

There will be times when Asia needs strong countries to be gentler, to be inclusive not aggressive, and not to lead from the front but to support from the middle.

According to Tay, Asean can continue to play this role because there is a lack of suitable and workable alternatives.

The effectiveness of the Six-Party Talks is now being questioned. Tay postulated, if a united front cannot deal effectively with one issue, what more the broader region.

Still, Tay is not giving up on Asean. The association's limits are not evidence of its lack of ambition but of real regional constraints.

He said: 'We do not live in a perfect neighborhood. There are questions of power, questions of tension, and we define peace as more than an absence of war'. Asia needs to build normative, inclusive institutions which are independent of great powers and in this respect, Asean still has a role to play.

## A "NEW ERA OF PEACE": OPPORTUNITIES FOR ADVANCEMENT IN THE MIDDLE EAST AND SOUTH ASIA

*In Plenary Session Four, speakers expounded their views on the history and problems of the Middle East, US President Obama's new strategy towards Pakistan and Afghanistan and its implications. The US shift of focus concerning global terrorism was also brought into question. The speakers were Prof Sari Nusseibeh from Al Quds University, Palestine, Dr Satu Limaye from the East-West Center, Hawaii, USA; Dr Rashid Ahmad Khan from the Islamabad Policy Research Institute, Pakistan; and Dr Ajai Sahni, Institute for Conflict Management, India. **Susan Teoh**, Director of Information Services, ISIS Malaysia, reports.*

Prof Sari Nusseibeh, the first speaker, was the only panelist who focused on the Israeli-Palestine conflict. He highlighted some salient features, history of the region and the problems that would arise from President Obama's visit to the Middle East.

Using maps to illustrate his point, Prof Sari indicated that

since 1946, the Palestinians have been dispossessed of their territory. Those Palestinians living in the West Bank were being crowded into smaller areas.

Today, the Palestinian area is very different – the population centres of the Palestinians living in the West Bank have been

reduced and the population are living in 'islands' or pockets scattered within West Bank.

The 'islands' are cut off from one another by roadblocks so that communication with one another is very difficult.

These road blocks cut up the middle of the West Bank so that the inner part of Israel is connected to the Jewish settlements which are scattered through the West Bank Palestinian autonomous areas.

In other words, the West Bank autonomous Palestinian areas are cut up to serve the connections between the main part of Israel and the settlements in the West Bank.

Israel has also proceeded to build a cement wall in the West Bank. This wall corresponded to the various plans that Israel have provided to the Palestinians.

The wall is a translation of the various ideas that the Israeli negotiators have been presenting to the Palestinians. Although the wall has not been finished, it was built in order to implement provisionally the unilateral final plans that the Israelis have in mind.

Another feature is the population in the Israeli-Palestine area. By 2005, there were about five million each of Arabs and Jews living with the entire area between the river and the sea.

In 2006, Israel has a slightly different population of one



*(From Left) Dr Rashid Ahmad Khan, Prof Sari Nusseibeh, Tan Sri Hasmy Agam, Mr. Zhou Xingbao, Dr Satu Limaye and Dr Ajai Sahni*



Prof Sari Nusseibeh

million Arabs and five million Israelis and Jews, while the population of Palestine is very large. It can be said that the Arab population will eventually overtake the Jewish population.

The major population of the West Bank consists of 90 per cent Arabs and a quarter of a million Jewish settlers. The Jewish settlers take up most of the territory while the Arabs constituting 2.4 million are crowded in the limited areas of the West Bank.

It should be noted also that the quarter of a million settlers in the West Bank do not include those settlers living in Jerusalem itself. If Jerusalem is taken into account, there are more than 200,000 Israeli settlers living in East Jerusalem since 1967. The total number of settlers in 1967 is around half a million Israelis.

Prof Sari questioned whether the American administration was able to come up with a plan to solve these issues even

though they may be interested in bringing about peace in the region and an end to the Israeli-Palestinian conflict. He highlighted the most pressing challenges.

The first challenge is the settlement issue where the US administration would have to ask the Israeli government to stop the development of existing settlements.

Even if the US administration is successful in pressuring the Israeli government into accepting the condition, one can see the problem of the large number of Jewish settlements in the West Bank and the problem of returning the pieces of land that were taken by the settlements to the Palestinians. This will be a major challenge even if Prime Minister Netanyahu and the Israeli government were agreeable to US conditions.

A second challenge is how to cope with the problem of Jerusalem which is claimed by both Jews and Palestinians. The Arabs and the Palestinians insist that Jerusalem must be returned to them after being taken from them in 1967. The main concern is how to reach an agreement on how best to share the entirety of Jerusalem, both east and west.

The third challenge is the problem of refugees. There are now about seven million Palestinian refugees living abroad.

Finally, Israel has recently defined itself as a Jewish state.

This has given rise to a few questions: What are the problems and implications to the millions of Arabs, Muslims and Christians? What would that mean to the one million or more Palestinians living in Israel who have citizenship rights?

What does a Jewish state mean to the rights of the indigenous Arabs who have lived in that country? All these challenges have to be dealt with before peace can be established in the Middle East.

The second presenter, Dr Satu Limaye, focused on South Asia and the Obama administration's new strategy towards Afghanistan and Pakistan and the implications of US relations with India.

From the US viewpoint, there is a need to focus on South Asia especially Afghanistan and Pakistan, which is very central to the American administration's foreign policy.

In a recently released strategy report, it sees Afghanistan and Pakistan and South Asia as 'the arc of instability from the Middle East to South Asia' as central to US priorities.

Dr Limaye highlighted five priorities that the US will face.

*The main concern is how to reach an agreement on how best to share the entirety of Jerusalem, both east and west.*

The first is to have an attainable objective and this has been a central debate in the last three to four years.

The Obama administration had made the objective quite narrow and fairly tight - 'the strategy starts with a clear, concise, attainable goal: disrupt, dismantle, and defeat al Qaeda and its safe havens'.

The second priority is to have a regional approach. 'For the first time the President will treat Afghanistan and Pakistan as two countries but one challenge'.

This is important because since the announcement of the new US strategy, the situation on the ground in Pakistan has worsened. Therefore, both the issues in Afghanistan and Pakistan have to be seriously attended to.

Related to this issue is the engagement of trilateralism as seen in the summit where the three presidents - President Karzai, President Zardari and President Obama were trying to have trilateral co-operation which was hardly present in the last two to three years. The trilateral approach is meant to bridge differences between Kabul and Islamabad.

The third priority is building capacity and more training. The basic goal of this policy is to make Afghanistan responsible for the war and to allow the US to leave.

The fourth is using all elements of national power, not only using US forces but a major

effort from Pakistan; and the fifth is to bring new international elements to the effort.

Secretary of Defence Robert Gates in the Shangri-la Dialogue made a plea for Asia to be involved in a variety of ways to alleviate the situation in Afghanistan as well as Pakistan. Japan in particular was extremely helpful in the aid effort.

Dr Limaye concluded by assessing the US policy in South Asia. He stated that US policy now has an eye on 'improve and exit' from Afghanistan, and to avoid catastrophe in Pakistan.

There is little appetite in the US for transforming either Afghanistan or Pakistan. This is indicated in the relatively narrow core goal outlined by the US administration.

There is still a debate among some Americans who believed that they should be involved in both major nation-building efforts in both the countries. But it remains to be seen whether there is the stamina, resources and energy for this policy.

Second, he viewed that this 'basic' strategy is by no means minimal or 'hands off' given the enormous military, financial and diplomatic resources devoted to it.

But it must be recognised that this rather basic and narrow strategy does not reflect the pessimism of the situation and outlook for resolution.



*Dr Satu Limaye*

Third, in Afghanistan particularly, US pessimism seems to stem primarily not only from the ability of the US to count on NATO/European commitment, but also the lack of confidence in the Afghan political establishment to eradicate corruption and deliver basic services.

Meanwhile, Pakistan continues to be a safe haven for militants going back and forth across the lines of battle.

The fourth assessment was on Pakistan. He was certain that there would be significant aid to Pakistan. The Kerry-Lugar legislation will initially provide a US\$1.5 billion per year for the next five years that may be increased and extended.

This process is being debated in Congress as there will still be some conditions and attachments made in that legislation. This may prove to be problematic not only

to Pakistan but also to the Obama administration.

Fifth, even with sizeable military, economic and diplomatic commitments to both countries, the US should not overstate its own leverage in either Afghanistan or Pakistan.

The US cannot solve the problems of both countries. In the end, without the support of Islamabad, the US will be challenged in holding the line.

Sixth, the support of the US Congress and the American public is not unlimited. It will depend on three major variables: first, the rate of American casualties which has increased in Afghanistan; second, levels of progress should be continued in terms of material, money and people; and third, the economic/financial picture of the United States.

Seventh, in terms of the future major players, there seems to be two triads that are likely to shape the overall strategic picture of the next decade. One is the Pakistan-Saudi Arabia-Taliban axis and the other is the Iran-Russia-India axis. Both of these axes are not problem-free for the United States.

Eighth, the US will have to stay tuned to 'on the ground' development in both countries. The Obama administration has stated explicitly that its strategy would be flexible in response to ground realities.

Ninth, the US should not forget Iraq. Though the US military

has started the withdrawal of American forces, the situation is still uncertain as there was an upsurge of violence in the last couple of months. They are still uncertain how the continuing Iraq issue will affect US relations with Afghanistan and Pakistan.

With this dismal picture, Dr Limaye offered some positive signs which are worth noting.

First, Pakistan people seem to have turned against the brutal behaviour of the militants in a way that demands government action. Second, Pakistan has also come to terms to be responsive to the threat of the Taliban.

Third, there is a large majority of moderate Pakistanis who are committed to a better future, seeking a better response from their government and co-operation from the United States.

Finally, a major commitment from the Obama administration and the Kerry-Lugar legislation even with attached conditions will have palliative effects and public support from the establishments.

He ended by saying that a new era of peace for the Middle East and South Asia is still some distance away. However, there will be opportunities to advance their efforts and an enormous amount of work remains to be done.

The third presenter, Dr Rashid concentrated on the implications of President Obama's new

strategy in Afghanistan and Pakistan.

He focused on the establishing of peace and security in Pakistan and the prospects of co-operation between US and Pakistan in terms of counter-terrorism. This is of particular concern for Pakistan in maintaining peace and security within the region

He identified three aspects of Obama's new strategy which are directly relevant to Pakistan. The first is the military surge plan in Afghanistan; second is the establishment of a larger contact group of neighbouring states which include China, India, Iran, etc.

Third is Obama's insistence that Pakistan should end its obsession of conflict with India and shift its focus from the eastern border to the western border and concentrate on the war with the Taliban.



Dr Rashid Ahmad Khan

In focusing on the implications of military surge and stability in Pakistan, Dr Khan briefly highlighted the current situation in Afghanistan and Pakistan. In the 2008 UN Secretary General's Report, the situation in Afghanistan was recorded as the most violent year since 2001.

There were 857 incidents of violence per month which saw an increase of 32 per cent. In January 2009, there was a 75 per cent increase in violence compared with the same period last year.

In Pakistan, the situation was even worse. There were 66 suicide attacks in 2008 compared with 61 in 2007. In the 14 months, from January 2008 to February 2009, there were 1,500 incidents of violence and 1,400 people lost their lives.

The number of internally displaced persons was reported to be around 2.5 million and could increase to 3 million. This represented one third of the

total population of the districts in south Pakistan. Military operations were heavy in the south which was considered as the hub of Taliban activities.

The increasing number of internally displaced persons has great implications in terms of solidarity, political and economic stability in Pakistan. The movement of these internally displaced persons to places like Karachi, Sind and Punjab has created ethnic tensions within these districts and increased the apprehension of terrorist activities in other parts of Pakistan.

However, Pakistan seemed to have some positive indications on which Pakistan could build their strategies in their fight against terrorism. First, the Pakistan government is a democratically elected government and is responsible to its people.

It is pursuing a policy with an institutional approach with a view to create a national consensus on this issue. The government from the beginning has turned to the Parliament for guidance. In October 2008, the issue was discussed and the Parliament approved some guidelines

Although the resolution was unanimously passed by the government, its priority was to have dialogues with the militants. An All Parties Conference was convened to secure the support of political parties for the military operations against the militants. The majority, with the

exception of a few, endorsed the government's action.

However, the parliamentary oversight and the imperatives of national consensus on war against terrorism can also place constraints on the ability of the government to freely exercise its options against terrorism.

The question of ownership of the war on terrorism was still very critical as some parties still believed that Pakistan is fighting America's war. Some felt that this war was imposed on Pakistan and the age of suicide bombings, terrorism and Talibanisation was an extension of American action in Afghanistan.

Before 2001, there was no support of the Taliban in Pakistan but mainly in Afghanistan. This process of creating national consensus on war and terror can be undermined if the Obama administration insisted on military surge in Afghanistan.

This insistence has disappointed the Pakistan people as they expected a shift in US-Pakistan policy under the new administration. This was going to affect Pakistan for three reasons.

First was the decision to increase military surge at the southeastern part of Afghanistan which is adjacent to Baluchistan Province. Baluchistan has so far escaped terrorist activities as there was no Taliban movement in this area. However, if there was to be a military surge in this

*Before 2001, there was no support of the Taliban in Pakistan but mainly in Afghanistan. This process of creating national consensus on war and terror can be undermined if the Obama administration insisted on military surge in Afghanistan.*

*...the military surge is of great concern to Pakistan because the US has been unable to understand the dynamics of Pakistan's internal relations in view of outstanding disputes.*

area, Pakistan feared the spillover effects on the province.

Second, the military surge is of great concern to Pakistan because the US has been unable to understand the dynamics of Pakistan's internal relations in view of outstanding disputes.

Last, the Obama administration should promote peace and co-operation between US and Pakistan because this is the key to a stable environment of peace and security in the region.

The fourth speaker, Dr Ajai Sahni, stated that as far as the Af-Pak policy was concerned, the Obama shift policy towards Afghanistan and Pakistan from the Iraq war, was regarded as a dead end.

As far back as 1999, the US Patterns of Global Terrorism report spoke of a 'shift of the locus of terrorism' from West Asia to South Asia. The Iraq war diverted the US attention from the fact that Afghanistan and Pakistan were a focus of terrorism in their own assessment.

Although the US refers to a 'new policy' towards this region, Dr Sahni argued that what was spoken of a new policy was something that had been neglected by the American administration for more than a decade.

In this decade, it has produced enormous consequences in this region itself. The shift of attention is premature. Even the US Joint Chiefs of Staff Chairman, Admiral Mike Mullen announced that the war in Iraq 'isn't over' even though Afghanistan would now be the military's 'main effort'.

President Obama also reiterated that violence would be a fact of life in Iraq for some time to come.

Nevertheless, the US promised that there will be a greater emphasis on Afghanistan with a significant increase in civil and military aid. For the first time, it is a budget exceeding that for Iraq. Afghanistan received US\$65 billion while Iraq had US\$61 billion.

There will be a progressive draw-down of the present 142,000 US troops in Iraq to about 35,000-50,000 by August 2010. They will also double US troops in Afghanistan.

Although all these strategies seemed to be very impressive, an important fact remains. The so-called 'peace' in Iraq is still bloodier than the war in Afghanistan despite the tremendous escalation in Afghanistan.

There are more people dying in Iraq even today than in Afghanistan. Dr Sahni questioned the argument in asking what kind of a shift was there.

Instead he suggested that it was more of an arbitrary shift of American perceptions. The gains in Iraq have been 'fragile and reversible' as warned by General David H. Petraeus.

Engaging in this shift at the expense of Iraq is crucial, not because Afghanistan does not require more attention. But to focus on the shift at the expense of Iraq can be extremely dangerous for both countries.

He argued that the surge is not a strategy as referred to by the Americans but rather an acknowledgement of strategic failure. The surge is nothing but an augmentation of force on the grounds that the existing force level was miscalculated and insufficient.



Dr Ajai Sahni

The surge in Iraq may not work in Afghanistan as all surges are not equal. A surge must be defined in terms of the situations prevailing, the quantum of force required and the quantum of force provided. Each region requires a separate assessment.

He gave an overview of the two theatres. Iraq has an area of 437,000 square kilometres and a population of 29 million while Afghanistan has a territory of 647,000 sq kilometres and a population of 33.6 million.

In Iraq, there were generally about 176,000 Coalition forces since July 2003. After the surge in February 2007, US troops went up to 168,000 by September 2007. This was backed up by a 600,000 strong Iraqi security force.

In Afghanistan, on the other hand, the International Security Assistance Force (ISAF) had a total of 55,100 personnel in January 2009 with the US forces accounting for only 23,000 of this number.

Admiral Mike Mullen clarified that the surge would not exceed 30,000 US troops. The total US forces could come to a maximum of 60,000-70,000 but other countries in the coalition have decided to withdraw their forces. It is therefore not clear whether the surge will actually be able to completely offset the withdrawal of forces by other cooperating countries.

Moreover, Afghanistan's internal forces, even after 2011,

will only number 216,000, whereas there were 600,000 Iraqi forces in Iraq, with a smaller sized country and population.

US General Petraeus had also indicated very clearly that even by 2011, Afghanistan will not be able to have a security force to population ratio that meets his own standard of 20 troops per 1,000 population.

Afghanistan has a far more difficult and complex situation as recognised by the British commanders. Seventy-two per cent of the country is believed to have a permanent Taliban presence, another 21 per cent has substantial Taliban presence and seven per cent have light Taliban presence.

The total of 100 per cent showed that the Taliban are present in some magnitude everywhere in the country.

Iraq had many advantages. It had the experience of a stable government and a strong army even though it was under authoritarian rule. It was not a collapsed country. However, Afghanistan is, and has unravelled after almost three decades of war.

It is landlocked, rural and has a high illiteracy rate. Its population is growing tremendously, with 24.5 million in 2005 and has grown to 28.3 million today.

It is a country that is expected to triple its population by mid century. Institutional structures in the country have also been destroyed.

He highlighted an index to illustrate his point. Afghanistan has a secondary education participation rate of barely 5-11 per cent for boys and as little as 1-2 per cent for girls.

It has a higher education enrolment of about 37,000 in 2007 as compared with Iraq with 370,000. Iraq has 10 times as many in higher education than compared with Afghanistan.

This is crucial because it questions whether Afghanistan has the means, the institutional capacity or the population profile to build on. Just pumping money into the country is not sufficient.

Despite all the new dealings under Obama, the priorities and the policy of the administration have not really changed. The language may have changed as they no longer talked about war against terror but on counter

*Afghanistan has a far more difficult and complex situation as recognised by the British commanders. Seventy-two per cent of the country is believed to have a permanent Taliban presence, another 21 per cent has substantial Taliban presence and seven per cent have light Taliban presence.*



insurgency operations. At the end, it just showed that their policies have continued like that of the previous administration.

One of the elements is the 'surge and bribe' idea that the Americans hoped that will enable them to establish dominance. Dr Sahni doubted whether the US will be able to achieve something with the resources at present or even to work out a deal with the 'good' Taliban. He viewed that the surge is not a solution.

With reference to Pakistan, he believed that the carte blanche has been given to Pakistan once again because America depends completely on Pakistani co-operation.

He doubted that the US had the capacity to impose anything on Pakistan. If they had, they would have done something about the hundreds of attacks that came across the border.

In effect, Dr Sahni does not believe that there is any reason the Afghan-Pakistan strategy claimed by the American administration will secure anything of enduring value.

Neither will there be any grounds to believe there is a new era of peace or opportunities for advancement that is dawning in this region.

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## A "NEW ERA OF PEACE": JAPAN-US-CHINA RELATIONS IN ASIA

*The relevance of trilateral relations between Japan, the United States and China for the perpetuation of peace and regional stability was addressed in Plenary Session Five at the 23rd Asia Pacific Roundtable. Ambassador Koji Watanabe, Brad Glosserman and Dr Su Hao examined both the barriers and the incentives to further institutionalise and utilise trilateral relations between the three powers. It also determined the extent to which further improvement of trilateral relations would ensure regional peace. Watanabe is a Senior Fellow at the Japan Center for International Exchange. Glosserman is the Executive Director of the Pacific Forum CSIS and Dr Su Hao is the Director of the Center for Strategic and Conflict Management. **Erica Sang**, a 1st year International Relations student at American University, Washington DC, and formerly an intern at ISIS Malaysia, reports.*

Ambassador Watanabe focused on two main issues that have a crucial impact on relations between both Japan and the United States and Japan and China: trade relations between the United States and Japan, and

the cloaked nature of increasing Chinese military expenditures.

The first issue was a source of tension between the United States and Japan during the 1980s.

During that period, the United States began to view Japan's economic policy as a threat to its own national interests. The 1990s bore witness to a decade of stagnation in the Japanese economy and the growth of the information technology industry in America. This allowed for a thaw in US-Japanese economic relations.

Japan did not fully recover until 2002, thanks largely in part to trade relations with both the People's Republic of China and the United States. However, this progress has been disrupted by the global financial crisis.

The effectiveness of Japan's export-led strategy been reduced as a result of the continued drop in the US demand for Japanese durable goods.

Watanabe's main recommendation for ensuring economic growth in Japan is the need for an increase in domestic demand. He argues that the expansion of the middle class in East Asia has the potential of providing a sustainable demand.

This can be achieved through regional co-operation. Japan intends to contribute to regional institutions, such as the Asian Development Bank (ADB) and to continue its support for the Chiang Mai Initiative.

The development of sub-regional infrastructure will be a means to facilitate intraregional trade within Asean. Co-operation on non-traditional security issues will improve the capacity of East



*(From Left) Dr Su Hao, Ambassador Koji Watanabe, Dr Thitinan Pongsudhirak, Mr. Jusuf Wanandi and Mr. Brad Glosserman*



*Ambassador Koji Watanabe*

Asian states to stimulate local demand.

Although there has been a significant improvement in the relations between Tokyo and Beijing, the unwillingness of China to provide details of its rising military budget has been a major concern for Japan.

Despite this concern, Watanabe has concluded that there is nothing inexorable about conflict between China and Japan.

Trade relations and shared interests have markedly reduced the feasibility of conflict. However, potential amendments to Article 9 of the Japanese Constitution and the rise of military expenditures in China have perpetuated mistrust between the two powers.

These tensions should be resolved in the interest of ensuring both the continued improvement of Sino-Japanese relations and the continued promotion of regional stability.

Watanabe ended his presentation by highlighting the need for further trilateral dialogue.

Brad Glosserman observed that the nature of trilateral relations between China, Japan and the US has remained remarkably similar over the past decade.

This indicates that relations between the three countries are under developed. Be that as it may, Glosserman echoes the sentiment of the other presenters: the bilateral relations between all of the component parties (Japan, the United States and China) remain positive.

The main purpose of trilateral relations is confidence-building. Recognition of this purpose will ensure that expectations regarding the role and future of trilateral relations are realistic.

The relations between all three states are marred by suspicions being held by the component states and other stakeholders in the region.

This is especially true for the bilateral relations between the respective component parties. Although the US views the improvement of Sino-Japanese relations as a positive step, this trend gives rise to concerns regarding its own future role in the region.

Japan also has trepidation about its own role in Asia. China remains anxious over US interference in its domestic affairs. Glosserman concurs with

Ambassador Watanabe that a conflict between Japan and China is not inevitable, but he maintains that distrust and historical tensions that exist between the three powers curtails their willingness to work together.

Three pervasive barriers hinder the structure of trilateral relations: integrating these relations into the pre-existing structure of regional institutions and relations, the fear of exclusion by component states and other regional actors, and the relative strength that each of the three states should hold.

In order to ease these tensions, the US, China and Japan should recognise the important role that each power plays in the region.

There must be more meetings between leaders and between strategic coordinators. The respective civil societies of each of the component states should also be encouraged to participate.



*Mr. Brad Glosserman*

Further development of trilateral relations needs to be sensitive to regional realities. Non-component states and institutions need to be reassured that trilateral relations between the US, China and Japan will not supplant the existing regional structure.

Dr Su Hao argued that the levels of co-operation and confrontation between China, Japan and the US have major implications for the peace and security of the Asia Pacific region as a whole.

Prior to the onset of globalisation, the history of the three nations has been described as 'vicious circles' of shifting alliances. China and the US fought together against the Japanese during World War II.

The US subsequently worked with Japan to prevent the proliferation of communism, i.e. the containment of China. Globalisation has led to an



Dr Su Hao

increase in the overall level of interdependence between the three countries and thus has altered the traditional pattern of trilateral relations.

The interdependence between China, Japan and the US includes several important economic dimensions. These areas include finance, trade and economic structures.

All three powers have a vested interest in ensuring global financial stability. Trade continues to play a major role in trilateral relations. The component parties should work together to reduce trade protectionism.

Regional economic structures also benefit greatly from co-operation from China, Japan and the US.

Co-operation between China, Japan and the US also has major implications for both traditional and non-traditional security in Asia. It is important that all three powers work together to ensure that potential flashpoints for conflict within the Asian Pacific region do not ignite.

North Korea, Taiwan and the South China Sea are all areas where trilateral relations could provide the means to ensure continued peace.

These relations also provide opportunities for the three powers to cooperate in order to provide for non-traditional security. These measures should include co-operation to stop terrorism, protection of the

environment and provision of energy security.

In order to ensure that trilateral relations between the three powers are able to effectively cooperate on these shared regional interests, China, Japan and the US should utilise both Track I and Track II diplomacy.

There was a general consensus between the speakers that the relations between China, Japan and the US would continue to be relatively stable.

Although the presenters differed in their conclusions regarding the ideal role of trilateral relations in promoting regional stability, they were all encouraged by the progress of these relations.

Trilateral dialogue and co-operation between China, Japan and the United States has the potential of promoting greater peace and stability in the Asia Pacific region.

## POLITICAL CHANGE, DEMOCRACY AND STABILITY IN SOUTHEAST ASIA

*From "Yellow Shirts vs Red Shirts" in Thailand to the continuum of political systems in Southeast Asia, the focus was on issues of regional importance. Plenary Session Seven was co-chaired by Ambassador Koji Watanabe and Dr James A. Boutilier, Asia-Pacific Policy Advisor, Maritime Forces Pacific, Canada. The speakers were Dr Thitinan Pongsudhirak, Director, Institute of Security and International Studies (ISIS), Faculty of Political Science, Chulalongkorn University, Thailand, Dr Michael Vatikiotis, Asia Regional Director, Centre for Humanitarian Dialogue, Singapore, and Xavier Nuttin, Directorate for General External Policies, Asia Policy Department, European Parliament, Belgium. **Terence Too**, analyst, ISIS Malaysia, reports.*

The first speaker, Dr Thitinan Pongsudhirak, began by highlighting that Southeast Asia is straddling a continuum between strong central authority and popular rule.

This is reflected both at the regional and local levels. At the regional level, examples of these

extremes include the systems of government found in Indonesia at one end, and Myanmar at the other, with the other countries falling somewhere in between.

At the local level, Dr Thitinan notes the case of Thailand, which is currently experiencing internal turmoil between the pro-

monarchy 'yellow shirts' and the pro-Thaksin 'red shirts'.

At the regional level, the problem, he says, arises with regard to the Asean Charter, which reads as a progressive, pro-democracy document.

The Charter has faced challenges, such as the issue of the Rohingyas refugees, and a series of events which prevented the East Asian Summit from taking place.

This reflects the trend of increasing conflict between domestic politics and efforts towards regional consolidation. For example, he notes that the protests which prevented Thailand from holding the East Asian Summit dealt a setback not only for Thailand, which was the Chair of Asean at that time, but also for the Asean Charter and the region as a whole.

Dr Thitinan explains that Thailand possesses its own continuum between a monarchy-centered socio-political hierarchy, and one of democratic rule based on popular mandate.

This has been the underlying source behind recent events in Thailand, where the long-standing elite consensus between the monarchy, military and bureaucracy has broken down, leading to a search for a new equilibrium.

First, it is important to examine why this arrangement has broken down. Dr Thitinan clarifies that the Thai social



*(From Left) Dr Thitinan Pongsudhirak, Ambassador Koji Watanabe, James A. Boutilier, Dr Michael Vatikiotis and Xavier Nuttin*



*Dr Thitinan Pongsudhirak*

structure resembles that of a flat, fairly horizontal triangle, with a small top, medium middle, and very large bottom rungs.

The economic boom from the mid-1980s onwards was not evenly shared between the rich living in Bangkok and the poor living in the rural areas. This resulted in a large income disparity between Bangkok and the surrounding countryside, the latter of which consists of 65-70 per cent of the country's population.

This situation provided excellent cannon fodder for Thaksin, as evident in the electoral events in 2001, 2005, 2006 and 2007. Despite his political party being banned twice and the politicians within banned from office for periods of up to five years, Thaksin and his allies still manage to regroup and come back to win the next election.

Dr Thitinan believes that this shows that the rural electorate

has been awakened by the Thaksin years, and they are ready to exercise their rights.

This has led to an emerging war of the colours in Bangkok. On one side are the 'yellow shirts' of the royalists. They are conservative, pro-establishment minority in Bangkok.

The other side consists mainly of the pro-Thaksin 'red shirts' which express grievances against the hypocrisy of the old guard. They aspire towards a more people-centered rule, but are shadowed by the corruption that took place during Thaksin rule.

In addition to the two main groups, there are two others. They are the 'blue shirts' for royalists with a military orientation, funded by the military and generals and old-style politicians from the north-east, and the 'white shirts' who are basically opposed to both the 'yellow' and 'red' shirts for hurting and paralysing the country.

Dr Thitinan notes several trends within this movement of colours. Although initially associated with Thaksin, the 'red shirts' are evolving to become more than just Thaksin.

However, the situation seems to be increasingly intractable, with the various sides unwilling to accept the victory of the other. This is in stark contrast to Indonesia, where it is stipulated that the loser must accept the triumph of the winner.

In his summary, Dr Thitinan says that it is certain that the political situation in Thailand will never be the same, especially once the current King passes. However, there are many who say that they will not cross this bridge until they get to it.

Others demand change now, while some say that things should be the same. But several realities must be acknowledged. First, there is a new Thailand in the making and the 'red shirts' will have a big say in this new Thailand and the process will move towards a more bottom-up approach.

However, while the 'red shirts' must be accommodated, Thaksin must be kept out of Thailand. The 'yellow shirts', on the other hand, must be reassured so that they are willing to allow the new order to take shape.

Within this, the international community has to play a role to help Thailand move further down the road of democracy in the smoothest way possible.

The second speaker, Dr Michael Vatikiotis, also focuses on the continuum of political systems in Southeast Asia.

He examines the broader regional implications of the current transition in the region, from coming to an end of a very long era of centralised political authority, and moving towards a system of closely scrutinised open government.

Under these systems, people have assumed a position of crucial importance, and along with civil society, have emerged as central and important factors in political calculations.

Under this situation, Dr Vatikiotis identifies a number of noteworthy issues and developments. The first is the rise in demand for meaningful participation in the political process, and an increase in the assertion of local identity.

He highlights Indonesia as one country in which such developments have taken root successfully. Second is increased international pressure on internal events. Under the current situation, it is becoming increasingly difficult for neighbours and peers to ignore the internal events of a particular country.

For example, Thailand had to explain the cancellation of the East Asian Summit to its neighbours. Third, civil society has assumed a much more important role in the region, and there is now great pressure by the people for their voices to be heard.

Therefore, Dr Vatikiotis notes that the era of paternalistic government in the region is coming to an end. It is no longer the case where government knows best, but one where the most important factor is how governments respond to its people through the various interfaces.

Examining Indonesia and Thailand under this framework, Dr Vatikiotis notes that in the past, Indonesia had allowed local autonomy, but had overlooked the main point of decentralised authority, which is finally allowed in 1999.

This important step enabled a range of issues regarding identity to be addressed through various legal and administrative instruments. In the process, Indonesia has opened up to the world and its society has organised itself on many issues; it is now also difficult for state agencies to interfere with citizens' rights, while its citizens freely assert their views through the media, on the streets, etc.

In Thailand, a mixed picture presents itself. Although Thailand has modernised in most aspects, such as in terms of policy implementation, development, structure, administration, and so on; Thailand, in contrast to Indonesia, has not dealt with the core issue of the decentralisation of authority.

The idea that government has to be directed through centralised authority in Bangkok has not changed and, even though local bodies exist, the empowerment of these bodies is not there.

Dr Vatikiotis identifies some mitigating factors in Thailand, specifically those of the empowerment of civil society and a completely open media. However, recent events, such as the protests between

the 'yellow shirts' and the 'red shirts' which paralyzed Thailand, reflect the failure to properly allow decentralisation and empowerment of the people.

A weak democratic government, poor decentralisation, combined with a free media and strong civil society has resulted in an unstable Thailand that requires constant and detailed political micromanagement of the country.

The victim of this situation, Dr Vatikiotis notes, has been policy, in terms of coherence and coordination, as well as aspects which were previously taken for granted, such as strong economic and development policies.

Consistency in foreign policy has all but vanished and Thai bureaucrats are now entrusted with the duty of managing the unstable situation.

The third and final speaker, Xavier Nuttin, touched on Burma, or Myanmar.



*Dr Michael Vatikiotis*

Speaking in his personal capacity, Nuttin first noted the 2005 report, published by the Nobel Laureate Desmond Tutu, and former Czech Republic president, Vaclav Havel, which saw the country as a threat to regional security and peace.

While the report called on the UN Security Council to take the initiative to address the problem, efforts to do so thus far have not succeeded due to opposition from China.

As such, Nuttin notes, it is a challenge to discuss Myanmar as no clear-cut solution presents itself. Characterising the situation as one where 'nothing has worked, but something must be done,' (quote by George Soros) Nuttin notes that the situation urgently calls for an exchange of ideas, as the future of the Myanmar people is at stake.

Nuttin then proceeded to outline the EU assessment of the situation, the role that should be

played by Myanmar's neighbours, before discussing some ideas on how to proceed.

The EU, says Nuttin, is of the position that steps need to be taken towards the transition to a legitimate civilian government, that would lead to national reconciliation and address the appalling conditions in the country, particularly in the wake of Cyclone Nargis.

The events of 2007 had shocked the world, with jail sentences of up to 65 years for those who have participated in protests, and jail terms up to 45 years for some who have helped cyclone victims, are beyond the understanding of the EU.

With elections due to take place in 2010, the EU believes that the constitutional process has failed to meet basic democratic requirements and the referendum approving the constitution was devoid of any democratic legitimacy.

Therefore, the EU believes that the steps required to make the elections credible and inclusive have not yet been taken by the government.

Nuttin notes the NLD, which had clarified its position in May to include three conditions for its participation: the release of all political prisoners; the review of the undemocratic aspects of the constitution; and the holding of free and inclusive elections with international observers.

The arrest of Aung San Suu Kyi on May 14 was another blow to national reconciliation, as her house arrest should have been terminated on May 27, and the UN has said in March that her continued detention continues to violate both international and national legislation.

The EU thus believes that the trial of Aung San Suu Kyi challenges the principles set down by the rule of law and is clearly organised to prevent the NLD from taking part in the 2010 election.

So could the 2010 elections have an impact on the transition to democracy? Nuttin notes that it is better to have a 75 per cent civilian government than a 100 per cent military government. In that sense, it is an improvement; but it depends on who is allowed to participate, and the level of transparency.

Elections would be welcomed by the international community if they are based upon an inclusive dialogue among all stakeholders and if the restrictions imposed on all political parties are lifted.

The Belgium speaker notes that the objective of EU actions in Myanmar is a commitment to its people in achieving a peaceful transition and to fight poverty and to improve their socio-economic condition.

While the US response to this situation has been to apply sanctions on the Myanmar government, the EU believes that improvements can be made



Xavier Nuttin



through sincere dialogue, with all parties, including minority groups.

The EU has left the door open for dialogue but unfortunately, Burma takes further steps such as the detention of Aung San Suu Kyi, which leads Javier Solana, the EU top foreign policy representative to declare that sanctions should be strengthened and not removed.

However, Nuttin notes that there is a growing consensus that sanctions do not work thus far. The EU remains aware that the sanctions will remain ineffective, so long as the close neighbours of Myanmar do not join the sanctions.

He also points out that the EU approach towards Myanmar is not that of a sanction-only approach. The EU also provides incentives to Myanmar through the form of humanitarian assistance, followed by development aid of up to 35 million Euros, both of which exclude funds provided in the wake of Cyclone Nargis.

China's support for Myanmar is a key factor in the regime's resilience. India would like to have a greater say with regard to Myanmar, but she has limited leverage due to its competition with China on energy sources, new trade opportunities and political influence. While Myanmar has been an Asean member since 1997, the regional body abides by its non-interference policy.

What then can be expected of the three immediate neighbours,

each with their own individual policies and strategies? Nuttin believes that China wants a stable and predictable neighbour, and will not accept chaos.

China would also like to see a better understanding of economic issues and to develop trade ties with Myanmar that would benefit China. Beijing sees itself as a platform for others to work with her to engage Myanmar on economic development and not sanctions.

Both the EU and Asean broadly agree on the objectives of national reconciliation and socio-economic development, but disagree on the means of achieving these objectives.

Therefore, the EU would like Asean to encourage Myanmar as a fellow member state to listen to international appeals for reform, for Asean's own economic interests and regional stability. For example, the EU-Asean FTA has been affected by the Myanmar issue.

Some people, Nuttin says, believe that sanctions can be counterproductive. This has prevented Myanmar from progressing economically, and reduced Western leverage to almost nil.

First, he proposes to expose Myanmar to the outside world and to expose the shortcomings of the generals.

There are also calls to take advantage of the Cyclone Nargis

*The EU remains aware that the sanctions will remain ineffective, so long as the close neighbours of Myanmar do not join the sanctions.*

situation as a way of deepening relations with Myanmar.

Second, it is also important to look at the long-term economic development of the country and to tackle poverty. Nuttin emphasises that development aid should not be used as a carrot and it cannot wait for democratic change.

Third, is investment in education in Myanmar, from primary to tertiary levels. It must be given to all, including those linked to the military regime, as foreign aid alone would not be enough.

Nuttin says that the future of Myanmar is in the hands of the young people, but a lack of funding for the current education system in Myanmar has not prepared the next generation to take responsibility for the sake of the country.

While this represents a personal view, Nuttin notes that there must be dialogue, or nothing will change in Myanmar. There needs to be an international consensus on a sensible approach to Myanmar.

With regard to the military, Nuttin notes that the generals

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will also be required to open space for foreign business, foreign investment and civil society. This cannot be taken for granted as the top leadership is aware of the impact of 'open economy dynamics' for its continued survival.

However, with the population today being victims of both government and international sanctions, it is imperative to draw on the experiences of the past year to do something.

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## THE REGIONAL SECURITY ARCHITECTURE: IDENTIFYING WEAKNESSES AND SOLUTIONS

*Discussions and debates on regional security and alliances have persisted for decades. Five experts shed light on the weaknesses and possible solutions on the crucial issues during Plenary Session Eight of the Asia Pacific Roundtable. The five men were Dr Thomas S. Wilkins, lecturer, Centre for International Security Studies, University of Sydney; Brian L. Job, director, Centre for International Relations, University of British Columbia, Canada; Rizal Sukma, Executive Director, Centre for Strategic and International Studies, Indonesia; Professor Yuri Dubinin, Moscow State Institute for International Relations, Russia and Tan Sri Mohamed Jawhar Hassan, Chairman and CEO, ISIS Malaysia. **Veena Loh**, Senior Fellow, ISIS Malaysia, reports.*

Dr Thomas S. Wilkins said that the 'Security architecture' is considered to be some form of security dialogue at its least developed, and security collaboration or security alliance, at its most developed.

In Tow's (2008) words: 'security architectures are institutions or associations that shape the context and organisation of a region's security order'. There are different *typologies* of security organisations and *structural*

*variations* within and between them.

There are many types of institutions that individually or collectively comprise a region's security architecture(s). Not all components of security architecture are multilateral organisations. Common forms of security co-operation include the traditional military alliance, the non-aggression pact, the coalition, the 'concert' of powers, the security community, regimes and others.

New forms of security co-operation include the 'virtual alliance' (Cossa 1999), the 'coalition of the willing' and the 'strategic partnership' (Kay 2000; Wilkins 2008).

Components of security architecture differ through structural variations in purpose, membership, formalisation, capabilities, and scope. The purpose can be to achieve certain common goals such as common defence against a mutual enemy and regional dialogue or confidence building.

Membership can be inclusive or exclusive, for example, Asia Pacific Economic Co-operation (APEC) is a pan-regional multilateral organisation including every state in the region, while the Trilateral Strategic Dialogue (TSD) only comprises three close allies: the US, Japan and Australia.

The degree of formality and depth of institutionalisation varies. For example, Asean is



(From Left) Dr Thomas S. Wilkins, Yuri Dubinin, Brian L. Job, Ms Malayvieng Sakonhnhom, James Brandon and Dr Yang Xiyu



Dr Thomas S. Wilkins

heavily institutionalised, as is the US-Japan alliance, whereas the TSD lacks any formal charter or treaty.

Different groupings will have different capabilities with which to achieve its stated purpose. Scope of activities ranges from the very issue-specific, for example the Six-Party Talks (focused purely on the Korean security situation), to broad co-operation over a range of functional areas; economic, military, counter-terrorist, cultural, like the Shanghai Co-operation Organisation (SCO).

While the scope of the organisation's activities is closely allied to its designated purpose, it sometimes expands beyond its original remit, as witnessed in the case of EU.

Wilkins went on to say that the organisation tries to shape what it defines as 'its' region by promoting co-operation among states and other actors, which

is possible to the extent that a genuine experience of shared interests in a shared political community exists.

APEC stands as a vehicle for defining the Asia-Pacific inclusively, to incorporate the Americas of the eastern Pacific Rim, and thus legitimise the US security presence.

On the other hand, the East Asian Community (EAC) notion of the region excludes the Americas, but includes India, thus shifting the geographical and political locus of the region to East Asia, whilst omitting the eastern Pacific countries.

Tow (2008) concludes that 'there has never been a single regional security architecture in the Asia-Pacific – only competing architectures'.

Among the wide range of security organisations and regimes in place in Asia-Pacific region, there are three significant schemes to be dealt with, said Wilkins.

1. *Six-Party Talks into North East Asia Security Forum*: Assistant Secretary State Christopher Hill once proposed the construction of some form of North East Asian security community around the Six-Party Talks (6PT) mechanism (US, China, Russia, Japan, ROK, DPRK). However, the 6PT have seemingly failed in their narrow remit of solving the nuclear North Korea issue.

2. *Sino American G2*: The G2, like APEC would only be concerned with economic security governance and would not be addressing issues such as Pakistan or North Korea. A club that involves the world's second (US) and fourth (China) largest economies and excludes the first (EU) and third (Japan) is likely to antagonise these excluded powers. China may be using this position to gain leverage on issues such as Tibet or Taiwan.

3. *Asia-Pacific Community*: In June 2008, Australian Prime Minister Kevin Rudd unveiled his proposal to create an Asia-Pacific Community (APC) by 2020 (Rudd 2008). He argued for a regional institution which:

- spans the entire Asia-Pacific region – including the United States, Japan, China, India, Indonesia and other states of the region and
- is able to engage in the full spectrum of dialogue, co-operation and action on economic and political matters and future challenges related to security.

The initiative was a clear sign of Australia's middle power diplomacy aimed at creating engagement in Asia, but with the involvement of the United States.

This latest solution to regional security architecture has its limitations as the outline of the community has been left vague, presumably in order to create space for debate on its actual form and format.

It remains to be seen how the organisation will fit with the other two pan-regional economic and community-building dialogues APEC and Asean Regional Forum (ARF) (or even East Asia Summit (EAS)) should these organisations be merged, or will the APC simply be a duplication.

The American alliance system of the Cold War, founded in 1951 and sometimes referred to as the 'San Francisco system' or 'hub and spokes' model has mutated into a smaller more tightly knit core in which Japan and Australia play key regional supporting roles to US, said Wilkins.

Though Washington's ability to act as security guarantor in the region has weakened, this is balanced by a more proactive role by Tokyo and increased co-operation along the Canberra-Tokyo axis. This modified 'redux' alliance network plays a central role in regional security provision.

While the US alliance system does little to contribute to regional community-building beyond its allies, it is an important part of the region's security architecture for engendering real practical co-operation among its partners, not least extended deterrence, and structuring diplomatic efforts,

confidence-building measures and multinational exercises (APSS 2008).

The US alliance system has been dubbed by commentators and academics as the bedrock of regional security and a provider of stability.

China has critiqued US alliances in addressing or freezing many of the region's critical security concerns, such as the defence of Japan and South Korea, leading counter-proliferation, counter-terrorism, and anti-piracy initiatives.

Founded in 1967, Asean has grown increasingly to resemble the European Union. Asean has gone beyond its role as a sub-regional security community to export its achievements across the wider Asia-Pacific region; hence Asean 'plus'.

Asean has achieved tangible gains in providing security for South East Asia. It serves to mediate intra-mural conflicts between its members and has created tangible co-operation mechanisms with regard to environmental sustainability/ resources management, counter-terrorism, transnational crime, unregulated population movements, piracy and a code of conduct for resolving disputes through the Treaty of Amity and Co-operation (TAC).

Founded in 1996 as the 'Shanghai Five' and institutionalised in 2001, the SCO developed in tandem with the

deepening and expanding Sino-Russian 'strategic partnership'.

It extended the partnership into a network of partnerships between the two great powers, China and Russia, and the four Central Asian states: Tajikistan, Kyrgyzstan, Kazakhstan and Uzbekistan, making a '2+4' arrangement.

The SCO has added India, Pakistan, Mongolia and Iran as observers and Sri Lanka and Belarus as 'dialogue partners'. It has provided a measure of successful security governance between China, Russia and Central Asia, registering significant successes in confidence-building, trade and combating the three 'evils' of terrorism, separatism and religious fundamentalism, plus transnational crime.

One of the first steps towards reform should be to make the distinction between pan-regional security such as APEC, ARF and the smaller mini-lateral groupings – US-alliances, Asean and SCO that have made tangible gains in security provision for their respective memberships.

*Asean has gone beyond its role as a sub-regional security community to export its achievements across the wider Asia-Pacific region; hence Asean 'plus'.*

There is no one formula for the perfect security architecture and no one route to the achievement of regional security, said Wilkins.

Both the security fora and the security providers perform important and overlapping functions. In Tow's words (2008) 'It is unlikely that any single, overarching multilateral security architecture will emerge anytime soon to supersede existing bilateral and multilateral instrumentalities in the Asia-Pacific.'

Brian L. Job began by identifying the Weaknesses Found in the Regional Security Architecture. These were:

- The Asia-Pacific region lacks the institutional framework required to manage the political, security and current and future economic challenges.
- Existing Asia-Pacific institutions underperform



Brian L. Job

and are inadequate to deal with these challenges and new institutions are required.

- Priority should be given to formulating regional and sub-regional institutions because global/systemic level institutions are absent or fail to address regional needs
- New institutions must be grounded firmly on principles of inclusion, sovereignty protection and non-interference
- Asean is a keystone in any regional institutional endeavour, sustaining its 'driver's seat' role.

**Are New Institutions the Solution?**

Job then attempts to discuss the various possibilities of reform of the existing regional security architecture.

There is a general consensus on the lack of multilateral institutional mechanisms in the region, and especially in the Northeast Asia/North Pacific sub-region, and that existing institutions (most particularly the ARF and APEC) are incapable or unwilling to address the key political, security, economic and environmental challenges facing their members.

Job questioned whether the creation of new institutional mechanisms themselves would provide remedies to these deficiencies? The answer is no. The failure of Six-Party Talks will

not be resolved by institutional reconfiguration, as experience has demonstrated. Combining the ARF and APEC will cause a drift from economics towards political/security measures.

**Will Westphalian Norms Remain the Pillars of New Architecture?**

Existing regional institutions, Asean and its associated institutional family and the ARF, are grounded on Westphalian norms: sovereignty protection, non-interference, inclusive membership, and consensus for decision making.

Insistence on principles of equality, as in Asean's determination that membership contributions be equal, limited to what the least capable or least willing will provide, directly restricts what the organisation can undertake.

Insistence on consensus decision making has hobbled Asean, making it hostage to its most recalcitrant and unprogressive member(s). On the other hand, the ARF continues to grapple pro-actively with the region's primary security concerns.

**Is Asean in the Driver or Passenger's Seat?**

Rather than being seen as in the driver's seat, Asean now should be regarded as the 'road-builder' of regional institutionalism, said Job. Asean has accomplished a region-wide acceptance of

the normative foundations of regional interstate engagement.

Having solidified this base of normative principles, centred around the commitment to resolution of disputes through peaceful means, Asean's efforts can be viewed as engineered in the first essential, (albeit preliminary), step towards a regional security community.

### **The Responsibilities and Costs for Global Architects**

The bargains, compromises and contributions of material and ideational resources that are required to devise and implement new institutional architectures cannot be provided by a single state.

The current situation requires a movement forward to achieve common understanding and willingness to bear the costs of the collective goods of regime maintenance by a cohort of major powers.

Concerning the environment, a global bargain must be struck among the US, China and India to achieve a post-Kyoto regime. For nuclear weapons, an agreement between US and Russia is a necessary and first step to take to alleviate the dangers posed by nuclear arsenals.

Concerning the restoration of global financial stability, a sorting out of the core group is underway in the manoeuvrings of the G8, the G20 and etc.

It is the attitude of the (re) engagement by the United States

as a central and contributing, but not dictating player in the design and functioning of global regimes.

### **The Nesting of Global and Regional Architectures**

Before significant progress can be achieved in transforming the regional institutions of the Asia Pacific, fundamental agreements must be achieved first at the global/systemic level.

China and India cannot manage their affairs at the regional level. They, like the US, are now necessary participants at the global level. The institutional arrangements and bargains they create and support, in turn determine their attitudes and engagement in regional architectures.

Rizal Sukma said that the current security architecture in East Asia is described as comprising two components as follows:

1. *The US-led bilateral security alliance:* The US serves as the hub of a wheel with each of the five bilateral alliances (Australia, Japan and South Korea, and also two major non-NATO allies of the US: Thailand and Philippines) serving as spokes. Strong security and defence ties between the US and Singapore are also part of this component. It has been claimed that 'it is the US-led system that provides for regional stability and security – public goods



Rizal Sukma

2. *Asean-driven process of multilateral security dialogue and co-operation:* It is described as a 'relatively thin fabric of multilateralism, woven from a multiplicity of different organisations and processes'.

Shambaugh calls it 'the growing multilateral architecture that is based on a series of increasingly shared norms (about interstate relations and security)' with the ARF as 'the cornerstone' of the system.

The Asean-driven component of security architecture comprises four main institutions: the ARD, the APT, the EAS and Asean. These institutions focused on building cooperative relationship among the participants through the intensification of co-

*The rise of China and India has undermined the influence of both the US and Japan in the region.*

operation and consultation on economic and non-sensitive security issues among its participants.

The viability of these two components in coping with strategic challenges resulting from changing dynamics of international relations in the Asia-Pacific shows that US is no longer a dominant security architect. Japan is also no longer a major power in the region.

The rise of China and India has undermined the influence of both the US and Japan in the region. They increasingly play a more assertive role in determining the shape of regional order. These nations need to be recognised and accommodated as such.

Both elements of the current security architecture – the US-led bilateral alliances and the Asean-driven processes – are not comprehensive enough to address strategic challenges in the region. Several proposals have emerged so far. There have been proposals by Australia’s Prime Minister Kevin Rudd on the Asia Pacific Community, Jusuf Wanandi of Jakarta-based CSIS, Richard Smith, former Secretary of Australia’s Department of Defense and Allan Gyngell of the Lowy Institute in Sydney.

Underlying the proposals are two important requirements. First, there is a need for a post-Asean regional security architecture for the Asia-Pacific region.

Second, they all suggest that while a new regional architecture should be based on the existing structures, a major renovation or modification is absolutely needed.

There is a need for a Post-Asean regional architecture that will guarantee that the relationship among major powers – the US, China, Japan and India – would be primarily cooperative rather than competitive.

It should prevent strategic rivalry among the four major powers and the emergence of a concert of powers among the four powers at the expense of other lesser powers in the region.

Rizal said that the Asean-driven component of regional architecture faces three crucial questions.

- Will all major powers continue to regard the Asean-based regional security architecture as a design capable of accommodating their individual national interests?
- Will the four major powers see the existing Asean-driven regional security architecture as being effective in responding to their common strategic interests?

- Will the major powers be assured that the current structures in the Asia-Pacific would be adequate to resolve global and regional crises that might emerge in the future?

Various changes and strategic re-alignments in the relationship among the major powers, as a result of global transformation and regional power shift, have the potential to marginalise the central role of Asean within the current security architecture.

As a result of deterioration of confidence in Asean among its strategic partners regarding the relevance and ability of Asean to serve as an effective driver or manager of regional order, stronger powers have begun to look beyond Asean in their efforts to craft a new security architecture best suited to their individual and common strategic interests.

Asean itself is in a deep crisis, both in terms of its relevance and utility in facing the ongoing strategic transformation.

Yuri Dubinin was of the opinion that the region essentially lacks the architecture of security. In the current situation, certain elements and partial security structure shows distinctive deficiencies in the regional security architecture.

The existing security structures like the Six-Party Talks are ad hoc creations, covering limited sets of issues and some still are more discussion forums



rather than security institutions. The backbone of a regional security structure simply does not exist.

There is a problem of compliance. The 1994 Framework Agreement was not honoured by both signatories (the whole idea of that arrangement has collapsed), nor were the subsequent accords reached through the Six-Party negotiations implemented.

Likewise, the 2002 Declaration on the Conduct of Parties in the South China Sea aimed at resolving the littoral states' contradictions and alleviating the danger of potential conflict finally is merely a political statement, and not a legally binding document as there is no method of enforcement.

The domain of perception of security proves to be a serious weakness, said Dubinin. Insecurity prompts wrong policy decisions that produce unexpected and sometimes dangerous results. There should be a rule in the region that security of a nation cannot be achieved at the expense of the security of other nations.

The main question Dubinin said, is, what can be done to enhance the regional security in Asia and the Pacific? There are several principles that could be acceptable. They are that:

1. Nations of the region should come together to define threats to regional security. Confrontational attitudes

and policies that characterise the current scene have to be abandoned. Take into account concerns of all national actors in the area bearing in mind that security cannot be sustainable at the expense of anyone.

2. Security should be comprehensive, based on principles of multilateralism and the international law. It should include:

- Political Security: The code of conduct of all parties with recognition of everyone's legitimate interests, and obligation to resolve all differences exclusively by political means without the resort to force.
- Military security, including confidence-building measures, legitimate armament sufficiency, multilateral arms reduction arrangements, non-proliferation of weapons of mass destruction and missile technologies and multilateral defence programmes.
- Economic co-operation: The Asia-Pacific region needs to enhance its economic strength and become a locomotive to drive the world economy out of the present crisis and further emerge as a

centre of the global economy of the 21st century.

- Energy security: with scarcity of local energy resources and growing energy requirements, the Asia-Pacific region needs a comprehensive region-wide policy so as to avoid future clashes and competition.
- Environmental Security: In the forthcoming Copenhagen environmental summit and beyond it, the Asia Pacific region has to speak with one voice.
- Maritime Security: East Asia is a conglomerate of trading nations, therefore unhampered access to shipping lanes is important to all countries of the region
- Human Security: As democracy, respect



*Yuri Dubinin*

for human rights and dignity is expanding in the area, regional standards in this regard should also be established.

The mechanism to enforce compliance has to be established, otherwise the regional security architecture might fail. The new regional security architecture should doubtless embrace all or most regional structures and allocate to each a specific role in a grand design of regional security that will benefit all Pacific nations.

Tan Sri Mohamed Jawhar Hassan felt that there was a fundamental contradiction in the present regional architecture between a contraption suited for the geostrategic past and a device attuned for the present. The contraption suited for the past is exclusive military alliances. The device attuned for the present is inclusive institutions and processes that promote co-operative security.

Exclusive military alliances are for an age when security is a zero sum proposition, where security is divisible and discrete, and it needs to be assured by the formation of alliances against each other to redress power imbalances or to perpetuate dominance where necessary.

This kind of geostrategic situation exists when the economic well-being of nations is generally disaggregated and not interdependent and when nations do not depend very

much upon trading with one another and investing in each other for their economic needs and prosperity.

Under such circumstances invading neighbouring countries to annex territory and build empires, to seize resources, or spread secular or religious ideology, does not incur much damage to one's own national interests, said Jawhar.

Under these circumstances the prospect of strong nations finding war a feasible option is greater, and the need to form military alliances higher. In such conditions the norms of peace and co-operation are also weaker.

Such circumstances prevailed until the Second World War and perhaps for a while after that. Under such circumstances a peace imposed by a dominant state, such as Pax Americana, or a peace arising from a balance of alliances, was desirable.

Pax Americana, however brief it could be as historical epochs go, is one of the best things that happened to this region after the Indochina wars were over. Other paxes could conceivably have been much worse.

The geostrategic landscape of the Asia Pacific region of the 21st century however, is very different, and the transformation is getting stronger literally by the year.

Driven by the forces of economic and technological globalisation, national economies are becoming much less discrete



Tan Sri Mohamed Jawhar Hassan

and much more interdependent, said Jawhar.

With the ongoing regional integration process, economies are becoming significantly more regional than national. Production processes are spread over several countries, companies are going regional and global, and there is an explosion in intra-regional and international trade and investment flows.

The present financial and economic crisis is driving home this point in a rather brutal fashion. Every economy has a powerful vested interest in the recovery of other economies, especially of the major ones and of our critical trading and investment partners.

We particularly want the United States, Japan and China to do well. Our economic well-being, and therefore our well-being in other spheres as well, is becoming common and inseparable.

So is our security, except in the case of North Korea, which by its own volition as well as external sanctions, remains estranged from the outside economy.

The geostrategic situation in the region is also marked by the military dominance of the United States and its allies and strategic partners, namely Japan, Australia and South Korea, not to mention the others.

This exists now, despite the growing military capability of China, as well as in the foreseeable future.

In this kind of geostrategic situation, the region should lend much greater importance and weight to inclusive and co-operative processes for fostering common peace and shared security than on exclusive military alliances or on deepening and expanding them further.

The existing military alliances are an important and even constructive part of the regional security architecture and should remain. But they can no longer be regarded as the most critical part of the evolving regional architecture.

*The existing military alliances are an important and even constructive part of the regional security architecture and should remain.*

The hub and spokes no longer occupy centre stage, even for the United States. Nor need military alliances be strengthened and expanded in the way that is being done now, that is, in an exclusive fashion.

Instead they should be deliberately expanded in an inclusive manner to include countries like China, initially perhaps in a more diluted mode, but eventually as a welcome, trusted and full partner.

The geostrategic situation that is prevailing in this region and the kind of comprehensive security challenges that confront us require an essentially inclusive, co-operative and non-military response, said Jawhar.

Our security is common. It is not zero sum. If we work together, it can be even more than positive sum. It can be cumulative sum. The most critical security challenges confronting the region are not military in nature but economic, human, environmental, energy and criminal.

Therefore, Asia needs to invest more in the inclusive co-operative, processes like Asean, the ARF, the APT and the EAS, and to improve their performance and efficacy.

The United States should consider becoming a part of the EAS and co-operative instruments like the inclusive Treaty of Amity and Co-operation.

Guided by leaders like Barack Hussein Obama, Wen Jiabao, Taro Aso and Liu Chao-shiuan, the Asia-Pacific region is ripe for a security architecture that rests even more on inclusive, co-operative and pacific foundations than on exclusive, confrontational postures, coalitions and security arrangements.

## THE THREE MOST COMPELLING FUTURE CHALLENGES CONFRONTING THE ASIA-PACIFIC REGION

*The Asia Pacific region is one in which several military, political and social challenges will require to be confronted in the foreseeable future. Plenary Session Nine was co-chaired by Duong Van Quang, President of the Diplomatic Academy of Vietnam, and Brad Glosserman, Executive Director of Pacific Forum CSIS, Hawaii, USA. The presenters were Professor Eiichi Katahara, Deputy Director, Research Department, the National Institute for Defense Studies, Japan, Catherine Boye, Monterey Fellow, Pacific Forum CSIS, USA, Tetsuo Kotani, Research Fellow, Ocean Policy Research Foundation, Japan, Chin-Hao Huang, Researcher, China and Global Security, SIPRI, Sweden, and Datuk Mohd Ridzam Deva Abdullah, distinguished ISIS Fellow, Malaysia. **Dr Jorah Ramlan**, Senior Analyst, ISIS Malaysia, reports.*

### A Discourse Across Generations

Mr Duong opened the session by introducing the speakers and then turned the floor over to

Professor Katahara who began by listing three challenges to the security of the region:

1. The situation in Afghanistan and Pakistan,

2. Strengthening the Japan-USA Alliance; and,
3. Uncertainty of China's future.

The first of these, he termed the 'Af-Pak Challenge'. He concurred with the assessment by General David Petraeus, then Commander of the US Central Command, who testified in the US Congress that the most serious threats to the United States and its allies lie at the nexus of transnational extremists, hostile states and weapons of mass destruction.

He named the acquisition of nuclear weapons by international terrorists and rogue states as constituting the most serious threat to the region and to the world of the 21<sup>st</sup> century.

Al Qaeda and its extremist allies are operating most ominously and actively in an increasingly unstable Pakistan which is armed with approximately 100 nuclear weapons.

He stated that the United States, along with the international community, have so far failed to build good governance in Afghanistan and Pakistan. They have failed to provide security for the Afghan people, failed to deal with Pakistan's FATA (Federally Administered Tribal Areas) and failed to defeat Al Qaeda and its extremist allies.

Katahara described the challenge facing the region as the need to develop a



(From Left) Datuk Mohd Ridzam Deva Abdullah, Mr Tetsuo Kotani, Professor Eiichi Katahara, Mr Duong Van Quang, Mr Brad Glosserman, Ms Catherine Boye and Mr Chin-Hao Huang

comprehensive, viable and long-term strategy addressing not only security but also governance, economic and social development, reconciliation and capacity-building in Afghanistan and Pakistan.

This 'Af-Pak' challenge would test not only the US leadership role, but also the US allies' roles including Nato, Australia and Japan. He called this a global security problem which required a global response.

The second challenge to strengthen the Japan-USA Alliance concerns the security of the region and the need to meet the North Korean missile threat.

A nuclear-armed North Korea or a Korean peninsula armed with nuclear weapons and ballistic missiles would pose direct military threats to Japan and the region.

It would seriously destabilise the regional balance of power, possibly sparking an arms race in the region. It would also test the multilateral diplomacy centring on the Six-Party Talks, and the credibility of the US-Japan alliance.

US Secretary Gates said in the Shangri-La Dialogue that the North Korea nuclear programme does not yet represent a direct military threat to the United States. For many Japanese, it does. Japan could strengthen its own conventional deterrent capabilities, including its missile defence system.

It could strengthen its alliance with the United States, and third, it could intensify its diplomatic efforts to increase international pressure on North Korea, while expanding its strategic relations with Australia, India, the Asean countries, the EU, China and Russia.

The third challenge is to meet the uncertainty about China's future. The emergence of China as a global actor presents an inevitable long-term challenge for policymakers in the region.

It is hoped that as a responsible major power it will play a key role in maintaining a stable, peaceful security order in the region, and play a part in tackling a host of global issues, including the economic and financial crisis, climate change, and non-traditional security issues.

This will entail both engagement and 'hedging' strategies. Countries in the region should engage China in strategic dialogue, confidence-building measures, joint disaster relief, international humanitarian activities, and maritime security.

Katahara concluded by mooted the formation of a US-Japan-China security architecture involving intelligence exchanges, defence exchanges, and military training and exercises as essential ingredients of peace and stability in the Asia-Pacific region of the 21st century.

The floor was then handed over to Catherine Boye, who



*Professor Eiichi Katahara*

distinguished between a challenge and a threat.

Identifying threats is only the first step in the process of dealing with them. They vary from traditional issues such as territorial disputes, internal cohesion, attacks from other states, as well as non-traditional security concerns such as climate change, pandemic diseases, cyber attacks, natural disasters and economic insecurity.

A challenge is the way to minimise or remove a threat. A challenge is not the threat itself but the way one deals with the threat.

Boye identified the three greatest challenges of the future as:

1. The movement away from a concept of security based solely on national governments and militaries to a concept of security maintained by an assortment of actors;

2. Movement from a reactive to a proactive view of security; and
3. Prevention of stalling or backward movement in trade liberalisation.

The first challenge facing society is the way threats have changed. Dealing with traditional threats requires a new approach to security. One difficulty will be shifting from the view that the national government and military are the two actors able to guarantee a society's security.

The burden should also fall on co-operative international organisations or large multinational coalitions, such as the UN and WHO which should not be seen as a strain on resources but as part of the larger security structure. Regional organisations have a critical role to play.

New threats such as the resurgence of piracy must be watched carefully by nations

in the region which should co-ordinate their efforts to diminish the risk of war in areas close to important shipping lanes.

There are also diseases that are endemic to much of Asia, causing instability and hindering economic growth. Co-operation is needed to cope with problems such as the fight against fake anti-malarial drugs.

Local governments, particularly those with maritime or riverine cities could co-operate on combating upstream pollution, fishing issues and water use.

The second area Boye emphasised was the need for a proactive view of how a society deals with threats to security. Traditional security threats such as territorial disputes can be addressed by building trust and good relations with neighbouring states through instruments such as track two dialogues, observer missions, targeted economic aid, and mediation. Existing flashpoints throughout Asia should be dealt with proactively.

Non-traditional security issues can also be dealt with proactively. Nature, unlike an enemy state, cannot be deterred, but preparations are possible.

Preventive measures against pandemic diseases, floods, typhoons, tsunamis, droughts, landslides, crop and livestock diseases, and in Northern Asia, blizzards, can reduce the effect of disasters. The creation of regional response teams can minimise

problems such as incompatible radios, and visa difficulties.

The third area was 'protection against protectionism'. Since World War II, nations have grown more interdependent and a freer trading system has produced unprecedented prosperity. However, the financial crisis has hit Asia especially hard. The close ties proved to have a dangerous aspect, as when markets in one area collapsed, others also stumbled, leading to calls for policies of a more protectionist nature.

This trend must be countered. Wanted in Asia are leaders who understand the fears of the populace but who will not countenance greater protectionism.

Boye concluded by referring to the effect of generational differences. Cold War confrontation has given way to globalisation. The younger generation has new ways of thinking, prompted by Internet communication and exposure to ideas and cultures on a global scale.

The Internet is encouraging them to think of new and different ways to deal with old problems. This generation views non-traditional security threats as at least as of equal importance as traditional security issues. They understand new fields such as cyber security, having grown up using tools that could be used as weapons.



Ms Catherine Boye

Familiarity with new weapons makes them more likely to see solutions to these problems. If someone does not know what a distributed denial of service (DDoS) attack is they are unlikely to be able to think of ways to counter one.

Tetsuo Kotani, sees Asia as consisting of continental and maritime Asia.

It faces two great oceans: the Pacific and Indian. Even landlocked Asian countries are linked by road, rail, river, and pipelines. He described the Pacific and Indian Oceans as a single unified theatre.

The offshore island chain in the two oceans creates a series of marginal seas along the Eurasian continent – including the Sea of Okhotsk, the Sea of Japan, the East and South China Seas, the Andaman Sea, the Bay of Bengal, and the Arabian Sea.

They constitute a 'maritime highway' which has contributed to the development of Eurasian coastal areas by providing easy and cheap sea lines of communication.

Kotani listed three most compelling future challenges facing the region as:

1. A naval arms race,
2. The preservation of 'good order at sea', and
3. Partnership-building.

The first of these is the growing importance of the seas and Chinese maritime ambition.

The stability of East Asia depends on the balance between the continental powers of China and Russia and the sea power of the United States and Japan. China's maritime ambition may destabilise this balance.

Beijing has asserted territorial claims over the Paracel and Spratly archipelagos and the Senkaku islands. China seized the Mischief Reef in the Spratlys in 1995.

China has created a wider strategic barrier in the Western Pacific vis-à-vis the US Seventh Fleet. Chinese strategy conceived two 'island chains' as China's maritime defence barrier: the 'first island chain' along the Ryukyus, Taiwan, the Philippines, and Borneo and the 'second island chain' along the Bonin and Mariana islands.

The 'first island chain' is no more than 200 nautical miles from the Chinese coast and, unless Taiwan is unified with mainland China, the 'first island chain' would virtually blockade China during a crisis.

While encircling the South China Sea, Beijing is developing naval facilities (or 'pearls') in Pakistan (Gwandar), Myanmar (Sittway) and Bangladesh (Chittagong) for sea lane and energy security. Other countries in the region are taking part in this arms race.

The Australian Government recently published a defence white paper, calling for reinforcement of sea and air



*Mr Tetsuo Kotani*

power. Japan is reviewing its mid-term defence policy programme and there is some discussion on the possibility of obtaining preemptive strike capability.

Kotani described the second challenge as preservation of 'good order at sea'.

Several factors, including piracy and other acts of violence against maritime navigation, endanger sea lines of communication and interfere with freedom of navigation and free flow of commerce. Sea transport also carries unlawful commodities, including WMD (weapons of mass destruction) and related materials, providing funds for crime syndicates. Intentional acts of pollution or unlawful fishing have negative impact on regional economies and ecosystems.

Competition for seabed resources, territorial disputes at sea, and environmental nationalism encourage states

to exert wider claims over international waters. These developments run counter to the aims of the 1982 UN Convention on the Law of the Sea - the 'constitution for the world's oceans'.

Regional nations should promote co-operation in non-traditional security issues while reaffirming the provisions of the Law of the Sea to preserve good order at sea.

Kotani's third challenge is partnership building which he described as a solution to the first two challenges. The naval arms race, naval diplomacy/partnership building, and 'good order at sea' can be managed only through a multilateral approach, such as the US alliance network.

Both navies and coast guards are co-operating on non-traditional security issues and counter-piracy. For partnerships to work, all key members must join.



Mr Chin-Hao Huang

Members should conduct joint military exercises and establish hot-lines. Even rogue states such as Iran and North Korea can gain from the effective functioning of global trade.

A factor to consider is generational differences. The younger generation appears to have less respect for borders. They care more for democracy and governance.

They have little knowledge of World War II or the Cold War. In today's complex world, the existing and emerging challenges require more discourse between generations.

The fourth speaker was Chin-Hao Huang, researcher, China and Global Security, SIPRI, Sweden. His most compelling challenges were

1. Democratic consolidation;
2. Managing China's rise and regional power balance; and
3. Responding to transnational non-traditional challenges to regional security.

Responding to non-traditional threats such as disease outbreaks, climate change, disaster relief and drug trafficking are challenges to human security in the Asia-Pacific region.

While these are generally considered 'soft' security issues, they are no less important and require co-operation through greater pragmatism.

Platforms such as the Asean Regional Forum should respond to these concerns, but the region's leadership must invest greater

political capital and will to pursue a more proactive approach.

To the extent that there are generational differences, they are perhaps more evident in ways to manage new security concerns. Left unattended, non-traditional challenges have an increasing impact and dire consequences for human security.

The younger and successive generations, having been more exposed to the effects of globalisation, are more willing to prioritise these concerns and accept that these challenges trespass traditional state boundaries that require comprehensive and action-oriented policies.

Mohd Ridzam Deva Abdullah, selected three most compelling future challenges confronting the Asia-Pacific region.

First, giving people a security system that provides for their well-being, dealing with transnational crime, and other bread and butter issues such as health, trade reform, environmental concerns, and child mortality.

A second challenge is to find a viable solution to unresolved conflict in the Middle East.

This requires to be implemented swiftly, unlike the pedestrian response to 9/11, and the disputed Iraq conflict. These are issues for which solutions are available but which have either not been implemented speedily, or not at all.





*Datuk Mohd Ridzam Deva Abdullah*

A third challenge requires a significant change in national attitudes. For greater security in the Asia-Pacific region, greater co-operation among the nations is essential.

This includes an appreciation of the difference between security policy and war policy. A characteristic feature of the 21st century is the absence of skilled leadership to confront and resolve these threats to security.

Mohd Ridzam pointed out that although the earlier speakers had identified other compelling future challenges, the three which he had mentioned are more acute and compelling, thus requiring utmost attention.

He acknowledged that though the challenges he propagated were not new issues, relevant quarters were not willing to agree on the solution, thus prolonging the challenges.

The challenges identified by the speakers prompted questions

from the floor on the importance of other challenges. These included, among others, the role of Australia and New Zealand on security issues in the South East Asian region, the importance of energy security, the need for a change in mindset to address the generation issue, and the need for inspiring leadership.

These should not only be food for thought but the nutrients for national and regional stability. Thus, the three major challenges need to be considered comprehensively and addressed accordingly.

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# ISIS calendar

## **Second Asean-Australia-New Zealand Dialogue**

9 December 2009

## **Seventh East Asia Congress "Positioning East Asia in a Post-Crisis World"**

6-8 December 2009

## **Korea-Malaysia Roundtable "Taking Stock & Moving Forward"**

13 November 2009

## **4th Korea-Asean Co-operation Forum "New Role, New Responsibilities"**

11-12 November 2009

## **ISIS Roundtable Series on 1 Malaysia**

22 October 2009

## **3rd Dialogue on Transboundary Haze Pollution**

4-5 October 2009

## **Roundtable Discussion: Malaysian Policy Towards Myanmar**

10 September, 2009

## **Roundtable Discussion: Laying the Groundwork for the New Economic Model**

20 August 2009

## **The New Silk Road: How a Rising Arab World is turning away from the West and Rediscovering China**

7 August 2009

## **23rd Asia Pacific Roundtable**

1-4 June 2009

## **31st CSCAP Meeting**

1 June 2009

## **CSCAP Study Group Meeting on Climate Change and Security**

30 May 2009

## **MIVP China Journalists**

17-20 May 2009

## **CSCAP Malaysia Meeting**

13 April 2009





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