

SECURITY THROUGH COOPERATION



2008

CSCAP
Regional Security Outlook



CSCAP
COUNCIL FOR
SECURITY COOPERATION
IN THE ASIA PACIFIC

The **Council for Security Cooperation in the Asia Pacific (CSCAP)** is the region's leading Track Two (non-official) organization for promoting cooperation and dialogue on regional security issues. CSCAP was established in 1993, and now has 21 national Member Committees and one Observer. (For more information about CSCAP, please visit www.cscap.org or www.cscap.ca.)

CSCAP thanks the Japan Institute of International Affairs (JIIA) and the Centre of International Relations (CIR) at the University of British Columbia for additional support of this publication.

ISBN:

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Editor

Dr. Brian L. Job
(CSCAP Canada, Director of the Centre of International Relations, University of British Columbia)

Associate Editor

Erin Elizabeth Williams
(CSCAP Canada Administrator)

Editorial Advisers

Dr. Carolina G. Hernandez
(CSCAP Philippines and Founding President and Chair of the Board of Directors, International Strategic and Development Studies)

Dr. Tsutomu Kikuchi
(CSCAP Japan, Professor of International Political Economy, Aoyama Gakuin University)

Access to the CRSO is available at www.cscap.org.

Designed by Nancy Lyn at *Five Stones Creative*
(Vancouver, Canada)

Printed by *Booksmith Productions*
(Singapore)

Cover photographs:

Victims of Cyclone Nargis await assistance;

A villager carries empty plastic containers as he walks through a dried water dam, east Java province;

Japan's Self Defense Forces in a show of Strength.

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MESSAGE FROM THE EDITOR

On behalf of the Council for Security Cooperation in the Asia Pacific (CSCAP), we are pleased to present the *CSCAP Regional Security Outlook (CRSO) 2008*. Inaugurated in 2007, this is the second annual volume, *Security through Cooperation: Furthering Asia Pacific Multilateral Engagement*. The *CRSO 2008* may be accessed online at www.cscap.org.

The CRSO is directed to the broad regional audience encompassed by CSCAP itself. The CRSO mandate is to survey the most pressing security issues of today and to provide informed policy-relevant recommendations as to how Track One (official) and Track Two (non-official) actors, working together, can advance regional multilateral solutions to these issues. Each CRSO chapter presents specific policy recommendations intended for consideration and debate at the Track One, Track Two, and civil society levels.

The Editor appreciates the editorial independence granted to him and the CRSO's contributors by CSCAP's Steering Committee. Accordingly, the views expressed in the CRSO do not represent those of any Member Committee or other institution, and are the responsibility of the Editor.

Bringing the CRSO 2008 from concept to reality is largely the result of the exceptional professional service of Ms. Erin Williams, Associate Editor. Special acknowledgements are due to the chapter authors, who have been generous in providing their expertise and time under tight deadlines. In addition, thanks are due to Carolina Hernandez and Tsutomu Kikuchi (CRSO Editorial Advisors), and to Mely C. Anthony, Sam Bateman, Brad Glosserman, Wade Huntley, Pascale Massot, Ian Townsend-Gault, Brendan Taylor and Yuen Pau Woo.

Brian L. Job
CRSO Editor

Erin Williams
Associate Editor

HIGHLIGHTS: CSCAP REGIONAL SECURITY OUTLOOK 2008

- In 2008, the regional security agenda has been dominated by concerns for **the human security of Asia Pacific populations and by non-traditional security threats arising from the devastation of major natural disasters and dramatic shifts in food and fuel stocks and prices**. These events have put in stark relief the realities of scarcity, vulnerability of economic and political systems to unanticipated shocks, and interdependence. (See Chapters 2, 3, 4, and 5)
- With the global centre of gravity continuing to shift towards the Asia Pacific, **regional states (especially China, Japan, India, and the US) must assume greater responsibility for deriving cooperative solutions to global problems** and, in turn, promoting proactive regional multilateral institutional responses within broader, systemic regimes for food security, disease prevention, non-proliferation and adaptation and mitigation of climate change. (See Chapter 1)
- Of concern, however, are **the longer-term implications of the enhancement of Asian militaries**, especially regarding their power projection and areal denial capacities and the deployment of potentially destabilizing weapons systems. Developments of national space programs raise concerns over this arena assuming greater security dimensions. (See Chapter 6)
- **Traditional security dilemmas, including on the Korean Peninsula and in the maritime areas of Northeast Asia, persist** but were also marked by incremental progress throughout 2008. (See chapter 7 and 8)
- Whether or not 2008 serves as a sufficient wake-up call to regional Track One institutions such as the ARF, APEC, etc., and to Track Two processes, in particular CSCAP itself, remains to be seen.

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2008:

A Wake-Up Call for Regional Multilateralism?

Brian L. Job and Erin Williams

NEW REALITIES

The year 2008 should be a wake-up call for an Asia-Pacific multilateralism that has grown accustomed to low performance expectations and a leisurely pace of change. In the past year, hundreds of millions of people across the region have been devastated by rapidly escalating food and fuel prices and by natural disasters of shocking intensity and scale. Regional multilateralism was not entirely

“...REGIONAL GOVERNMENTS AND SOCIETIES MUST COME TO TERMS WITH THREE REALITIES: SCARCITY, SYSTEM FRAGILITY, AND INTERDEPENDENCE.”

missing in action. The ASEAN Secretary-General skillfully intervened at a crucial moment to resolve the impasse over humanitarian assistance in the aftermath of Cyclone Nargis. Further north, the Six-Party Talks managed to keep North Korea's denuclearization on course, at least for the moment. However, regional actors must ask themselves: Are these reactive, short-term, and ad hoc efforts adequate? Are Asia Pacific states and their multilateral institutions being responsible and proactive about addressing the full spectrum of security challenges that the region will face in the

coming years?

The major lesson brought home by the past year's events is that regional governments and societies must come to terms with three realities: scarcity, system fragility, and interdependence. Growth in the world's population and a steady rise in living standards have placed a heavy demand on vital global resources such as agricultural land, fresh water, fossil fuels, and atmospheric space. Not only do these resources exist in finite amounts, but the current methods for distributing and conserving them are insufficient. As home to half the world's population and the source of much of its future economic growth, Asia's centrality in achieving multilateral solutions to the problems of scarcity can not be questioned.

The events of the past year also revealed the fragility of existing systems — across national, regional, and global levels — for dealing with the exogenous shocks of natural disasters, economic volatility, and market failures. Catastrophes such as Cyclone Nargis, for example, are beyond the coping capacity of any single Asian state. The “food crisis” that began unfolding by late 2007 exposed the need for more robust regional and international responses to this and other human security emergencies. As the record shows, the Asian region is particularly vulnerable to such crises; indeed, many acknowledge

May 2007

The U.S., Japan, Australia and India hold an 'inaugural meeting' for a still undefined 'concert of democracies', on the sidelines of an ARF meeting.

September 2007

APEC leaders meet in Sydney and issue a Declaration on Climate Change, Energy Security and Clean Development.

October 2007

Vietnam is elected as a non-permanent member of the UN Security Council.

that they are likely to become more frequent. (See chapters 2 and 3 in this volume.) Thus, it is disturbing to note that the rhetoric of cooperation, articulated after events such as the 2004 tsunami, has not been translated into effective multilateral response mechanisms. The region's reluctance to set realizable goals and to implement commitments, combined with an intransigent adherence to sovereignty and territoriality norms, continues to keep the well-being of Asian populations at risk.

Finally, Asian (and other) states need to be more cognizant of the consequences of their interdependence,

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and of how action (or inaction) in one policy domain can bear negatively upon another policy domain. As one analyst put it, “Climate change causes droughts; droughts cause crop failures; climate change and energy scarcity both demand a retreat from oil dependence.”¹ Successful management of all three of these new realities requires Asia Pacific states to reorient their domestic and foreign policies toward provision of regional “public goods” and a “global commons” approach. Experience of the past decade demonstrates the failure of unilateral or isolationist strategies by both powerful and weak states. What evidence is there that the Asia Pacific, including its multilateral institutions, is making the adjustment to this new and uncertain world?

GLOBAL AND REGIONAL ROLES AND RESPONSIBILITIES

The world's center of gravity undeniably has shifted from Europe and North America and toward Asia — a trend not to be interrupted, perhaps enhanced, by the current financial crisis. (See “Impact of the International Financial Crisis on Asia,” this chapter.) Response to this crisis, along with reform of the United Nations, recalibration of the world trade regime, formulation of a post-Kyoto climate accord, and re-design of weapons proliferation control

regimes all now require the engaged participation of the region's major powers — China, Japan, and India. And while these powers express legitimate demands to have a greater say, they must also assume greater responsibilities in contributing to the collaboration and cooperation required to sustain a new global architecture.

The scope of the security spectrum of Asian states continues to expand. This is especially true of its human security and non-traditional security dimensions. Indeed, such issues dominate the security lists of regional analysts themselves with their concerns over internal instability, economic, health and resource issues presumably mirroring those of Asian publics.² This does not mean that the region's states can or should turn their backs on more traditional security concerns, including the impacts of military modernization and arms acquisitions and associated regional trouble spots — on the Korean peninsula, over the Taiwan Straits, in Northeast Asian maritime waters, and in Southwest Asia. It does mean, however, that regional multilateral organizations must extend their mandates to respond to both traditional and non-traditional security threats. The present regional security architecture, comprised of bilateral alliances oriented towards collective defense and juxtaposed with multilateral institutions oriented toward (some would argue, limited to) dialogue on security cooperation, successfully sustains the status quo and the regional stability of the East Asian core.³ While not to be dismissed, there is little to suggest that this existing institutional web is equipped to cope effectively with the emerging security agenda. If regional institutions fail to adapt, they will risk being marginalized and seen as irrelevant. At present, however, there are few signs to indicate that this adaptation is taking place.

ARE ASIA PACIFIC MULTILATERAL INSTITUTIONS UP TO THE TASK?

Multilateral security arrangements in the Asia Pacific occupy a crowded institutional landscape. (See “Asia Pacific Multilateral Institutions” in this chapter) Although the Association of Southeast Asian Nations (ASEAN) remains the most centrally positioned of all of these organizations, its role (by default) as the regional engine of multilateralism is waning and with

October 2007

ASEAN holds its third regional disaster response exercise.

November 2007

The ASEAN Charter is signed by all ten members as the Association celebrates its 40th anniversary.

December 2007

The UN holds a Climate Change Conference in Bali, Indonesia, resulting in the Bali Roadmap to help halt the process of global warming.

it, so too is the engagement of the region's major powers in region-wide institutions. Where we do find major power commitment is at the sub-regional level. For example, the Six-Party Talks process sustains the active participation of China, the U.S., Japan and Russia (along with the two Koreas). China

“...THERE IS LITTLE TO SUGGEST THAT THIS EXISTING INSTITUTIONAL WEB IS EQUIPPED TO COPE EFFECTIVELY WITH THE EMERGING SECURITY AGENDA.”

and Russia cooperate, with the five Central Asian states in the Shanghai Cooperation Organization (SCO), of which India is an observer. China is also bidding to join the South Asian Association for Regional Cooperation (SAARC), but faces India's reluctance to share its dominant role. Finally, Asia's southwestern flank has been the site of the most intensive multilateral engagement, with NATO's extension out-of-area in the military campaign in Afghanistan.

Certainly, ASEAN can claim success in 'community building' and preventing regional inter-state conflict. Furthermore, with the ratification by October 2008 of the ASEAN Charter, it now has all of the institutional trappings of a formal multilateral organization, including an international "legal personality". But this institutional infrastructure does not translate into a corresponding level of proactive *problem-solving* multilateralism. For example (as noted in Chapters 2, 3 and 4), ASEAN has an array of agreements related to food insecurity, disaster management, and humanitarian relief, but its response to the crises of the past year has exposed critical implementation gaps. Furthermore, the Charter, by reinforcing traditional sovereignty and non-intervention norms, could in fact reduce ASEAN's functionalist multilateral scope.

Northeast Asian multilateralism is not linked into a formal multilateral infrastructure as is the case with its Southeast Asian counterpart. Nevertheless, Northeast Asian states have established a solid track record of working multilaterally, through the Six-Party Talks process, toward resolving one of the region's most pressing security concerns: a nuclear-armed North Korea. Regional analysts and officials

have suggested that this ad hoc process should be converted into a more comprehensive and enduring multilateral mechanism, a Northeast Asian Peace and Security Mechanism (NEAPSM) — indeed, the Six-Party Talks states have established a Working Group for its advancement. Although such an arrangement would be warranted, as these states share a range of security concerns beyond the North Korean nuclear crisis, none of the six parties has yet made a decisive move toward establishing such a framework. For the moment, they remain caught between recognizing the value in institutionalizing their cooperation into something more comprehensive, and wanting to limit the scope of their engagement to the North Korea issue.

The ASEAN Regional Forum (ARF), the region's most inclusive multilateral security institution, is regarded as a perennial under-performer, its agenda notable for what it does *not* include. And while officials cite the value of its various technically-

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focused meetings, criticism of the ARF's relevance was reinforced through the international media's apparent lack of interest in the Forum's annual ministerial meeting in July, despite the attendance this year of U.S. Secretary of State Condoleezza Rice.⁴ The Asia-Pacific Economic Cooperation's (APEC) days of regional economic leadership are in the past, as states concentrate their attention at global (Doha round) and bilateral levels (i.e., Free Trade Agreements). APEC's key contribution is now through its annual Leaders Meeting, in effect an Asia Pacific summit meeting at which leaders increasingly ignore economic concerns and instead focus on the political and security crises of the moment.

The one inclusive forum that has become a major vehicle for both Track One and Track Two regional activity is the ASEAN Plus Three (APT), which includes the ten ASEAN members, China, Japan, and Korea. Nevertheless, it is difficult to see the APT

December 2007

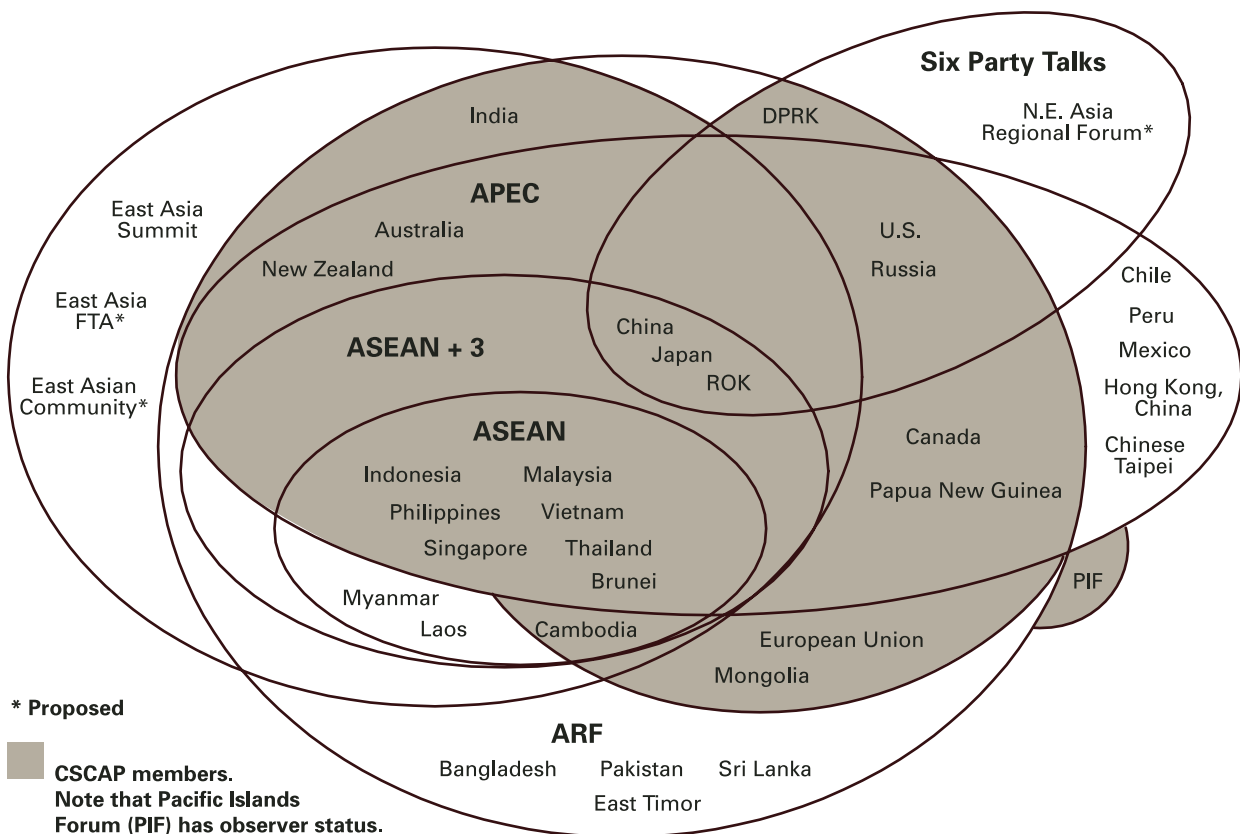
Newly elected Australian PM Kevin Rudd ratifies the Kyoto Protocol, leaving the U.S. as the only developed country not to have signed.

January 2008

The price of oil rises to \$100 a barrel, and continues to almost \$140 a barrel by the following June.

January 2008

Indian PM Singh visits Beijing to bolster bilateral ties between the two countries.



This diagram was adapted from Dick K. Nanto, *East Asian Regional Architecture: New Economic and Security Arrangements and U.S. Policy*, CRS Report for Congress, September 18, 2006.

growing into a multilateral body capable of addressing scarcity, fragility, and interdependence-related security issues, as it excludes India, Russia, and the United States.

What all of these examples illustrate is that Asia Pacific multilateralism, as it is currently configured, is in need of institutional innovation.

RE-DESIGNING REGIONAL SECURITY ARCHITECTURE?

If the region’s multilateral institutions are to remain relevant and responsive to the security needs of Asian populations, they must be re-configured with three things in mind. First, as argued above, these institutions must reflect an understanding of 21st

century security threats. Multilateral arrangements at both the global and regional levels will therefore need to situate themselves firmly in realities such as climate change and the scarcity of vital resources. Second, the Asia Pacific’s regional multilateral arrangements need to be synchronized within a revised international architecture. The role and responsibility of the region’s major powers in this respect cannot be overstated, as it will be incumbent upon them to show leadership and responsibility at both the global and regional levels. Third, all regional actors must shed their preference for focusing on the form rather than the function of multilateralism. In other words, the process of re-designing the regional security architecture needs to be one in which the

February 2008

Amnesty International urges ASEAN to quickly implement Article 14 of the new Charter, which calls for the establishment of a human rights body.

February 2008

East Timor President Jose Ramos-Horta is shot and seriously wounded by a rebel in the capital city of Dili.

March 2008

Iran applies for full membership in the Shanghai Cooperation Organization (SCO). It currently has observer status.

architects think first and foremost about the outcomes they expect the multilateral system to deliver, and secondarily about protocol and formalities.⁵

What are the options for redesigning the Asia Pacific security architecture? The first is to adapt one of the region's existing multilateral fora by broadening the membership and expanding the

“ASIA PACIFIC MULTILATERALISM, AS IT IS CURRENTLY CONFIGURED, IS IN NEED OF INSTITUTIONAL INNOVATION.”

range of issues with which that forum is concerned. But there are reasons to be skeptical about the viability of this approach. All of the Asia Pacific's existing multilateral bodies have demonstrated either sluggishness or a firm resistance to reform, even in the face of crisis. Moreover, the proliferation of multilateral organizations in the Asia Pacific demonstrates a deep and growing ambivalence about who exactly comprises “the region”, and where the engine of regional integration and leadership should be. Specifically, there is sharp disagreement over whether multilateralism should be East Asian or trans-Pacific in character.

A second option is therefore to build a new regional multilateral body from scratch.⁶ Australian Prime Minister Kevin's Rudd's idea of forming an “Asia Pacific union”, although proposed in loose and non-specific terms, could form the conceptual basis for advancing a new, more proactive, and results-based security architecture. As Rudd suggested, this new arrangement would be inclusive in its membership and wide-ranging its substantive content. However, unlike the region's current multilateral organizations, the Asia Pacific union would necessarily be premised firmly on the need to anticipate historic changes in the region and to shape, rather than simply react to them.⁷ The creation of a new body would not mean that existing institutions would have to be abandoned, but it would signal recognition that these institutions are neither sufficiently resourced nor adequately designed to cope with the nature of new security threats.

Where is the leadership necessary for the creation of a new architecture? ASEAN has long considered itself in the “driver's seat” of regional multilateral

initiatives. But for the reasons alluded to above, ASEAN, with the creation of its Charter, appears to have adopted a self-limiting, sovereignty-protectionist mandate, precluding its ability to lead the region toward new forms of effective multilateralism. Nor does one see any of the region's major powers taking the wheel or agreeing to allow one of their peers to do so. Thus, although U.S. leadership has been in abeyance, one can not expect it to concur with Japan in ceding this role to China, even though the latter has been successfully positioning itself as the hub of sub-regional multilateral activities (for example, in the SCO, the Six-Party Talks, the ASEAN Plus Three, etc.).

There is considerable uncertainty as to what a new American President and democratically controlled Congress may mean in terms of the U.S.'s global and regional agenda. Many expect that in the near-term, the Obama Administration will be deeply distracted by the current financial crisis and the wars in Iraq and Afghanistan. On the other hand, Obama is likely to put more emphasis on revitalizing U.S. leadership in tackling issues such as climate change and resource conservation. Accordingly, we should expect U.S. foreign policy to focus less on the Bush Administrations' values-based' approach to regional diplomacy, including the “concert of democracies” that smacked of a containment strategy and therefore alienated many Asian countries, particularly China.⁸

GETTING TRACK TWO BACK ON TRACK

The Asia Pacific's Track Two security organizations have by and large mirrored their Track One counterparts in not having adjusted to the new security issues noted above. Although Track Two

“... ALL REGIONAL ACTORS MUST SHED THEIR PREFERENCE FOR FOCUSING ON THE FORM RATHER THAN THE FUNCTION OF MULTILATERALISM.”

energy among experts and advocates has been devoted to issues such as climate change, a focus on issues of scarcity, fragility, and interconnectedness has been lacking. CSCAP is no exception. While the organization can point to notable successes in sustaining Track One attention to weapons of mass

■ **June 2008**

The UN FAO holds an emergency high-level conference on world food security.

■ **July 2008**

The World's G8 leaders hold a Summit in Hokkaido, Japan. Rising food and fuel prices dominate the agenda.

■ **July 2008**

U.S. Defense Secretary Robert Gates says it wants to boost troop levels for the international mission in Afghanistan.

destruction and maritime security issues, CSCAP remains too self-limiting in two respects. First, it has hitched its wagon to the ARF, arguably the region's least promising institution in terms of making the type of self-transformation called for above. CSCAP and other regional Track Two organizations should think more broadly about where and how its expertise and influence will be most valuable.

Second, while there is value in devising very issue-specific study groups, there is also an increasing need to consider issues that cut across multiple

“THE ASIA PACIFIC’S TRACK TWO SECURITY ORGANIZATIONS HAVE BY AND LARGE MIRRORED THEIR TRACK ONE COUNTERPARTS IN NOT HAVING ADJUSTED TO THE NEW SECURITY ISSUES NOTED ABOVE.”

policy domains, such as climate change, food security, and energy policy. Many analysts who are at the forefront of global problem solving have stressed the need to overcome the challenge of information and bureaucratic ‘silos’, and to create stronger channels for information exchange and policy coordination across issue areas. CSCAP and other Track Two fora are optimal venues for convening a select group of experts that spans these informational and bureaucratic divides.

REASON FOR OPTIMISM

Alex Evans of the Center on International Cooperation recently reminded us that crisis has often been the catalyst for the creation and renewal of multilateralism.⁹ The critical point, he says, “could be the ‘perfect storm’ of a systemic shock perhaps, or the culmination of a number of slower-burn issues. Perhaps it will simply be the realization that, at present, we lack the will or capacity to solve the strategic challenges on the world’s to-do list.” It appears as though the ‘perfect storm’ may be upon us. But Evans also notes optimistically that we need not accept the emerging problems as fate, as we have choices about how we will respond.

ABOUT THE AUTHORS

Brian L. Job is a Professor of Political Science and

Director of the Centre of International Relations at the University of British Columbia. He is also the Co-Chair of CSCAP Canada. Erin Williams is PhD Candidate in Political Science at the University of British Columbia, and the CSCAP Canada administrator.

- ¹ Alex Evans, “What Will Matter in 2020? The Challenge of Scarcity and Resilience,” (speech to Wilton Park Conference, West Sussex, UK, January 31, 2008), <http://www.cic.nyu.edu/internationalsecurity/docs/WiltonParkpresentation.pdf>.
- ² See Richard W. Baker and Galen W. Fox, “Asia Pacific Security Survey Report 2008,” http://www.eastwestcenter.org/fileadmin/stored/pdfs/apss2008_1.pdf.
- ³ See William Tow, 2008, Tangled webs: Security architecture in Asia, Australia Strategic Policy Institute, <http://www.aspi.org.au/publications/publicationlist.aspx?pubtype=5>
- ⁴ Ralph A. Cossa and Brad Glosserman, “Regional Overview: Inaction for Inaction, with Unhelpful Reactions,” *Comparative Connections*, October 2008, <http://www.csis.org/media/isis/pubs/0803qoverview.pdf>, 3.
- ⁵ Alex Evans and David Steven, “Shooting the Rapids: Multilateralism and Global Risks” (paper presented to heads of state at the Progressive Governance Summit, London, UK, April 5, 2008), http://www.globaldashboard.org/wp-content/uploads/2008/04/Shooting_the_rapids.pdf, 2. See also World Economic Forum, “Global Risks 2008: A Global Risk Network Report,” <http://www.weforum.org/pdf/globalrisk/report2008.pdf>.
- ⁶ See, for example, Andrew MacIntyre, “Rudd’s Pacific Plan: Dead or Alive?” <http://eastasiaforum.org/2008/10/03/rudds-pacific-plan-dead-or-alive/>.
- ⁷ See “Full Text of Kevin Rudd’s Speech to the Asia Society Australasia,” *The Australian*, June 5, 2008, <http://www.theaustralian.news.com.au/story/0,25197,23812266-5013871,00.html>. Some have openly doubted the feasibility of Rudd’s “big idea”. See, for example, Allan Gyngell, “Kevin Rudd’s Big Idea,” <http://www.lowyinterpreter.org/post/2008/06/Kevin-Rudd’s-big-idea.aspx>.
- ⁸ See, for example, Michael H. Armacost and Stapleton Roy, “American Overview: Asian Policy Challenges for the Next President,” <http://asiafoundation.org/resources/pdfs/ARABriefMaterialsAmericanOverviewhandout2008V2.pdf>, 81.
- ⁹ Evans, “Shooting the Rapids,” 3.

July 2008

Singaporean PM expressed concern that ASEAN would be sidelined if the “Plus Three” states of China, Japan, and South Korea begin initiatives independently of ASEAN.

July 2008

Chinese Foreign Minister says that ASEAN Plus Three must strengthen cooperation to better deal with the global food crisis.

July 2008

Indonesian Vice-President dismisses Kevin Rudd’s plan for a new Asia Pacific multilateral body, saying there is “no reason” to have such a body.

IMPACT OF THE INTERNATIONAL FINANCIAL CRISIS ON ASIA

Yuen Pau Woo

Yuen Pau Woo is Coordinator of the Pacific Economic Cooperation Council's (PECC) State of the Region Report, and CEO of the Asia Pacific Foundation of Canada.

The US sub-prime mortgage crisis has turned into an international financial crisis. Asian economies have been hit as hard as industrialized economies by a sharp decline in financial asset prices and, to a lesser extent, by the credit crunch. However, **it is not certain that we are headed for either a global recession or a regional one.** As of time of writing (November 2008), economic growth in greater China, India, and much of Southeast Asia remains positive. Many Asian governments have fiscal and monetary tools at their disposal to mitigate any further deterioration in their economies.

This is not to say that there has been a “decoupling” of Asia from Western industrialized economies. Indeed, the export outlook has dimmed considerably for major Asian economies. The effects of falling export demand have already led to sharp employment losses, which could, in turn, have domestic political consequences for Asian governments. However, with Asian economies now having relatively strong banking systems and large foreign reserves, they are in a much better position than they were in the 1997–98 crisis. Furthermore, the fall in energy and other commodity prices will sharply reduce the import bill of Asian economies, while the depreciation of their currencies relative to the US dollar will improve the competitiveness of manufacturing exports. **The recession in the United States will**

accelerate the pace of demand switching in Asia and of deeper regional integration and cooperation.

In the near term, the focus for Asian governments will be to defend against further contagion effects of the US financial market and credit crisis. In addition to monetary measures aimed at providing liquidity to credit markets and guarantees for domestic financial institutions, there will also be a series of confidence measures to boost demand through government spending. The recent US\$11b fiscal stimulus package by the Korean government is one of the more severe examples of the impact of the financial crisis on an Asian economy, but it is also an example of the Korean government’s ability to provide fiscal stimulus at a time when the economy is in dire need of it.

Looking beyond the immediate crisis, the spotlight will turn to surplus countries in Asia, where an estimate \$4 trillion in foreign reserves is held, about half of which is in the People’s Republic of China. The global recycling of surpluses held by Asian and Gulf states will take on greater urgency as funds are needed to recapitalize the US banking sector and to finance the massive deficits of the US government. While the US dollar has risen sharply since the crisis (because of a flight to quality), the medium term outlook for the greenback is more gloomy. **With the US dollar at current highs, the temptation for Asian**

July 2008

A report notes that drought in Australia is becoming a regular occurrence, rather than something that happens every 20-25 years.

August 2008

The 2008 Summer Olympics games are held in Beijing, the first time China hosts the games.

August 2008

The head of the UN Intergovernmental Panel on Climate Change describes inaction by developed countries as “tragic”.

central banks to diversify away from the US dollar in the year ahead will be greater than ever. As the credit crunch eases, interest rates in the US will have to rise in order to attract investment capital from the rest of the world.

The current crisis will have implications for the international financial system, both at the industry level and also in terms of international architecture and governance. Investors from Asian and Gulf countries — private as well as state-led — are taking stakes in major US and European banks and investment houses. Japanese financial institutions, in particular, have been quick to purchase the equity and discarded assets of US and European counterparts. Chinese investment banks have not been as nimble as their Japanese counterparts, but they too will be looking to expand aggressively as the industry recovers and can be expected to take a more prominent position in the global industry in the years ahead.

In terms of global financial governance, the talk about a new Bretton Woods is probably overblown. While key Asian and other emerging economies will continue to press for greater representation in the International Monetary Fund, wholesale reform of the Fund — much less the creation of a new global institution — is unlikely. On the other hand, the momentum for deeper Asian regional integration and cooperation is likely to accelerate, including

measures related to reserve pooling, macroeconomic monitoring and surveillance, and bond market development.

Japan does not have a financial sector crisis. However, the Japanese economy has only recently come out of a prolonged deflation, and is again facing the prospect of falling prices as a result of the slowdown in global growth. Unlike other Asian economies, Japan has little flexibility in its monetary or fiscal policy, and is very likely to fall into recession in 2009.

In contrast, China is likely to show robust growth of 8-9 percent in 2008 and 2009, due in large part to stronger domestic demand, led by government spending. However, a fall of just one or two percentage points in GDP growth is sufficient to result in massive job losses, particularly in export industries that are concentrated in the southern coastal areas. Rising unemployment in urban areas comes at a time when the authorities are already struggling to improve the livelihoods of rural residents.

Indonesia, Thailand, and the Philippines will be hit by falling export demand and also by a drop in FDI, but there is no anticipation of massive bank failures or runs on their currencies, as occurred in 1997. Investment in Southeast Asian economies has been sluggish since the Asian crisis, so this problem is not new. Thailand's domestic political problems are unrelated to the financial crisis, as are the Philippines'.

■ **September 2008**

The Indian PM says there was a need for a "new international initiative to bring structural reform in the world's financial system.

■ **October 2008**

South Korea and the U.S. fail to agree on how to divide the cost of supporting 28,000 U.S. troops stationed on the Korean peninsula.

■ **November 2008**

The U.S. elects Barack Obama as their new President, raising expectations of a significant shift in U.S. foreign policy.



Empty Rice Bowl:

Asia and the Global Food Crisis

Erin Williams and Mely C. Anthony

ISSUE BACKGROUND

At least a billion people across Asia are feeling the pain of soaring food prices. By early 2008, food price inflation had neared or surpassed double digits in Bangladesh, Cambodia, China, India, Indonesia, Pakistan, the Philippines, and Vietnam. While the

“IN THE PAST SIX MONTHS, FOOD-RELATED SOCIAL UNREST, SOME OF IT VIOLENT, HAS OCCURRED IN AT LEAST TEN ASIAN COUNTRIES.”

impact has been uneven across the region, one trend is clear: in virtually all Asian countries, the poorest of the poor — a group that typically spends roughly sixty percent of its income on food — are most severely affected. There are millions more who hover just above the poverty line, and are now in danger of being pushed back over that line. International organizations like the Asian Development Bank (ADB) and United Nations Food and Agriculture Organization (FAO) have warned that if high food prices persist, the Millennium Development Goal of halving global poverty by 2014 could be jeopardized.¹

The destabilizing impact of this crisis has not been lost on Asian governments. In the past six months,

food-related social unrest, some of it violent, has occurred in at least ten Asian countries.² But dealing with the crisis is not merely a matter of avoiding or managing this unrest. A more troubling long-term impact was underscored by a recent World Bank report, which said: “The razor thin margins between daily earnings and spending has led to households eating less, switching to cheaper coarse cereals and reducing non-food spending such as on schooling. These sacrifices can lead to irreparable damage to the health and skills levels of millions of poor people worldwide. This is not only a crisis now, but a time bomb for the future, representing lost human and economic potential for poor people.”³

Escalating food prices have also been exacerbated by the decline in global food stocks, mainly cereals, since the mid-1990s. According to the FAO, global stock levels have declined on an average of 3.4 percent as demand growth has outstripped supply. The decline in food stocks coupled with soaring food prices are therefore a potent recipe for what Josette Sheeran, head of UN World Food Programme (WFP), calls the ‘silent tsunami’ leading to a new face of food insecurity, with severe ripple effects on both state and human security, including malnutrition, poor health, the burden of diseases, and environmental degradation.⁴

But while the food crisis is undoubtedly global in

October 2007

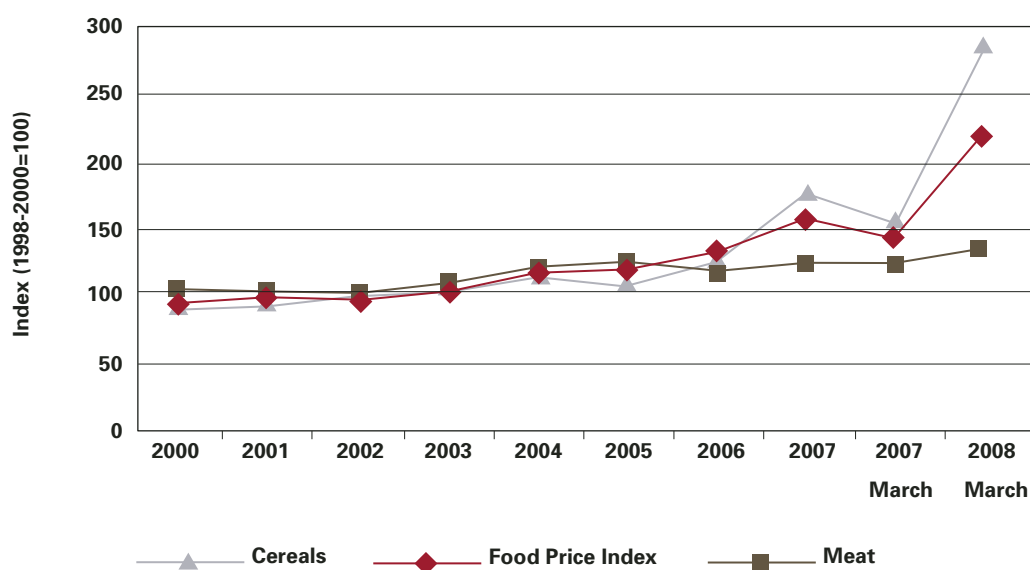
The Indian government imposes a ban on the export of non-basmati rice.

November 2007

Cyclone Sidr hits Bangladesh, destroying much of that country's recent crop harvest, leaving its citizens with acute food shortages.

December 2007

UN Food and Agriculture Organization (FAO) warns of rising food prices, and asks for a review of the impact of bio-fuels on food production.



Sources:

Asian Development Bank, *Soaring Food Prices: Response to the Crisis*, May 2008, <http://www.adb.org/Documents/Papers/soaring-food-prices/soaring-food-prices.pdf>, 4.

UN Food and Agriculture Organization (FAO), *Crop Prospects and Food Situation*, Rome, Italy, April 2008.

scale, the onus for solving it will fall primarily on national governments. As noted in the 2008 Global Food Summit, addressing the challenges of food security should be tailored to fit a country's specific needs as no one solution will be appropriate in all

“ACCORDING TO THE FAO, GLOBAL STOCK LEVELS HAVE DECLINED ON AN AVERAGE OF 3.4 PERCENT AS DEMAND GROWTH HAS OUTSTRIPPED SUPPLY.”

cases. Nevertheless, Asian multilateral organizations can still play a supportive role in making the provision of immediate relief more effective and efficient. The region already has some of the institutional infrastructure necessary to fulfill this role, but these institutions were not created with the current crisis in mind. Regional leaders will therefore need to determine how to strengthen and fine-tune these capacities in order to assist regional countries in need.

WHAT IS CAUSING THE CRISIS?

The underlying causes of the global food crisis are structural, and in many cases, closely connected to other global trends. On the demand side, there are two main contributing factors, both of which are projected to continue for the foreseeable future.

- **Rising living standards.** Sustained economic growth throughout Asia has led to changing dietary patterns, specifically the shift to a meat-based diet that is comparatively input-heavy in terms of water and grain consumption.
- **More mouths to feed.** The UN Economic and Social Commission for Asia and the Pacific (UNESCAP) estimates that between 1990 and 2006, the region's population increased by more than 750 million people, further adding to pressures on available food sources.⁵

On the supply side, at least five factors explain why global food supply has not kept pace with

March 2008

The UN World Food Programme (WFP) is forced to halt providing rice to 450,000 school children in Cambodia after donors fall short on their pledges.

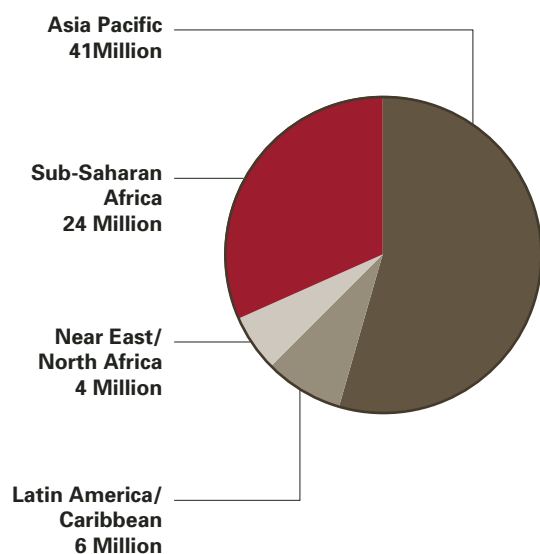
March 2008

Food prices in China jump 21% in the month of March alone.

April 2008

UN Secretary-General Ban-Ki Moon warns that rapidly escalating food prices have reached “emergency proportions” and could reverse seven years of poverty alleviation efforts.

BOX 1: IMPACT OF HIGH FOOD PRICES



According to the UN Food and Agriculture Organization, rising food prices are responsible for an additional 75 million undernourished people in 2007, effectively reversing progress toward the Millennium Development Goal (MDG) of halving by 2015 the number of people suffering from hunger around the world. The Asia Pacific region accounts for more than half of these newly undernourished.

Source: UN Food and Agriculture Organization, "Briefing Paper: Hunger on the Rise: Soaring Prices Add 75 Million People to Global Hunger Roles," September 18, 2008, <http://www.fao.org/newsroom/common/ecg/1000923/en/hungerfigs.pdf>

since agriculture is heavily dependent on an adequate fresh water supply, food production is being severely constrained by freshwater shortages.⁶ Further compounding this situation is environmental pollution which has also taken its toll on food production through water and soil contamination.

- **Bio-fuel cultivation replacing edible crop production.** In response to global demands for alternative energy sources, there has been increased competition on the use of agricultural lands for food crops and cash crops. Consequently, millions of hectares of agricultural land meant for food production are being converted to bio-fuels. This has led to a dramatic reduction in rice and cereal production. Moreover, it is also estimated that 100 million tons of grains (particularly corn) are being converted to bio-fuel.⁷
- **The long-term impact of climate change.** Droughts, floods, and other types of weather-related disasters — all of which are expected consequences of climate change — have had adverse effects on the region's crop yields.⁸ The unpredictable shocks coming from natural disasters further aggravate the already impoverished situation in many countries. For instance, the devastating effects of Cyclone Nargis that hit Myanmar in 2008 destroyed 42% of the country's food stocks.
- **Under-investment in agriculture, including research and development.** Food crop yields in many parts of Asia have been stagnant in comparison with other major food producing countries. Poor crop management, the use of lower-quality seeds, a lack of rural infrastructure and post-harvest technologies, and inadequate research and development are all responsible for this stagnation.⁹ According to the International Food Policy Research Institute (IFPRI), Asia's "research intensity" — a country's total public spending on agricultural research and development, as a percentage of its agricultural gross domestic product — is low.¹⁰

growing demand:

- **Decrease in arable land.** With rapid industrialization and modernization, more and more land is being converted to non-agricultural purposes such as industrial development, housing and recreational areas.
- **Diminishing water resources.** Agriculture is increasingly competing with industry and households for a finite supply of fresh water. Yet, about 40% of Asia's cropland needs irrigation to produce about 70% of the region's food. And

There are also short-term cyclical factors that are more directly responsible for the rapid and unexpected changes in the food price dynamics.¹¹ These include **rising fuel prices**, which have raised

■ **April 2008**

Key UN development agencies meet in Switzerland to try to develop solutions to ease the escalating global food crisis.

■ **April 2008**

The price of rice in Thailand, a net rice exporter, rises to three times its early 2008 price. Thailand's Prime Minister suggests forming an Organization of Rice Exporting Countries.

■ **May 2008**

Asian Development Bank (ADB) president warns that "the cheap food era may be over" and that rising food prices could reverse gains made in reducing poverty across the continent.

the price of fuel-based fertilizers and the costs of transporting food, and a **massive influx of speculative capital into agricultural commodity markets**.¹² Further exacerbating these short-term price drivers were the recent **responses of many governments**. For example, many food exporting countries banned or restricted exports, imposed export taxes, and eliminated export subsidies on foodgrains. Importing

“BUT WHILE THE FOOD CRISIS IS UNDOUBTEDLY GLOBAL IN SCALE, THE ONUS FOR SOLVING IT WILL FALL PRIMARILY ON NATIONAL GOVERNMENTS.”

countries also contributed to the crisis by reducing import tariffs and subsidizing the distribution of food imports. Although the original intention of each of these policies was to protect domestic consumers, on balance, the result was a vicious circle of spiraling food prices.¹³

IMPLICATIONS FOR MULTILATERAL COOPERATION

The impact of the food crisis has not been uniform. As indicated above, those in the lowest income brackets, particularly the urban poor and the rural landless poor, are most vulnerable to food price fluctuations. However, almost all Asian states are feeling the adverse effects in one way or another. It is therefore in the region's interest to identify ways in which multilateral capacity can be harnessed to ensure that collectively, Asian states are supporting solutions to the food crisis rather than unwittingly exacerbating it. There are a number of options, both short-term and long-term, for regional multilateral involvement. In the short-term, regional states can opt to support proposals for **new institutional arrangements that provide ad hoc interventions to prevent international food markets from malfunctioning**. In this regard, Joaquin von Braun and Maximo Torero of the IFPRI have proposed a two-pronged approach.¹⁴

1. **Create a minimum grain reserve for humanitarian assistance.** This reserve would be distributed to several locations throughout the

world. These locations would be chosen based on their proximity to those most in need of emergency food assistance. The reserve would be funded by the G8 countries and Brazil, China, India, and Mexico. The major grain-producing countries would be asked to supply the grain. This reserve, which would be managed by the WFP, would ideally eliminate or at least reduce the need to procure food assistance in an ad hoc manner.

2. **Create a virtual reserve and intervention mechanism to calm global food markets during times of speculative activity.** This would be guided by a high-level technical commission that would be determined by participating countries. Von Braun and Torero emphasize that that the intervention mechanism would be activated *only* in cases in which there is a clear need to calm grain markets.

In turn, Asian multilateral organizations and arrangements should then be able to utilize international food reserves to **improve the current system of food assistance** in the region or to link their own regional reserves and intervention mechanisms with new or existing international arrangements. Although such measures are not a long-term solution to the food supply problem, they are crucial for those who are especially vulnerable to price fluctuations.

There are already two multilateral arrangements, both part of the Association of Southeast Asian Nations (ASEAN), which could be activated in support of either or both of these roles. The East Asia Emergency Rice Reserve (EAERR), established

“FOOD CROP YIELDS IN MANY PARTS OF ASIA HAVE BEEN STAGNANT IN COMPARISON WITH OTHER MAJOR FOOD PRODUCING COUNTRIES.”

in 2004 under the purview of ASEAN Plus Three (ASEAN, China, Japan, and South Korea), is a mutual assistance system that, among other things, should provide relief in times of natural disasters or other types of calamities that disrupt food availability. There is also an ASEAN Emergency Rice Reserve

■ **May 2008**

The head of the UN farm aid agency said that world leaders must change their strategies to fight poverty now that they can no longer rely on the availability of cheap food.

■ **June 2008**

The WFP's Executive Director says that the agency may be facing the biggest test of its 45-year history.

■ **June 2008**

The Indonesian President emphasizes at the Food and Agricultural Organization (FAO) the necessity of increasing domestic food production to meet demand in the long run.

BOX 2: EXCERPTS FROM UN FOOD AND AGRICULTURE ORGANIZATION (FAO) INITIATIVE ON SOARING FOOD PRICES: ASIA AND THE PACIFIC

- “The Asia-Pacific region accounts for 90 percent of global rice production and consumption, as well as more than 80 percent of global rice exports. It produces half of all the world’s cereals together.”
- “India, Cambodia and Vietnam also temporarily banned rice exports for fears of a lack of supply. Though complete bans for the most part have been lifted, other trade restrictions remain in place. India continues to forbid rice exports except for high-end basmati rice.”
- “The livelihoods of about 50 percent of the region’s people are rooted in farming.”
- “Impoverished farmers are net producers and sellers of food straight after their harvests, due to the lack of processing and storage facilities. So they sell when prices are at their lowest, only to become net buyers of food later in the year, when prices are high.”
- “The cost of fuel, seeds, fertilizers, pesticides and general inflation pose a challenge to boosting agricultural productivity.”
- “The cost of fuel, seeds, fertilizers, pesticides and general inflation pose a challenge to boosting agricultural productivity. FAO is working in partnership with the South Asia Association for Regional Cooperation (SAARC) and the Association of Southeast Asian Nations (ASEAN) in efforts to address high food prices. A primary focus is developing food bank structures and augmenting the region’s food reserve systems.
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For more information, see <http://www.fao.org/lisfp/asia-and-the-pacific/en/>.

(AERR) that was established in 1979, but was never made operational. There have been suggestions from within the region to review the functions of each of these emergency reserves and to consider ways to strengthen their performance and improve their capacity.¹⁵

Further, a key ASEAN initiative that must be pursued in earnest is the establishment of a Regional Food Security Information System within the framework of ASEAN’s Cooperation in Food, Agriculture and Forestry. A good regional statistical database and information system would enable ASEAN member states to effectively forecast, plan and manage their food production and supply.

Nonetheless, besides having effective food reserves, the crafting of longer-term, more sustainable

“...THOSE IN THE LOWEST INCOME BRACKETS, PARTICULARLY THE URBAN POOR AND THE RURAL LANDLESS POOR, ARE MOST VULNERABLE TO FOOD PRICE FLUCTUATIONS.”

and broader solutions must also be encouraged. In the Asian region, for instance, countries should put forth more effort in encouraging states to share information on agricultural technology. At the international level, developed countries must also play a role in addressing the global challenges of food security. At the Food Summit in Rome in June 2008, international aid agencies emphasized the critical need for richer countries to support the agricultural policies in developing countries. These would include, for example, providing financial support to small farmers so that they can use higher quality seeds and fertilizers in order to increase their domestic food production. Trade policies that clearly disadvantage small farmers in developing countries may also need to be revisited.

THINGS TO WATCH IN 2009 AND BEYOND

The structural factors contributing to the current food crisis will be with us for many years to come. However, this need not be a recipe for multiple years of painfully high food prices. What remains to be seen is whether regional governments have learned the lessons about avoiding the types of actions that drive food prices to artificially high levels, and

July 2008

A top World Bank economist states that increased biofuel production in Europe and the United States is the main reason for the steep rise in food prices worldwide.

July 2008

ASEAN Ministers agree that the rise in food prices threatens Southeast Asian states, and reiterate the importance of regional and multilateral efforts to guarantee food price stability and an adequate and reliable supply of staple foods.

September 2008

WFP plans a major food assistance program for North Korea, after it became clear that the situation there was “clearly bad and getting worse”.

whether policy-makers will begin laying the groundwork for a second “green revolution,” something many analysts have said is necessary to endure the crisis.

ROLE FOR TRACK TWO/CSCAP

Track Two organizations could do a lot to generate studies and policy recommendations to address the challenge of food security in the region. They could, for instance, convene a team of Asian experts and/or Working Groups to assess the region’s food policies, specifically its food relief capacity. They could also assist regional bodies like ASEAN in developing early warning systems (EWS) on food insecurity by, among other things, helping to build regional food security database and information system. The information and studies generated by regional experts could go a long way in generating policy inputs to regional organizations, national governments, and international agencies, on important issues such as whether or not to support proposals on international mechanisms for food reserves/stockpile (and if so, how Asia can assist with the organization and/or implementation), how to make food assistance more effective within the region, and how to set up mutual assistance programs to benefit countries committed to making long-term investments in their agricultural production capacity.

ABOUT THE AUTHORS

Ms. Erin Williams is the Associate Editor of the CRSO and the Administrator of CSCAP Canada. Dr. Mely C. Anthony C. Anthony is the Head of the Non-Traditional Security Studies program at the S. Rajaratnam School of International Studies (RSIS) in Singapore.

Photo credit: *Alayung Thaksin/Panos Pictures.*

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of Future Generations,” Washington, D.C., October 12, 2008, 1.

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- ¹¹ Rosamond Naylor and Walter Falcon, “Our Daily Bread,” *Boston Review* September/October 2008, <http://www.bostonreview.net/BR33.5/naylorfalcon.php>.
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- ¹³ C. Peter Timmer, “The Threat of Global Food Shortages – Part I,” *Yale Global Online*, May 5, 2008, <http://yaleglobal.yale.edu/display.article?id=10749>.
- ¹⁴ von Braun and Torero, “Physical and Virtual Global Food Reserves,” 3.
- ¹⁴ See East Asia Emergency Rice Reserve (EAERR), http://www.eaerr.com/index.php?option=com_content&view=article&id=46&Itemid=55; see Mely Caballero-Anthony, Sofiah Jamil, and Irene Kuntjoro, “Managing Food Fights from Food Rights in ASEAN,” RSIS Commentaries 53, April 28, 2008; Bruce J. Tolentino, “Averting the Impending Food Crisis,” <http://www.abs-cbnnews.com/views-and-analysis/04/24/08/averting-impending-food-crisis-v-bruce-j-tolentino>.

September 2008

World Bank Vice President says “there is no end in sight to global food shortages” due to “multiple crises from climate change and energy and water scarcity”.

October 2008

Former UN Secretary General Kofi Annan accuses wealthy countries of not following through on their pledges to help feed the world’s hungry.

October 2008

A study reveals that a third of Pakistanis report having cut down on food consumption due to rising prices.



The Coming Storms:

Asia's Natural Disasters Preparedness

Victoria Bannon¹

ISSUE SUMMARY

Asia has been the site of some of the world's worst "mega disasters". In 2004, the Indian Ocean Tsunami devastated the Thai, Indonesian, and Sri Lankan coasts. Kashmir and Sichuan were struck by powerful earthquakes in 2005 and 2008, respectively. And in May, a category 4 Cyclone ravaged Myanmar's Ayeyarwaddy Delta. In addition, less headline-grabbing events such as floods, mudslides, and tropical storms have taken heavy human and

"ALL INDICATIONS ARE THAT SEVERE NATURAL DISASTERS WILL BE AN UNAVOIDABLE PART OF ASIA'S FUTURE."

financial tolls, particularly for those living in poor and remote areas. All indications are that severe natural disasters will be an unavoidable part of Asia's future. The region straddles several earthquake-prone zones, and climate change is expected to make weather-related disasters even more frequent and severe.² What *is* avoidable, however, is being caught unprepared. Are Asia Pacific governments doing enough to implement the types of preparedness and response systems that will minimize the damage to the region's people, infrastructure, and economies?

Some recent developments are encouraging. In 2005, the international community committed to the *Hyogo Framework for Action for Disaster Risk Reduction*, and the Association of Southeast Asian Nations (ASEAN) established an Agreement on Disaster Management and Emergency Response (AADMER).³ Furthermore, Cambodia, India, Indonesia, Nepal, Pakistan, and Thailand, have all begun to adopt disaster-related national legislation. While the precise nature of this legislation varies across national contexts, it generally involves several elements that underpin any basic disaster management system. These include: establishing a system for categorizing the different levels and phases of a disaster, creating an inter-ministerial body that is specifically responsible for disaster management, developing risk reduction plans for local and national levels, implementing the necessary budgetary and financial arrangements to support disaster preparedness and response, and involving non-governmental organizations and other resources in the overall disaster management plan.

Critical aspects of the region's preparedness, however, are woefully inadequate. The most salient of these is the lack of national legislation to facilitate international assistance in the wake of a natural disaster. Asia's natural disasters are often so severe that they quickly overwhelm national capabilities to

May – June 2005

A regional lessons learned and best practices workshop is held in Medan, Indonesia, bringing together government, NGO, and UN experts from countries impacted by the December 2004 tsunami.

August 2006

A report from a meeting of Chinese mayors estimates that 70% of China's large cities will suffer from natural disasters. The report also urged a better disaster prevention and relief system.

September 2006

ASEAN holds anti-disaster exercise to share experiences and enhance member states' capabilities to save flood victims and devastated houses with boats and helicopters.

deal with them, thereby making international assistance a necessity. If recent history is any guide, the consequences of not having an adequate system in place to accept, coordinate, and manage this assistance can be dire. The 2004 Tsunami response is a concrete example of where international assistance fell short, how it can be approved, and how multilateral action can improve the process.

THE 2004 TSUNAMI: LESSONS LEARNED

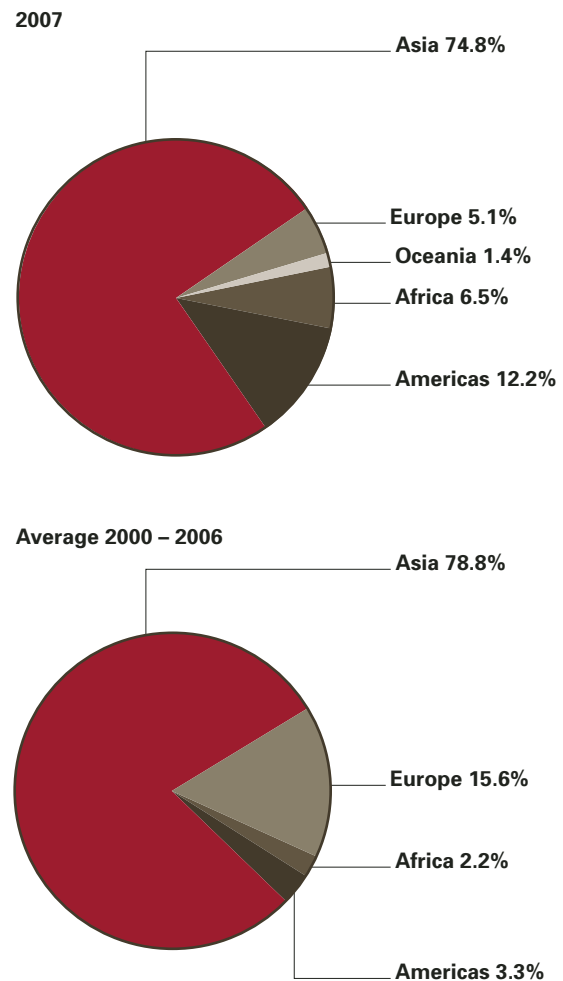
One overarching lesson from the 2004 tsunami response was the necessity of having clear standards

“ASIA’S NATURAL DISASTERS ARE OFTEN SO SEVERE THAT THEY QUICKLY OVERWHELM NATIONAL CAPABILITIES TO DEAL WITH THEM, THEREBY MAKING INTERNATIONAL ASSISTANCE A NECESSITY.”

and procedures for international disaster relief. Most critically was that the legal systems of the three most affected countries — Thailand, Indonesia, and Sri Lanka — were inadequate to accept large-scale relief on such short notice. The problem was not one of political will; these governments welcomed international assistance and in many cases relaxed, at least initially, the normal bureaucratic processes in order to expedite the flow of relief personnel and materials. However, the ultimate result was still a serious lack of coordination and quality control. A large number and wide range of organizations and individuals entered the disaster zones, virtually unchecked, to provide whatever relief they felt was appropriate. Although many of these relief workers did have disaster management experience and followed the appropriate standards and protocols, this was by no means true for all of them. The result was numerous instances of confusion and poor practice, including:

- food and medications that had expired but were nonetheless delivered to victims;
- substandard housing built in affected areas;
- relief workers who were inexperienced or unskilled;
- instances of international relief workers trying

GRAPH 1: PERCENTAGE OF PEOPLE KILLED BY NATURAL DISASTERS BY REGION



Source: UN International Strategy for Disaster Reduction (UNISDR), “2007 Disasters in Numbers”

Data source: EM-DAT: The OFDA/CRED International Disaster Database

to proselytize those living in affected areas or engaging in acts of corruption;

- international relief agencies engaging in “turf battles” with other agencies; and
- a duplication of services in some areas and deficiencies in others.

Host governments responded by attempting to reinstate the pre-existing regulatory measures. But these measures had been designed for non-emergency situations and conventional trade, not for serious

November 2006

China announced plan to build the Asian Centre for Catastrophic Disasters and International Centre for Drought Risk Reduction to enhance cooperation with other Asian countries.

January 2007

China announces that in 2006, natural disasters killed 3,186 people, the highest number since 1998. It also estimated a loss of nearly \$35 billion.

February 2007

Flash flooding in Indonesia kills an estimated 90 people and results in approximately \$1.7 billion in damage.

TABLE 1: THE WORLD'S TOP 10 MOST IMPORTANT DISASTERS BY NUMBER OF VICTIMS

Country	Disaster Type	Number of Victims
China	Flood	105,004,535
India	Flood	18,701,103
Bangladesh	Flood	13,772,490
India	Flood	11,100,096
Bangladesh	Cyclone	8,982,775
China, Philippines, Chinese Taipei	Typhoon	8,381,854
India	Flood	7,200,080
China	Flood	2,430,026
China	Flood	2,300,093
Zimbabwe	Drought	2,100,000
Total		179,973,052
Total Asia		177,873,052

Source: Center for Research on the Epidemiology of Disasters (CRED), "Annual Disaster Statistical Review: The Numbers and Trends 2007,"

<http://www.emdat.be/Documents/Publications/Annual%20Disaster%20Statistical%20Review%202007.pdf>, p. 9.

Note: CRED defines a disaster as "a situation or event which overwhelms local capacity, necessitating a request to a national or international level for assistance; an unforeseen and often sudden event that causes great damage, destruction and human suffering". CRED measures the number of victims as the sum of killed and total affected.

emergency situations. In the end, host governments fell back on an ad hoc approach to managing the situation, ultimately delaying the provision of relief

“ONE OVERARCHING LESSON FROM THE 2004 TSUNAMI RESPONSE WAS THE NECESSITY OF HAVING CLEAR STANDARDS AND PROCEDURES FOR INTERNATIONAL DISASTER RELIEF.”

to communities in need, adding to the total expense of operations, and overstretching the capacities of government agencies. These reactions, in turn, set off further consequences, including:

- relief goods sitting in customs warehouses for months while awaiting clearance;
- relief workers’ services being disrupted by having to take multiple trips out of the country to renew their tourist visas — the only

available option for them to stay in the country;

- non-profit organizations having to pay hefty taxes for the import of certain types of essential relief equipment, such as vehicles;
- relief operations being slowed or suspended altogether due to long delays in the official approval for communications equipment; and
- relief organizations facing complications when trying to open bank accounts, hire local staff, obtain recognition of foreign medical licenses, lease housing and office space, and make other contractual arrangements. Host governments had no fast-track processes for recognizing the legal status of foreign organizations and their personnel.

IMPLICATIONS FOR MULTILATERAL COOPERATION

Two lessons have emerged from recent disaster experiences. The first is that *all* states needed to do a better job of preparing for natural disasters. The U.S. government’s woefully inadequate response to

July 2007

The UN International Strategy for Disaster Reduction reports that the number of people impacted by natural disasters has tripled between the 1970s and 1990s, with Asia as the hardest-hit continent.

September 2007

APEC puts on its agenda the beefing up of emergency preparedness, noting that since 2000, its member countries have accounted for 70% of casualties from natural disasters.

November 2007

The UN Inter-governmental Panel on Climate Change (IPCC) releases a report, which projects that sea level rises are likely, as are an increase in the intensity of tropical storms.

Hurricane Katrina, for example, demonstrated that a lack of preparedness is not just a problem in the developing world. The second lesson is that regional organizations can step in to assist when a natural disaster overwhelms the response capabilities of one of its member countries. Not only can members use existing cooperative frameworks to pool their

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THE DEVELOPING WORLD.”**

resources, but their physical proximity to a disaster site can also facilitate a rapid response. There are two new tools available for Asia Pacific states to augment their existing disaster response capacities.

In November 2007, the International Federation of Red Cross and Red Crescent Societies (IFRC) adopted the *Guidelines for Domestic Facilitation and Regulation of International Disaster Relief and Initial Recovery Assistance*, also known as the IDRL Guidelines, which resulted from the IFRC’s extensive two-year consultation process. Although these Guidelines are non-binding, they offer a set of recommendations for ensuring that states are “legally prepared” to facilitate and monitor international assistance, when required. They cover a range of legal measures to reduce and remove red tape, and to ensure adherence to minimum standards of quality and accountability by relief providers.

AADMER now contains provisions to facilitate the entry, operation, and exit of relief goods, equipment, and teams from ASEAN members and assisting organizations. It also calls for the creation of a regional Humanitarian Assistance Centre and for detailed procedures and standby arrangements for the deployment of international assistance. Encouragingly, recent developments in these standby arrangements refer extensively to the content of the IDRL Guidelines. While AADMER has yet to fully enter into force, it has, however, been tested through a series of annual deployment exercises and was activated recently in response to Cyclone Nargis in Myanmar. In this case, the ASEAN

Secretariat positioned itself in a coordination role alongside other more traditional players, such as the UN Office for the Coordination of Humanitarian Affairs (UNOCHA), and acted as a ‘broker’ for access and facilitation agreements between the humanitarian community and the Myanmar government.

Other regional groups have also taken a greater interest in disaster management. The South Asian Association for Regional Cooperation (SAARC), which recently established a SAARC Disaster Management Centre in New Delhi, has announced plans to reinvigorate the concept of a SAARC “food bank” that would ensure food security for members during times of shortages and emergencies.⁴ The Asia-Pacific Economic Cooperation (APEC) established a Taskforce for Emergency Preparedness.⁵ And the South Pacific Applied Geoscience Commission (SOPAC) has also established programs to enhance disaster preparedness and regional cooperation.⁶

Another notable trend is the increased role for militaries in disaster relief operations across Asia, a trend that has resulted in several documents detailing the procedures and modalities natural disasters cooperation. Australia and Indonesia have led an initiative in the ASEAN Regional Forum (ARF) to host desk-top exercises in disaster relief, and are developing “Strategic Guidance for Humanitarian Assistance and Disaster Relief” in addition to the

**“FUTURE DISASTERS WILL TEST
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existing “General Guidelines on Disaster Relief Cooperation.”⁷ ARF Ministers also recently called for a feasibility study on a template for the use of military and civil defense assets for disaster relief purposes.⁸

U.S. Pacific Command has orchestrated multinational exercises, in whole or in part devoted to natural disaster response, such as Cobra Gold and Tempest Express. It has been involved in drafting procedures for Humanitarian Assistance and Disaster Relief and Multinational Forces Standard Operating

November 2007

Indonesian officials say that although an earthquake alert system is ready, the country’s overall preparedness is hampered by the inability of its poorer areas to make the system work.

November 2007

Cyclone Sidr slams into Bangladesh and India, killing an estimated 4,200 people and leaving behind an estimated \$3.7 billion in damages.

January 2008

The UN Under-Secretary-General for Humanitarian Affairs and Emergency Relief Coordinator describes the ever-higher incidence of weather-related natural disasters as the “new normal”.

In 2006, the IFRC surveyed governments (as both senders and receivers of international assistance), national Red Cross and Red Crescent Societies (referred to as international humanitarian organizations, or IHOs), NGOs, the UN and other inter-governmental entities, and private companies about their experiences with providing and receiving disaster assistance. The following is a sample of the respondents' concerns.

PROBLEMS OF ENTRY

- 48% of respondents had problems obtaining entry permits for their personnel. Governments reported such problems more for civilian personnel (55%) than for military personnel (38%).
- Over 40% reported difficulties importing vital relief items such as food, medications, ground vehicles, and telecommunications equipment. Specific problems included delays and prohibitive duties and tariffs.

OPERATIONAL PROBLEMS

- Corruption or diversion of aid was the most frequently reported operational problem. 62% of respondents encountered it, with 30% saying that they encountered this problem frequently or always.

- 58% reported a lack of state guidance, 59% cited lack of coordination between various international relief providers, and 44% cited a lack of coordination between international actors and domestic authorities.

QUALITY OF RELIEF ITEMS OR PERSONNEL

- 48% had problems with the provision of unneeded or inappropriate relief items such as certain types of clothing, food that was unsuitable for local eating habits, and medications that were expired or labeled languages not understood by local people.
- 42% noted the use of untrained or unqualified personnel, which in some cases (41%) included culturally inappropriate behavior.

NATIONAL LAWS & POLICIES

- Only 38% of respondents said that the disaster-specific laws and procedures for requesting international assistance were adequate. Similarly, 36% said the procedures for determining when such assistance is required were adequate. And a mere 25% said that international disaster relief operations' quality and accountability had been adequately regulated.

Source: International Federation of Red Cross and Red Crescent Societies, Law and Legal Issues in International Disaster Response: A Desk Study, 2007, <http://www.ifrc.org/Docs/pubs/idrl/desk-study/113600-idrl-deskstudy-en.pdf>. See especially Appendix 3 (Report of the IDRL Questionnaire of 2006).

Procedures to improve multinational military responses in a wide range of areas, including disaster situations.⁹ The Asia Pacific Conference for Military Assistance to Disaster Relief Operations (APC-MADRO) is also developing a set of guidelines to be used as a reference and framework for the provision of military support to disaster relief operations in the Asia Pacific region.¹⁰

THINGS TO WATCH IN 2009 AND BEYOND

There are signs that Asian governments are increasingly recognizing the need to pool resources to ensure an effective response to large-scale natural disasters. Future disasters will test the willingness of these governments to work cooperatively and to take full advantage of the institutional arrangements to

which they are committed, at least on paper.

ROLE FOR TRACK TWO/CSCAP

Virtually all of the frameworks identified above are in the early stages of adoption and implementation.

“DISASTER-AFFECTED COUNTRIES CANNOT AFFORD TO DEAL WITH MULTIFARIOUS AND EVEN CONTRADICTIONARY AGREEMENTS AND PROTOCOLS ABOUT LEGAL ARRANGEMENTS FOR RECEIVING INTERNATIONAL ASSISTANCE.”

Track Two organizations should therefore monitor the extent to which regional governments are putting

May 2008

Cyclone Nargis hits Myanmar's Ayeyarwaddy Delta of Myanmar. After the storm hit, locals tell the international media that for the first 10-12 hours, the Myanmar authorities were "just standing around".

May 2008

An earthquake measuring 8 on the Richter scale devastates China's Sichuan province, killing an estimated 70,000 and leaving 17,000 missing. Approximately 7,000 schools and 53,000 km of roads were also destroyed.

June 2008

Heavy flooding hits east and north-east India, killing at least 50 and leaving an estimated two million people homeless.

in place the necessary legal and institutional frameworks to make these frameworks fully functional. They can also solicit input from NGOs and civil society experts to provide advice and further guidance where needed.

Track Two efforts could focus on the following issues:

- While many Asian governments will verbally commit to implementing preparedness measures, they may also find it more politically astute to expend their limited resources tackling the “here and now” challenges. **Track Two organizations should therefore continue to pressure the region’s governments to address the domestic legal and bureaucratic impediments to effective disaster management.** Achieving sufficient results will require sustained advocacy and dialogue in order to rationalize differing perspectives and to overcome the stumbling blocks to implementation. CSCAP is one organization that can facilitate this dialogue.
- There is a danger that new multinational and regional initiatives could “muddy the waters” and create a new set of challenges for regional governments. Disaster-affected countries cannot afford to deal with multifarious and even contradictory agreements and protocols about legal arrangements for receiving international assistance. A ‘one-size-fits-all’ approach cannot meet the diverse needs of countries within the Asia Pacific region, but basic internationally agreed principles and minimum standards, such as those embodied in the IDRL Guidelines, should be adapted and integrated into all regional policy, planning and decision-making processes on disaster management. **Track Two organizations such as CSCAP should help to translate these commitments and principles into concrete and lasting changes within the domestic legal and policy systems of regional states.**

ABOUT THE AUTHOR

Victoria Bannon is the Asia Pacific Coordinator, International Disaster Response Laws, Rules and Principles (IDRL) Programme for the International

Federation of Red Cross and Red Crescent Societies. She is based in Kuala Lumpur, Malaysia.

- ¹ The views of the author do not necessarily represent those of the International Federation of Red Cross and Red Crescent Societies (IFRC).
- ² See United Nations International Strategy for Disaster Reduction, *Links between Disaster Risk Reduction, Development and Climate Change* (Geneva: UNISDR, March 2008) and *Hyogo Framework for Action 2005-2015: Building the Resilience of Nations and Communities to Disasters*, World Conference on Disaster Reduction, January 18-22, 2005, Kobe, Japan.
- ³ *ASEAN Agreement on Disaster Management and Emergency Response of 2005*, signed in Vientiane, July 26, 2005, <http://www.aseansec.org>.
- ⁴ See SAARC Disaster Management Centre Homepage at <http://saarc-sdmc.nic.in/home.asp>; IRIN, “Regional food bank gets go-ahead,” August 7, 2008, <http://www.irinnews.org/Report.aspx?ReportId=79689>.
- ⁵ APEC Taskforce for Emergency Response, *Proposal: Strategy for Disaster Risk Reduction and Emergency Preparedness and Response in the Asia Pacific region: 2009 to 2015*, Project 04TFEP/2008A, Working Document N° 03, August 2008. See also “APEC agrees on framework on combating natural disasters,” *Xinhua*, August 12, 2008.
- ⁶ See for example the SOPAC Community Risk Programme homepage: <http://www.sopac.org/Community+Risk>.
- ⁷ Australian Embassy in Indonesia, “Australia and Indonesia Host ASEAN Regional Forum Disaster Relief Desk-Top Exercise”, Media Release, April 30, 2008, http://www.indonesia.embassy.gov.au/jakt/MR08_033.html.
- ⁸ See ‘Chairman’s Statement on the 15th ASEAN Regional Forum’, presented to the 41st ASEAN Ministerial Meeting, Singapore, 17 - 24 July 2008, http://www.41amm.sg/amm/index.php/web/info_for_delegates/statements/chairman_s_statement_15th_asean_regional_forum_24_july_2008_singapore.
- ⁹ Information is available on the MPAT Website: <http://www1.apan-info.net/mpat>.
- ¹⁰ See “Report from APC-MADRO, 2nd Asia-Pacific Conference on Military Assistance to Disaster Relief Operations”, Kuala Lumpur, Malaysia, October 30-31, 2007, <http://ochaonline.un.org/AboutOCHA/Organigramme/EmergencyServicesBranch/CivilMilitaryCoordinationSection/AsiaPacificConference/tabid/4312/Default.aspx>.

July 2008

The head of U.S. Pacific Command and senior commander of the Chinese People’s Liberation Army (PLA) begin “active consideration” of forming a plan for conducting joint humanitarian assistance exercises.

September 2008

Tropical Cyclone Hagupit hits six provinces of central Vietnam, causing 900 houses to collapse, and another 8,300 to be swept away by the floods or otherwise damaged.

October 2008

The UN *State of the World’s Cities* report predicts that sea level rise will threaten port cities in Bangladesh, China, India, Myanmar, Vietnam.



'Going Nuclear':

A Solution to Southeast Asia's Energy Crunch?

Ta Minh Tuan

ISSUE SUMMARY

Southeast Asia has reached a turning point in its quest for nuclear energy. Since 2006, Indonesia, Thailand and Vietnam have unveiled detailed schedules for building their own nuclear power plants. The Philippines and Malaysia are actively considering following their lead. If all goes according to plan, Southeast Asia will be a nuclear power producer within less than a decade. While domestic

"IF ALL GOES ACCORDING TO PLAN, SOUTHEAST ASIA WILL BE A NUCLEAR POWER PRODUCER WITHIN LESS THAN A DECADE."

nuclear power production will certainly boost Southeast Asia's energy security, it will also introduce into the region a set of far more troubling security concerns, including the prospect of nuclear weapons proliferation, vulnerability to accidents and terrorist attacks, and the risks inherent in radioactive waste disposal. Thus far, however, Southeast Asian governments have failed to adequately address these concerns.

The region must be more proactive in implementing the full spectrum of international treaties and commitments related to nuclear proliferation and

safety. These states should also explore ways in which the Association of Southeast Asian Nations (ASEAN) can play a more constructive role in ensuring that the management of these nuclear energy programs clearly reflects non-proliferation principles and meets the highest standards of safety and security.

Why Nuclear Energy?

The region's embrace of nuclear energy is a function of several factors. First and foremost, Southeast Asian states are struggling to satisfy rapidly growing energy demand within an increasingly tight international energy market. The recent spike in fuel prices has only added to the sense of urgency to diversify their energy sources and to lessen their dependence on foreign imports (for an indication of the impact of rising fossil fuel prices, see Box 1). A second factor is new pressures to reduce greenhouse gas emissions. The 2007 Cebu Declaration on East Asian Energy Security gives new impetus to this responsibility.¹

Regional Nuclear Energy Plans at a Glance

Several Southeast Asian states have long had hopes of developing domestic nuclear energy capabilities. These plans were sidelined, however, by the Asian Financial Crisis of 1997. As regional economies recovered, only to face skyrocketing fossil fuel costs,

April 2003

The IAEA director says that in light of recent experiences with Iraq and North Korea, more Southeast Asian states need to sign the NPT's Additional Protocol in order to strengthen safeguards against nuclear weapons proliferation.

June 2003

Police in Thailand arrest a Thai national for smuggling in from Laos a large amount of radioactive material that could have been used to make a dirty bomb.

April 2005

Indonesian authorities approve construction of the country's first nuclear power plant on densely populated and earthquake-prone Java, although authorities say the site of the plant was chosen because of that location's tectonic and volcanic stability.

talk of nuclear energy programs once again gained traction.

- In 2006, **Indonesia** declared nuclear energy a component of its overall national energy policy. The government has completed a three-phase plan for the construction of its first nuclear power plant, scheduled to begin operating as early as 2016 on Java's Muria peninsula.
- In 2007, **Thailand's** National Energy Policy Council approved a Power Development Plan (PDP). According to this plan, Thailand will generate 2,000 MW of nuclear power by 2020, and another 2,000 MW in 2021.² The government says it will establish safety and regulatory infrastructures by 2014, and commissioned a formal 3-year feasibility study early in 2008.³
- **Vietnam** approved the Nuclear Energy Application Strategy for Peaceful Purpose in

“SOUTHEAST ASIAN STATES ARE STRUGGLING TO SATISFY RAPIDLY GROWING ENERGY DEMAND WITHIN AN INCREASINGLY TIGHT INTERNATIONAL ENERGY MARKET.”

2006. In June 2008, the National Assembly passed a Nuclear Energy Law that will lay the legal framework for building the first nuclear power plant in 2015. This plant is expected to be fully operational by 2020, with a second scheduled for completion the following year.

- **The Philippines** Department of Energy said in 2007 that it would revisit plans to refurbish the Bataan nuclear power plant. Bataan had been completed in 1984, but was never made operational due to financial and safety considerations. The government asked the IAEA for advice on the refurbishment, a project which is expected to cost \$800 million.
- **Malaysia** has no official plan to develop its own nuclear power capabilities, but there are indications of growing interest. It announced in 2007 that it would build a nuclear monitoring laboratory that would begin operating within a few years. The Malaysian government is conducting a feasibility study of domestic nuclear power and the country's Nuclear Licensing

BOX 1: PAIN AT THE PUMP

For many Southeast Asians, the pain of rising fuel prices has been building for several years. Between 2004 and 2006, gasoline prices began rising sharply in all corners of the region. Within this two-year period, the per-liter increase in the price of gas was more than 100% in Indonesia, 77% in Thailand, 72% in Vietnam, 70% in Malaysia, and 68% in the Philippines.* The pain became even more acute in mid-2008 as several regional governments decided that they could no longer afford to shoulder the burden of providing fuel subsidies for their citizens. In May, the Indonesian government raised fuel prices another 29%. The following month, the Malaysian government followed suit, with a resulting 41% increase. And in July, Vietnam also lifted fuel subsidies, increasing prices by 31%.

Southeast Asian governments are also concerned about the long-term view of growing domestic energy demand within a context of uncertainty over energy supply. Indonesia, although a member of the Organization of Petroleum Exporting Countries (OPEC), actually became a net importer of oil in 2004. The U.S. Energy Information Administration (EIA) estimates that Indonesia's largest oil fields are maturing and declining in output, a frightening thought for a country that is already experiencing its fair share of energy blackouts.

In Vietnam, potential domestic oil production will likely not be able to keep pace with rapidly growing demand. The government already has to ration the country's energy consumption. The Philippines has very modest domestic energy resources and relies heavily on foreign imports to meet its energy needs. Thailand's oil production and reserves are similarly limited. The country has some proven natural gas reserves, but these will be insufficient to keep up with rising demand, which is projected to be 7% per year for the next two decades.**

*Source: "International Fuel Prices, 5th Edition," GTZ (Deutsch Gesellschaft für Technische, November 2007, <http://www.gtz.de/en/dokumente/en-international-fuelprices-part2-2007.pdf>.

** Source: U.S. Energy Information Administration's Country Analysis Briefs, <http://www.eia.doe.gov/emeu/cabs/index.html>.

December 2006

The IAEA expresses support for Jakarta's plans to build nuclear power plants on Java and Madura. Director General Muhammad al-Baradi notes the government must nonetheless overcome significant public opposition.

February 2007

Malaysia's Minister of Energy, Water, and Communications says that the country can no longer afford to be so dependent upon fossil fuels, and must weigh other options, such as nuclear energy.

June 2007

The Philippines government confirms plans to build nuclear power plants, but says that it would take 15 years just to train experts and engineers to run these plants.

Board is considering having its own nuclear power potential after 2020.

IMPLICATIONS FOR REGIONAL SECURITY

What will these nuclear energy programs mean for regional security?

1) The Possibility of ‘Breakout’: For Southeast Asian governments, concerns about nuclear ‘breakout’ — developing nuclear weapons capability from an existing nuclear energy program — are a very low priority. All of the region’s states are parties to both the Nuclear Non-Proliferation Treaty (NPT) and to the Bangkok Treaty, which establishes Southeast Asia as a Nuclear Weapon-Free Zone (SEANWFZ). However, they tend to dismiss the possibility that their nuclear energy programs could constitute proliferation concerns, arguing instead that the

“FOR SOUTHEAST ASIAN GOVERNMENTS, CONCERNS ABOUT NUCLEAR ‘BREAKOUT’... ARE A VERY LOW PRIORITY.”

emphasis should be on the disarmament of nuclear weapons states (NWS) over the non-proliferation of non-nuclear weapons states (NNWS).⁴ Thus, at high-level ASEAN meetings, the implementation of nuclear-related international treaties and UN resolutions, including UNSCR 1540, are barely discussed. In 2007, ASEAN developed an “action plan” for non-proliferation, but observers note that the content of this plan was too unspecified to be of any real non-proliferation value. As states in Southeast Asia become managers of spent nuclear fuel, the international community — especially immediate neighbors — will demand a clearer demonstration that this fuel will not be used for proliferation purposes.⁵

2) The Dangers of Materials and Technology

‘Leakage’: Southeast Asia has a number of non-state armed groups with links to terrorist organizations. These terrorist organizations have expressed ambitions to acquire nuclear material and know-how for the purpose of committing acts of political violence. The region’s weak export control regimes and porous, poorly guarded borders add to the burden of proof that Southeast Asian states must meet in

order to ensure that their nuclear energy programs will not pose this kind of international risk. Moreover, there is some disagreement within the region over the extent and nature of export controls that must be imposed on dual-use items and technologies. Some have argued that controlling the export of these goods comes at the expense of growth and development. Others have disagreed, however, arguing that a strong export controls regime actually promotes trade in that it builds confidence in the security of the trade system.⁶

3) The Vulnerability of Nuclear Facilities: Experts and local civil society groups have voiced concerns about the structural integrity of Southeast Asia’s planned nuclear energy facilities. They have also questioned the ability of government authorities to guard them against seismic activities, poor management, or attack.

- Indonesia’s Java Island — the proposed site of its first two nuclear plants — is prone to earthquakes and volcanic eruptions. Although the International Atomic Energy Agency (IAEA) has given Jakarta the thumbs-up, many in Indonesia remain unconvinced.
- Southeast Asia is currently lacking in a wide range of human capacities that are necessary for successful management of nuclear energy programs. These deficiencies are compounded by a lack of transparency and challenges posed by corruption at official and unofficial levels. Safety, security, and safeguards regulatory capabilities are underdeveloped. If the deficiencies and problems were to extend to the building or management of their nuclear facilities, it would raise the likelihood of nuclear accidents and possibly even of nuclear materials falling into the wrong hands.
- Regional terrorist organizations may see nuclear power plants as an attractive target.

While the probability of each of these is relatively low, the human consequences of any of these happening could be catastrophic.

4) The Risks of Storing Nuclear Waste: The disposal of radioactive waste is an unavoidable by-product of

July 2007

Philippines Foreign Affairs chief announces that ASEAN would set up a safety watchdog to ensure that regional nuclear power plants are not used to produce weapons or aid rogue groups.

August 2007

Energy ministers of ASEAN states agree to set up a caucus on the safety of the region’s expanding nuclear energy development.

August 2007

Vietnam signs the NPT’s Additional Protocol, a move hailed as significant, as Hanoi had earlier sided with many other G-77 states in arguing that the Protocol skewed IAEA attention away from technical assistance for non-nuclear weapons states.

**TABLE 1: SOUTHEAST ASIA'S PLANNED AND PROPOSED NUCLEAR POWER REACTORS
(AS OF OCTOBER 1, 2008)**

Country	Earliest Date of Operation	Number of Reactors
Indonesia	2016	2 planned, 2 proposed
Thailand	2020	4 proposed
Vietnam	2020	2 proposed
Malaysia	2020 (under consideration)	Not yet determined
Philippines	2022 (under consideration)	Not yet determined

Source: World Nuclear Association, <http://www.world-nuclear.org/info/reactors.html>.

nuclear energy production. Even under the most optimal conditions, disposing of this waste can be risky. Southeast Asia's geological conditions and its high population density create additional challenges to finding appropriate disposal sites and guaranteeing that the waste will pose no harm to those living in the immediate vicinity.

PROPOSED MULTILATERAL SOLUTIONS

There are some encouraging signs that Southeast Asian states are becoming attentive to concerns about nuclear safety, and to a lesser extent, proliferation. At ASEAN's November 2007 Summit, regional leaders established a Nuclear Energy Safety Sub-Sector Network (NES-SSN) to discuss safety and security issues, and to develop a region-wide nuclear safety regime that would meet international standards. One specific proposal is a regional monitoring laboratory located in Malaysia to assist Southeast Asian scientists in assessing the safety of their own nuclear power plants.⁷ While this is a positive first step, the region still needs to establish more tangible benchmarks to show that it is serious about implementing the full spectrum of international non-proliferation and nuclear safety commitments (see Table 1).

Other proposals that ASEAN should consider are:

- Broadening the SEANWFZ's mandate to include nuclear energy programs, particularly with respect to oversight of the reprocessing of nuclear fuel.⁸ Any amendment to the SEANWFZ should also incorporate the IAEA's Additional Protocol (AP) to bolster regional assurances about the nature of Southeast Asian states'

nuclear energy programs. The Action Plan to implement SEANWFZ should also be updated accordingly to reflect these modifications once they are approved.

- Forming a permanent unit within the ASEAN Secretariat that will focus exclusively on non-proliferation issues and empower the executive committee and the SEANWFZ Commission to request from member states clarifications and information about their nuclear-related activities.
- Creating a central ASEAN nuclear power authority modeled along EURATOM.⁹ This idea is a reincarnation of a short-lived proposal for ASIATOM by the President of the Philippines in December 1997. Though it may be a long-term goal, regional leaders should start to discuss how such a body might take shape in light of the ASEAN Security Community idea.
- Exploring ways to build stronger partnerships with Northeast Asian states — namely, Japan and South Korea — which have solid track records of conducting domestic nuclear energy programs. A leadership role for Australia might also be considered, as it is a major supplier of the world's uranium and a member of the Nuclear Suppliers Group.

THINGS TO WATCH IN 2009

The next few years will be instructive in terms of Southeast Asia's responsiveness to the proliferation and safety concerns articulated above. In 2009, Indonesia and Thailand could complete the first phases of their nuclear energy plans. Malaysia could soon decide on the possibility of a similar nuclear

September 2007

An explosion at an Indonesian nuclear research center fuels public controversy over Jakarta's plans to expand its nuclear energy production.

March 2008

Malaysia's state power utility company signs a preliminary agreement with its South Korean counterpart, by which the latter will cooperate in the sale of nuclear power technologies.

May 2008

Indonesia withdraws oil subsidies after prices rise above USD \$130 per barrel, causing domestic fuel prices to rise by nearly 30%.

TABLE 2: INTERNATIONAL NON-PROLIFERATION AND NUCLEAR SAFETY TREATIES AND CONVENTIONS

TREATY/CONVENTION	RELEVANCE TO SOUTHEAST ASIA	SIGNED/RATIFIED	NOT SIGNED/ SIGNED, NOT IN FORCE
Nuclear Non-Proliferation Treaty (NPT)	Third pillar permits transfer of nuclear materials and technology to develop civilian nuclear energy programs as long as the recipient demonstrates that their programs are not being used to develop nuclear weapons.	All Southeast Asian states	n/a
International Atomic Energy Agency (IAEA) Additional Protocol (AP)	Allows IAEA to gather a comprehensive picture of a state's nuclear and nuclear-related activities by allowing IAEA visits to declared and undeclared facilities in order to investigate inconsistencies in a state's nuclear declarations.	Indonesia	Malaysia Philippines Thailand Vietnam*
Treaty of Bangkok (Southeast Asia Nuclear Weapon Free Zone)	Obliges parties to not develop, manufacture or otherwise acquire, possess, or have control over nuclear weapons.	All Southeast Asian States	n/a
Convention on Nuclear Safety	Obliges parties to conduct comprehensive and systematic safety assessments <i>at all stages</i> of their planning, construction, and operation.	Indonesia Philippines (not ratified)	Malaysia Thailand Vietnam
Joint Convention on the Safety of Spent Fuel Management and on the Safety of Radioactive Waste Management	Parties prepare reports in which they identify the needs and deficiencies in their radioactive waste disposal arrangements.	Indonesia (not ratified) Philippines (not ratified)	Malaysia Thailand Vietnam
Convention on the Physical Protection of Nuclear Material	Applies to the international transport of nuclear material used for peaceful purposes. There have been some suggestions that the Convention should also apply to domestic transport.	Indonesia Philippines	Malaysia Thailand Vietnam

*Malaysia, Philippines, Thailand and Vietnam have all signed the Additional Protocol, although it is not yet in force.

For further reference, see *Inventory of International Nonproliferation Organizations and Regimes* at <http://cns.miis.edu/inventory/index.htm>.

June 4

Malaysia announced it is withdrawing fuel subsidies, causing the price of gasoline at fuel pumps to spike more than 40%.

June 2008

China's National Nuclear Safety Administration offers to share with ASEAN states its technology and experience on nuclear energy safety, saying that "there is no national boundaries as regards nuclear safety."

July 2008

Jakarta endures two weeks of power rationing due to disruptions in gas supplies at the country's power plants.

energy program. The Philippines may revitalize the plan to put its first nuclear power plant into operation. And Vietnam will plan to open international bidding for the construction of its nuclear power plants. Regional analysts should assess whether these governments are pursuing *substantive* multilateral cooperation around non-proliferation and nuclear safety concerns in tandem with developing their nuclear energy programs.

ROLE FOR TRACK TWO/CSCAP

CSCAP has a long track record of dealing with regional non-proliferation and nuclear security and safety issues. The CSCAP Study Group on Countering the Proliferation of Weapons of Mass Destruction (WMD) and the Export Controls Experts Group (XCXG) have engaged Southeast Asian experts on the regional security implications of these nuclear energy programs. The WMD Study Group and XCXG are also developing a *Handbook and Action Plan for Preventing WMD Proliferation in the Asia Pacific*. CSCAP's Study Group on Energy Security has also addressed the nuclear issue. Because Southeast Asia's nuclear programs are at an early stage of

**“ASEAN GOVERNMENTS
COULD HOLD DIRECT CONSULTATIVE
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EXISTING ARF FRAMEWORK.”**

development, it would be valuable for experts from each of these three groups to hold meetings that focus exclusively on the risks and challenges facing Southeast Asia. (For meeting reports from all of these Study Groups, please see: <http://www.cscap.org/index.php?page=study-groups>.)

Other regional partners should identify ways in which there can be better intra-Asian or cross-regional cooperation. CSCAP and other Track Two initiatives would be a suitable venue for engaging Southeast Asian civil society groups in a dialogue that takes account of their concerns.

And finally, ASEAN governments could hold direct consultative Track Two meetings that deal with proliferation issues beyond the existing ARF framework. In this way, they could make use of the

Track Two research findings, particularly those of CSCAP Study Groups.

ABOUT THE AUTHOR

Dr. Ta Minh Tuan is the Deputy Director of the Center for Foreign Policy and Regional Studies at the Diplomatic Academy of Vietnam in Hanoi. He has been active in CSCAP's Countering the Proliferation of Weapons of Mass Destruction Study Group.

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- ¹ Association of Southeast Asian Nations (ASEAN), Cebu Declaration on East Asian Energy Security (Cebu, Philippines, January 15, 2007), <http://www.aseansec.org/19319.htm>.
 - ² Pricha Karasuddhi, “Thailand’s Preparation for Starting a Nuclear Power Program” (paper presented at the 4th Annual Workshop on Nuclear Energy Nonproliferation, Pusan, South Korea, August 18-20).
 - ³ The information on Southeast Asia’s nuclear energy plans is taken from the World Nuclear Association, “Emerging Nuclear Energy Countries,” August 2008, <http://www.world-nuclear.org/info/>.
 - ⁴ For example, see CSCAP Export Controls Experts Group (XCXG), Chairman’s Report of the First Meeting (Tokyo, November 7-8, 2005), <http://www.cscap.org/uploads/docs/XCXGReports/1XCXGRpt.pdf>.
 - ⁵ The International Atomic Energy Agency (IAEA) published a guide book to address the infrastructure issue. It suggests systematic steps that countries intending to develop civilian nuclear capability should follow. For more details, see IAEA, *Milestones in the Development of a National Infrastructure for Nuclear Power*, IAEA Nuclear Energy Series No. NG-G-3.1, September 2007.
 - ⁶ This point has been raised repeatedly by the participants in the Export Controls Experts Group (XCXG). For details, see this Experts Group’s meeting reports at <http://www.cscap.org/index.php?page=export-controls-experts-group-xcwg>.
 - ⁷ Association of Southeast Asian Nations (ASEAN), Chairman’s Statement of the 13th ASEAN Summit, “One ASEAN at the Heart of Dynamic Asia,” Singapore, 20 November 2007, <http://www.aseansec.org/21093.htm>.
 - ⁸ CSCAP Study Group on Countering the Proliferation of Weapons of Mass Destruction (WMD), Chairman’s Report of the Second Meeting (December 2-3, 2005), <http://www.cscap.org/uploads/docs/WMDSGReports/2WMDRpt.pdf>.
 - ⁹ ASEAN, “Cebu Declaration on East Asian Energy Security.”

July 2008

Vietnam raises fuel prices by more than 30%, bringing them more in line with actual international fuel costs. Analysts worry that the price hike will trigger higher interest rates, higher inflation, and slower economic growth.

August 2008

A US Department of Energy official invites Malaysia to join the Global Nuclear Energy Partnership (GNEP), noting the latter’s interest in using nuclear energy after 2020.

August 2008

ASEAN’s working group on the establishment of nuclear power plants announced that all of its member countries supported the region’s current nuclear projects, namely those in Indonesia, Thailand, and Vietnam.



Myanmar:

Prospects and Challenges of Engagement

Barry Desker and Christopher Roberts

Recent events — Cyclone Nargis and the “Saffron Revolution” — have highlighted the human security, human rights, and governance crises that Myanmar presents to the region and to the international system. Multilateral engagement of the Myanmar government by ASEAN and the United Nations continues to be an exercise in frustration, with sanctions, good offices, “constructive engagement,” and “gentle persuasion” all failing to prod Yangon toward meaningful reforms. Positive political, economic, and social change in Myanmar is not likely until the regime is faced with a unified international voice.

ISSUE BACKGROUND

In 1997, ASEAN admitted Myanmar (Burma) as a member without any conditionality, believing that

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its policy of “constructive engagement” would move the regime towards political liberalization. This proved to be a mistake. Instead, the military leadership has since strengthened its grip on power, continued its detention of the democratically elected

leader of the National League for Democracy (NLD), Daw Aung San Suu Kyi, and harshly repressed any expressions of discontent. Several international NGOs, including Human Rights Watch and Amnesty International, assert that large-scale human rights abuses — extra-judicial executions, the detention and torture of political opponents, forced displacement of ethnic minority groups and the forced recruitment of child soldiers by some insurgent groups — continue unabated, as have the trafficking in drugs and people. Meanwhile, Myanmar’s health and education sectors have continued their downward shift and are now at the brink of complete collapse while diseases such as HIV/AIDS continue to spread. (See Box 1)

THE SAFFRON REVOLUTION

Despite the ouster of Prime Minister Khin Nyunt in 2004, a few developments between 2005 and 2007 suggested the potential for change. However, after fourteen years of delay, signs that the Junta would finalise a draft constitution implementing its so-called ‘disciplined democracy’ were quashed when it responded violently to peaceful protests led by Buddhist monks (*Sangha*). Called the “Saffron Revolution”, the monks initially marched in protest against an arbitrary fuel hike introduced in August 2007. However, they soon broadened their public goals to include calls for the Junta to ease living

August 2003

Khin Nyunt becomes Myanmar’s Prime Minister, vowing to draft a new constitution to put the country on a “road map” to democracy.

October 2004

A power struggle within the top leadership results in Khin Nyunt’s replacement as Prime Minister, as well as his house arrest.

March 2006

The French section of Medecins Sans Frontieres pulls out of Myanmar citing “unacceptable conditions” imposed by the Myanmar government, including pressuring local health authorities not to cooperate with MSF’s malaria treatment program.

BOX 1: MYANMAR'S HUMAN INSECURITIES

The international community is divided over whether Myanmar's domestic human rights situation constitutes a regional security concern. Nevertheless, there is increasing agreement on the need to address the non-traditional, human security, and humanitarian crises that impact Myanmar's citizen population, as well as pose regional security threats through spillover into neighboring states. These include:

DRUG TRAFFICKING

The UN Office on Drugs and Crime reported in 2007 that Myanmar's opium production had increased 46% over the previous year. This was the first such increase since 2000. Shan state, which borders China, Thailand, and Lao PDR, is the source of 90% of this production. This opium is trafficked primarily to China, Australia, and Southeast Asian neighbors. Methamphetamine production also escalated with two of the major destination countries being Thailand and Vietnam (www.unodc.org).

HUMAN TRAFFICKING

The UN consistently gives Myanmar the worst possible rating for its efforts to comply with even the most basic human trafficking standards. Most of the female victims are ethnic minorities who are trafficked to China and Thailand for sexual exploitation. Many of the male victims are trafficked to China for labor exploitation (www.unodc.org).

CROSS-BORDER REFUGEES

Violence in ethnic minority areas, particularly the government's forced relocation of entire villages, has created hundreds of thousands of refugees living in neighboring states. Bangladesh is home to approximately 178,000 refugees, Malaysia 70,000, and India 75,000. But it is Thailand that feels the strongest impact; official numbers are nearly 400,000, though unofficial estimates are much

higher (www.unhcr.org/refworld/).

INTERNALLY DISPLACED PERSONS

The number of internally displaced persons (IDPs) in Myanmar is at least 500,000, and perhaps as high as one million. The majority of IDPs are in eastern areas along the Thai border, where Myanmar's military Junta has stepped up its offensive against insurgent groups (www.refugeesinternational.org). Forced displacement is also occurring in ceasefire areas where communities are losing land to government confiscation (www.internal-displacement.org).

INFECTIOUS DISEASES

After internal leadership changes in 2004, the government became increasingly inhospitable to international humanitarian workers. These workers had been vital to treating and halting the spread of deadly infectious diseases such as malaria and HIV/AIDS. In March 2006, the French section of Medecins sans Frontieres (MSF) took the rare step of withdrawing its services from Karen and Mon states, citing "unacceptable conditions imposed by the authorities on how to provide relief to people living in war-affected areas" (www.msf.org).

CHILD SOLDIERS

Due to a shortage of adult recruits, child soldiers continue to be recruited by some insurgent groups in Myanmar. While some reports suggest that the Myanmar government has also been complicit in recruiting child soldiers, such claims are difficult to substantiate given that the government's military has not faced similar personnel shortages in recent years. A possible exception would be that some youths have misrepresented their age in order to gain employment with the military for the purpose of salary, food and security for their family.

conditions, to release all political prisoners, and to undertake meaningful dialogue for national reconciliation. The 26 September military crackdown that followed led to thousands of arrests and a number of deaths.

The Saffron Revolution succeeded in that it catalysed international condemnation and diplomatic pressure by major regional actors including China, key ASEAN members, as well as the international

community at the United Nations. However, the Junta remained steadfast and provided only minor concessions including agreeing to meet with the UN Human Rights Envoy, Ibrahim Gambari, and limited dialogue with Daw Aung San Suu Kyi. The government finished drafting the constitution, but the final product was disappointing; as expected, it excluded Aung San Suu Kyi from political participation and preserved a significant role for the military.

May 2006

UN Special Envoy Ibrahim Gambari visits Myanmar, the first high-level visit in two years.

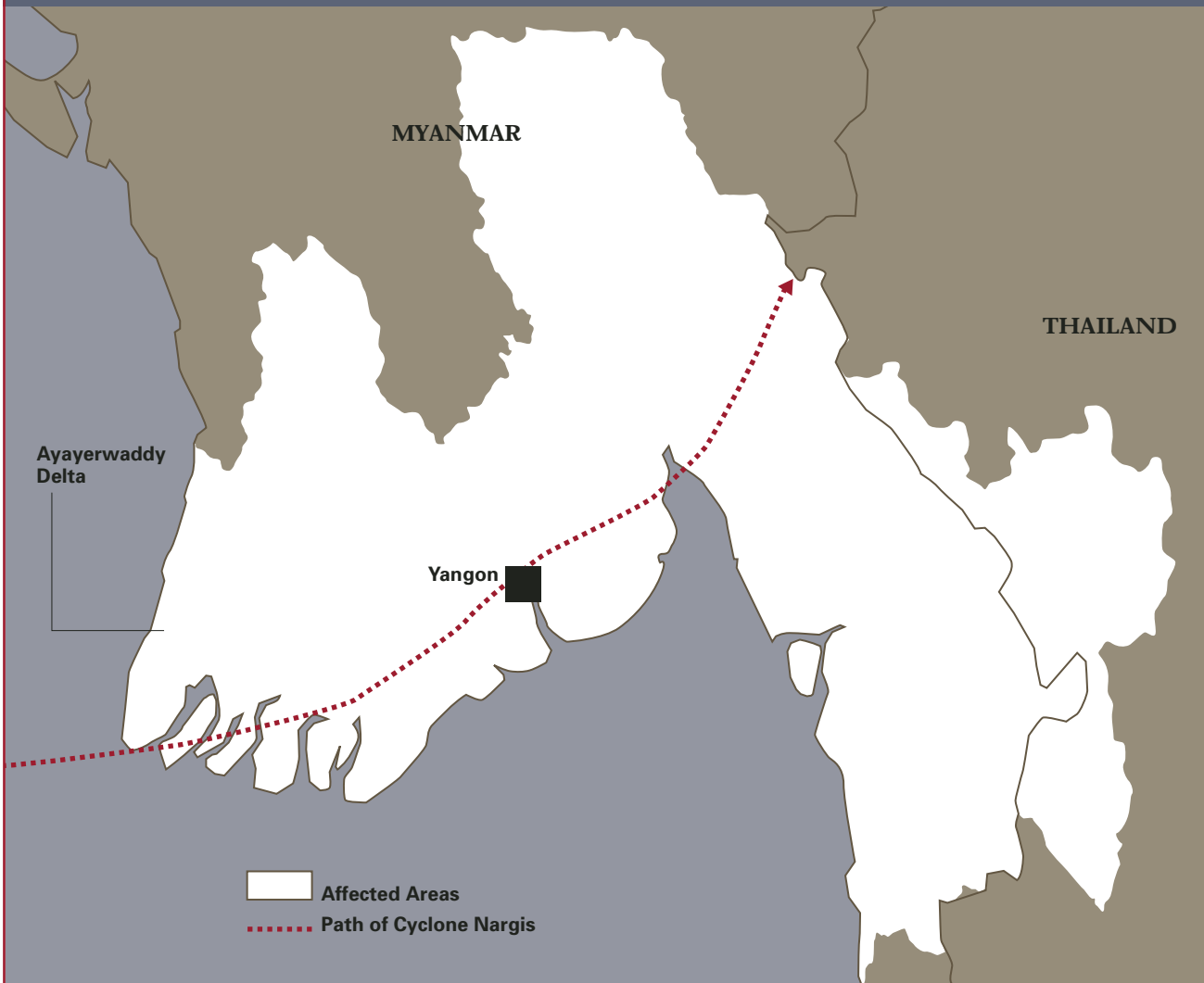
September 2006

Myanmar issue is put on UN Security Council agenda, at the urging of Nobel laureates Vaclav Havel and Desmond Tutu.

January 2007

Russia and China veto a UN Security Council Resolution to urge Yangon to cease its persecution of domestic opposition groups and ethnic minorities.

THE EYE OF THE STORM: MYANMAR'S AYEYARWADDY DELTA



On May 2-3, 2008, Cyclone Nargis, a Category 4 storm, hit Myanmar's Ayeyarwaddy Delta, an area roughly equivalent to the size of Lebanon. A staggering number of people living in the area died or were displaced. Many more lost both loved ones and their basic sources of livelihood. In the months since Nargis, the United Nations and various international humanitarian agencies working in the area have reported the following statistics and observations:

- The UN Office for the Coordination of Humanitarian Affairs estimates 2,400,000 people were affected throughout Myanmar, and 1,400,000 of those are in the Ayeyarwaddy Delta. As many as 140,000 died or are missing.
- Of the surviving, many of the children were orphaned, many of the elderly lost family members upon whom

they depended, and many of the physically disabled lost their wheelchairs and crutches in the storm.

- According to one international NGO, among the elderly, nearly a third reported cutting down or skipping meals as a "coping strategy", and another 10% said that some days they did not eat at all.
- Over 600,000 hectares of agricultural land were inundated by the storm, and up to 50% of the area's animals were killed. Local farmers lost food stocks and agricultural implements, and many fishermen lost their boats and fishing nets.
- Approximately 70% of the health facilities and 60% of the public schools in the area were destroyed or seriously damaged.

Source: IRIN Humanitarian News and Analysis, UN Office for the Coordination of Humanitarian Affairs, www.reliefweb.int.

June 2007

International Committee of the Red Cross (ICRC) issues rare public statement condemning government attacks against civilians in eastern Myanmar.

August 2007

Myanmar government abruptly removes fuel subsidies, causing a doubling of fuel prices for consumers. Citizens protest in demonstration of these price rises.

September 2007

Protests continue, with somewhere between 30,000 and 100,000 people demonstrating against the government in Yangon, the largest anti-government protest in years.

CYCLONE NARGIS

The challenge of engaging Myanmar was further evident when Cyclone Nargis struck Myanmar in early May 2008. Despite estimates of more than 100,000 deaths, the junta once again sparked international outrage by refusing to allow relief agencies and international humanitarian workers to

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come to the immediate assistance of people most devastated by the cyclone. Reflective of its heightened sense of xenophobia and fear of interference, the Myanmar government also refused the delivery of aid by naval vessels from France, Britain and the United States, presumably fearing that these vessels were a Western invasion force. To this end, attempts at coercion, accusations of criminal neglect, and suggestions that the United Nations should invoke its recently formed Responsibility to Protect (R2P) principle only exacerbated the insecurities and obstructionism of the Junta, which had hunkered down in Nay Pyi Taw. Finally, after three weeks of delay, *relative* access to the Irrawaddy Delta was granted when a Tripartite Core Group (TCG) was forged between Myanmar, ASEAN and the United Nations.¹ (In this regard, it should be acknowledged that ASEAN’s ‘constructive engagement’ policy had at least maintained enough goodwill and trust to allow the ASEAN Secretary General Surin Pitsuwan to work as an intermediary between the Junta and the UN in the delivery of aid.)

MULTILATERAL ENGAGEMENT: THE TRACK RECORD

These recent developments present a stark new face to Myanmar’s two-decade political stalemate with a number of implications for multilateral engagement. Thus far, multilateral cooperation and engagement has largely occurred through ASEAN and the United Nations. Nevertheless, both these institutional fora are constrained by their members’ rigid insistence

on non-interference and the requirement of consensus (in the latter instance, among the P5 at the Security Council). Thus, for example, Singapore’s attempt to strengthen linkages between ASEAN and the UN failed when certain ASEAN members supported Myanmar’s refusal to allow Gambari even to provide a report on conditions within its borders. Myanmar continues to insist that with respect to domestic issues, it will deal on its own and at its discretion with the UN and international community. To this end, many ASEAN leaders may have been relieved to sidestep some of the pressure being applied on them by major actors such as the United States and the European Union.

The signing of the ASEAN Charter in November 2007 highlighted the challenge that Myanmar poses to ASEAN’s international stature and institutional structure. Given its policy of consensus-based decision making requiring Myanmar’s assent, the inevitable result was that the Charter, in its final form, was a disappointment. ASEAN may even have regressed in terms of political and security cooperation and integration, as member states failed to reach agreement on a human rights body and instead codified existing norms such as consensus and non-interference.² Also absent were any punitive measures in the event that one of its members fails to adhere to the Charter’s commitments, including the promotion of human rights, good governance and democracy. Now that all the ASEAN members have

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ratified the Charter, ASEAN’s ability to sanction Myanmar or other members — by suspending membership, for example, has been seriously compromised. The ability of individual members to exercise significant positive influence on Myanmar has also been jeopardized.

The UN’s human rights-based engagement, an approach to which it has rigidly clung since the early 1990s, has been similarly unproductive. Neither Gambari nor the previous Special Envoy, Razali

September 2007

ASEAN expresses “revulsion” after the Myanmar government violently cracks down on protesters.

October 2007

UN Office on Drugs and Crime reports a “worrisome” rise in Myanmar’s opium production.

November 2007

Myanmar signs the ASEAN Charter, which is to produce a human rights body to protect basic rights in signatory countries.

Ismail, has successfully negotiated either political reform or any significant improvement to the conditions faced by the Myanmar people. Frustrations concerning the UN's effectiveness were displayed when Daw Aung San Suu Kyi refused to meet Gambari, and Gambari himself failed to meet with Senior General Than Shwe during his August visit. The probability of the Security Council delivering an effective resolution concerning Myanmar is increasingly unlikely given strong Russian and Chinese reservations.

IMPLICATIONS FOR MULTILATERAL COOPERATION

The options for multilaterally engaging Myanmar are therefore highly limited. None of the efforts advanced to date is likely to result in a definitive and positive outcome. ASEAN, the United Nations and the broader international community need to exercise a common voice. New strategic approaches are

“...THE NEW CONSTITUTION, AS FLAWED AS IT IS, MAY REPRESENT THE ONLY HOPE FOR FUTURE REFORM, AND THE GRADUAL DEVOLUTION OF THE MILITARY'S ROLE IN GOVERNMENT.”

required, including those that support the health and education of the people of Myanmar without overtly strengthening the position of the current military leadership. The *capacity* of Myanmar to either make a democratic transition, or at least improve the quality and efficiency of governance, should also be a key consideration in the development of international strategies. As outlined in an October 2008 International Crisis Group report, such strategies will need to include a gradual increase to targeted aid that utilizes both local and international NGOs in its delivery. Such engagement, even when non-political in orientation, can help to induce ‘socio-political’ benefits by developing trust, realigning relations and gradually building “a framework within which broader change becomes possible.”³

Finally, the Junta's ability to survive, through the country's fortuitous combination of natural resources and fertile soil, should not be underestimated. From the perspective of the government cloistered in Nay

Pyi Taw, the domestic environment is now even more positive; foreign exchange reserves are at their highest level since independence, ceasefire agreements have been signed with all but a few of the secessionist movements, and economic and/or security relations with China, India, Thailand and Russia continue to improve.⁴ Accordingly, instead of seeking further ‘economic isolation’, the international community should attempt to increase Myanmar's interdependence while simultaneously applying diplomatic pressure and whatever means possible to halt the supply of military armaments. However, it is unlikely that Western pressures for a complete arms embargo will be supported in the UN Security Council. Appropriate diplomatic pressure may include the continuation of targeted or smart sanctions, but uniform clear benchmarks should be set for their removal and they should not detract from aid efforts designed to reduce current issues such as illicit narcotics, laundered money, trafficked persons, refugees and acute poverty.

THINGS TO WATCH IN 2009 AND BEYOND

Political change in Myanmar will be incremental and driven by domestic events, particularly shifts among the regime's military elite. Factionalism and the possibility of a military coup cannot be discounted. At the same time, the influence of the *Sangha* and Daw Aung San Suu Kyi over the people of Myanmar should not be underestimated, as both have the capacity to mobilise large segments of society. Daw Aung San Suu Kyi's continued detention and the continuation of oppressive measures against the *Sangha* indicate the Junta's recognition of this possibility. The willingness of regional neighbors to maintain relations with Yangon, as well as their tolerance of, or tacit cooperation with, the regime through trade and the provision of health and education services to the elite, also support the regime's survivability.⁵ Should no other opportunity for change avail itself, then the new constitution, as flawed as it is, may represent the only hope for future reform and the gradual devolution of the military's role in government. Whether the Junta will follow through with its pledge to hold a national election in 2010 is questionable. If it does not, the ball will once again be in ASEAN's and the UN's courts.

February 2008

Myanmar's Junta announces a new Constitutional Approval Law, with harsh penalties for political dissent.

February 2008

A report of the Internal Displacement Monitoring Centre announces that there is “no end in sight” for Myanmar's internal displacement crisis.

March 2008

Ibrahim Gambari makes fifth visit to Myanmar, a trip that was said to have produced “no tangible results” as Than Shwe refused to meet with him.

ROLE FOR TRACK TWO/CSCAP

In light of the lessons learned from the long-term isolation of states such as North Korea, followed by the relative success of recent incremental engagement with it, there remain some incentives to engage the Myanmar government, both bilaterally and multilaterally. Nevertheless, effective engagement should provide positive results for all sides. CSCAP should therefore not offer membership to Myanmar at the present time as it is unlikely that a Myanmar CSCAP national committee would be broad-based. Should current conditions change, membership in organizations such as CSCAP can be used as a valuable 'carrot' to reinforce positive behavior. In the meantime, Track Two organizations, academic institutions, and think-tanks should encourage programs of positive socialization with the middle and lower ranks of the military and civil services — following on the pilot programs on human rights and professionalization training programs conducted by Singapore and Australia.⁶

ABOUT THE AUTHORS

Ambassador Barry Dekser is the Dean of the S. Rajaratnam School of International Studies (RSIS), and Director of the Institute of Defence and Strategic Studies at Nanyang Technological University in Singapore.

Dr Christopher Roberts is a lecturer in International Relations at the University of Canberra's Faculty of Business and Government. His research specializes on security, politics and institutional developments in Southeast Asia, particularly Myanmar and the Indochina countries.

Photo credit: *Alayung Thaksin/Panos Pictures.*

The Straits Times, July 18, 2008.

- ³ "Burma/Myanmar After Nargis: Time to Normalise Aid Relations," *International Crisis Group*, Asia Report No. 161, October 20, 2008, 12-17.
- ⁴ For example, reports suggest that North Korea is now selling munitions to Myanmar. Meanwhile, on 15 May 2007 Russia entered into a new agreement with Myanmar to supply a nuclear reactor and to establish a 'nuclear physics and bio-technology center.' Russia has also supplied ten MiG-29 fighter aircraft. Thailand, India and China are all competing for access to Myanmar's natural resources while the latter two are also important suppliers of military armaments.
- ⁵ In 2006, Thailand accounted for 49% of Myanmar's exports. "Burma (Myanmar) Fact Sheet", *Australian Department of Foreign Affairs*, 2008 [cited 1 September 2008], www.dfat.gov.au. A significant percentage of this trade was due to natural gas exports from Myanmar to Thailand.
- ⁶ See: David Kinley and Trevor Wilson, "Engaging a Pariah: Human Rights Training in Burma/Myanmar," *Human Rights Quarterly* 29, no. 3 (2007): 368-402. Each year, Singapore, through the S. Rajaratnam School of International Studies (RSIS) provides training to regional military officers. See www.rsis.edu.sg/networking/networking_APPSMO.html.

¹ "6th Press Release of the Tripartite Core Group — UN Special Advisor Gambari Says Myanmar Coordination Body Is a Model", *ASEAN*, 2008, www.aseansec.org/21880.htm. Numerous reports suggested that access remained limited and that the Myanmar authorities sometimes interfered with the delivery of aid.

² The Charter was particularly disappointing given that ASEAN had been gradually evolving away from 'constructive engagement' and towards 'enhanced interaction' — as evidenced by recent ASEAN statements directly commenting on Myanmar's internal affairs by demanding, *inter alia*, political reconciliation and the release of Daw Aung San Suu Kyi. Barry Dekser, "Where the ASEAN Charter Comes up Short,"

May 2008

Cyclone Nargis hits the Ayeyarwaddy Delta, leaving an estimated 140,000 dead or missing, and a total 2.4 million affected.

June 2008

US Navy ships carrying helicopters and landing craft — both desperately needed for the cyclone relief effort — leave the area after 15 failed attempts to convince the Myanmar government to let them enter.

August 2008

The opposition National League for Democracy (NLD) says that Gambari "wasted his time" and exhausted all of his credibility during a fruitless visit to Yangon, a sentiment echoed by some media outlets.



6

Military Enhancement: The Implications for Asian Regional Security

Andrew Davies

ISSUE BACKGROUND

A byproduct of Asia’s dramatic economic growth over the last decade has been the enhancement of national militaries around the Indian and Pacific Ocean basins. East Asian states have increased their overall defense spending in real terms by an average of just over 50% in the decade from 1997-2007 (though a disproportionate share of that increase is due to greatly increased Chinese spending), while military spending by South Asian states increased by 57% in the same period.¹

This enhancement does not necessarily signal sinister motivations. There is little evidence, for example, of an Asian ‘arms race’ in the common

regional friction include Asia’s many unresolved historical enmities, disputes over territory, and competition for increasingly scarce strategic resources.

Within such an environment, the dynamics of growing military might are very difficult to predict. The context taking shape in Asia is one with which we have little to no experience; all of the region’s major or middle powers are simultaneously wealthy, stable and militarily strong, and the minor players are also able to acquire advanced military platforms. Given the high level of sophistication with which these military systems must be operated, the possibility of accidents and misunderstandings becomes a serious concern (see box on “destabilizing weapons systems”). Regional states must therefore implement procedures and protocols to lessen the likelihood and impact of such accidents and misunderstandings.

“GIVEN THE HIGH LEVEL OF SOPHISTICATED WITH WHICH THESE MILITARY SYSTEMS MUST BE OPERATED, THE POSSIBILITY OF ACCIDENTS AND MISUNDERSTANDINGS BECOMES A SERIOUS CONCERN.”

What Is Driving Asia’s Military Enhancement?

Much of Asia’s military enhancement involves the acquisition of programs that Western militaries have been investing in for decades: high-performance aircraft, warships and submarines. In Asia, these types of acquisitions have been facilitated by the evolution away from land-based light infantry and paramilitary forces that characterized the post-

understanding of the term.² And with the exception of China, regional military spending has not dramatically increased as a proportion of total GDP. On the other hand, the impacts of this enhancement may not entirely be benign. Future sources of

■ **September 2006** A U.S. Congressional Research Services report states that the U.S. ranks first in its number of arms transfer agreements with developing countries. Russia ranks second.

■ **January 2007** China conducts an Anti-Satellite (ASAT) test by firing a medium-range ballistic missile to destroy one of its orbiting satellites.

■ **February 2007** Chinese Defense Minister tells Japan that it has no plans for additional A-SAT tests.

TABLE 1: 1997 AND 2007 DEFENSE BUDGETS OF ASIA-PACIFIC COUNTRIES

Country	1997 defense budget (2007 US\$)	2007 defense budget (2007 US\$)
Australia	9.8	16.1
China*	11.3	45.4
Indonesia	2.2	3.3
Japan	52.4	55.0
Malaysia	2.3	3.5
ROK	16.9	23.6
Singapore	4.7	7.3
Thailand	3.1	3.0
US	355.5	635.3
Vietnam	2.6	3.9

* Estimates of Chinese defense spending vary widely; most are substantially higher than the officially announced budget figures.

Source: Defence Intelligence Organisation (Australia), Defence Economic Trends 2007.

colonial and counter-insurgency periods, and towards force structures that are based around high-end platforms typically found in prosperous and stable countries elsewhere.

In the absence of active interstate conflict, the motivations behind these military modernization

“IN NORTH ASIA, HOWEVER, ONE OF THE MOST SIGNIFICANT DRIVERS OF MILITARY ENHANCEMENT IS THE FUTURE OF MAJOR POWER RELATIONSHIPS; THESE ARE LOOKING UNCERTAIN FOR THE FIRST TIME IN GENERATIONS.”

programs vary greatly. At one end of the spectrum, the strategic aspirations of the region’s major powers manifest through the development of power projection and area denial capabilities — especially within Northeast Asia. At the other end are states that have a continuing requirement for counter-insurgency and internal security forces and manage to field only a handful of modern military platforms that are of doubtful utility. In these latter cases, high-end aircraft and warships have largely symbolic value, that is, to simply demonstrate that the state has the

wherewithal to acquire them.

For the majority of Asian states, the motivations lie somewhere between these two extremes. Many do not have readily identifiable immediate threats, nor do they have ambitions (and/or lack the resources) to develop the military capabilities of a major power. In such cases, military development takes the form of a ‘hedging’ strategy; force structures are developed and maintained as insurance against the future deterioration of strategic circumstances, and more generally to try to match the acquisition of advanced capabilities elsewhere in the region.

Uncertainty about China

In North Asia, however, one of the most significant drivers of military enhancement is the future of major power relationships; these are looking uncertain for the first time in generations. During the Cold War and through the last decade, the United States exercised strategic dominance — the only state capable of projecting power across the region and controlling the air and maritime environments. Today, however, the military capabilities of some regional states have increased to the point at which at least local contestability of US power is credible.

This matching of capabilities has had a serious

February 2007

The U.S. Director of National Intelligence says that China’s military modernization is aimed at achieving parity with the U.S.

March 2007

At its National People’s Congress, China announces that military spending will increase by nearly 18% that year.

October 2007

The Russian Foreign Minister expresses opposition to Japan and the U.S. developing a joint missile defense system.

impact on many regional governments' thinking. In particular, uncertainty regarding China's future trajectory has influenced many regional forces and their military strategies, as well as in the developing and strengthening of security relationships around the region. Thus, for example, Australia's 2007 Defence Update identifies Chinese military power as having the potential to "create misunderstandings and instability in the region"³ while the 2007 Japanese Defence White Paper goes a step further and identifies

"BEIJING RESPONDS THAT ITS DEFENSE BUDGETS ARE DRIVEN BY A NEED TO PROFESSIONALIZE ITS MILITARY MANPOWER, TO MODERNIZE ITS MILITARY DOCTRINE, AND TO UPGRADE TECHNOLOGICALLY OUTDATED EQUIPMENT."

Chinese military modernization as a major security concern.⁴ The 2006 US Quadrennial Defense Review advocated cooperation with China in a manner that is balanced by prudent hedging against the possibility that such cooperation might fail.⁵ In turn, Beijing responds that its defense budgets are driven by a need to professionalize its military manpower, to modernize its military doctrine, and to upgrade technologically outdated equipment. It claims that regional powers, including Japan and the U.S., spend much more on their militaries than does China. Beijing also expresses concerns over what it perceives as containment strategies designed to thwart China's legitimate "peaceful rise". It is against this backdrop that regional security mechanisms must evolve.

IMPLICATIONS FOR MULTILATERAL COOPERATION

Within this context, what should Asian states do multilaterally to help to offset any threats arising from regional military modernization?

Be proactive about defusing tensions that may arise. The evolution away from internal security operations — with their associated light land forces and paramilitaries — and towards the capability for external defense of sovereignty — frequently with a maritime and air focus — means that many countries will now have ships and aircraft that are far more capable than anything they have operated before.

This development is a two-edged sword. Increased military capability can dramatically increase the seriousness of any clash of arms, but it also means that regional states have an increased ability to conduct security patrols and enforcement operations and to provide humanitarian support or to participate in multilateral operations. The multinational military response to the 2004 tsunami and the national response of the Chinese People's Liberation Army (PLA) to the Sichuan earthquake in May 2008 are two examples.

It is fortuitous that the military growth in the region is occurring in a period of relatively low levels of inter-state tensions and rivalry. Regional states should take advantage of this window of opportunity to develop collective behaviors and to set up mechanisms by which future tensions, should they arise, can be managed. Indeed, it is encouraging to see increased levels of military-to-military dialogue at senior levels, participation and observation in military exercises, and cooperation in planning and execution of functional missions, such as search and rescue (SAR) and avoidance of incidents at sea.

Emphasize and assist with military professionalization. Nations with more resources and experience should assist smaller regional powers in becoming part of a shared security architecture and in developing greater levels of military professionalism. For example, as militaries transition from an inward to an outward focus, a one emphasis would be on the appropriate division of responsibility between military and constabulary forces.

Identify areas of cooperation. Several militaries can pool their resources to deal more effectively with shared security concerns. One example is the cooperative approach to maritime surveillance patrolling and counter-piracy operations to which Indonesia, Malaysia and Singapore have agreed.⁶ (See "Regional Trends by Quarters" box in chapter 8.) Military capabilities can also provide valuable assistance in humanitarian crises. Sea- and air-lift of supplies, the provision of field hospital capabilities and emergency evacuation are all roles well-suited to increasingly capable air and maritime forces. Again, the established powers generally have stronger capabilities in this regard, which can be a valuable confidence-building mechanism. Such measures are relatively inexpensive, and some may even have a net

December 2007

In a missile defense system exercise near Hawaii, the Japanese Maritime Self Defense Forces successfully intercept a mock ballistic missile.

February 2008

The U.S. Navy deliberately shoots down one of its spy satellites, citing concerns that it could crash. China and Russia criticize the move.

March 2008

China holds a gathering of senior level Southeast Asian military officials and scholars to discuss military modernization trends, regional security issues, and possible confidence building measures.

BOX 1: DESTABILIZING WEAPONS SYSTEMS.— THE REAL CONCERN FOR ASIA?

Analysts dismiss characterizations of Asian states' weapons build-up as "arms races" in the traditional sense of a dyadic, accelerated, specifically focused, response-counter-response acquisition of weapons of the same type (as in the case of the U.S.-Soviet nuclear arms race). As witnessed in the Asia Pacific today, contemporary competitive arms processes are more complex, involving asymmetrical acquisitions (e.g. low tech weaponry designed to offset high-tech systems), the blurring of lines between defensive and offensive weaponry, and multi-player situations (e.g. linkage across national missile defense systems).¹

Asian states shy away from explicitly identifying each other as security threats, emphasizing instead internal and non-traditional threats. However, regional procurement priorities, being externally oriented and designed for interstate encounters, tell a different story.

What is of concern is the accumulation of potentially "destabilizing weapons systems" — including but not limited to fighter aircraft, naval surface vessels, submarines, and missiles — by participants in what have historically been East Asia's 'trouble spots'. The combination of volatile political conditions and destabilizing weapons increases the risk of both advertent and inadvertent outbreak of conflict. A "destabilizing weapons system" is one that has the potential to increase uncertainty and thus to provoke an offensive response by involving some

or all of the following:

- a sudden, quantitative increase that could overwhelm others' systems
- a sharp, qualitative improvement in new or existing systems, leaving others vulnerable
- weapons systems specifically designed to defeat others' defense systems
- weapons systems that permit few if any countermeasures, and
- weapons systems that provide little or no warning time.

From this perspective, concerns arise (a) from the overall influx of power projection and areal denial weaponry into the Asia Pacific environment; and (b) from the concentration of potentially destabilizing weapons systems within traditional regional crisis locales. The table below highlights the regional accumulation of short- to medium-range missile arsenals, fighter aircraft, and blue-water naval vessels. Looking into the future, systems on order (particularly submarines, naval vessels and missile defense systems) and information warfare and space-related developments raise these concerns even higher. In more specific terms, of course, it is the situations on the Korean Peninsula and over the Taiwan Straits where one sees the most concentrated development of "destabilizing weapons systems," thus emphasizing the necessity of advancing non-threatening processes to mitigate against the likelihood of confrontation and conflict.

Weapons Delivered to Asia and the Pacific: 1991-2002, 2003-2006*

Weapons Category	1999-2002	2003-2006	Total
Major surface combatants	16	13	29
Submarines	7	11	18
Supersonic combat aircraft	509	147	656
Surface-to-air missiles	5862	2286	6148
Anti-ship missiles	597	491	1088

*Care must be taken in interpreting this data. "Asia and the Pacific" does not include Japan and Australasia. Data are for deliveries and do not reflect systems on order. Suppliers include the U.S., Russia, China, and European countries. The total does not encompass domestically produced weapons.

Source: Richard F. Grimmett, "Conventional Arms Transfers to Developing Nations, 1999-2006," CRS Report for Congress RL34187, September 26, 2007, <http://www.fas.org/sgp/crs/weapons/RL34187.pdf>.

¹ This discussion draws upon Robert Hartfeil and Brian L. Job, "Raising the Risks of War: Defence Spending Trends and Competitive Arms Processes in East Asia," *The Pacific Review* 20, no. 1 (March 2007): 1-25.

May 2008

Japan's parliament passes a bill allowing for the military use of outer space for defensive purposes.

May 2008

The head of the U.S. Pacific Command flies to Myanmar on a military flight to try to persuade the governing Junta to allow the full scope of international relief assistance. He is eventually turned away.

May 2008

The Chinese People's Liberation Army (PLA) sends 50 medical teams to provide relief to victims of the Sichuan earthquake.

BOX 2: THE WEAPONIZATION OF SPACE

Across Asia, independent national space programs are increasingly important and have garnered considerable media attention. On the civil side, China has become the third country to put a human into orbit, and India recently launched a mission to orbit and map the moon.

But military applications are developing at least as rapidly, with Japan and South Korea joining China and India in launching satellites with security-related missions. Most ominously, in January 2007 China successfully destroyed an inactive weather satellite with an earth-launched missile, demonstrating its anti-satellite (ASAT) weapons capability. Some saw the test as validating concerns that China could hold at risk the extensive US satellite assets upon which much US military planning concerning the Asia Pacific theater depends. Others saw China as simply reacting to the expressed US intention to maintain “full-spectrum dominance”, including in space, a perception reinforced when in February 2008 they used existing Aegis ballistic missile defenses to destroy a malfunctioning US satellite just before it crashed to earth.

These and related developments have fueled fears of an impending US-China space arms race, and have undercut

efforts to forge a treaty-based regime to impede space arms development even while highlighting the need for such a regime. Such a space arms race, with the prospect of deployment of orbital weapons systems, would erode Asian security relations by fueling terrestrial military rivalries in what is already one of the world’s tensest regions. However, there is still time for diligent efforts to foster confidence-building measures among regional players, most particularly China and the US. Near the top of their short-term agenda should be establishment of “rules of the road” for military uses of space, combined with stabilization of the key potential areas of US-China security conflicts. (See, for instance, <http://www.fas.org/sgp/crs/row/RS22777.pdf>)

Longer-term efforts to create broader, globally encompassing regimes concerning space security should be fostered as well — an area of initiative for Track 2. (See, for instance, <http://www.spacesecurity.org/> and <http://www.stimson.org/space/programhome.cfm>)

Wade Huntley, Director, Simons Centre for Disarmament and Non-Proliferation Research

Sources:

[http://www.cdi.org/program/issue/index.cfm?ProgramID=68&issueid=222;](http://www.cdi.org/program/issue/index.cfm?ProgramID=68&issueid=222)
[http://www.1913intel.com/2008/06/07/aegis-bmd-satellite-shoot-down-documentary/;](http://www.1913intel.com/2008/06/07/aegis-bmd-satellite-shoot-down-documentary/)
[http://www.spacesecurity.org/;](http://www.spacesecurity.org/) [http://www.stimson.org/space/programhome.cfm.](http://www.stimson.org/space/programhome.cfm)

positive return, as collective efforts reduce the rates of effort required from each participating country.

Develop new protocols. Regional states may discover that operating high-level military capabilities inherently involves the prospect of inadvertent encounters. In the worst case, these encounters could result in collisions or even the inappropriate use of weapons. It is important to have in place protocols and agreements to help manage these types of incidents and to minimize the possibility of accidents and misunderstandings. A good starting point is a collective regional agreement on protocols to be followed when ships, submarines and aircraft interact on or over (or below) the high seas.

THINGS TO WATCH IN 2009 AND BEYOND

These positive possibilities being noted, there seems to be little prospect of the long-standing territorial disputes being settled. But nor do any of these disputes seem likely to erupt into conflict in the short term. Two of Asia’s perennial flashpoints — the Korean Peninsula and the Taiwan Straits — appear to have calmed during the past year, with the Six-Party Talks process moving forward, albeit fitfully, and with dialogue and interaction across the Straits having taken on a more positive tone. In practice, time is on the side of major power claimants, and the ability of lesser powers to assert their claims aggressively is diminishing rapidly.

June 2008

The Japanese Maritime Self Defense Force ship arrives in a Chinese port to deliver relief supplies to victims of the May 2008 Sichuan earthquake.

June-July 2008

Ten countries hold the world’s largest multinational naval exercise (RIMPAC) in the waters near the Hawaiian islands.

August 2008

A U.S. puts into effect a law allowing the use of space for defensive purposes.

In the short term, barring accidental and unanticipated events (such as major terrorist events or “EP3-type” incidents, for example) changes in Asia’s security situation will be incremental. The military build-up that is currently underway will continue apace, and we will see new capabilities developed and fielded by a wide range of regional players.

Over time, however, the picture is less clear. For example, in a thinly-veiled reference to China’s

■ **“IT IS FORTUITOUS THAT THE MILITARY GROWTH IN THE REGION IS OCCURRING IN A PERIOD OF RELATIVELY LOW LEVELS OF INTER-STATE TENSIONS AND RIVALRY.”**

military spending, the U.S. called on other North Asian states to take on a greater share of the responsibility for their own defense and to spend more in the process.⁷ If such a call is heeded, the degree of military competition is likely to increase. The consequences of such competition are problematic, with the inherent tendency of arms competition to take on competitive, arms racing behaviors. Fueled by mutually-reinforcing “threat rhetoric”, there is a danger of promoting the self-fulfilling predictions found in classical security dilemma situations.

SUGGESTIONS FOR CSCAP/TRACK TWO ENGAGEMENT

It is important that the current prosperity and stability around the Asia Pacific region be consolidated and that military enhancement be channeled towards cooperative security. In many ways, the present provides a window of opportunity to do so. Thus, members of CSCAP and other regional security dialogues could usefully engage on a number of issues.

- **The ‘top end’ issues concerning the accommodation of rising major and middle powers by the established powers.** This involves finding ways to persuade Japan and the United States to promote and accommodate a “peacefully rising” China in a way that enhances security and is agreeable to everyone.
- **More modest goals, including the furthering of**

cooperation on ‘second order’ security issues, such as disaster relief or anti-piracy activities. These activities would be of benefit in increasing the competence and professionalism of smaller powers as they work with more established forces.

- **Continuing the development of maritime and aviation protocols, including ‘incidents at sea’ arrangements.** CSCAP, through its maritime working and study groups, has focused attention on advancing such cooperation. (See “CSCAP’s Role in Facilitating Maritime Security Cooperation” in chapter 8.) Given the significant interest in the acquisition of submarines around the region, including by states that have never operated them before, that might be a good place to start.

ABOUT THE AUTHOR

Dr. Andrew Davies is the Program Director of the Australian Strategic Policy Institute’s (ASPI) Operation & Capability Program in Canberra.

¹ These figures are taken from SIPRI, available at <http://www.sipri.org>. Note the need to view East and South Asia in regional perspective; Eastern European expenditures rose 162%, reflecting resurgent Russian spending. The United States alone accounts for 45% of global military spending.

² Andrew Davies, “Asian Military Modernisation and Its Implications for Australia,” Australian Strategic Policy Institute *Strategic Insights* 42, July 3, 2008, http://www.aspi.org.au/publications/publication_details.aspx?ContentID=176&pubtype=6.

³ Department of Defence, *Australia’s National Security: A Defence Update 2007* (Canberra, 2007), <http://www.defence.gov.au/ans/2007/default.htm>.

⁴ Japan Ministry of Defense, *Defense of Japan 2007* (Tokyo, 2007), http://www.mod.go.jp/e/publ/w_paper/index.html.

⁵ Office of the Undersecretary of Defense, *Quadrennial Defense Review Report* (Washington, D.C., 2006), <http://www.defenselink.mil/qdr/>.

⁶ Denise Hammick, “Turning the Tide: Maritime Security in Southeast Asia,” *Jane’s Defence Weekly*, November 28, 2007.

⁷ Justin McCurry, “Japan to Allow Military Use of Space,” *The Guardian* (UK), May 21, 2008.

September 2008

Japan’s *Defense White Paper* notes concerns about Russia staging military drills near Japan, and about the lack of transparency of China’s military build-up.

September 2008

Japan announces that it will soon conduct a missile defense test with the U.S., in response to North Korea’s announcement that it will re-start its Yongbyon nuclear reactor.

October 2008

Japanese ship Chokai prepares to participate in a ballistic missile defense intercept flight test the following month.



Northeast Asia:

Possibilities for Institutionalizing Ad Hoc Regional Cooperation

Scott Snyder

ISSUE BACKGROUND

Northeast Asia's historical conflicts have left legacies of mistrust that in turn hinder regional cooperation. While economic ties among these states are flourishing, cooperation on sensitive political and security-related issues has not proceeded on the same dynamic. However, since the early 1990s,

“WHILE ECONOMIC TIES AMONG [NORTHEAST ASIAN] STATES ARE FLOURISHING, COOPERATION ON SENSITIVE POLITICAL AND SECURITY-RELATED ISSUES HAS NOT PROCEEDED ON THE SAME DYNAMIC.”

North Korea's nuclear program has catalyzed a series of ad hoc multilateral security arrangements among regional states. Further institutionalizing these arrangements will depend on two things: whether regional cooperation can continue independently of the North Korea nuclear issue, and whether such cooperation will give Northeast Asian states a voice on various bilateral and non-traditional security issues that have regional consequences.

Intra-regional trade now accounts for more than forty percent of Asian states' overall trade, an increase from less than thirty percent in the early

1980s. In terms of economic integration, this level is comparable to that of European states when European Union was formed. In contrast to Europe, however, the development of a structure to promote political integration remains stunted in Northeast Asia. Even Southeast Asians are far ahead of their Northeast Asian counterparts with respect to political integration. We can point to at least three factors that account for this lack of cooperation and integration: the ongoing political stalemate on the Korean peninsula, the possible reemergence of political competition between Japan and China, and concerns that a power transition in Asia — resulting from China's rise — could lead to conflict between China and the U.S. Many analysts feel that these obstacles to cooperation are also the reasons why such cooperation is so imperative. What does the nature of Northeast Asia's ad hoc multilateral arrangements tell us about the prospect of future institutionalization of these arrangements?

KEDO and the Four Party Talks

In the early 1990s, North Korea's pursuit of nuclear weapons united all of its neighbors in the common cause of preventing regional destabilization. Within the context of the US-North Korea Agreed Framework, the bilateral agreement that resulted from this crisis, concerned regional states formed a

October 2006

North Korea carries out its first test of a nuclear weapon.

October 2006

The UN Security Council unanimously votes to impose weapons and financial sanctions on North Korea in response to its nuclear test.

February 2007

In what has come to be known as the February 13 Agreement, North Korea agrees to take the first steps toward denuclearization in exchange for fuel aid and other incentives.

BOX 1: THE SIX-PARTY TALKS

ROUND 1, August 2003

In their first meeting, the six parties fail to come to an agreement on Pyongyang's nuclear weapons program. All agree to another round of talks.

ROUND 2, February 2004

The parties reaffirm denuclearization as an eventual goal, but fail to agree on a joint statement.

ROUND 3, June 2004

The U.S. articulates demands for North Korea's eventual denuclearization. North Korea also begins to speak more specifically about the rewards it expects in exchange for freezing its nuclear program.

ROUND 4, Phase 1 (July 2005)

Talks end in a deadlock.

Phase 2 (September 2005)

North Korea's request for a light water reactor is expected to result in a "standoff", but six days later, the U.S. and North Korea issue a Joint Statement. The U.S. states that it has no intention of attacking North Korea, and North Korea agrees to give up its nuclear activities and rejoin the Nuclear Non-Proliferation Treaty. Pyongyang later qualifies its position, saying that it will not terminate its nuclear program until it is given a light water reactor.

ROUND 5, Phase 1 (November 2005)

Talks end without progress. The following month,

Pyongyang announces that it will resume construction of its nuclear reactor after the U.S. fails to provide two light water reactors.

Phase 2 (December 2006)

Talks resume after a thirteen month hiatus. During this period, North Korea test-fires seven long-range missiles and conducts its first nuclear test, prompting the UN Security Council to pass Resolution 1718 demanding that Pyongyang abandon its nuclear weapons and ballistic missiles. Talks end without progress.

Phase 3 (February 2007)

North Korea agrees to initial steps toward eventual nuclear disarmament.

ROUND 6, Phase 1 (March 2007)

North Korea misses the deadline to shut down and seal its Yongbyon nuclear reactor after it is denied access to funds in a Macau bank. The issue is eventually resolved with Russian assistance. International Atomic Energy Agency (IAEA) inspectors return to North Korea for the first time since 2002.

Phase 2 (September 2007)

North Korea agrees to declare and disable its nuclear facilities by the end of 2007. In return, the U.S. agrees to remove North Korea from a list of state sponsors of terrorism.

multilateral coalition to address North Korea's energy security needs: the Korean Peninsula Energy Development Organization (KEDO). KEDO became

"...THE U.S.'S DECISION TO REMOVE NORTH KOREA FROM THE STATE SPONSORS OF TERRORISM LIST IN OCTOBER 2008, IN RETURN FOR A RELATIVELY VAGUE VERIFICATION COMMITMENT, HAS FRUSTRATED OTHER SIX-PARTY TALKS PARTICIPANTS."

the primary implementing mechanism for the Agreed Framework, through which North Korea agreed to freeze its nuclear development and

eventually return to compliance with the Nuclear Non-Proliferation Treaty (NPT). KEDO was to be financed largely by Japan, South Korea, and the U.S. Its governing board included representatives from these three states and the European Union, with China and Russia declining to participate. For various reasons, the nested bilateral-multilateral arrangements of KEDO and the Agreed Framework proved to be unmanageable, and efforts to engage North Korea thereafter became a multilateral enterprise. In the late 1990s, the United States, China, North and South Korea created the Four-Party Talks process to promote confidence building measures and to move from an armistice to a peace regime on the Korean peninsula.

June 2007

International Atomic Energy Agency (IAEA) inspectors are allowed into North Korea for the first time since 2002.

October 2007

North Korea agrees to disable its Yongbyon nuclear facilities and provide full details of its nuclear program by December 31, 2007.

December 2007

North Korea misses the deadline for handing over a full declaration of its nuclear program.

BOX 2: THE OTHER NORTH KOREA CRISIS

Famine is unfortunately nothing new to North Korea. By the late 1990s, an estimated one million North Koreans died from hunger or hunger-related illnesses. One of the factors responsible for this calamity was three back-to-back years of natural disasters: two years of flooding followed by a year of drought. More significant, however, was the role of failed government policies and a stubborn refusal on Pyongyang's part to implement the types of economic reforms that outsiders deemed necessary to boost North Korea's food security.

Between 2000 and 2005, North Korea actually saw a steady improvement in the availability of food. According to Haggard, Noland, and Weeks, the development of food marketization as a coping strategy may help to explain this improvement. However, in 2005 these improvements reversed course when the government criminalized the private trade in grain. In addition, two years of heavy flooding in 2006 and 2007 once again devastated North Korea's grain harvest. As the World Food Programme (WFP) now reports, the country's food situation is once again becoming desperate, and its need for international

assistance is on the rise.

The WFP has launched an emergency operation that will continue into November 2009, but in terms of mobilizing the international community to come to North Korea's assistance, the WFP and other humanitarian agencies are encountering difficulties. For example, despite its international isolation, North Korea has not been immune to the rise in food prices seen elsewhere in the region (see Chapter 2). The WFP reports that the cost of rice in North Korea was as much as three times higher in June 2008 than it was the previous year. China and South Korea — North Korea's two largest bilateral food providers — are facing constraints of their own, such as domestic inflation and rising food prices, both of which make them reluctant to send help to this often ungrateful government. Moreover, South Korea's fertilizer donations, something upon which North Korean agriculture is heavily dependent, did not arrive in time for this year's planting season in May and June. All of this portends that 2009 will see the return of North Korea's other crisis.

Sources:

Stephan Haggard, Marcus Noland, and Erik Weeks, "Markets and Famine in North Korea," *Global Asia* 3, no. 2 (Summer 2008): 32-38, http://globalasia.org/pdf/issue6/v3n2_haggard.pdf.

World Food Programme, Emergency Assistance to Population Groups Affected by Floods and Rising Food and Fuel Prices, October 22, 2008, http://www.wfp.org/operations/current_operations/project_docs/107570.pdf.

The Six-Party Talks

The second North Korean nuclear crisis in 2002 provoked concerns that North Korea was pursuing a covert uranium-enrichment path to the development

**"THE BASIS FOR
INSTITUTIONALIZED REGIONAL SECURITY
COOPERATION IN NORTHEAST ASIA...
REMAINS MUCH MORE LIMITED."**

of nuclear weapons. The scope of multilaterally engaging North Korea was once again broadened, this time to include Japan and Russia. The resulting

Six-Party Talks were thus established — with China as the host and main facilitator — to mobilize all major regional stakeholders to cooperatively address the security challenges posed by North Korea's nuclear weapons pursuits. The Talks have been sporadic, periodically beset by delays resulting either from intractable disputes between the U.S. and North Korea, or by North Korea's desire to negotiate key issues directly with the U.S., thereby marginalizing the other parties. As a result, the U.S.'s decision to remove North Korea from the State Sponsors of Terrorism list in October 2008 in return for a relatively vague verification commitment has frustrated other Six-Party Talks participants. Japanese

February 2008

The New York Philharmonic Orchestra travels to Pyongyang to give an historic performance. The trip is widely hailed as a "cultural diplomacy" success.

March 2008

The new South Korean government of Lee Myung-bak signals a tougher stance toward its Northern counterpart.

April 2008

The UN World Food Programme (WFP) warns of another North Korean food crisis in the year ahead, saying that external assistance will be "urgently required" to avert a tragedy.

leaders had hoped, for example, that North Korea would do more to address the abduction and verification issues prior to any U.S. decision to remove North Korea from that list.

IMPLICATIONS FOR MULTILATERAL COOPERATION

The Six-Party Talks have arguably laid the foundation for a permanent Northeast Asian regional security mechanism. These Talks produced the September 19, 2005 Joint Statement, which identifies the core objective of denuclearizing the Korean Peninsula,

“IF THE SIX-PARTY TALKS WERE TO FAIL, IT IS NOT AT ALL CERTAIN WHETHER ANY OTHER ISSUE WOULD MOBILIZE THE SAME LEVEL OF REGIONAL DIALOGUE AND COOPERATION.”

provides a barebones, lowest-common-denominator set of principles that could form the basis for cooperation on regional political and security matters. These principles include the normalization of diplomatic relations among all six parties, economic development on the Korean peninsula, and the pursuit of a permanent peace regime as the basis for future cooperation. In this respect, the Joint Statement might be compared to the Helsinki Final Act, which provided the basis for institutionalization of security cooperation in Europe through the Committee on Security Cooperation in Europe (CSCE). However, the Joint Statement also provides a much narrower mandate for promoting regional cooperation than did the Helsinki Final Act. The basis for institutionalized regional security cooperation in Northeast Asia therefore remains much more limited than was the case in Europe in the 1970s.

The six parties formed a working group to establish a Northeast Asia Peace and Security Mechanism (NEAPSM) that would be a multilateral vehicle to promote regional security beyond settlement of the North Korean nuclear crisis. One proposal that has been discussed has been the establishment of a Charter for peace in Northeast Asia reaffirming commitments to peaceful resolution of international disputes would provide a symbolic affirmation of mutual commitment to promote cooperative

approaches to regional security.

Some regional analysts have argued that despite the Six-Party Talks’ provisional nature — with its sole focus on the North Korean nuclear issue — the establishment of the Six-Party Talks process constitutes Northeast Asia’s first institutionalized multilateral mechanism. They believe that the establishment of the Six-party Talks itself has had positive collateral influence in terms of promoting confidence building among the parties, developing habits of cooperation, providing venues for bilateral cooperation even in the context of strained political relations, and providing a vehicle for managing tensions related to the North Korean nuclear crisis.

The Six-Party Talks experience also suggests that there are significant obstacles to formalizing Northeast Asian regional dialogue. The Six-Party Talks’ narrow preoccupation with North Korea and the nuclear issue limits their capacity to address traditional and non-traditional regional security issues beyond North Korea. If the Six-Party Talks were to fail, it is not at all certain whether any other issue would mobilize the same level of regional dialogue and cooperation. Alternatively some analysts have suggested that a failure of the Six-Party Talks would necessitate a “Six minus One” formula that would proceed without North Korea. However, functional or non-traditional security issues can be addressed in other fora, and do not

“ALTHOUGH TRACK TWO EFFORTS HAVE PROMOTED MUTUAL UNDERSTANDING OF NORTHEAST ASIAN STATES’ RESPECTIVE POSITIONS, THESE DIALOGUE PROCESSES HAVE HAD LIMITED IMPACT IN OVERCOMING THE REGION’S CORE SECURITY DILEMMAS.”

have the same level of priority for the Six Parties as does the nuclear issue. Furthermore, it is difficult to imagine that Northeast Asia’s great powers would allow bilateral territorial or political disputes to be regionalized, even if those issues have spillover security effects on the rest of the region. (See, for example, the discussion of Northeast Asian maritime security disputes in Chapter 8.) By this logic, once the North Korean nuclear issue is no longer with us,

■ **June 2008**

North Korea provides a full declaration of its nuclear assets to a Chinese counterpart and demolishes the cooling tower at the site of the Yongbyon nuclear reactor.

■ **June 2008**

A South Korean tourist is shot dead by a North Korean soldier at Mount Kumgang.

■ **July 2008**

The Six-Party Talks hold an “informal” round of meetings on the sidelines of an ASEAN Regional Forum meeting in Singapore.

BOX 3: BUILDING CONFIDENCE IN NORTHEAST ASIA

The Stanley Foundation, in collaboration with the Asia Pacific Center for Security Studies, organized the United States-China-Japan Working Group on Trilateral Confidence- and Security-Building Measures (CSBMs). This group met three times — once each in Japan, China, and the U.S. — in 2007. In 2008, the group convened again in Hawaii, and generated the following key recommendations:

1) GIVE PRIORITY TO CSBM EFFORTS.

CSBMs reduce misperceptions, enhance communication, and provide venues for personal relationships among government officials, military officers, and scholars. Washington, Beijing, and Tokyo should engage in CSBMs through both top-down and bottom-up mechanisms.

2) TALK MORE, AT DIFFERENT LEVELS.

Establishing redundant channels of communication at all levels of the government hierarchy as well as keeping official channels open is a critical investment that all countries should proactively make in peacetime.

3) START WITH THE LOW-HANGING FRUIT.

Initially, CSBMs should focus on low-cost, easily implemented areas of collaboration. Although there are no “cost-free” CSBMs, the three powers should try to keep the costs of initial CSBMs low so that they are attractive for all three parties.

4) PROMOTE SPECIFIC ACTIONS.

Participants agreed on submitting a series of eight CSBM proposals to their respective governments. The proposals call for the establishment of:

- A trilateral strategic security dialogue.
- A working group to enhance joint humanitarian and natural disaster monitoring and response.
- A trilateral consultative mechanism to discuss maritime safety.
- A trilateral defense telephone link (DTL).
- A bilateral Japan-China Peacekeeping Operation Center (PKOC).
- Trilateral gaming simulations focusing on a fourth-party nontraditional security threat/crisis.
- Workshops to discuss standardization of information sharing.

Note: The recommendations are presented here in abbreviated version. To read the full report, visit www.stanleyfoundation.org/publications/report/TrilateralCSBM1108.pdf.

it is hard to imagine a security agenda that would successfully mobilize full and constructive participation by all six parties.

THINGS TO WATCH IN 2009 AND BEYOND

Given the urgency and protracted nature of the North Korean nuclear issue, it is unlikely in the near term that the task of building a Northeast Asia Peace and Security Mechanism will capture regional leaders' attention. Nevertheless, the need to address regional security issues beyond North Korea is still driving

“DEVELOPMENT OF MULTILATERAL COOPERATION IN NORTHEAST ASIA WILL CONTINUE TO BE ORGANIC, AD HOC, AND ISSUE-DRIVEN FOR THE TIME BEING, RATHER THAN DEVELOPING ACCORDING TO A GRAND BUREAUCRATIC PLAN FOR INSTITUTIONALIZATION.”

new forms of security dialogue among Northeast Asian states, most notably through the advancement of new forms of trilateral dialogue and cooperation. For instance, a first trilateral summit among Japanese, Chinese, and South Korean leader may soon be held independent of the ASEAN Plus Three (APT) meetings that have provided the venue for annual trilateral meetings since 2001. And in 2007, China proposed a trilateral meeting with the U.S. and Japan to address confidence building and military transparency, issues that are crucial to the security dilemmas among Northeast Asia's great powers. Although concerns about South Korea's reaction to the dialogue have caused hesitation on the U.S. side, a new presidential administration in Washington may consider moving forward with such an initiative.

There are also prospects of renewing the trilateral dialogue involving the United States and its alliance partners, Japan and South Korea. Established in the late 1990s, this dialogue was suspended in response to rising Japan-South Korea bilateral tensions. A China-U.S.-South Korea dialogue could also play an important role in shaping the future of the Korean peninsula. Since 2005, there has also been a U.S.-Japan-Australia trilateral dialogue. Building upon the intensified bilateral relationship between Northeast Asian states, these overlapping triangular dialogues

August 2008

The U.S. and South Korea meet to discuss increasing Seoul's financial share of supporting U.S. troops stationed on the Korean Peninsula. The two sides fail to reach an agreement.

September 2008

North Korean leader Kim Jong-il fails to appear at a military parade, prompting rumors of his deteriorating health. Pyongyang dismisses these rumors as “a conspiracy plot”.

September 2008

The IAEA says the North Korean government has removed the seals on its Yongbyon plant and that Pyongyang will cut off international access to the plant.

could play an important role in building a foundation and agenda for the institutionalization of regional security dialogue in Northeast Asia.

It remains to be seen how a new U.S. administration will approach the challenge of building a regional security architecture in Asia. The occasion of a new administration in the United States will offer an opportunity to promote greater U.S. engagement and leadership in Asian institution-building efforts, but as a practical matter it is likely to take some time for a new administration to get organized and determine its policy priorities toward North Korea and the region.

ROLE FOR TRACK TWO/CSCAP

Track Two efforts to promote and institutionalize Northeast Asian dialogue began in the early 1990s when the end of the Cold War raised concerns about the absence of regional dialogue in this important security complex. With its formation in 1993, CSCAP, through its North Pacific Working Group, played a useful and unique role as an inclusive regional dialogue mechanism. Subsequently, the (Track 1.5) Northeast Asia Cooperation Dialogue (NEACD), based at the University of California-San Diego, also encouraged habits of dialogue, cooperation, and consideration of mutual reassurance measures among Northeast Asia's great powers. Despite their early success, however, these initiatives are now faltering.

Although Track Two efforts have promoted mutual understanding of Northeast Asian states' respective positions, these dialogue processes have had limited impact in overcoming the region's core security

Talks. For instance, functional dialogue on pressing environmental issues is already taking place among Japan, China, and South Korea, but there is little motivation for other members of the Six-Party Talks to be involved. Since functional cooperation rarely conforms to pre-existing regional or geographic bounds, it has proven to be a weak basis upon which to institutionalize regional cooperation.

As new circumstances develop, it is likely that responses to the leading security challenges that emerge in Northeast Asia will be characterized by deepening cooperation. Development of multilateral cooperation in Northeast Asia will continue to be organic, ad hoc, and issue-driven for the time being, rather than developing according to a grand bureaucratic plan for institutionalization. The desirability and likelihood that a new institution will be established in the absence of a convergence of a common purpose, interests, and norms for operation remains low for now, but the ingredients for the eventual evolution of broader multilateral security cooperation exist, and may offer potential for development in the longer term.

ABOUT THE AUTHOR

Scott Snyder is a Senior Associate in the Asia Foundation's International Relations program, and a Senior Associate of the Pacific Forum at the Center for Strategic and International Studies (CSIS).

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dilemmas. One avenue that may prove productive is to foster functionally-oriented dialogue processes and institutional mechanisms. But functional or non-traditional security issues may be addressed in other fora and do not inherently capture the same level of priority among participants in the Six-Party

September 2008

The newly sworn-in Japan Prime Minister, Taro Aso, says he supports the reinterpretation of Japan's constitution to allow for the exercise of collective self-defense.

October 2008

The U.S. removes North Korea from the State Sponsors of Terrorism List and ends its inclusion on the Trading with the Enemy Act.

October 2008

The North Korean government restores UN monitors' access to its Yongbyon nuclear site, including the plant used to reprocess plutonium.



Rough Waters: Calming Northeast Asia's Maritime Disputes

8

Keyuan Zou¹

ISSUE BACKGROUND

Maritime disputes have been a persistent feature of the Northeast Asia's security landscape. These disputes are of three main types: territorial disputes over small islets, maritime boundary delimitation between adjacent and/or opposite coastal states, and the allocation and sustainable use of marine resources. Attempts at resolving these issues are complicated by the presence of Northeast Asia's intense nationalistic passions, and the absence of a regional organization that can facilitate their peaceful settlement. Nevertheless, valuable lessons can be gleaned from Southeast Asia's success in resolving its own maritime disputes.

Competing Territorial Claims

Northeast Asia's two most prominent territorial disputes are the South Korea-Japan dispute over the Dok-do/Takeshima islands and the China-Japan dispute over the Diaoyu/Senkaku islands. These disputes, which involve tiny islets that have little inherent material or strategic value, are a legacy of the pre-World War II period of Japanese imperialism and colonialism. Because of these historical implications, they ignite fierce nationalistic passions on all sides, especially among the Chinese and South Korean publics. Beijing, Tokyo, and Seoul persist in maintaining zero-sum positions in asserting their

sovereignty over these islands, thereby making the prospect of a solution in either highly implausible.

Establishing Maritime Boundaries

Disputes over Northeast Asian maritime boundaries arose shortly after the concept of maritime boundary delimitation became firmly established as a rule

“...VARYING LEGAL POSITIONS ON BOUNDARY DELIMITATION — STATE PRACTICE, INTERNATIONAL COURT OF JUSTICE (ICJ) JURISPRUDENCE, AND AD HOC TRIBUNALS — HAVE BEEN USED BY DISPUTING STATES.”

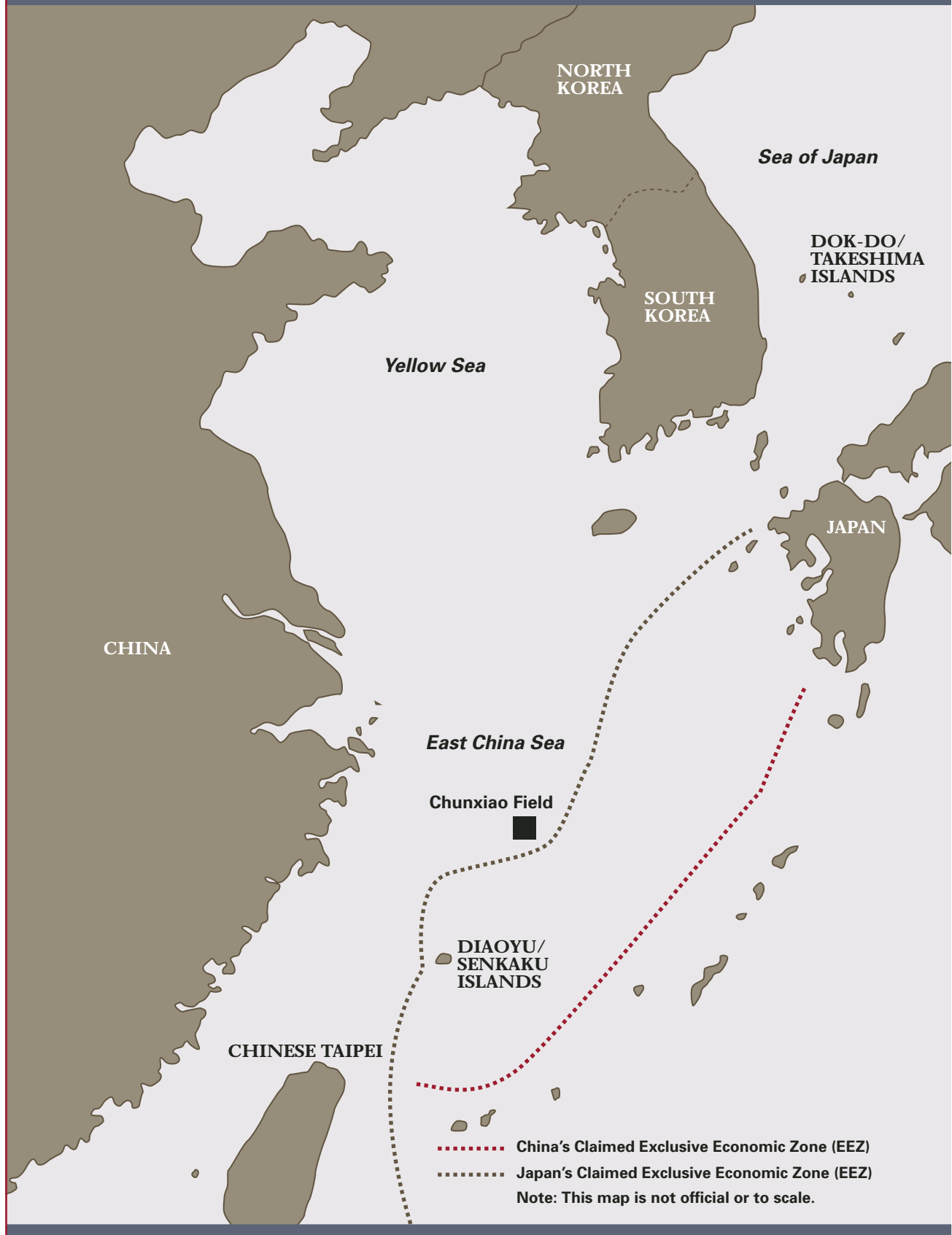
within customary and conventional international law. Since the United Nations Convention on the Law of the Sea (LOS Convention) entered into force in 1982, the situation surrounding these disputes has become more complex. The Convention allows coastal states to extend their territorial sea to twelve nautical miles, and to extend the continental shelf and exclusive economic zone (EEZ) to two hundred nautical miles from the base-lines from where the territorial sea is measured. Where the continental margin of a state extends beyond two hundred nautical miles, jurisdiction can be claimed to a

■ **March 2004**
Japanese police arrest six Chinese activists who land on the Senkaku/Diaoyu islands, triggering anti-Japanese protests in the PRC and leading to the cancellation of bilateral talks on a UN maritime treaty.

■ **June 2004**
China proposes jointly developing the East China Sea's carbon resources.

■ **July 2004**
In response to Chinese activity in the area, Japan begins exploring the waters east of the median line between the two countries (what it considers the demarcation line for their respective Exclusive Economic Zones), in search of natural gas.

NORTHEAST ASIA'S MARITIME DISPUTES



July 2004

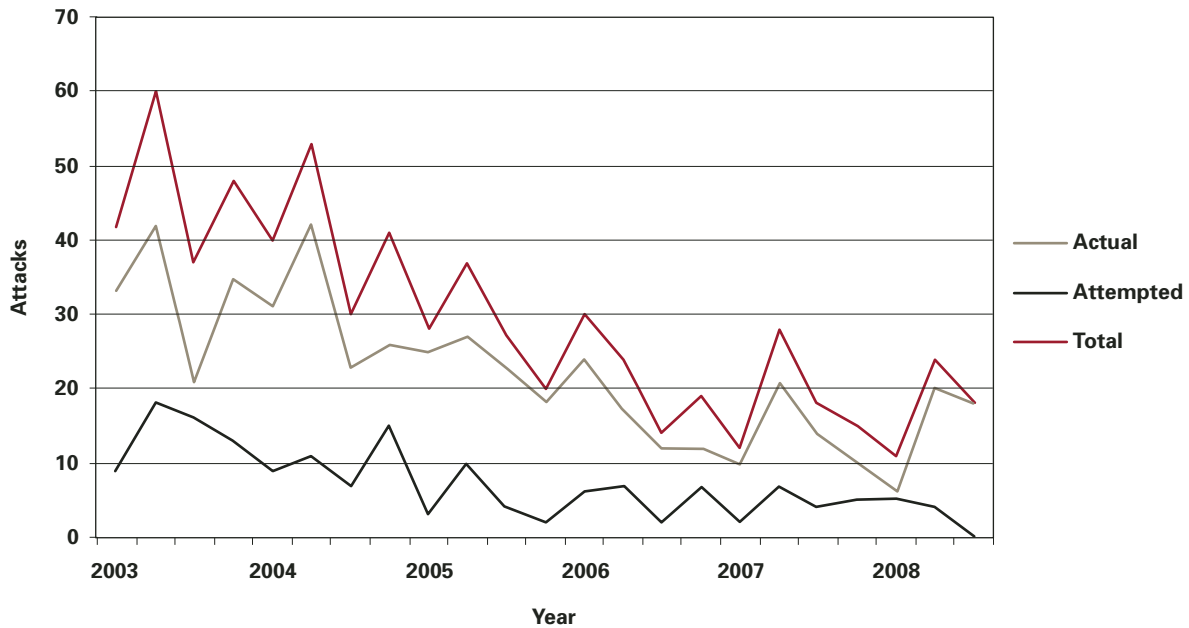
A group of Chinese activists protest in front of the Japanese Embassy in Beijing over Japan's exploration activities in the area of the Diaoyu/Senkaku Islands.

November 2004

Japanese authorities suspect a Chinese nuclear-powered submarine of entering its territorial waters. The Self-Defense Forces go on alert and pursue the submarine with a destroyer and patrol plane.

February 2005

Shimane Prefecture in Japan declares a "Takeshima" day.



MARITIME SECURITY IN SOUTHEAST ASIA

Unlike Northeast Asia, where maritime security issues are primarily driven by resource and sovereignty concerns, Southeast Asia generally faces different types of maritime threats. One such threat is armed piracy. The *Southeast Asia Maritime Security Review* shows that when considered over a five-year period, the total number of armed piracy attacks has actually been declining. The authors of the report note that theft and/or robbery are

the main motivation for these attacks, with knives rather than firearms being the weapon of choice for most perpetrators. About half of these attacks occurred in Indonesian waters, a finding that is consistent with previous trends. The authors also caution, however, against too much optimism and complacency, as many regional pirates may be lying in wait for a more opportune time to launch their attacks.

See Joshua Ho, ed., *Southeast Asia Maritime Security Review, 3rd Quarter 2008*. Quarterly reports can be found at http://www.rsis.edu.sg/research/Asia_Pacific_Maritime_Security.html

maximum either of 350 miles, or one hundred nautical miles seaward of the 2,500 metre isobath.²

Two factors have made agreement on maritime boundaries in Northeast Asia difficult. The first is the disputes over the Diaoyu/Senkaku and Dok-do/Takeshima islands. The second is that varying legal positions on boundary delimitation — state practice, International Court of Justice (ICJ) jurisprudence, and ad hoc tribunals — have been used by disputing states. For example, in the case of the East China Sea, China has stated that it would adhere to the principle of natural prolongation to delimit the continental shelf with Japan. Japan, by contrast,

insists on the median line to delimit the continental shelf and EEZ with China.

With the exception of maritime boundaries between North Korea and Russia and between Japan and South Korea in the Korea Strait,³ no other agreement on maritime boundary delimitation has been reached in Northeast Asia, despite many years of negotiations and consultations.⁴ Some general principles have reportedly been reached between China and South Korea, but such principled agreements have not resulted in significant progress.⁵ Coastal states enjoy only sovereign rights and jurisdiction, rather than sovereignty, over

February 2005

Japan places a lighthouse built on one of Diaoyu/Senkaku Islands under state control and protection, prompting Chinese officials to label the move a “serious provocation and violation of Chinese national territory”.

March 2005

South Koreans demonstrate in Seoul after Japan steps up its claim to the Dok-do/Takeshima islands. Some protesters cut off their own fingers and others set themselves on fire.

September 2005

Five Chinese naval vessels, including a guided missile destroyer, are reportedly seen near the Chunxiao/Shirakaba gas field.

continental shelf and EEZ resources. However, these two maritime zones are also critically important if they contain or are believed to contain abundant natural resources.

Competition for Marine Resources

The third type of conflict concerns the allocation and sustainable use of marine resources. In the case of living marine resources, these cases have been more amenable to agreement among Northeast Asian states, including the 1997 China-Japan Fishery Agreement, the 1998 Japan-South Korea Fishery Agreement and the 2000 China-South Korea Fishery Agreement. These agreements were designed to manage fishery resources in the East China Sea, the Yellow Sea, and the Sea of Japan. Accordingly, joint fishery management zones have been established and maintained.

With respect to the management and development of non-living resources, particularly oil and gas, the situation has been somewhat more complicated. In 1974, Japan and South Korea reached an agreement on joint development of oil and gas in the East China Sea. But this agreement prompted strong protests from China regarding fisheries agreements reached between these two countries. Since it concerns a third party's interests in the same maritime area, implementation of the agreement has been virtually paralyzed.

In recent years, China and Japan have had disputes over the Chunxiao gas and oil field, which is located five kilometres from Japan's unilaterally claimed median line in the East China Sea. This dispute was partially resolved in June 2008 by an agreement in principle, which stipulated that a joint development zone would be created in the East China Sea. Under this agreement, Japanese enterprises would be allowed to participate in developing the Chunxiao gas and oil field according to Chinese laws.⁶ However, this agreement is only *in principle*. A formal treaty will be required to actually put it into effect. It should be noted that the conclusion of this agreement is consistent with the spirit and provisions of the LOS Convention, which encourages states concerned to work out provisional measures, including joint development agreements, pending the settlement of their maritime boundary. Another notable agreement which escaped international attention (because it

has not yet been released to the general public) is the 2005 Agreement on Joint Development of Offshore Petroleum between China and North Korea.⁷

IMPLICATIONS FOR MULTILATERAL COOPERATION: LESSONS FROM THE SOUTH CHINA SEA EXPERIENCE

A comparison between the Northeast Asian and Southeast Asian approaches to maritime dispute settlement reveals more differences than similarities.⁸ Both regions have joint development and fisheries management agreements, and

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governments in both regions state their willingness to resolve maritime disputes in a peaceful manner and in accordance with international law, particularly the LOS Convention. But the differences in their approaches are instructive in terms of possible windows for constructive multilateral cooperation.

One of the most obvious differences is that Northeast Asia has the **reality of divided nations**: the Korean Peninsula is split into northern and southern halves. Maritime disputes over islands and marine resources around the Northern Limit Line (NLL) between North and South Korea emerged from such a divide. The Chinese Taipei factor affects the settlement of maritime disputes between China and Japan, as well as between China and the Philippines.

A second difference is that unlike Southeast Asia, **Northeast Asia has no regional organization such as the Association of Southeast Asian Nations (ASEAN) to facilitate the settlement of maritime disputes**. ASEAN has played an active role in defusing tensions and even helping resolve disputes between member states. Without ASEAN, China and ASEAN members would likely not have reached the milestone document, the Declaration on the Conduct of the Parties in the South China Sea in 2002,⁹ which aimed to ease tension, maintain peace, and promote cooperation in the South China Sea. With further regional integration, a similar organization could be

April 2006

Japan announces plans to conduct a maritime security survey near the disputed islands. Seoul sends 20 patrol boats to the area and vows to use physical force if Japan proceeds with the survey.

May 2006

Japan and China agree to arrange a meeting between their foreign ministers to resume talks over the Chunxiao/Shirakaba gas field.

February 2007

A Chinese marine research ship is spotted near Diaoyu/Senkaku Islands in what Japan considers its territorial waters.

BOX 1: CSCAP'S ROLE IN FACILITATING REGIONAL MARITIME SECURITY COOPERATION

CSCAP, as a regional Track Two organization, has a long and solid record of focusing attention on regional maritime security issues. Through its study groups, it has sought to effect regional maritime cooperation at the Track One (official) level.

The CSCAP study groups have produced several CSCAP memoranda over the years that have been put forward to the ARF. The issues covered include Cooperation for Law and Order at Sea (CSCAP Memorandum No. 5), the Practice of the Law of the Sea in the Asia Pacific (CSCAP Memorandum No. 6), Seaborne Trade and the Maritime Regime (CSCAP Memorandum No. 8), and Maritime Knowledge and Awareness (CSCAP Memorandum No. 12). Two encouraging signs of Track One's receptivity to the work of these study groups are the recent establishment of an ASEAN Regional Forum (ARF) Inter-Sessional Meeting on Maritime Security, and the establishment of an Association of Southeast Asian Nations (ASEAN) Maritime Forum.

Upon concluding its activities in April 2008, the CSCAP Study Group on Facilitating Maritime Cooperation in the Asia Pacific produced *CSCAP Memorandum 13: Guidelines for Maritime Cooperation in Enclosed and Semi-Enclosed Seas and Similar Sea Areas of the Asia Pacific* (such seas include the Sea of Japan, Yellow Sea, and East China Sea). The document puts forward several fundamental principles that are relevant to furthering maritime cooperation among Northeast Asian states. For

example, the Memorandum suggests cooperation in the following areas: providing humanitarian assistance, conducting search and rescue (SAR) operations, engaging in contingency planning (in cases of oil spills or other type of major maritime disaster), and consulting each other on the protection and preservation of the marine environment and the management and sustainable use of marine living resources. Furthermore, it identifies three Provisional Arrangements (Guidelines 26 – 28) that should facilitate cooperation despite the existence of maritime disputes:

26. Littoral states are encouraged to consider entering into provisional arrangements of a practical nature in areas of overlapping claims in accordance with UNCLOS Articles 74 and 83; and should seek to reach agreement on the sharing of resources in areas of overlapping claims or the resources accruing therefrom in an equitable manner, bearing in mind relevant state practice in the Asia Pacific.
27. Littoral states which cooperate in areas of overlapping claims have the right to declare that their cooperation shall not prejudice or diminish in any manner whatsoever their position with respect to existing sovereignty and maritime boundary claims.
28. Littoral states are free to declare that their cooperation with other states in areas of overlapping claims does not constitute any form of recognition of the legitimacy of the sovereignty claims or maritime boundary of other states in the overlapping area.

To read the full text of CSCAP Memorandum 13, see

<http://www.cscap.org/index.php?page=facilitating-maritime-security-cooperation-in-the-asia-pacific>.

formulated in Northeast Asia. Beijing, Tokyo, and Seoul should consider using the China-Japan-South Korea Trilateral Summit for these purposes.

Third, **Southeast Asian nations are more inclined than their Northeast Asian counterparts to resort to international judiciary to settle maritime disputes.** Southeast Asian practice is illustrated by recent cases such as the *Sovereignty over Pulau Litigan and Pulau Sipadan (Malaysia/Indonesia)* (1998-2002) and the *Sovereignty over Pedra Branca, Middle Rocks and South Ledge (Malaysia/Singapore)* (2003-2008) before the International Court of Justice (ICJ), and the *Case concerning Land Reclamation*

by Singapore in and around the Straits of Johor (Malaysia v. Singapore) (2003) before the International Tribunal for the Law of the Sea. By contrast, none of Northeast Asia's maritime disputes has ever been submitted to international courts, as they clearly prefer bilateral negotiations. This is especially true in the case of China. In light of Southeast Asia's success with international adjudication and arbitration, Northeast Asian states should re-consider their heavy preference for bilateral negotiations only.

Finally, **Southeast Asia's existing maritime boundary delimitation agreements can serve as an**

December 2007

Japan and China discuss increasing cooperation on environmental issues and nuclear fission, in what is described as a context of warming relations. They do not resolve the dispute over maritime gas fields.

May 2008

China and Japan sign a "landmark" deal agreeing to a "new starting point" in bilateral relations following summit talks in Tokyo. Fukuda says there is a solution in sight for the issue of developing resources in East China Sea.

June 2008

China and Japan strike a deal for joint development of the Chunxiao/Shirakaba gas field in the East China Sea. According to the deal, Japanese private sector firms will take part in a Chinese project to develop the fields.

example for Northeast Asian states to follow. The China-South Korea Joint Communiqué, issued in August 2008, recognized that the settlement of their maritime boundary was important for the long-term development of their bilateral relations.¹⁰ The boundary delimitation agreement of 2000 between China and Vietnam regarding the Gulf of Tonkin could serve as a point of reference to Beijing and Seoul in settlement of their maritime boundary in the Yellow Sea.

ROLE FOR TRACK TWO/CSCAP

CSCAP can play a positive role in facilitating the settlement of Northeast Asia's maritime disputes. As a Track Two mechanism, CSCAP has become

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established as a forum for East Asian States to discuss and seek solutions to issues of common interest and concern. CSCAP could expand its role in promoting the rule of law in East Asia as a way to generally heighten the legal awareness of the region's citizens and governments. Any increase in legal awareness could open the window of opportunity for disputing states to refine their positions in light of internationally accepted norms. Failing this, they may at least feel more inclined to submit their maritime disputes to international adjudicative or arbitral bodies for settlement in the event that negotiations have failed.

In addition, CSCAP could call for the states concerned to review their respective baselines, which are at least partially excessive according to the LOS Convention. To support this process, they could establish a study group of experts to help disputing Northeast Asian states roll back from their excessive maritime claims.

ABOUT THE AUTHOR

Dr. Zou Keyuan is the Harris Professor of International Law, Lancashire Law School, University of Central

Lancashire, Preston, United Kingdom.

¹ The views expressed in this paper are solely those of the author.

² While the concept of the continental shelf can be traced back to 1945, the exclusive economic zone (EEZ) was very much a creation of the Convention. States have claimed extensive fisheries zones since as early as 1946. Disputes over maritime jurisdiction were therefore inevitable — one consequence being that otherwise unimportant islands have become relevant in the extension of further maritime space for claimant coastal states, and hence disputes over such features.

³ For further information, see the website of the UN Division for Ocean Affairs and the Law of the Sea, Maritime Space: Maritime Zones and Maritime Delimitation, “Asia/South Pacific,” <http://www.un.org/Depts/los/LEGISLATIONANDTREATIES/asia.htm>.

⁴ As of March 2007, seven meetings were held between Japan and South Korea and eleven between China and South Korea. See <http://www.mofat.go.kr/english/econtrade/environmentenergy/issues/index3.jsp?TabMenu=TabMenu3>.

⁵ The 13th meeting between China and South Korea was held in Qingdao, China on July 4, 2008.

⁶ For the full agreement, see “Japan, China Reach Principled Agreement on East China Sea Issue,” *Xinhua*, June 18, 2008, http://www.chinadaily.com.cn/china/2008-06/18/content_6774860.htm.

⁷ “China, North Korea Agree on Joint Offshore Oil Exploitation,” *Kuwait News Agency*, December 25, 2005, <http://www.kuna.net.kw/NewsAgenciesPublicSite/ArticleDetails.aspx?Language=en&id=1628024>.

⁸ For a useful study of Southeast Asia's success in managing its maritime disputes, see Hasjim Djalal and Ian Townsend-Gault, “Managing Potential Conflicts in the South China Sea: Informal Diplomacy for Conflict Prevention,” in *Herding Cats: Multiparty Mediation in a Complex World*, ed. Chester A. Crocker, Fen Olser Hampson and Pamela Hall (Washington, D.C.: United States Institute of Peace, 1999), 107-133.

⁹ Association of Southeast Asian Nations (ASEAN), *Declaration on the Conduct of Parties in the South China Sea*, <http://www.aseansec.org/13163.htm>.

¹⁰ See “the China-South Korea Joint Communiqué”, *People's Daily* (in Chinese), August 26, 2008, p.3.

July 2008

South Korean Prime Minister Han Seung Soo becomes the first sitting South Korean prime minister to visit the Dok-do/Takeshima Islands.

July 2008

South Korea recalls its ambassador to Japan after the latter renewed claims to the Dok-do/Takeshima islands. It also beefs up security measures after Japan refers to the islands as Japanese territory in school textbooks.

June 2008

Japanese frigate hits and sinks a Chinese Taipei fishing boat near Senkaku/Diaoyu islands, provoking protests in both Beijing and Taipei.

WATCHING BRIEF: UPDATE ON 2007 CRSO ISSUES

The following are highlights of the eight security issues that were featured in the 2007 CSCAP Regional Security Outlook:

1) **Northeast Asia/Korean Peninsula: Inching towards Denuclearization**

The year 2008 was another back-and-forth in multilateral engagement of North Korea. By the end of 2007, Pyongyang had agreed to begin disabling three nuclear facilities and to make a full declaration of its nuclear program. But the deadline for this declaration passed without North Korea having fulfilled this commitment. The regime finally complied in June 2008, at China's urging. But soon thereafter, Pyongyang accused the U.S. of not holding up its end of the deal, and announced it was preparing to restart its Yongbyon nuclear reactor. In October, the U.S. removed North Korea from the State Sponsors of Terrorism list, and in exchange, Pyongyang allowed international inspectors full access to its nuclear sites. (See Chapter 7 of this volume.)

2) **Nuclearizing Asia: Continued Concerns over the Non-Proliferation Regime**

The U.S.-India civilian nuclear deal, once thought left for dead, was revived in mid-2008 when the Indian Parliament approved the deal and U.S. President Bush signed it in October. The Nuclear Suppliers Group (NSG) agreed to exempt India from its rules, thereby allowing other NSG members to engage in civilian nuclear cooperation with India. To critics, the deal undermines the U.S.'s official stance of trying to prevent nuclear proliferation. In September, the International Atomic Energy Agency (IAEA) criticized Iran, saying that country had not yet cleared up questions about a possible military dimension to its nuclear energy program. By late October 2008, North Korea's denuclearization process seemed to be on track. (See chapter x of this volume regarding momentum for peaceful nuclear energy.)

3) **Terrorism and Insurgency in SE Asia: Limited Progress towards Resolution**

In May, Malaysia announced that it would withdraw its peacekeepers from the International Monitoring Team (IMT) that had been trying to bring about a resolution of the conflict in the southern Philippines. The International Crisis Group (ICG) reported that same month that "heavy-handed offensives" against the Abu Sayyaf Group were spilling over into Moro National Liberation Front communities, pushing insurgents to cooperate more closely with terrorists rather than with the government. In August, prospects for peace began looking brighter as an agreement on Ancestral Domain had been drawn up. However, just one month later the agreement was in a shambles when the Supreme Court blocked its ratification. Almost immediately, violence broke out in Mindanao.

In September, Indonesian-mediated talks between the Thai government and the Muslim insurgents in Thailand's 'deep south' resulted in an agreement by both sides to settle their dispute through dialogue and in line with the Thai constitution. Nevertheless, a series of bomb blasts in Narathiwat on November 4 killed one person and injured at least 71 more. In Indonesia, the execution of three of the Bali bombers could come as early as November 2008. The bombers stated that they hoped their executions would trigger 'revenge attacks'. Shortly after their execution was announced, the U.S. and Australian embassies in Jakarta received bomb threats.

4) **Avian Influenza: Continued Warning Signals**

In March, the UN Food and Agriculture Organization (FAO) said that Indonesia needed more assistance in combating the bird flu, as that country's human death toll to the disease surpassed 100. In April, tests revealed that a man in China most likely caught the disease from his dying son, prompting fears that the virus was evolving the capability to pass from

human-to-human, though later studies failed to confirm that. In April, Indian authorities ordered the culling of 40,000 birds after an outbreak was discovered there.

5) **Climate Change: Protracted Stalling and Little Optimism**

In December 2007, the UN Climate Change Conference was held in Bali. The conference was extended an extra day in order to allow delegates to agree on a “roadmap” for dealing with climate change. In July 2008, leaders at the G8 summit in Japan agreed on a “shared vision” to fight climate change. But despite referring to climate change as “one of the great global challenges of our time,” the agreement stopped short of placing firm targets on greenhouse gas emissions. Furthermore, India and China, non-members of the G8, are reported to have dismissed a target of cutting emissions in half by the year 2050. Many now fear that the present financial crisis will further sideline international efforts to reach a promising agreement on halting or slowing climate change.

6) **Asian Peacekeeping and Peacebuilding: Minor Steps Forward**

In February, the United Nations extended UNMIT (UN Integrated Mission in Timor-Leste) for another year, citing that nation’s fragile security and humanitarian situation. The decision came just two weeks after the attempted assassination of East Timor President Jose Ramos-Horta. In July, UN Secretary-General Ban Ki-Moon urged China to increase its funding and troop contributions to UN peacekeeping missions in order to make that country’s peacekeeping commitments more consistent with its growing economic and political clout. Malaysia and Australia agreed to collaborate in offering training programs to regional armies wishing to participate in UN peacekeeping. In September, Mongolia hosted multinational drills — described as ‘small but symbolic’ — aimed at improving peacekeeping operations.

7) **Instability in Oceania: Little Progress on Governance and Human Security**

Fiji’s Prime Minister, who took power in a coup in December 2006, boycotted the Pacific Islands Forum summit in August, drawing sharp criticism by some other Forum members. Bainimarama also complained that Fiji was being pressured to return to democracy too quickly. He had pledged to hold elections in March 2009, but has since said that Fiji will need at least another 15 months to establish a new electoral system.

Transparency International reported in July that the breakdown of law and order in Papua New Guinea was worsening, due in large part to public dissatisfaction with government corruption. And in the Solomon Islands, the Australian-led Regional Assistance Mission to the Solomon Islands (RAMSI) marked its 5th anniversary in July. A survey by the Australian National University (ANU) showed a slight drop in public support for the mission, although 86% of Solomon Islanders still approved of the mission. High food and fuel prices have hit island nations hard, as they are small, underdeveloped, and physically isolated, and therefore depend heavily on imports of food and fuel.

8) **Conflicts on the Periphery: Debated Progress and Heightened Concerns**

In the second half of 2008, the security situation in Iraq appeared to be improving, while the situation in Afghanistan and Pakistan continued to deteriorate. The assassination of Pakistani politician Benazir Bhutto in December 2007, the resignation of Pervez Musharraf in August, and the intensified insurgency along the Pakistan-Afghan border have raised serious international concern over the political stability of Pakistan. In Afghanistan, US troop levels are to increase, while debate centres on negotiation with the Taliban. A new U.S. presidential administration may augur a drawdown from Iraq and a renewed and reinvigorated commitment to the situation in Afghanistan.

ABBREVIATIONS:

AADMER	– ASEAN Agreement on Disaster Management and Emergency Response
AERR	– ASEAN Emergency Rice Reserve
APC - MADRO	– Asia Pacific Conference for Military Assistance to Disaster Relief Operations
APEC	– Asia-Pacific Economic Cooperation
APT	– ASEAN Plus Three
ARF	– ASEAN Regional Forum
ASAT	– Anti-Satellite Test
ASEAN	– Association of Southeast Asian Nations
CSCAP	– Council for the Security Cooperation in the Asia Pacific
CSCE	– Committee on Security Cooperation in Europe
EAERR	– East Asia Emergency Rice Reserve
EEZ	– Exclusive Economic Zone
EWS	– Early Warning System
FAO	– (UN) Food and Agriculture Organization
IAEA	– International Atomic Energy Agency
ICG	– International Crisis Group
ICJ	– International Court of Justice
IDP	– Internally Displaced Person
IDRL	– (IFRC) International Disaster Response Laws, Rules and Principles
IFPRI	– International Food Policy Research Institute
IFRC	– International Federation of Red Cross and Red Crescent Societies
KEDO	– Korean Peninsula Energy Development Organization
MSF	– Medecins sans Frontieres
NEACD	– Northeast Asia Cooperation Dialogue
NLD	– (Myanmar) National League for Democracy
NLL	– Northern Limit Line
NNWS	– Non-Nuclear Weapons State
NPT	– Nuclear Non-Proliferation Treaty
NSG	– Nuclear Suppliers Group
NWS	– Nuclear Weapons State
PDP	– (Thailand) Power Development Plan
PLA	– (Chinese) People's Liberation Army
R2P	– Responsibility to Protect
SAARC	– South Asian Association for Regional Cooperation
SAR	– Search and Rescue
SEANWFZ	– Southeast Asia Nuclear Weapon-Free Zone
SOPAC	– South Pacific Applied Geoscience Commission
TCG	– Tripartite Core Group
UNESCAP	– UN Economic and Social Commission for Asia
UNOCHA	– UN Office for the Coordination of Humanitarian Affairs
UNODC	– UN Office on Drugs and Crime
UNSCR	– UN Security Council Resolution
WFP	– World Food Programme
WMD	– Weapons of Mass Destruction
XCXG	– (CSCAP) Export Controls Experts Group

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