

# Backgrounder

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## Asia's Security Challenges

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Regrettably, 2005—the Year of the Rooster—is likely to be as challenging to Asian security as 2004 proved to be. On the upside for the region, 11 Asian countries held elections in 2004, consolidating democratic transitions in places such as Indonesia. Japan continued to redefine and expand its international security role and strengthened its alliance with the United States. The India–Pakistan cease-fire in Kashmir held. The U.S.-led relief effort after the tsunami in the Indian Ocean was rapid and effective, demonstrating the importance of the American role in the region.

On the downside, North Korea announced that it has nuclear weapons and has been reluctant to return to the negotiating table. The direction of China's rise, including its relations with Taiwan, remains uncertain. The peace on the Indian subcontinent remains fragile. Burma continues to be a regional problem. The insurgencies in Sri Lanka and Indonesia are likely to continue, and the Nepal government may fall to Maoist rebels. Finally, terrorism continues to be a worry across the region.

### North Korea

The most pressing Asian security issue in 2005 will be North Korea. North Korea's continued pursuit of nuclear weapons threatens the hard-won stability on the Korean peninsula as well as global non-proliferation regimes. Pyongyang's declaration in February that it possesses nuclear weapons and its demands for bilateral talks with the United States are classic exam-

### Talking Points

- The most immediate and pressing security challenge in Northeast Asia continues to be North Korea's pursuit of illicit nuclear weapons.
- China's new territorial assertiveness against Japan in the South China Sea and its continued military threats against Taiwan are magnified by its willingness to use its economic and trade clout to gain political concessions.
- The U.S. should revive the FBI's investigations of the Timika murders. Bringing the murderers to justice is in the best interests of both Indonesia and the United States.
- The U.S. should maintain its arms embargo on Nepal until democratic processes are restored. Since the king dissolved the government, human rights abuses have increased dramatically.

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ples of North Korean brinkmanship and attempts to stall the six-party talks.<sup>1</sup>

In October 2002, North Korea admitted to U.S. officials that it was pursuing a uranium-based nuclear weapons program in violation of several international agreements, including the 1994 Agreed Framework with the United States and the Nuclear Nonproliferation Treaty (NPT). In December 2002, the Korean Peninsula Energy Development Organization suspended fuel oil shipments to North Korea under the Agreed Framework. North Korea responded by expelling United Nations inspectors from its nuclear facility at Yongbyon, restarting its reactors, and abandoning the NPT. Since then, the six-party talks have met three times, most recently in June 2004, when the United States introduced a concrete proposal that called for a full accounting of North Korea's nuclear programs and for dismantling them in exchange for energy and other economic assistance.

Pyongyang continues to delay its response to this proposal while its domestic economy remains crippled. North Korea's severe and chronic economic problems increase the likelihood that the regime will export weapons of mass destruction, ballistic missiles, and associated technologies. North Korea's other illicit activities, such as counterfeiting and narcotics trafficking, also pose challenges to Asia. Finally, the regime's brutal repression of its own people, along with economic deprivation, has caused a flood of refugees seeking refuge in China and other countries in the region.

In the coming months, the other five members of the six-party talks should set a deadline for North Korea's participation. If Pyongyang refuses to participate, the matter should be taken to the U.N. This could lead eventually to a U.N. Security Council resolution condemning North Korea's behavior, as well as to U.N. sanctions. Ultimately, the North Korean nuclear issue will have to be resolved by a multi-nation coalition that agrees that nuclear weapons on the Korean peninsula are a threat to regional and global peace and stability.

## The Tsunami

Another major concern for much of Asia—and for much of the world—in 2005 will be dealing with the aftermath of the earthquake and tsunami that struck the countries along the Indian Ocean at the end of 2004. Disease and malnutrition almost inevitably increase the death toll, which will likely exceed 200,000, making the tsunami one of the world's worst natural catastrophes.

The affected countries, from Indonesia to Africa's east coast, must now focus on caring for the homeless, the orphans, and the sick; reconstructing towns and villages; rebuilding infrastructure; and finding employment opportunities for those whose livelihoods were destroyed. Most of the world's developed nations have generously pledged assistance. Those donor countries that could—chiefly the United States and Australia—sent military forces to the region to help distribute supplies, transport the injured, and establish field hospitals, among many other humanitarian efforts. Indeed, ensuring that the assistance pouring into the region is used as effectively as possible presents a significant challenge to the recipient nations.

An important lesson to be learned from the disaster is that alliances matter. Building on decades of American diplomacy and engagement and military-to-military contacts in Asia, the Bush Administration acted immediately after the tsunami to form a core donor group to coordinate worldwide relief efforts. This group included American allies Australia and Japan, joined by India, a country with a rapidly growing security relationship with the United States. South Korea and Singapore contributed early and generously to tsunami relief, and even the typhoon-stricken Philippines sent aid workers. Thailand, another American ally, offered critical airbases for the regional effort, even though it too had been hit hard by the tsunami. In contrast, China and her allies Burma and North Korea made no substantial contributions to tsunami relief and even acted to obstruct assistance efforts.

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1. The other five parties are the United States, South Korea, Japan, China, and Russia.

China justified its paltry initial offer of \$2.6 million four days after the tsunami disaster by claiming to be a “developing country” and declaring that its contribution was the equivalent of “the annual income of 20,000 [Chinese] farmers.”<sup>2</sup> Beijing grudgingly upped its pledge to \$15 million and then to \$60 million, with another \$20 million pledged at the Donors’ Summit on January 6 in Jakarta. However, China’s overall commitment to tsunami reconstruction ranks well below those of other major economies. (Germany pledged more than \$500 million, and Japan over \$350 million.) Meanwhile, China pressured the stricken nations to bar Taiwan’s delegates from the donor conference, despite Taiwan’s commitment of \$50 million.

In the end, the assessment of virtually all observers was that China’s response had been less than expected for a country that receives \$50 billion per year in foreign direct investment and has a \$51 billion defense budget. Even China’s miserly commitment of \$80 million should be regarded with some skepticism. China promised \$150 million to Afghanistan’s reconstruction in 2002, but so far the Chinese media have reported less than \$40 million of “in-kind” aid. International aid groups doubt that the Chinese have contributed even that.

Burma, which lay in the path of the tsunami, at first denied that it had suffered any casualties and then later admitted that there were some deaths and displaced people. A coordination group of humanitarian non-governmental organizations was not allowed to visit Burma until almost two weeks after the tsunami. The coordinating group estimated that there had been almost 100 deaths, with another 10,000 to 15,000 people affected or displaced. For its part, North Korea pledged \$150,000 to tsunami disaster relief.

The natural disaster’s effect on regional security has been mixed so far and doubtlessly will change as the year unfolds. The tsunami did not change the

political goals of the various regional combatants, and the huge loss of life did not provide them with sufficient justification to compromise.

## Japan

In 2005, Japan will continue to redefine and expand its military role. Since 2004, Japan has taken unprecedented steps toward a more active role in international security, garnering attention and some concern in the region. This trend is a result of a number of factors, including the disappointment of the “checkbook diplomacy” pursued by Japan during the Gulf War in 1991 and the rapidly changing regional security environment. China’s rapidly growing economic and military strength and North Korea’s pursuit of nuclear weapons and development of ballistic missiles—including launching a test missile over Japan in 1998—have contributed to a grave sense of insecurity.<sup>3</sup>

Japan’s defense and military capabilities are strictly limited by the country’s constitution, and a pacifist adherence to constitutional limitations has served Japan well in the past, given the U.S. security guarantee. Today, there is a growing sense in both Japan and the United States that such restrictions artificially constrain Japan’s ability to contribute to its own regional and international security. Some in the region, however, continue to view Japan’s evolving security role with suspicion. For example, North and South Korea still mistrust Japan because of the Japanese colonial legacy. China eyes Tokyo’s military modernization with suspicion because Japan’s military ascendancy competes with China’s regional ambitions.

Japan’s recent efforts to become more active in international security matters include deploying almost 3,000 Self-Defense Forces (SDF) personnel to Iraq and Afghanistan, including 600 Ground Self-Defense troops, logistical personnel, and a Maritime Self-Defense Force flotilla in the Indian Ocean. More recent measures to reconfigure Japan’s

2. “China Says Can Do Only So Much for Tsunami Victims,” Reuters, December 30, 2004.

3. For further details, see Balbina Y. Hwang, “The Evolution of the U.S.–Japan Alliance and Future Prospects,” Heritage Foundation *Lecture* No. 861, December 21, 2004, at [www.heritage.org/Research/AsiaandthePacific/hl861.cfm](http://www.heritage.org/Research/AsiaandthePacific/hl861.cfm), and “A New Security Agenda for the U.S.–Japan Alliance,” Heritage Foundation *Background* No. 1749, April 16, 2004, at [www.heritage.org/Research/AsiaandthePacific/bg1749.cfm](http://www.heritage.org/Research/AsiaandthePacific/bg1749.cfm).

security role and future strategies are reflected in the Araki Report, an October 2004 advisory panel report to the prime minister that envisions redefining the SDF's role beyond its traditional national defense framework and expanding cooperation with the United States in developing a missile defense system.<sup>4</sup>

The 2005 budget proposal of \$46.6 billion also reflects these changes—even though it is 1 percent lower than the previous year's budget—by maintaining Japan's military budget as one of the largest in the world, although still smaller than China's.<sup>5</sup> The 2005 budget includes increased spending on a missile defense system and long-range missile development programs, reflecting increasing Japanese concerns about regional threats.<sup>6</sup>

Despite significant shifts in Japan's security policies, much work remains for Japan to achieve an effective and more activist role in regional security. This was evidenced by the SDF's slow response to the tsunami disaster. Although monetary aid was admirably swift and generous, the SDF took weeks to arrive in Indonesia compared to only two days for the American military. Japan will also need to coordinate its transformation closely with the United States, given Tokyo's historical dependence on the bilateral alliance.

## China

Through 2004, China continued to alarm its neighbors in Northeast Asia with its repeated violations of Japan's exclusive economic zone around the Ryukyu island chain, reiterations of ancient historical territorial claims to the Korean peninsula, continuing military buildup, and relentless pressure on Taiwan. In May 2004, White House spokesman Scott McClellan condemned China's vitriol against Taiwan's president, saying that it has "no place in civilized international discourse."<sup>7</sup> On

March 14, the National People's Congress passed an "anti-secession" law that mandates a People's Liberation Army attack on Taiwan whenever China's military leaders decide that Taiwan has become too independent.

These pressures will surely continue into 2005, perhaps interspersed with offers of accommodation conditioned on Taiwan's acceptance of the sacred "one China principle," which most of Taiwan's people would view as a surrender of Taiwan's sovereignty.

In 2004, China also began to leverage its massive economic clout into real political influence around the world. China's biggest diplomatic success during 2004 was persuading the European Union to consider abandoning its arms embargo on China, which the EU levied after China cracked down on the democracy movement in Tiananmen Square in June 1989. The EU had insisted that China improve its human rights record before it would lift the embargo, but even by EU standards, respect for civil and human rights has continued to deteriorate in the 15 years since 1989. EU leaders, eager to promote trade with China at the expense of the security of the United States and Taiwan, seem ready to lift the arms embargo by mid-2005.

## India and Pakistan

The India–Pakistan cease-fire has held for 14 months, but the talks to move from a cease-fire to a peace agreement seem little closer to resolution than when they began. The obstacle is that neither side has the political will to compromise on Kashmir. Furthermore, Pakistan will not permit the resolution of non-Kashmir-related disputes, such as cross-border trade and communications, until the Kashmir issue is resolved. For its part, India refuses to permit outside or third-party negotiators to help the two countries find common ground.

4. Council on Security and Defense Capabilities, *Japan's Visions for Future Security and Defense Capabilities*, October 2004, at [www.jiaponline.org/resources/japan/security/Japan%20CSDC%20Report.pdf](http://www.jiaponline.org/resources/japan/security/Japan%20CSDC%20Report.pdf) (November 7, 2004).
5. "Japan's Cabinet Approves Draft Budget," *China Daily*, December 20, 2004, at [www.chinadaily.com.cn/english/doc/2004-12/20/content\\_401784.htm](http://www.chinadaily.com.cn/english/doc/2004-12/20/content_401784.htm) (January 31, 2005).
6. United Press International, "Japan to Cut Defense Budget Again," *The Washington Times*, December 3, 2004, at [washingtontimes.com/upi-breaking/20041203-025139-3873r.htm](http://washingtontimes.com/upi-breaking/20041203-025139-3873r.htm) (March 25, 2005).
7. The White House, Office of the Press Secretary, transcript of daily briefing, May 19, 2004.

Nevertheless, life seems to be improving along the Line of Control, which divides Kashmir between the two countries. Cross-border terrorist attacks from Pakistan into India have been reduced to “negligible” levels, according to India’s Army Chief.<sup>8</sup> There have been fewer cross-border artillery duels and increasing people-to-people contacts and farming along the border. Although resolution seems distant, there appears to be little desire for more military confrontation.

## Nepal

The security problem in Nepal is growing worse, and there is a possibility that Nepal will fall to the Maoist rebels. Nepal has been embroiled in a civil war with a Maoist communist insurgency since 1996. By 2004, the insurgency had claimed more than 11,000 lives and had spread to 68 of Nepal’s 75 districts. Communist forces have nearly surrounded Katmandu, the national capital. On February 1, 2005, King Gyanendra dismissed the government, declared a national emergency, and instituted an absolute monarchy.

After the king seized power, he arrested the leaders of many of Nepal’s mainstream political parties and closed newspapers and other media outlets, thus suppressing dissent and rejecting even the appearance of a popular mandate. The communists remain united, focused on their objective of dominating the government, and unwilling to compromise. With a political solution looking increasingly distant, the military capability of both sides appears to be escalating, resulting in increased casualties.<sup>9</sup> More violence and instability can be expected.<sup>10</sup>

Both India and China support the government of Nepal. Despite the insurgents’ claim that they are Maoists, China denies any connection to the communist insurgency and supports the government. India supports the government because Nepal’s Maoist guerrillas have links to regional terrorist groups, including the Liberation Tigers

of Tamil Eelam in Sri Lanka and the Maoist Communist Center and the People’s War Group in northern India. New Delhi is very concerned that the king’s monarchical coup may worsen the security situation.

Nevertheless, the government of Nepal has failed to capitalize on this international support and has wasted time and energy on political squabbling. Other than an increasing body count and rampant human rights abuses, Nepal’s counter-insurgency strategy has been largely ineffective.

## Indonesia

The most important issue for the U.S.–Indonesia security relationship in 2005 will be how and to what extent the military-to-military relationship is restored. During the tsunami, the U.S. and Indonesian militaries cooperated closely to deliver disaster relief to the victims. Furthermore, as a result of the 2004 elections, Indonesia is a full democracy, and punitive sanctions are no longer appropriate to the U.S.–Indonesian relationship.

However, the Indonesian government needs to do more to control and professionalize its armed forces. It must make the TNI (the Indonesian armed forces) subject to civilian authority and civil law, and the legislature must pass a transparent and adequate defense budget.

The newly elected president and the civilian minister of defense have launched a reform effort that, if completed, could substantially meet those criteria. Additionally, there is still the unfinished business of accounting for the murder of two Americans and the assault on eight others near Timika, Indonesia, in 2002. In order to restore ties with the TNI expeditiously, the Bush Administration should push the State Department and the Justice Department to restart the FBI’s stalled investigations into the Timika murders. TNI cooperation with the FBI

8. “Positive Effect of LoC Fencing,” *The Times of India*, January 15, 2005, at [timesofindia.indiatimes.com/articleshow/991622.cms](http://timesofindia.indiatimes.com/articleshow/991622.cms) (March 25, 2005).

9. John Lancaster, “Peace Hopes Dim Again in Nepal,” *The Washington Post*, November 7, 2003, p. A23.

10. Chitra Tiwari, “Violence Soars After Nepal Peace Talks Fail,” *The Washington Times*, November 1, 2003, at [www.washtimes.com/world/20031031-094214-1174r.htm](http://www.washtimes.com/world/20031031-094214-1174r.htm) (March 25, 2005).

and rapid resolution of this issue are in the best interests of both countries.

The 2005 outlook for Aceh is more of the same. The enormous loss of life from the tsunami did nothing to change the strategic calculations of the combatants. The Free Aceh Movement still demands full independence, and Jakarta still refuses to negotiate on that basis. Fighting returned to its full ferocity shortly after the tsunami, and the announced negotiations were little more than a sham that both sides used to generate international sympathy for their respective positions.

## Burma

Burma's neighbors continue to struggle with this authoritarian state. Burma remains an international pariah, and neither the U.S. nor the EU will sit at the same table with a representative of the Burmese junta, known officially as the State Peace and Development Council (SPDC).

The Association of Southeast Asian Nations (ASEAN) is also struggling with Burma. Burma's accession to ASEAN has already damaged the organization's reputation and political cachet in the international community.<sup>11</sup> Burma is scheduled to chair ASEAN next year, but a military government has never led ASEAN, even in the early days of the organization when none of the countries were democratic. A Burmese chairmanship could knock ASEAN events off the international diplomatic calendar for some countries, including the ASEAN Regional Forum, one of the region's most important security conferences.

This problem is even more embarrassing to ASEAN leaders because they already consider Burma a political, economic, and security liability. Despite ASEAN's avowals that engagement with Burma is more helpful than confrontation, the SPDC has made no concessions to political or economic reform, leaving ASEAN members with nothing to show for their engagement policies. Burma is failing economically and is a burden to the ASEAN Free Trade Area. Finally, Burma's lawless frontiers have become a security nightmare for the region,

serving as a home to ethnic and political insurgents, drug smugglers, drug-financed armies, and people traffickers.

In 2004, many ASEAN political leaders were saying privately that Burma should voluntarily step aside from the 2006 ASEAN chairmanship for the good of the organization. In fact, elected representatives from Cambodia, Indonesia, Malaysia, Singapore, and Thailand launched an ASEAN interparliamentary caucus on Myanmar (the junta's name for Burma) to advance democracy in Burma.

Increased pressure from its neighbors and an unrelenting record of economic and political failure may finally shake the SPDC leadership. Recent signs of internal struggle include replacement of the prime minister twice in less than four months and the unexplained death of a prominent member of the regime. Thai Prime Minister Thaksin Shinawatra confirmed that there was political tension and conflict within the Burmese leadership.

These struggles may presage significant change, but the Burmese military is justifiably infamous for its stubbornness and myopia. The generals, who have ruled Burma since 1962, will not depart the national stage without a fight.

## Other Regional Issues

In Sri Lanka, government forces and Tamil Tiger insurgents cooperated during the first days after the tsunami disaster. This may have been due in part to the fact that Tamil areas were particularly hard hit by the tsunami, but only a few weeks later, the Tamil Tiger leadership was complaining of discrimination against Tamils in the distribution of international aid. There is little evidence that the brief time that the Tamil Tigers and Sri Lankan government worked together on disaster relief will lead to a rebuilding of the tentative cease-fire accords that fell apart in mid-2004.

Many of the older regional security problems continue. Al-Qaeda and other jihadist groups remain an ongoing danger in the Philippines, Indonesia, Singapore, and Malaysia. In Thailand, the tense situa-

11. ASEAN consists of 10 countries: Brunei, Burma, Cambodia, Indonesia, Laos, Malaysia, Philippines, Singapore, Thailand, and Vietnam.

tion between the government and Muslim population at the country's southern extremity has not eased. In the southern Philippines, activity by Abu Sayyaf and similar terrorist groups has declined. However, the Philippine separatist group MILF may be fracturing into bandits and groups with political objectives, causing an increase in violent activity. This will further increase the difficulty of negotiating a settlement with the Philippine government.

### What the U.S. Should Do

To meet the security challenges of 2005, the President and Congress should:

- **Set a deadline for North Korea's participation in the six-party process.** If Pyongyang refuses to participate, the matter should be taken to the U.N. This could lead eventually to a U.N. Security Council resolution condemning North Korea's behavior, as well as to U.N. sanctions.
- **Continue to provide development aid to areas struck by the tsunami.** As the crisis subsides and rebuilding of the damaged areas begins, the focus and type of aid delivered to the region should move from disaster relief to economic development.
- **Encourage Japan to improve the readiness of its armed forces.** Japan will play an increasing role in the Asia-Pacific region, and the readiness of its Self-Defense Forces needs to reflect Japan's growing responsibilities.
- **Oppose the European Union's plan to lift its arms embargo on China.** China's human rights situation has not improved, and China has become increasingly aggressive toward its neighbors. Lifting the arms embargo will only aggravate a bad situation.
- **Maintain the arms embargo on Nepal until democratic processes are restored.** Since King Gyanendra dissolved the government,

there has been a dramatic increase in human rights abuses.

- **Push the State Department and the Justice Department to revive the FBI's investigations into the Timika murders.** TNI cooperation with the FBI and bringing the murderers to justice are in the best interests of both Indonesia and the United States.

### Conclusion

There will be no shortage of challenges to Asian peace and stability in 2005. North Korea continues to be the region's most dangerous wild card, while other countries are struggling to recover from the devastating tsunami in December.

A major strategic change in Asia in 2005 may be in how the region views China's role. Beijing's limited tsunami assistance was a significant setback to its 2004 charm offensive in Southeast Asia. China's ability to influence North Korea and its relations with Taiwan will also be watched closely. Burma continues to be a pariah, and Nepal may fall into chaos if the Maoist rebels succeed in overthrowing the government.

On the bright side, the outlook for Indonesia is positive if the government can better implement the rule of law and reform the TNI while dealing with Islamic radicalism. Japan's expanding security role will continue to promote peace and stability in Asia and beyond.

America will remain critical to stability in Asia. Its ability to respond to the tsunami disaster demonstrates that it is still the unrivaled power in the Pacific and will remain so throughout 2005.

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