



Talk at the NORASIA conference in Trondheim

Regionalism and Security in East Asia: Stability or Calm Before the Storm?

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Stability since September 11

While September 11 led to war and dramatic change in Central Asia, and has generated crises both in South Asia and the Middle East that could generate new wars, the effect of September 11 in East Asia has rather been stabilising. This is certainly the fact for Sino-American relations. How can this be explained? How can it be that a region having just come out of a serious economic crisis, and with a stagnating regional Japanese locomotive, has stayed so calm in face of a vigorous American drive to unilaterally enhance its global power?

The main task is to explain the Chinese position. If US power in East Asia were to be reduced, then China would be the most likely regional hegemon, perhaps in rivalry with Japan. When the Bush administration reacted to September 11 by pushing forward its positions in Asia, imposing a pro-American regime in Afghanistan, establishing a military presence in several Central Asian republics, putting heavy pressure on Pakistan, re-establishing a military presence in the Philippines, increasing its military cooperation with Taiwan, declaring North Korea to be an 'evil' enemy state, allocating more money to

establishing national and theatre missile defences (NMD and TMD), and tremendously increasing its overall military budget, one might have expected a Chinese outcry. Never before has China been encircled by US forces to the same extent as today. Moreover, Chinese protests would probably have been met with sympathy in many parts of the world. Instead of protesting US unilateralism, China decided to bandwagon to the United States, trying its best to build a confident relationship with the George W. Bush administration. Bush was twice received in China, first in October 2001, then again in March 2002. China's designate leader Hu Jintao toured the United States in May, and outgoing leader Jiang Zemin is going to visit President Bush at his Texas ranch this October, shortly before the upcoming Congress of the Chinese Communist Party.

How can this bandwagoning be explained? There are many reasons, which should be listed in their order of importance:

First, the Beijing leaders do not want tension with the United States at the same time as they are negotiating among themselves a leadership succession package. The leadership succession seems to have caused even more difficulties than anticipated, and the Party Congress has been postponed. It would have been dangerous to allow the various factions in the party leadership to compete with each other for a strong, patriotic position vis-a-vis US unilateralism, partly because this could have strengthened the power of the military leaders.

Second, Beijing did not want to jeopardise its recent entry into the World Trade Organization, and its profitable economic relations with the United States, Japan and Europe. Through its emphasis on export-oriented economic growth, China has come to depend heavily on the smooth functioning of international capitalism, and also on the provision of energy from external sources. China now shares the US and Japanese interest in a stable Middle East, and the free flow of lowly priced oil and

gas. The fact that China has continued to achieve significant economic growth in 2002 does probably to some extent vindicate Jiang Zemin's prudent foreign policy.

Third, other great powers, such as Russia, have also been bandwagoning. If China had opposed US policies, it might have been politically isolated. Its protests would no doubt have met sympathy among public opinion in many parts of the world, notably in the Muslim countries, but hardly any governments would have dared to oppose the United States. Governments tend to act realistically and avoid confronting the world's leading power.

Fourth, in the Chinese strategic culture, it is not recommended to oppose rival powers openly when they are strong, united and are acting decisively. Then it is better to accommodate them, and wait for a better occasion to move one's own positions forward. After September 11, the Bush-led America could build on a popular rage, and act from a position of moral determination. Then it was better for China to bid for time, and make sure that it would not be remembered by Americans as a country that did not stand by their side at a time of national distress.

Fifth, and last, China shares the US and Russian interest in repressing *jihadi* movements. If allowed to increase their influence in Central Asia, they would further destabilise Chinese power among the Uighurs in the large Xinjiang province, and could also build cells among Muslim minorities in Beijing and other Chinese cities. China would also not want to see the *jihadi* culture grow any further in Pakistan, and it shares the US interest in stabilising the relationship between the two nuclear powers India and Pakistan.

It is not just the Sino-American relationship that was stabilised in the aftermath of September 11. Relations among the countries within the region have also been remarkably calm and uneventful, the only exception being the naval incident between North and South Korea in late June which, however, was followed by a surprising North Korean apology and the resumption of contact both between North and South Korea and North Korea and the USA.

Can this last? Will East Asia remain stable, or are crises going to emerge now that the US is losing its post-September 11 momentum, and facing louder and louder criticism for its unilateralist policies? Should we expect renewed tension also in East Asia? This is the main question to be discussed in this talk, which will go through some of the possible flashpoints or origins of tension.

The Missing Security Framework

First, it must be emphasised that East Asia lacks the kind of formal security structure that Europe enjoys through NATO and the OSCE, and the rapidly developing defense cooperation in Europe. East Asia's stability builds primarily on US bilateral alliances with Japan, Australia and several Southeast Asian countries, on direct US military presence in Japan and South Korea, and the predominance of the US Navy. The second most important foundation of East Asian stability is the priority given by most regional governments to economic development. The region's economic growth has been accompanied by significant cross-border economic integration, with Japanese companies playing a leading investment role in Northeast Asia, and Singaporean and Taiwanese companies having a similarly important role in Southeast Asia. However, regional economic integration has only to a limited extent been followed

up with political integration or the establishment of confidence building measures between the national governments and armed forces.

The main weakness of the existing regional organisations is that none of them are based on Sino-Japanese rapprochement in the way that the European Union has been based on Franco-German rapprochement. The Asia Pacific Economic Cooperation (APEC) was founded in 1989 as a cross-Pacific initiative. It was joined both by Japan and China, but not as an effect of any rapprochement between the two of them. Neither has it led to such rapprochement later. Although APEC organises regional summits, it has not accomplished much, and it focuses uniquely on economic matters, avoiding security issues. The ASEAN Regional Forum (ARF), which was founded in 1993, does address security issues, but talks within the ARF have not led to any significant initiatives or agreements. Then also the ARF is built around the Association of Southeast Asian Nations (ASEAN), not around China and Japan. They only participate as invited parties. The two most powerful states in East Asia, Japan and China, remain suspicious of each other, although their economies have become significantly integrated since their governments mutually recognised each other in 1972.

Japan's silent crisis

One factor that might lead to regional tension is political change in Japan, perhaps as an effect of a dramatic economic downturn. Japan remains by far the most important economy in East Asia. On the exchange rate basis, the Japanese economy represents more than two thirds of the entire East Asian economy.¹ Economic commentators have considered Japan to be in

¹ Christopher Howe, 'The changing Asian environment of China's economic development. The perspective from Japan, with particular reference to foreign direct investment and industrial restructuring.' In Robert Ash (ed.), *China's Integration in Asia. Economic Security and Strategic Issues*, London: Curzon, 2002, pp. 3-38 (p. 8).

a kind of virtual crisis all the time since 1991-92, when its economy started to stagnate. There has been little economic growth since then. Successive governments have proven unable to stimulate internal demand sufficiently to give the economy a boost. However, part of the problem seems to be that the Japanese population does not perceive of the situation as a crisis. There is a kind of tiredness of the whole political system, and an urge for new styles of political leadership, but no real sense of crisis. It was hoped that the current leader, Junichiro Koizumi, would provide new leadership, but like his predecessors, he has disappointed public opinion. At the same time the patriotic political right has strengthened. It has a high profile leader in the mayor of Tokyo, Shintaro Ishihara. The tendency towards the right is linked to ongoing revisionist attempts to revalue the Japanese posture in the Second World War, and a cult of the kamikaze pilots, who sacrificed themselves for the Emperor, for Japan, and for Asia against Western imperialism.

This is linked to increasing debates about Article 9 of the Japanese constitution that prohibits any military engagement outside of the home territory. Many influential Japanese want to play their role in the global 'war on terrorism', not just cover other countries' military costs. There seems to be growing anti-American sentiments in Japan, just as in South Korea. And all this happens in a situation when Japanese foreign investments have not only been generally reduced, but also reoriented away from North America and Europe towards the Asian neighbouring countries.

These tendencies in Japan worry the Chinese leaders and also some other regional countries with memories of Japanese occupation before and during the Second World War, but the main characteristic of Japanese foreign policy remains caution and reliance on its US ally. The

worrisome tendencies are thus likely to lead only to some friction, not to any real crisis, at least as long as the economy does not crash.

Sino-US tension

As described above, the tensions between the United States and China were more or less suspended after September 11. As most US presidents since Reagan, George W. Bush started out his relationship to China with a highly problematic Spring, and allowed the relationship to be repaired in the Autumn. President Bush's problems with China concerned US military sales to Taiwan and the spy plane incident on 1 April 2001, when a US signal intelligence aircraft collided with a Chinese fighter jet above the South China Sea and was forced to land on Hainan island. The crisis was resolved after some time, and was more or less forgotten after September 11.

There are many remaining problems in the Sino-American relationship, with the implementation of China's WTO commitments, the Taiwan issue and the issue of North Korea probably being the three most salient ones. Human rights issues are less important for the Bush administration than they were for President Clinton. From Jiang Zemin's point of view, it is probably tempting to continue to elude tension with the USA, at least during the ongoing leadership succession. He will want his successor to continue to emphasise the economy, and to make sure that American 'crusaders' target other countries than China.

While being engaged in its leadership succession, China has continued to take decisions that make it increasingly dependent on international capitalism, also on importing oil and gas from distant places. Beijing took a major such step this summer when it awarded a big contract to supply Guangdong province with Liquefied Natural Gas (LNG) to an Australian company rather than companies from Indonesia

or Malaysia.² Here economic reasons clearly prevailed over concerns for security. China has also huge projects for import of gas from Siberia and Central Asia. This requires stable relations both with Russia and the Central Asian republics. Because of its dependence on continued economic growth, China has strong reasons for seeking peace and international stability both in East and Central Asia. As the British scholar Michael Yahuda has stated, China ‘has no alternative but to develop interdependent economic relations with the outside world’, and this ‘acts as a constraint on China’s pursuit of territorial claims, despite the “patriotic” pressure to do so.’³

Just as Japan, China will therefore probably continue to pursue a cautious foreign policy, as long as it is not forced to change tack by either a sudden economic crisis or dramatic changes in Taiwan or the Korean peninsula. It seems unlikely that there will now be major problems in Xinjiang, since the USA, Russia, China and all the Central Asian republics have a shared interest in repressing radical Islamist movements. This is also likely to reduce the chance of the Buddhist Tibetans from drawing international support for their struggle against Beijing’s policy of political control and ethnic Han settlement.

The Taiwan Issue

Taiwan is the most difficult issue in the Sino-American relationship, and it also affects Japan, who occupied Taiwan from 1895 to 1945 and has considerable sympathy for Taiwan’s de facto independence. Taiwan has been de facto independent from mainland China all the time since the communist victory in the Chinese civil war in 1949. But until Taiwan’s

² David Murphy and John McBeth, ‘Having a Gas in China’, *Far Eastern Economic Review*, August 22, 2002, pp. 16-17.

³ Michael Yahuda, ‘Asian Regional Conflicts’, in Robert Ash (ed.), *China’s Integration in Asia. Economic Security and Strategic Issues*, London: Curzon, 2002, pp. 197-217 (p. 201).

democratisation in the late 1980s, the Guomintang government on Taiwan claimed to be the legitimate government of all of China. When Taiwanese president Lee Teng-hui took steps to formalise the island's de facto independence by seeking membership in the United Nations and other international organisations, the People's Republic of China reacted strongly and reminded Taiwan as well as the rest of the world of the 'one China principle'. There was a serious crisis in the Taiwan Strait in 1995-96, involving Chinese missile tests and a US naval demonstration. Two years later, during a visit to China, President Clinton went far in supporting for the 'one China principle'. In 2000, because of a split within the Guomintang party, the minority Democratic Progressive Party, which for a long time had been advocating Taiwanese independence, won the presidency for its leader Chen Shui-bian. For several reasons, he cannot take steps to declare formal independence. Such a move would be opposed by the majority in the National Assembly as well as by the USA who, despite the absence of formal diplomatic relations, is Taiwan's main protector. The PRC has moreover vowed to react militarily if Taiwan declares itself independent. Although President Bush pursues a more pro-Taiwanese policy than his predecessor, the USA does not want its client to take steps that might provoke the PRC to react militarily. Chen Shui-bian has chosen two ways of tackling the problem that he cannot do what he would like to do. One is to emphasise that Taiwan already is de facto independent. The other is to state that the issue of formal independence should be decided by the population in a referendum.

While the pro-independence forces have gained an increasingly powerful voice in Taiwanese politics, the opposite is the case with Taiwanese business. Throughout the 1990s, Taiwanese companies have invested heavily in the Chinese mainland, mainly in Fujian province opposite the Strait. Under pressure from the business lobby, more and

more communication links are being opened between Taiwan and the mainland, and the business lobby, with its excellent contacts in the mainland Chinese government, has become a powerful force in trying to dissuade the Taiwanese president from taking steps that draw the ire of Beijing.

In this situation it seems likely that Chen Shui-bian will be forced to tread carefully, and that mainland China will also bid for time in the expectation that economic integration, and the perceived threat from the growing Chinese navy and its arsenal of land-based missiles will sooner or later oblige Taiwan to start negotiations about reunification. There will be tension across the Strait from time to time, but most probably no major crisis.

The failed ‘sunshine policy’

The area where a dramatic crisis seems most likely in 2003 is the Korean peninsula. This is because in that year the deadline runs out that was established in the agreement reached by the USA and North Korea in 1994 to halt the North Korean nuclear arms programme against a US promise of providing North Korea with two nuclear power reactors. The power reactors will not be completed next year as promised, and this will provide North Korea with an opportunity to restart its nuclear brinkmanship, and try to force the US to make a new agreement, similar to the one in 1994.

South Korean president Kim Dae Jung’s ‘sunshine policy’, which was launched when he took power in 1998, has failed to persuade the North Korean leader Kim Jong Il to give up his paranoia and allow a persistent process of North-South rapprochement. North Korea’s policy remains extremely nervous. Its reassuring initiatives are repeatedly interrupted by violent incidents, cancellations of agreed meetings and

expressions of hurt feelings whenever someone in the USA or South Korea says something negative about the 'Dear Leader'. North Korea cannot feed its population and depends on massive food aid from abroad to prevent a repetition of the 1995-98 famine.⁴ Kim Jong Il has been extremely reluctant to launch market economic reforms in the Chinese or Vietnamese style, probably because of fear that it will undermine his regime internally by allowing the formation of new, foreign-inspired social groups. This summer, however, Pyongyang silently launched a significant economic reform that almost adjusted official prices for basic commodities to the black market level, and also increased salaries manifold. It remains to be seen what effects the reform will have.

An additional reason for the failure of the 'sunshine policy' is the absence of US support for Kim Dae Jung. President Clinton supported him and planned a visit to Pyongyang towards the end of his presidency, but Middle Eastern events made it difficult to carry out the plan, and the Bush administration rebuked Kim Dae Jung in March 2001, and in his 29 January 2002 'State of the Union address', President George W. Bush radically offended Pyongyang by including it with Iraq and Iran in a so-called 'axis of evil'. This summer, talks between North and South Korea have resumed, and there has even been a brief encounter between the US and North Korean foreign ministers at the airport of Brunei, but South Korea has new presidential elections this November. Kim Dae Jung will resign in January, and will most probably cede power to a more hard-line president.

It thus seems likely that there will be a North Korea crisis next year. This crisis, however, will most probably be resolved one way or another. Kim Jong Il's main concern is to ensure the survival of his

⁴ Andrew S. Natsios, *The Great North Korean Famine. Famine, Politics, and Foreign Policy*. Washington DC: U.S. Institute of Peace Press. 2001.

regime. He will use brinkmanship, but will not go to war. His army is huge, but his weapons are rusting, so he is bound to lose a war. The surrounding powers also do not really want to topple the North Korean regime. South Korea has seen what German unification cost West Germans and does not want a sudden reunification that would prevent its own economic recovery after the Asian crisis. China would not like to see a reunified Korea in alliance with the United States. Japan also has reason to fear the anti-Japanese sentiments of a reunified Korea. It already has problems with the South Koreans. The United States has no major interest in toppling Kim Jong Il who does not, like Saddam Hussein, sit on top of huge oil reserves. Washington mainly wants Pyongyang to halt its weapons exports and give up all plans to produce weapons of mass destruction. Thus all influential powers will want North Korea to survive through gradual reform, and are probably willing to pay Pyongyang in food, energy and money for halting its exports of missile technology, renewing its moratorium on its nuclear arms programme, and pulling troops away from the 38th parallel. Kim Jong Il will survive if he can continue to control his army and his starving population. The only likely alternative to a tenuous regime survival is an internal implosion or revolution in North Korea. It cannot be taken for granted that the North Korean population will tolerate another famine of the 1995-98 kind, which may have cost the lives of more than a million North Koreans.

Jihadis in Southeast Asia

In Northeast Asia there are no *Jihadis*,⁵ but they do exist in the Muslim parts of Southeast Asia, in the southern Philippines, in Indonesia and

⁵ It is not easy to find a good term for those radical Islamists who do not just have a local or separatist agenda, but use violent means within a worldwide holy war to recreate a pure Islamic borderless nation. Since they often describe their struggle as *Jihad*, I use the term 'Jihadis' for them here, but I am fully aware that the term Jihad is used in other, and much more moderate ways, by most Muslims.

Malaysia. The Philippines is so far the only other country than Afghanistan where the USA is actively assisting the governmental forces in repressing local Islamist terrorism. The Abu Sayaaf group is named after one of Osama bin Laden's collaborators, and is seen as a part of the Al Qaeda network. A worrying aspect of the US intervention in the Philippines is that it has ended the collaboration between the Philippine government and the more moderate Moro movements, who for several years enjoyed autonomy in parts of Mindanao. This may tend to rally the Muslim populations between insurgent forces, and strengthen their opportunities to recruit.

Mahathir's regime in Malaysia seems to be in control of the internal situation. It may help here that the electoral system allows Islamist movements to seek power in the various states and fight with legal means for instituting stricter Sharia law. Next year, however, Mahathir plans to resign, and a smooth succession is by no means assured. Leadership successions are always difficult when a powerful leader has been dominating a country's politics for several decades.

In Indonesia the situation remains volatile, and it will not help that the US now offers generous aid packages to the Indonesian Army's efforts to combat terrorism. Political violence in Indonesia has strong historical links to the Army. Vigilante groups, often of Islamist persuasion, have been armed and subsidized by factions of the same Army that is expected to repress them. There is now a considerable danger that some parts of the Army will want to stir up or provoke local terrorism, and then draw US support to repress it. The Army will also want to portray all separatist movements, such as in Aceh and West Papua, as terrorists. Spirals of terrorism and anti-terrorism may be fostered in intricate ways. This may prevent Indonesia from stabilising its social situation, and make it increasingly difficult to attract foreign

investments, but it will not be a big enough problem to really affect regional stability, unless a terrorist group emerges that targets US or other foreign installations in a big way.

ASEAN and the South China Sea

Finally, let us consider the Association of Southeast Asian Nations (ASEAN) and its regional role. This role is greater than one would have expected since neither Japan nor China takes any lead in developing regional cooperation. ASEAN has served as a vehicle not only for Southeast Asian cooperation, but also for bringing the Northeast Asian powers together in the ASEAN Regional Forum (ARF) and in the newly created ASEAN + 3 or 'East Asian Summits'. Malaysia has long wanted to create a purely East Asian regional organisation, in order to forge an Asian political profile in opposition to the West. In 1990, Malaysia proposed to establish an East Asian Caucus, but Japan did not want to be part of it, probably because of US pressure. Today, Malaysia wants to establish its own secretariat for the ASEAN + 3 to supplement the existing ASEAN secretariat in Jakarta. This might represent a relaunch of the East Asian Caucus, and does not seem to receive support from other ASEAN governments.⁶

Despite its larger regional role, ASEAN did not play any significant role during the Asian crisis of 1997-98, and also has not taken any major new political initiatives in the last few years, except for an attempt to launch a regional code of conduct for the claimant states in the disputes in the South China Sea. ASEAN's strength was reduced by the Asian crisis and the political transformations that followed, particularly the volatile situation for its most powerful member state, Indonesia. ASEAN has also so far failed to implement its South China Sea initiative.

Despite many rounds of negotiations, China and ASEAN have not managed to agree on a code-of-conduct. However, it should also be noted that the South China Sea has been remarkably calm since September 11. The regional states seem to have done their best to avoid provoking each other in the disputed Spratly islands.

Stability or calm before the storm?

As we all know, it is difficult to predict, and if one still wants to do it, the safest is to expect a continuation of the present. Basic continuity is more common than radical change. It seems reasonable to believe that the current lull in East Asia's international affairs will continue for the next few years, and allow the regional economies to continue their quiet integration, with Japan-based, Taiwan-based and Singaporean-based companies playing leading roles in the various growth zones. What is the basis for this prediction?

Firstly, the current policy of the United States. The United States will prefer to see calm and stability in East Asia in order to concentrate on its 'war on terrorism', and be free to deal with the more burning problems of the Middle East and Central Asia. In addition, no Asian government will want to actively defy a trigger-happy American president whose ideology does not really threaten the political stability of reasonably well-behaved Asian states since Bush tends to value order and stability more than human rights. US unilateralism no doubt worries Asian governments, just as it worries European politicians, but it is a source of comfort for the Asian leaders that when the USA now seeks to interfere in the internal affairs of other states, the purpose is not to undermine the local regimes (except Iraq, Iran and perhaps North Korea), but to strengthen their resolve in the repression of terrorist subversion.

⁶ 'Malaysia struggles for ASEAN OK', *Far Eastern Economic Review* August 15, 2002, p. 8.

The second reason for predicting East Asian stability is the prudence that the Chinese leaders display in their period of leadership succession. Jiang Zemin may well leave the party secretariat to Hu Jintao at the Party Congress this coming November, and the presidency of the National People's Congress next Spring, but informally the leadership succession is likely to last much longer. The party elders will continue to influence decisions behind the scenes, and Hu Jintao may only gradually establish real preeminence, if at all. Meanwhile, China is likely to continue Jiang Zemin's prudent foreign policy.

Thirdly, only some of the East Asian countries, Indonesia, the Philippines, Brunei, Malaysia, and the Chinese province Xinjiang, are affected by the radical Islamist *Jihadi* culture which today is the world's most radical opposition movement to Western liberalism. And all these four states share the US interest in repressing the most radical *Jihadis*.

Fourth, and finally, the long period of economic growth in East Asia from the 1960s to the Asian crisis in 1997 created a widespread awareness within the East Asian political elite of how important internal and external stability, and access to foreign markets, are to economic growth. As long as growth remains possible, there will be little inclination to launch adventurous foreign policies.

For these reasons no major wars or international crises are likely to disrupt East Asia's basic stability during the next 5-6 years. The countries in the region enjoy an opportunity for quietly integrating their economies, and building diplomatic frameworks for cooperation and security. The economic integration is likely to happen, but the security framework is less to be expected, since mutual suspicions remain strong, and since it remains possible to stake one's security on the continued US presence. This is by way of conclusion. Before ending the talk, however, it may be

useful to contrast the undramatic situation in East Asia with the radically changed situation in South and Central Asia.

The contrast with South and Central Asia

While the US war on terrorism since 11 September has contributed to a resumption of internal warfare in the Philippines, it has not prevented a peace process from taking place in Sri Lanka. There has been a ceasefire, and now there will be peace talks, between a government and a separatist movement who has made widespread use of terrorist methods in the past.

Afghanistan, of course, has so far been the prime target of the US anti-terrorist warfare, leading to the fall of the Taliban and the creation of a fragile foreign-supported government coalition, and this has thoroughly transformed security relations in Central and South Asia. The United States now suddenly has a direct military presence in several Central Asian states, without this having led to negative reactions from either Russia or China. The US role in Pakistan has also further increased, so the Pakistani military ruler has ended up in a similar situation as the Saudi monarchy in Arabia, squeezed between dependence on the US and the anti-American feelings of a radicalised Islamist youth.⁷ At the same time the Kashmir problem, and the conflict between Pakistan and India, have been intensified and internationalised. The fact that both India and Pakistan have nuclear arms has of course contributed heavily. It required an active American diplomatic effort to persuade the two nuclear powers to pull back from the brink of war this Spring. The crisis was an indirect effect of the fall of the Taliban in Afghanistan since Jihadi fighters leaving Afghanistan seem to have infiltrated Indian-occupied Kashmir in order to strengthen the rebellion there. What we see, therefore, is that the American reaction to September 11 thoroughly changed the security

scene in Central and South Asia, creating both dangers and new diplomatic opportunities, while leaving the non-Muslim countries of East Asia in a rather more stable situation than before.

⁷ *The Future of Pakistan.*