

**ASEAN REGIONAL FORUM
ANNUAL SECURITY OUTLOOK 2004
AUSTRALIA**

Overview

Australia remains reasonably positive about the global and regional strategic environment. Globalisation has generated an increasing level of economic interdependence which increases countries' shared stake in international stability. While there remains scope for serious diplomatic disputes and tensions, as we saw over Iraq, Australia is encouraged by the relatively stable outlook for major power relations. Australia welcomes the United States' continuing strategic commitment to the Asia-Pacific which remains fundamental to regional security and economic well being. China's increasing economic and political weight, and the favourable outlook in US-China relations, are positives for the region, including Australia. The extent to which the major powers sustain constructive relationships will in large part determine the broader strategic environment.

Notwithstanding these underlying positive trends, there remain serious threats to global and regional security. Australia is deeply concerned about the threats posed by international terrorism and the proliferation of weapons of mass destruction and missile technology, and the challenges presented by weak and unstable states. Each of these challenges has a significant Asia-Pacific dimension. While there has been much progress in the anti-terrorism campaign, terrorism remains a potent threat. Australia continues to contribute to regional cooperation on counter-terrorism, and later this year, will release a White Paper to increase understanding of this threat.

The North Korea nuclear issue and disclosure of Dr AQ Kahn's network have underlined the seriousness of the proliferation challenge. While firm, unified action on a number of fronts has proved effective in countering WMD proliferation, more needs to be done to strengthen global anti-proliferation measures. In this regard, Australia welcomed the UN Security Council's adoption of resolution 1540 on non-proliferation of WMD. Australia's concerns over the proliferation of ballistic missile technology and WMD underlie our in-principle decision to participate in the US Ballistic Missile Defence program.

Since 11 September 2001 we have come to understand better the impact weak and failing states can have on global security. Afghanistan illustrated the role such states can play in providing shelter for terrorist networks. Weak governance also makes countries vulnerable to lawlessness and exploitation by transnational criminals. Australia has played a leading role in efforts to address the prospect of state failure and institutional weakness in our region, notably through our leading role in the Regional Assistance Mission to Solomon Islands and assistance to other Pacific states.

Australia regards security dialogue and cooperation as essential elements of our approach to promoting regional security. Regular bilateral dialogues provide an opportunity to strengthen mutual understanding and exchange views on security issues of common concern. Over the past year, Australia has held strategic dialogues with Indonesia, the

United States, Japan, India, Germany, NATO, the European Union, the United Kingdom, China and the ROK. Australia has also continued its trilateral security talks with Japan and the United States at senior officials' level.

Australia has an overriding interest in the development of regional security architecture which promotes stability, security and economic prosperity across the region. Australia would like to see the ASEAN Regional Forum evolve beyond its role as the region's primary forum for security dialogue, into a body more able to respond in practical ways to issues that threaten regional stability. To this end we have supported proposals to establish a dedicated ARF unit in the ASEAN Secretariat and to finalise guidelines for the operation of the Register of Experts and Eminent Persons. Australia has also been supportive of the proposal to enhance regional defence dialogue by establishing an ARF Security Policy Conference. Australia welcomes the increasing security-related dialogue and cooperation in other regional bodies, including APEC's security agenda and the proposal for an ASEAN Security Community, which underlines ASEAN's commitment to a peaceful region.

Specific issues of interest and concern

Terrorism

International terrorism continues to pose a serious and immediate threat to regional and global security. Attacks in Indonesia, Iraq, Russia, Saudi Arabia, Spain, and Turkey, and planned attacks in the Philippines and elsewhere, demonstrate that terrorist groups around the world retain the intent and capacity to strike. In the Asia-Pacific, terrorist groups continue to operate. While Jemaah Islamiyah poses the greatest danger, threats from new groups cannot be ignored, nor can the possibility that the terrorist threat will spread. The complex structure of JI's links with other terrorist elements in the region is becoming more apparent.

The Asia-Pacific region has made solid progress in tackling this terrorist threat. Closer cooperation between regional police, intelligence and security services has helped to avert further attacks and combat the spread of terrorist networks. Many members and supporters of regional terrorist groups have been detained. The international al-Qaeda network has also been weakened. But the fight against terrorism is far from over, and much remains to be done. Terrorist groups retain a formidable capability and more attacks are likely, including against soft targets.

The Regional Ministerial Meeting on Counter-Terrorism co-hosted by Australia and Indonesia in Bali in February 2004 gave fresh impetus to regional counter-terrorism efforts and delivered a number of practical outcomes in the key areas of law enforcement, information sharing and legal frameworks. Ministers' recommendations will be progressed through two working groups – one on legal issues (to be convened by Australia) and the other on law enforcement issues (to be convened by Indonesia). The meeting endorsed the joint Australian-Indonesian initiative to establish the Jakarta Centre for Law Enforcement Cooperation (JCLEC), which will boost counter-terrorism efforts through education and training, operational advice and research.

The ARF will continue to play an important role in regional counter-terrorism efforts. The ARF ISM on CT-TC held in Manila in March 2004 reinforced the importance of all ARF members strengthening the security of their transport infrastructure and of better information sharing to prevent future acts of terrorism. APEC Leaders at the October 2003 meeting in Bangkok endorsed the view that there can be no prosperity without security. Counter-terrorism initiatives announced included the establishment of a Regional Trade and Financial Security Fund, the adoption of advanced passenger information systems and the development of a regional movement alert system.

Australia remains committed to working with its partners to confront and defeat terrorism. Australia has concluded a total of nine bilateral counter-terrorism MOUs with regional countries, most recently with Cambodia, East Timor, India and Papua New Guinea. These MOUs provide a framework for practical, operational-level cooperation between Australian agencies and their counterparts. The Australian Government is also helping to build regional counter-terrorism capacity, including through packages of counter-terrorism assistance for Indonesia and the Philippines, in areas such as anti-terrorist financing, transport and border security, and police assistance. In the Pacific, Australia has worked with the Pacific Islands Forum to develop model counter-terrorism legislation for adaptation by island countries.

Australia's Ambassador for Counter-Terrorism is overseeing preparation of a Government White Paper on terrorism. The paper will provide an authoritative view to the Australian public on the international dimension of contemporary terrorism and examine the scope of Australian and regional efforts to combat this menace.

WMD proliferation and arms control

Preventing the proliferation of weapons of mass destruction and their means of delivery is in the direct national security interest of all regional countries. Increasingly sophisticated and widespread WMD procurement networks have the potential to upset regional strategic stability, threatening regional security and economic development. International regimes play an important role in preventing WMD proliferation and building confidence between states. Australia believes that further ratifications of the Comprehensive Nuclear-Test-Ban Treaty, Chemical Weapons Convention and Biological Weapons Convention, as well as regular submission of annual returns under these treaties, would enhance regional security. Active support for the Nuclear Non-Proliferation Treaty is of central importance.

Australia also considers it important that regional countries take practical action to prevent WMD and ballistic missile proliferation. Australia urges the conclusion of Additional Protocols on strengthened IAEA safeguards as the new NPT safeguards standard. Consistent with UN Security Council Resolution 1540, Australia encourages regional countries to enhance their export control measures, and looks to prominent transshipping states, in particular, to be vigilant for cargoes that could contribute to WMD proliferation. Australia also encourages regional countries to review their domestic regulatory frameworks to ensure the effectiveness of their controls on sensitive and dual-use items. Australia is

playing a part in international efforts to prevent the proliferation of chemical and biological weapons through its chairmanship of the Australia Group. Australia hopes more regional countries will subscribe to the Hague Code of Conduct against Ballistic Missile Proliferation as a means of building confidence and encouraging restraint in respect of countries' ballistic missile programs.

Notwithstanding this framework of arms control and disarmament treaties and export control regimes, determined proliferators can and do find ways to circumvent these defences. The network established by Dr A Q Kahn illustrates starkly the extent of the proliferation threat. While Dr Kahn's clients were states, the revelation of such networks underlines the real risk that WMD or associated materials might find their way into terrorist hands. This would represent a very grave threat to international security. These considerations underscore the need for strong and direct action against proliferators of weapons of mass destruction.

Australia has been a key driver of the Proliferation Security Initiative (PSI) since its inception in May 2003. The PSI is a practical tool for reinforcing global efforts – within existing international and domestic law – to impede illicit WMD-related trade. Participation in PSI activities is open to all states committed to fighting WMD proliferation, with a view to developing their interdiction capabilities. Australia chaired the second plenary meeting in Brisbane in July 2003 and led the first, highly successful interdiction exercise under PSI auspices in the Coral Sea in September 2003. Over 60 countries have already expressed support for the initiative. Australia will continue to work with partners to encourage regional countries to demonstrate their commitment to non-proliferation goals through support for the PSI.

The North Korea nuclear issue

Australia shares regional concern about the threat to regional and global security and stability posed by the DPRK's pursuit of nuclear weapons, its non-compliance with international obligations and norms, and its announced withdrawal from the Nuclear Non-Proliferation Treaty. The multi-party talks process involving the six key players represents the most viable mechanism for achieving a peaceful and lasting resolution of the DPRK nuclear issue. Australia and other regional countries have welcomed the agreement reached at the second round of six-party talks to institutionalise the six-party process, with a third round of talks to be held before the end of June 2004, and a working group meeting to prepare for the plenary. However, so far, no real progress has been made on key issues. A clear commitment by the DPRK to complete, verifiable and irreversible dismantlement of its nuclear weapons programs, and to comply with NPT and IAEA safeguards, will be an essential step towards a resolution. Until the DPRK demonstrates that it has abandoned its nuclear weapons ambitions, all States need to be vigilant to ensure they do not supply, or assist in delivering to the DPRK, items that could advance nuclear or other WMD programs. There remain serious concerns about the DPRK's ballistic missile program and missile proliferation activities. Indefinite extension by the DPRK of its moratorium on ballistic missile flight testing, and other undertakings to curtail ballistic missile programs, would enhance regional and global security.

Ballistic missile defence

On 4 December 2003, Australia announced its in-principle decision to participate in the US Ballistic Missile Defence (BMD) program. Australia remains concerned about recent trends in the proliferation of ballistic missiles and related technology and sees BMD as an important element of our overall counter-proliferation strategy. Missile defence is purely defensive and is designed to dissuade countries and non-state actors from seeking to acquire and develop a ballistic missile capability. In doing so, BMD will make a positive contribution to regional security and stability. Australia remains committed to keeping regional partners informed of BMD-related development through our regular strategic dialogues.

Small arms

In the Asia-Pacific the diversion of small arms and light weapons to illicit purposes is a pressing security concern. Apart from increasing criminal activity and instability, the spread and misuse of small arms have the potential to impact significantly on industries of key importance to the region, such as tourism. Australia welcomes the commitment made by several regional countries in the 2003 APEC Leaders Declaration to strengthen national controls on Man-Portable Air Defence Systems (MANPADS) production, exports and stockpiles. Australia intends to pursue further opportunities to enhance controls on the proliferation of these weapons internationally. Australia remains committed to the UN Programme of Action on eradicating the illicit trade in small arms and light weapons and regards its implementation at the regional level as a high priority. To help address this challenge, Australia, Japan and the UN Centre for Peace and Disarmament in Asia and the Pacific will co-host the Third Pacific Islands Small Arms Workshop in July 2004.

People Smuggling and Trafficking

People smuggling and trafficking remain serious threats, although it is pleasing to note that determined efforts have contributed to a reduction in maritime people smuggling activities. Australia continues to pursue a comprehensive whole-of-government strategy to combat people smuggling and trafficking and to work with other countries in the region in addressing these crimes. This includes bilateral capacity building and law enforcement activities. With Indonesia, Australia continues to co-chair the Bali Process which has proven to be an excellent framework for regional cooperation on these priority issues. Following the Second Bali Regional Ministerial Conference on People Smuggling, Trafficking in Persons and Related Transnational Crime in April 2003 (Bali II), Australia has worked with Indonesia, with Bali Process Ad-Hoc Experts Group Coordinators New Zealand and Thailand, with the UNHCR and IOM and with other countries on a practical program of activities aimed at meeting the objectives agreed by Ministers.

The Pacific

Australia's active policy approach to the Pacific is based on concerns about the region's capacity to address contemporary governance and security challenges. We have an interest in ensuring that Pacific island countries do not become failed states.

Australia's role in leading the Regional Assistance Mission to Solomon Islands (RAMSI) is the most obvious manifestation of our engagement. With strong regional support, Australia acted to restore stability in Solomon Islands and to halt its slide to state failure. RAMSI has successfully achieved its immediate objectives of restoring law and order and stabilising government finances. Over 3700 weapons have been seized or surrendered since RAMSI deployed in July 2003, and over 1200 arrests have been made, including many key criminals. The Royal Solomon Islands Police force has also been brought under control, with some 400 police dismissed or demobilised, and professional standards rigorously implemented. With RAMSI's assistance, the Solomons Islands government provided a credible 2004 budget and there are modest signs of a business recovery. While Australia shouldered the initial burden of assistance, re-engagement by international donors, including Japan, the EU, the World Bank and the ADB, has been welcome and sends an important message to Solomon Islands. RAMSI is now focused on assisting the Solomon Islands Government to implement long-term reform. This second phase of RAMSI activity will prioritise economic reform, strengthen accountability mechanisms and institutions, and rebuild government institutions including the police. Recognising the difficulty and complexity of the tasks which confront RAMSI, Australia is committed to staying for as long as it takes to do the job, and for as long as we are welcome.

Australia and Papua New Guinea have agreed on an Enhanced Cooperation Program to help Papua New Guinea address core problems in the areas of economic management, law and order and border management and security, including transport security. Up to 230 Australian police and 64 Australian officials will be placed in line positions in key PNG Government agencies. Under a new bilateral MOU, Australia will soon deploy to Nauru a Finance Secretary and Police Commissioner to assist Nauru to address its dire financial situation.

Apart from bilateral efforts, we are encouraging the pooling of regional resources and working to strengthen regional institutions. With the support of Pacific Islands Forum (PIF) leaders, we are working to reform the PIF Secretariat. It is increasingly difficult for many Pacific island countries to maintain all the sophisticated arms of modern government: pooling regional resources offers opportunities to share capacities and to improve the effectiveness and efficiency of services.

East Timor

East Timor's progress in building relations with its neighbours and its good cooperation on cross-border security issues, such as transnational crime and terrorism, has played a part in maintaining regional security. East Timor has been working on its fledgling security institutions, which remain very much in their infancy and will require capacity building assistance from the international community for some time to come. The border

security situation with Indonesia has been relatively stable and internal law and order issues continue to present a challenge to the East Timorese government. The continued presence of a UN mission with a small peacekeeping force and police elements until May 2005 will assist with these challenges. Australia will remain at the forefront of international support to East Timor, with a growing focus on security – headlined by a new 4.5 year A\$40 million program of assistance in East Timor’s police and justice sectors.

Cross-Strait Relations

Australia maintains a firm one-China policy. Adverse developments in cross-Strait relations would impact directly on the region’s security and economic well-being. Australia believes that pending a peaceful resolution of differences, the status quo should be maintained, and both sides encouraged to avoid provocative steps that might be misunderstood or lead to increased tensions. It is important that countries in the region encourage Mainland China and Taiwan to look for opportunities for constructive dialogue leading to a peaceful resolution of their differences.

South Asia

The ongoing détente between India and Pakistan which began with Indian Prime Minister Vajpayee’s ‘hand of friendship’ overture in April 2003, and now includes a timetable for talks to address bilateral issues including Kashmir, is a positive development. We continue to encourage both sides to maintain momentum in this process. Australia maintains that gradual progress offers the best prospects for long-term stability on the subcontinent. Australia also welcomes the signing of a bilateral MOU on counter-terrorism with India in August 2003 and values the support of both India and Pakistan in the global effort against terrorism.

Indonesia

Australia is committed to working with Indonesian authorities to combat terrorism in the region, building on the excellent cooperation between our two countries in pursuing those responsible for the October 2002 terrorist attacks in Bali. In February 2003, Australian and Indonesian foreign ministers co-chaired a regional ministerial meeting on counter-terrorism in Bali. The meeting welcomed the Australian Indonesian counter-terrorism initiative to establish the Jakarta Centre for Law Enforcement Cooperation. Australia fully supports Indonesia’s territorial integrity, which is vital for the broader security of the region. Indonesia’s management of internal security matters will continue to bear on regional security. Australia maintains that a negotiated political solution based on special autonomy within a united Indonesia offers the best prospect for a sustainable resolution of separatist problems in Aceh and Papua.

Myanmar

Australia is concerned that Aung San Suu Kyi, the Secretary General of the National League for Democracy (NLD) remains under detention. Australia urges Myanmar to release unconditionally Aung San Suu Kyi and other political detainees, and to re-commit itself to

the process of national reconciliation, including through dialogue with all key political parties, including the NLD, and ethnic groups. We welcome the convening of a National Convention on 17 May and call for the involvement of all political parties and ethnic groups in free and open debate. We are encouraged by the contribution made by regional countries towards resolving Myanmar's deteriorating political, social, economic and humanitarian situation.

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CANADA**

The global political and security situation in 2004 remains uncertain. Existing crises and potential developments with serious global implications are numerous: the continued and pervasive threat of terrorism; the challenges of peace building and reconstruction in **Iraq, Afghanistan and Haiti**; the ongoing **Arab-Israeli** conflict; and, concerns regarding the proliferation of weapons of mass destruction.

The Regional Security Environment

The Asia-Pacific region continues to face many important security challenges. **Terrorism and transnational crime**, including smuggling of migrants and trafficking in people and drugs, continue to threaten the security and livelihood of the region, underscoring the need for strengthened practical regional cooperation and capacity development. Concerns about the **proliferation of weapons of mass destruction and missiles** in the region were dramatically elevated over the past year with revelations of technology transfer, the continued rise in the number of indigenous development programs and new exporters, significant advancements in some national missile programs, and the ongoing tension over the **nuclearization of the Korean peninsula**. Conflict and instability continue to affect other countries of the region, with continued violence in Indonesia's Aceh province, terrorist and insurgency activity in the **Philippines and Indonesia** and sub-regional humanitarian repercussions from the continued instability in **Burma**. The proliferation and flow of **small arms and light weapons** in the region continue to contribute to unrest and conflict, taking a significant toll in suffering and loss of life. **Anti-personnel landmines** and other explosive remnants of war (ERW) remain a danger to people and a constraint on economic development, especially agriculture. The spread of **infectious diseases**, as we have seen with SARS and the Avian flu, poses a significant risk to both the physical and economic health of the world's citizens.

No country is immune from the impact of these pressures. From the ARF's earliest days in Bangkok in 1994, ministers recognized that developments in one part of the region could have an impact on the region as a whole. Since that time, the forces that drive the globalization process have remained strong. Certainly, technological advances and the ready availability of cheap transport have made it possible for more and more people to share knowledge, skills, services and goods in ways that have improved the lives of millions. But at the same time, globalization has posed new challenges. Diseases flow readily over borders. Conflicts also spread more easily. And, terrorists strike in new and unexpected ways. In the post 9/11 world our perception of these challenges has been altered. We need to rethink and recalibrate our individual and cooperative approaches to global and regional security. Not only have the threats to our societies and to the security of the people who live within our national borders changed, but the way that we must address them has too. Nations need more than ever to work together to find and implement common and consistent global norms, standards and approaches to increase security nationally, regionally and globally.

What role for the ARF?

The Stocktaking of the ARF paper adopted by Ministers in Brunei in 2002 recognized that the new security context required a shift in perspective and underlined the need for the ARF to be more responsive and relevant to the evolving security situation and to consider pragmatic measures.

The recommendations contained in that paper recognized the need to build upon the ARF's work on **preventive diplomacy**, and suggest areas for concrete action, including to address transnational threats to security as well as measures to position the ARF to move forward into its next phase. These include an enhanced role for the Chair, the creation of an ARF Unit within the ASEAN Secretariat and the need for ARF Inter-Sessional Group Meetings to address preventive diplomacy issues as well as confidence-building measures.

In seeking ways for the ARF to enhance its role in addressing security challenges, we need to continue to build upon the preventive diplomacy concept, as Ministers agreed in Brunei, recognizing that the security situation is not and never will be static, but requires that our cooperative efforts seek, at a minimum, to keep pace with its evolution.

To achieve this goal, we need to consider how we approach the work of the ARF in order to develop **practical cooperative measures** to address the security issues facing us, we must determine **priorities** and develop a **work plan**.

We also should have a clear sense of what outcomes we want to achieve, such as **codes of conduct, guidelines on best practices and technical assistance** to facilitate implementation of treaties, conventions and other international commitments.

Expert and policy meetings held under the auspices of the ARF should be targeted and focussed in order to build towards results with clear links to the ARF's broader and long term agenda. Linkages with the **Defence Officials Dialogue** process, and between Track I and **Track II** should also be enhanced.

Within the framework of an agreed workplan, the results and recommendations of ARF meetings would be channelled to the Senior Officials Meeting and to Ministers for approval. Linkages with other **regional organizations** working on security issues should also be developed. Linkages with key international arrangements such as regular contact with export control regimes could increase policy coherence between ARF members, as well as improve national technical expertise.

One useful development would be to draw upon the **Annual Security Outlook**, which is already an important contribution to transparency and confidence building, as a useful tool for sharing perspectives and information about activities at the national, sub-regional and regional level in support of the agreed priorities. Such an approach could build upon the successes of the ARF's confidence building measures phase by capturing information of relevance and interest to the membership and facilitating the development of a more practical, collaborative, coordinated and strategic approach to regional security issues.

In this spirit of transparency and collaboration, Canada's 2004 Annual Security Outlook submission will outline our activities in a number of areas of direct interest to the ARF: counter-terrorism and transnational crime; non-proliferation, arms control and disarmament; cooperative conflict prevention; transparency measures; human security and peace support operations.

Counter Terrorism and Transnational Crime

The global threat of terrorism remains high, as demonstrated by continuing terrorist incidents in the Asia Pacific region and around the world. The threats posed by international terrorism, trafficking in illicit drugs and transnational organized crime affect us all; it is important to assist each other in our efforts to combat these challenges. Working with other states, Canada combats criminal and terrorist networks in a number of ways: through increased cooperation and coordination of counter-terrorism initiatives; information sharing; and the provision of technical assistance to enhance regional security measures. Canada tailors assistance programs to meet specific needs of partners in the Asia-Pacific region and to build the counter-terrorism capacity of recipients with full respect for international norms and standards, including those related to human rights.

Some examples of Canadian CT-TC activities in the region over the past year include: a **Smart Border** Symposium for APEC member economies to highlight best practices in Canada-US Border security cooperation; the provision of **anti-money laundering and anti-terrorism** financing policy, legal and information technology assistance; the provision of **customs case management** and occurrence reporting system training; **anti-narcotics** training to national police organizations; training **in undercover operations** for law enforcement agencies; support for the efforts of APEC members to meet the **aviation security** requirements of the International Civil Aviation Organizations; support for the International Maritime Organization's Maritime Security Trust Fund to assist APEC countries in implementing the **International Ship and Port Facility Security Code**; and various other policy and law enforcement programming.

Canada is committed to working with ARF partners to combat threats to the safety and security of the region. From Canada's perspective, the ARF could build upon its valuable work on CT-TC issues to date by working to develop practical measures and best practices to effectively implement current international conventions and protocols related to terrorism and transnational crime. This could include promoting the implementation of and compliance with the recommendations of the Financial Action Task Force (FATF) on Money Laundering, the Asia Pacific Group on Money Laundering, the UN Convention against Corruption and the International Ship and Port Facility Security Code, as well as the establishment of a regional chemical, biological, radiological, or nuclear (CBRN) response support network and agreements, building upon the valuable work done by Singapore in this regard. The ARF could also increase coordination with the APEC Counter-Terrorism Task Force (CTTF) on regional approaches to counter-terrorism and related assistance. Since the Shanghai APEC Economic Leaders' Meeting, APEC has increasingly focussed on security issues, in addition to its economic mandate. In light of this trend, and recognizing that ARF is the principal forum for security dialogue in Asia, Canada would suggest that it would be desirable for the two organizations to consider modalities for enhancing, at a minimum, the exchange of information between them, with a view to learning from each other's experiences, exchanging best practices, and avoiding duplication of effort in

the area of counter-terrorism and transnational crime.

Non Proliferation, Arms Control and Disarmament

Non-proliferation, arms control and disarmament (NACD) are essential building blocks for international security. All of these building blocks are now under pressure. Despite enormous achievements over the years in developing rules and institutions to ban weapons of mass destruction and to prevent proliferation, these weapons still threaten our security. Countries are "breaking out" from promises not to develop or acquire WMD. Other states continue to build up arsenals of WMD and fail to live up to their disarmament commitments.

Through the *Global Partnership Against the Spread of Weapons and Materials of Mass Destruction*, members are making significant progress in securing and disposing of WMD and related items, particularly in Russia. Canada has pledged up to CAD \$1 billion to this effort over ten years. Canada is also a strong supporter of the **IAEA's** efforts to strengthen its nuclear safeguards program, including promotion of the **Additional Protocol** pertaining to inspection regimes and efforts to reduce the risks of proliferation in the nuclear fuel cycle. Canada is the second largest contributor to the IAEA's Nuclear Security Action Plan. It has also played a leading role on such issues; as- the International Code of Conduct, on the Safety and Security of Radiological Sources and the amendment of the Convention on the Physical Protection of Nuclear material.

Late in 2003, Canada became a participant in the **Proliferation Security Initiative** (PSI). The PSI is intended to enhance international efforts to deter and halt proliferation of MD and related materials shipped between state and non-state actors, in accordance with national authorities and international law. In April, Canada hosted a PSI operational experts working group meeting. Canada has also been among the most active states in strengthening the international export control regimes, established to ensure that exports of material, equipment and technology do not contribute to chemical, biological, nuclear or missile proliferation. Canada was also a leader in fashioning the 2002 **Hague Code of Conduct** whose subscribers agree not to contribute to any missile program in countries trying to acquire WMD.

The ARF can play a valuable role in promoting non-proliferation, arms control and disarmament cooperation through regional initiatives, including through the development of practical measures and best practices to support the national implementation of international NACD treaties, and through support for the universal application of the International Atomic Energy Agency (IAEA) safeguards system. The ARF could work to universalize key NACD instruments in the regime, including both international treaties (such as the Comprehensive Nuclear-Test-Ban-Treaty), as well as other arrangements such as the Hague Code of Conduct. Those ARF members who are also members of the Conference on Disarmament (CD) could reaffirm their political commitment to restarting the work of the CD. One area where the ARF could have particular value-added is in increasing effectiveness of national procedures for the implementation of effective **export licensing** measures. Canada would be ready to contribute to such an exchange, possibly in the format of an experts' group meeting, by sharing information about our consultations process for export permit applications, our training for officials involved, in this process, as well as outreach activities that we conduct with our industry. We would also welcome the opportunity to learn from the experiences of other ARF countries on this issue.

Human Security

An essential role of government is to protect people within its territory both from traditional and new threats to their security. The security of the state and the security of the individuals within that state are inseparable and mutually reinforcing. Human security puts people at the centre of security policies, and focuses on the assurance of their rights, safety and freedoms and the creation of the conditions, through good governance and respect for the rule of law, which are necessary for people to enjoy the security to pursue their lives and aspirations.

Canada has been an active advocate of human security both globally and in the region. A priority for Canada is to see the successful implementation of the UN Programme of Action to Combat the Illicit Trade in Small Arms and Light Weapons in All its Aspects that emerged from the July 2001 UN conference on small arms. Addressing two key elements absent from that document but crucial to curbing the flow of small arms- civilian possession of small arms and transfers to non-state actors - remains a priority as well. Canada also continues to actively promote universal acceptance and full implementation of the **Ottawa Convention** (on the Prohibition of the Use, Stockpiling and Transfer of Anti-personnel Mines, and on their Destruction) through technical, financial and material assistance, including support for capacity building.

Examples of **human security cooperation in the region** include: a symposium on cooperation in South Asian waters; training in human rights and conflict resolution with national police and judges; customs and cross-border management capacity building; assistance to the development of the corrections sector; training on gathering and disseminating preliminary election results; and, strengthening the protection of human rights for women migrant workers.

The ARF could play a role in activities to improve human security in the region through technical assistance to support adherence to and implementation of international treaties such as the **Rome Statute of the International Criminal Court** and the **Ottawa Convention**. The ARF could also support national and regional level implementation of the **UN Programme of Action to Combat the Illicit Trade in Small Arms and Light Weapons in All Its Aspects**. Institutional exchanges and linkages with other regional organizations on regional approaches to human security issues, such as the OSCE High Commission on National Minorities, the OAS Unit for the Promotion of Democracy, the Inter American Drug Abuse Control Commission, the Consultative Committee of the Inter-American Convention Against the Illicit Manufacturing of and Trafficking in Firearms, Ammunition, Explosives and Other Related Materials and the Inter-American Commission on Human Rights would also be valuable.

Peace Support Operations

The complexity of peace support operations has increased dramatically since the end of the Cold War. There are more intra-state conflicts, more actors (including non-state actors) and more missions which require more diverse skills. Canada remains an active participant in and supporter of international and regional peace support efforts, through contributions of both military and civilian (including police) assistance. In Afghanistan, Canada is currently the lead nation in the **International Security Assistance Force (ISAF)**, with 2,000 troops. A Canadian

General commands the NATO-led force. Since 2002, we have committed some \$600M over 7 years in reconstruction assistance, our largest bilateral aid contribution ever. We have also provided security sector technical expertise - police and corrections - to the UN Assistance Mission in Afghanistan. Canada is also playing a leading role in the international assistance efforts in **Haiti**, through the provision of military support to the Multinational Interim Force, and a planned police contribution to the UN Stabilization Mission, as well as financial support and technical assistance to aid in the reconstruction of democratic institutions and the re-establishment of the rule of law. Canada continues to be a key contributor to ongoing peace support efforts in the **Balkans**, and is contributing to UN and other multilateral peace support missions in **Timor Leste, Cote d'Ivoire, Sierra Leone and Iraq/Jordan** through the provision of targeted expertise.

From Canada's perspective, it would be desirable for ARF members to consider practical ways to collaborate in terms of training for and participation in complex peacekeeping missions, involving both civilian and military actors. To this end, Canada has been pleased to provide training support to some of our ARF partners through our Military Training Assistance Program. We also welcomed the recent CBM on Civil-Military Cooperation in Peace Support Operations co-sponsored by the USA and Brunei, where Canada shared our experience with UN civilian policing in the context of the UN mission in East Timor (UNMISSET). These sorts of exchanges of experiences and best practices, as well as the creation of peace support training programs between ARF countries, can make an important contribution to building regional capacity for peace support operations.

Cooperative Conflict Prevention

There is a general consensus within the ARF that preventive diplomacy can contribute to preventing disputes and conflicts from arising between states that could pose a threat to regional peace and stability. The ARF must now move towards building concrete capacity for cooperative conflict prevention within the region. This capacity building should focus on the provision of technical assistance to member states, and take a cooperative, problem-solving approach. In this regard, Canada welcomes the recent discussions within the ARF on practical ways to enhance the **institutional support to the Chair** through the creation of an ARF Unit within the ASEAN Secretariat which responds to the needs and interests of all ARF members. We would also like to see the ARF move forward on the establishment of terms of reference to provide the Chair and the Unit with a specific mandate to propose and coordinate **cooperative preventive diplomacy** initiatives. Partnerships could also be established with other regional organizations with experience in preventive diplomacy and conflict resolution, such as the OSCE and the OAS in order to promote cooperative, problem-solving approaches based on the exchange of best practices and expertise. The adoption of guidelines for the operation of Experts and Eminent Persons (EEPs) and their implementation could also contribute to strengthening the ARF's efforts on cooperative conflict prevention.

Transparency Measures

In recent years, advances in the establishment and promotion of confidence and security building measures have strengthened military-to-military relations and decreased historic rivalries and tensions in the regions. Transparency is at the very centre of confidence-building, and has

been a focus of efforts at the international level and in several regions.

One important contribution to enhanced transparency is the sharing of information about national security and defence programs and policies. In this context, Canada released in April 2004 our first **National Security Policy**. It details the many measures we have adopted since September 11, 2001, and what we will do to further strengthen our security capabilities, including \$8 billion in additional security investments. With respect to Canada's defence program and activities, detailed information is available at www.dnd.ca and is regularly updated.

The international community has made important advances in promoting **transparency in the area of conventional arms** through two voluntary global instruments: the UN Register of Conventional Weapons and the instrument of standardized reporting on military matters, including transparency on military expenditures. The UN Register has set an example for regional initiatives, such as the landmark Inter-American Convention on Transparency in Conventional Weapons Acquisitions, which entered into force in 2002 and which requires all OAS states to provide annual reports to the OAS Depositary on its imports and exports of conventional weapons covered by the UN Register, and to notify the Depositary of its acquisitions of certain conventional weapons within a specified time frame. Canada was the first state to ratify this unprecedented Convention, which puts in place a concrete mechanism for strengthening regional stability through mutual confidence and transparency, and allows countries in the region to better evaluate their security situation in an environment that allows democratic governments to appropriately and transparently maintain and modernize their defence forces.

While recognizing that the ARF is not in a position to adopt such a legally-binding instrument as the OAS Transparency Convention, it could support global transparency efforts through technical exchanges aimed at facilitating **adherence and implementation of international transparency instruments** (the UN Register, the instrument of standardized reporting on military matters and the UN Register on Conventional Arms (UNCAR)). The ARF could also consider the development of **a voluntary regional transparency instrument**. Another area for cooperation would be in the development of guidelines and the sharing of **defence white papers** (again there are models from other regions, including the OAS, which could be helpful in this regard).

Conclusion

The above is intended to outline possible areas where the ARF could play a valuable role in fostering increased cooperation. Canada would be pleased to work with interested ARF members in advancing cooperation in any of these areas. We would hope that ARF members might work together to promote the exchange of best practices and technical assistance where we can, and to consider the pursuit of practical measures in the interest of enhancing our cooperation and capacity to address the pressing security challenges which are facing us all.

To help us in charting our course and using our intellectual and financial resources most effectively, the ARF membership should consider where we want to focus our efforts, with what priority, and within which time frame. ASEAN leadership will be key to helping the membership as a whole to advance towards this goal. To advance this discussion, we should agree to develop a **workplan** with focussed areas of work and identified outcomes to help us to stay on track and

measure progress. While it is important to move at a pace comfortable to all, this can not result in inaction or inertia. The ARF has a critical choice: after 10 years of investment on all members' part, we can either use this body to address the critical issues we are all facing or we can allow other organizations to fill the void.

There has been a very positive spirit of constructive dialogue around these issues and we look forward to continuing to contribute to the ARF's consideration of the way forward.

**ASEAN REGIONAL FORUM(ARF)
ANNUAL SECURITY OUTLOOK-2004
CHINA**

I. Review of the Security Situation in the Asia-Pacific Region

Over the past year, the Asia-Pacific region experienced a series of profound changes in its security landscape. Its main features included the following:

- Regional cooperation was in full swing as countries worked to create win-win situations for common development. Mechanisms such as ASEAN plus China, Japan and ROK (10+3), ASEAN plus China (10+1), Asia Cooperation Dialogue (ACD), Forum for East Asia-Latin America Cooperation (FEALAC) and the Boao Forum for Asia had been unprecedentedly dynamic, whose process had been notably accelerated. Regional trade liberalization arrangements continued to make fresh headway, which reinforced the converging interests of various countries. All this provided the necessary foundation for consolidating peace and stability in the Asia-Pacific region.
- Major power relations witnessed positive changes, maintaining the general momentum of improvement and development. Countries shared greater common interests and wider scope for cooperation. China, the US, Europe, Russia and Japan strengthened communication and coordination, especially on regional hot spot issues. This created favorable conditions for peace and stability in the Asia-Pacific.
- Increasing attention was paid to security dialogue and cooperation and various forms of multilateral security dialogue continued to score fresh progress within this region. Channels for communication such as the Shanghai Cooperation Organization (SCO), 10+3 and the ASEAN Regional Forum (ARF) vigorously explored for effective means and approaches for a safer Asia-Pacific region, strengthening cooperation among countries by starting to put in place confidence-building measures. This laid out a promising prospect for the eventual formation of a regional security framework conducive to peace and stability in the Asia-Pacific region.

However, the region was still faced with quite a number of potential dangers and challenges.

First, old and new hot spot issues cropped up from time to time. Deep mistrust and even a sense of hostility existed between some countries, as strikingly shown by the nuclear issue on the Korean Peninsula.

The nuclear issue on the Korean Peninsula is a major issue bearing on regional stability. A peaceful resolution through dialogue by working for a nuclear-weapon-free Korean Peninsula and addressing the security concerns of relevant countries can serve the interests of all parties and peace and stability of the Peninsula and the region. The two rounds of Six-Party Talks held in August 2003 and February 2004 charted the course for a peaceful settlement of the issue.

Second, activities of terrorism, extremism and separatism hit from time to time. Non-traditional security threats in various forms such as smuggling, drug-trafficking, maritime piracy and money-laundering were on the increase. All this had adversely affected peace and tranquility in some countries and areas.

Third, the Asia-Pacific region was one of the scenes with prominent development divide. The per capita GDP of some countries in this region was more than 100 times lower than that of some others. The gap between the haves and have-nots is, more often than not, the breeding ground of problems.

To sum up, the general situation of relative peace and stability will continue to stay in East Asia with no practical threat of an outbreak of a large and full scale war in sight. Though dialogue and cooperation dictate the mainstream of the security landscape, various kinds of complicated factors deserve our attention. Countries across the region need to work more actively, consolidate and strengthen regional security.

II. China's Basic Policy Stance on Security in the Asia-Pacific Region

As the regional situation develops, China has gained a deeper and richer understanding about regional security issues. It is fair to say that China is embracing a more open security concept, enforcing more transparent security policies and participating in more extensive security co-operation than ever.

From China's perspective:

- The present-day security issues are comprehensive in nature. In a globalising world, security issues are becoming increasingly transnational and comprehensive. A nation's security interests are more closely linked with those of the region and even other parts of the world. Security is no longer a military or political concept only; it is increasingly an economic, social, environmental and cultural concern. This entails a comprehensive approach when handling security issues.
- Co-operation is an effective safeguard for national security. Countries should break away from the moribund idea of seeking security through individual strength and turn to closer regional co-operation to expand common interests, build up the capacity and improve the efficiency in dealing with threats and meeting challenges. Expanding common economic interests among countries is also an important means for promoting regional security.
- Common security is the ultimate goal for security in the region. History has repeatedly shown that peace can only be secured by a win-win type of mutual security. Unilateral security is a "zero-sum" game that can never bring about genuine and lasting peace. Countries, while realizing their own security, should contribute to other countries' security by respecting their security interests and concerns.

Based on the above perceptions, the Chinese Government has formulated a new security concept with mutual trust, mutual benefit, equality and collaboration at its core. It aims to transcend differences and disputes, enhance trust through dialogue, settle disputes through negotiations, and achieve security through co-operation.

China's goals for security in the Asia-Pacific region include safeguarding national sovereignty and territorial integrity, preserving regional peace and stability, and promoting security dialogue and co-operation. To steer our relations with neighboring countries, we articulated the principle of "establishing friendship and partnership" at the Sixteenth National Congress of the Communist Party of China. To substantiate this principle, we further formulated the policy of "building an amicable, tranquil and prosperous neighborhood". We will take real and active actions to increase co-ordination and co-operation with countries in the region, and contribute to peace, security, prosperity and stability there.

III. China's View on the Future Development of ARF

China highly values ARF's role and is its active participant and promoter. In an increasingly globalised world where nations are more interdependent than ever, greater dialogue and co-operation is the only path to common security. Recognizing this, China has been actively participating in multilateral security co-operation.

In the future, China will support ARF in focusing its efforts on the following:

- Enhancing mutual trust through dialogue, settling disputes through negotiations, and achieving common security through co-operation. The Asia-Pacific is a region full of diversity. Countries in the region have diverse security interests and concepts. However, common security catering to the region is not unattainable if participants at the forum resolve on having frank discussions, respecting one another and increasing mutual trust.
- Keeping ARF's nature as a regional forum and sticking to the principles of "gradual progress, decision making by consensus and at a pace comfortable to all". While strengthening the existing confidence-building measures, the forum may actively explore the possibility of its engagement in preventive diplomacy. On this basis, the forum should think long term and look into the possibility of constructing a regional security co-operation framework accommodating the diversity of the Asia-Pacific.
- Intensifying co-operation in the fight against terrorism and other non-traditional security threats. The *Stocktaking of the ARF Process and Recommendations* adopted by ARF identifies non-traditional security threats including terrorism as key areas for co-operation. The forum has also released *ARF Statement on Measures Against Terrorist Financing* and convened two Inter-sessional Meetings on Counter Terrorism and Transnational Crime. These are efforts that allow ARF to progress in the right direction and should be further strengthened.

- Increasing the participation of defense officials. This will contribute to deepening trust between ARF participants and will have a positive impact on peace and stability in the region.

IV. China's Efforts to Safeguard Regional Security

As an important member of the Asian Community, China's development and prosperity is the biggest contribution to peace and development in the Asia-Pacific region. Last year, China stood the severe test of the SARS epidemic and other serious natural disasters, maintained a sound momentum of economic growth, and registered a GDP growth rate of 9.1% at the same time, it has deepened economic reforms across-the-board and opened wider to the outside world. China's sustained and rapid economic growth has brought benefits not only to the Chinese people, but also to people in Asia and around the world.

China actively implanted the policy of "establishing friendship and partnership with neighboring countries and "building an amicable, tranquil and prosperous neighborhood" and actively promoted the good-neighborly friendship and regional cooperation.

In the past year, China's good-neighborly and friendly relations scored new progress in political, economic and other areas.

- Political mutual trust, and trade and economic cooperation between China and ASEAN countries were strengthened. China was the first to accede into the "*Treaty of Amity and Cooperation in Southeast Asia*" (TAC) and declared the establishment of a "Strategic Partnership Facing Towards Peace and Prosperity". The two sides held serious discussions on implementing the follow-ups of the "Declaration on the Conduct of Parties in the South China Sea", with a view to maintaining stability in South China Sea region. China also worked together with ASEAN countries and succeeded in combating both the SARS and the highly pathogenic bird flu.
- Relations between China and India entered a new era of comprehensive development, as evidenced by the jointly released "*Declaration on the Principles for Relations and Comprehensive Cooperation Between the People's Republic of China and the Republic of India*".
- China adhered to the principle of "Taking history as a mirror and facing towards the future" for the steady development of China-Japan cooperation in various fields. China's traditional bond with the DPRK was further cemented. China and the Republic of Korea (ROK) established a partnership of comprehensive cooperation. Its traditional friendship with Pakistan and other countries in South Asia was further deepened.

At the same time, China's relations with the United States, Russia and the European Union also developed.

In the past year, China played a construction and active role in seeking solution to the Korean Peninsular nuclear issue. China successfully facilitated the Three-Party and Six-party Talks on the Korean Peninsular nuclear issue, thus, kicking off seeking a peaceful solution to the nuclear issue through dialogue. The two rounds of talks helped ease tension in the region and were widely acknowledged by the international community. China stands for a peaceful solution to the nuclear issue and stands ready to work together with all relevant parties to promote the process of dialogues. China holds that while maintaining a nuclear-weapon-free Korean Peninsula, the legitimate concerns of relevant parties shall be addressed.

In the past year, China was also a staunch supporter and an active participant of multi-lateral cooperation in this region.

- China actively participated in relevant activities of ARF and initialed the "ARF Security Policy Conference". In the meantime, China and Myanmar co-chaired the 2003/2004 Inter-sessional Support Group on Confidence Building Measures (ISO on CBMs). China submitted draft concept papers on two confidence-building measures, namely sponsoring the "ARF Seminar on Enhanced Cooperation in the Field of Non-Traditional Security Issues" and "ARF Seminar on Alternative Development".
- China actively promoted the development of Shanghai Cooperation Organization (SCO) and signed with other five member states the "Moscow Declaration" and "Guidelines for Multi-lateral Economic and Trade Cooperation among Member States of Shanghai Cooperation Organization" and other important documents.
- China made great efforts to promote regional cooperation in East Asia and Pan-Asia. China actively pushed for fresh breakthroughs in Ten Plus Three (10+3) and Ten Plus One (10+1) cooperation mechanisms, successfully hosted the Annual Meeting of "Boao Forum for Asia" and will host the Third ACD Foreign Ministers' Meeting. China also actively participated in APEC, ASEM and other multi-lateral dialogues and cooperation.

The Chinese Government has all along pursued the policy of promoting development, rejuvenation and peace and stability in the Asia-Pacific region. Its Asian policy is aimed at peace, security, cooperation and prosperity. With a view to promoting cooperation and development and safeguarding peace and stability, we will:

- Deepen cooperation with other countries for common development and work hard to create a favorable environment for the common prosperity of all Asian countries.
- Increase mutual trust with other countries and work closely with them to create a sustained security environment in the region.

- Learn from other countries, strengthen exchanges and work hard to create a more diversified and colorful cultural environment in the region. China will continue to participate in international and regional security dialogue and cooperation process with a more active and open posture.

**ASEAN REGIONAL FORUM
ANNUAL SECURITY OUTLOOK 2004
EUROPEAN UNION**

I. Overall Regional Security Environment

As a consequence of increased EU awareness that existing and new security challenges have to be addressed in a comprehensive way, the European Council adopted in December 2003 an EU Security Strategy which identifies the major threats to EU security, namely terrorism, the proliferation of weapons of mass destruction, regional conflicts, state failure and organised crime.

In that EU Strategy, one of the key tools suggested to counter those threats is the method of effective multilateralism in form of continued EU diplomatic action in multilateral fora and in the bilateral relations with third countries.

II. The fight against terrorism

Following the tragic events in Madrid on 11 March, the EU acted quickly to re-double its efforts in the fight against terrorism. This resulted in the adoption of the Declaration on Combating Terrorism at the European Council on 25 March. The Union and its Member States pledged once more to do everything within their power to combat all forms of terrorism in accordance with the fundamental principles of the Union, the provisions of the Charter of the United Nations and the obligations set out under United Nations Security Council Resolution 1373 (2001).

Supporting the key role of the United Nations, the EU will continue to work to ensure universal adherence to, and full implementation of, all UN Security Council Resolutions, UN Conventions on Terrorism and related Protocols.

The EU will work with and within international, regional and sub-regional organisations to strengthen international solidarity in countering terrorism, in accordance with the principles of the rule of law and the obligations under international law, including human rights.

The EU will ensure effective and practical co-operation with Third countries, and in the ARF, in combating terrorism, in particular through the following measures:

- Development of technical assistance strategies, to facilitate vulnerable Third countries in enhancing their counter-terrorism capability, and by addressing counter-terrorism concerns into all relevant external assistance programmes to promote good governance and the rule of law;
- Ensure that counter-terrorism is a key element of political dialogue at all levels with Third Countries, in particular those where terrorism poses a particularly serious threat;
- The European Union will analyse and evaluate the commitment of countries to combat terrorism on an ongoing basis. This will be an influencing factor in EU

relations with them.

The EU believes that strong action must continue to be taken on the sources of financing of terrorist organisations while respecting the rule of law. The EU will pursue dialogue with ARF countries on this crucial issue in order to step up the fight against the financing of terrorism.

Building on the solidarity and co-operation enshrined in the 2001 Plan of Action to Combat Terrorism, the EU will seek to further strengthen co-operation with our partners in Asia in countering the threat posed by terrorism.

In particular, the following high level Strategic Objectives will be implemented:

- Deepen the international consensus and enhance international efforts to combat terrorism;
- Reduce the access of terrorists to financial and other economic resources;
- Protect the security of international transport and ensure effective systems of border control;
- Address the factors which contribute to support for, and recruitment into, terrorist organisations;
- Target actions under EU external relations towards priority Third Countries where counter-terrorist capacity or commitment to combating terrorism needs to be enhanced.

As counter-terrorist measures can only be fully effective if they are applied everywhere, the EU has offered assistance to the implementation of UN Security Council Resolution 1373. The EU has built an extensive trackrecord of assistance in areas judged by the UN CTC to be a high priority, notably through our assistance programmes in the candidate countries. The fight against terrorism is integrated within our longer-term programmes (NIPs/RIP). In Asia, Indonesia and the Philippines are priority countries. More recently, it was agreed with ASEAN to develop a regional programme of assistance in the field of counter-terrorism.

Assessment missions have been undertaken in order to examine possibilities for short-term projects and made recommendations as to how counter-terrorism elements might be integrated into our longer-term assistance programmes. Projects in the area of border management are proposed in the Philippines and on a regional level with ASEAN. Further projects on countering terrorism financing (following the short-term assistance to the establishment of a Financial Intelligence Unit) are being considered in Indonesia. The EU welcomes the creation of the Jakarta Centre for Law Enforcement Co-operation.

The fight against international terrorism is also a priority in the context of ASEM (the Asia-Europe Meeting). At the ASEM 4 Summit in Copenhagen in September 2002, leaders underlined their resolve to fight international terrorism by adopting the ASEM Copenhagen Declaration on Co-operation against International Terrorism and the ASEM Copenhagen Co-operation Programme on Fighting International Terrorism. This includes implementation of UN resolutions, strengthened consultation, co-operation and co-ordination, and the establishment of an ad hoc consultative mechanism. One of the activities agreed in the

Action Plan is an ASEM Seminar on Anti-terrorism which took place at Beijing on 22-23 September 2003. The results of the seminar were endorsed by the last ASEM Foreign Minister Meeting in Kildare (Ireland) on 18 April 2004, in particular the following concrete steps:

- Strengthening capacity building efforts through training and education, seminars and conferences to support ASEM partners in their efforts to implement UNSCR 1373 and relevant international conventions and protocols on anti-terrorism;
- Links between legislative and law enforcement agencies should be strengthened;
- Exploring practical initiatives to support the United Nations in its central role in the fight against terrorism;
- Establishing a network of ASEM Contact Points on anti-terrorism;
- The ASEM anti-money laundering project (co-funded by EC and UK) received full support, as well as the seminar on money laundering hosted by Germany on 30-31 October 2003.

III. Non-proliferation and Disarmament

In the EU Security Strategy, which was adopted by the European Council in December 2003, the proliferation of weapons of mass destruction and their means of delivery is identified as one of the major threats for EU security. The adoption of the EU Strategy Against the Proliferation of Weapons of Mass Destruction fulfils the commitment by the Heads of State and Government at Thessaloniki in June 2003. The Strategy constitutes an elaboration of the non-proliferation element of the European Security Strategy, based on previously agreed Basic Principles.

The WMD Strategy is based on the concepts of responsibility, prevention and partnership. As is the case with the EU Security Strategy, the WMD Strategy's approach is two-fold: on the one hand the EU will continue to address the root causes of the race to WMD by States or non State actors, on the other hand the EU will adopt all necessary measures to counter the threat and to prevent those who want to acquire materials and technology in order to produce WMD from being able to do so. The Strategy also commits the EU to the multilateral treaty system, which provides the legal and normative basis for all non-proliferation efforts. It is EU policy to pursue the implementation and universalisation of the existing disarmament and non-proliferation norms.

In the context of the development of the EU WMD Strategy, the High Representative / Secretary-General appointed, in October 2003, a Personal Representative for the non-proliferation of WMD who is tasked to help implement and further develop the EU WMD Strategy, and to give sharper focus to non-proliferation in the EU's relation with third countries.

The implementation of the measures contained in the EU WMD Strategy has already made good progress in late 2003 and the process is being further accelerated during the year 2004.

As one important action, the EU is continuing to promote the universalisation and, where appropriate, the strengthening of all major non-proliferation treaties and other

instruments, including the NPT (including through promoting the conclusion of IAEA comprehensive safeguards agreements and Additional Protocols), the CTBT, the BTWC and CWC. The EU also re-iterates the importance of the early entry into force of the Comprehensive Test Ban Treaty.

Strengthening of export controls is another important priority in the fight against the proliferation of WMD. A peer review of the existing export control systems in all EU Member States and in all Acceding Countries is being carried out during the first half of 2004. The lessons to be drawn from that exercise will not only help to improve the situation in the EU through the sharing of best practices but will also provide the necessary groundwork for future assistance to third countries in the export control area.

In addition, the strengthened support to activities carried out by international organisations (e.g., IAEA, OPCW) in the form of EU Joint Actions is another element which will contribute to further the objectives set by the EU WMD Strategy. A Joint Action in support of activities under the IAEA Nuclear Security Fund to improve nuclear security in the Balkans, the Caucasus and in Central Asia will be adopted by the Council soon. A similar Joint Action for activities carried out by the OPCW will soon be put forward.

EU Member States and the Commission remain also strongly involved in Co-operative Threat Reduction. While existing assistance is particularly oriented towards Russia, consideration will be given to extend the geographic scope for future activities to other regions.

IV. The Korean Peninsula

The Union has been following very closely recent developments in the Korean Peninsula, and remains gravely concerned at the DPRK's nuclear programme, which poses a serious threat to regional and global security. Its position on this matter has been clearly defined by the European Council in December 2003: the only acceptable outcome is the DPRK's return to full compliance with the NPT, as well as the complete, verifiable and irreversible dismantling of its nuclear programme. The Union reiterates the importance of the de-nuclearisation of the Korean Peninsula in maintaining peace and security in Asia and more widely. It hopes that the DPRK has understood that the choice of a negotiated agreement with clear steps towards a nuclear-free peninsula, which would address DPRK's security concerns in the broad sense, is in its best interest.

The Union is encouraged by the outcome of latest round of the Six-Party talks, held at Beijing on 25-28 February 2004. Even though there was no major breakthrough, the Union believes that the fact that a process was set up and is continuing is positive. It looks forward to the follow-up of the talks, in particular to the setting up of terms of reference and to the 12 May meeting of a Working Group, which will prepare the next round of talks, scheduled for June. At the appropriate time, the Union will be ready to contribute to international efforts aimed at moving matters forward.

The European Union expresses its condolences for the recent tragic events in the north of the DPRK.

V. South Asia

The EU welcomes the prospect for the composite dialogue between India and Pakistan. It welcomes the personal engagement of President Musharraf and Prime Minister Vajpayee and the commitment of their governments to the peaceful settlement of all bilateral issues, including Jammu and Kashmir, and to regional co-operation, which underpinned the success of the twelfth SAARC summit. The EU is confident in the continuation of the bilateral process, including consolidation of the cease-fire and re-opening of communication links on all levels and further implementation of CBMs namely in the field of nuclear capabilities. The EU welcomes the announcement that nuclear confidence building talks will be held in Islamabad on 25-26 May. The EU remains ready to share its experience in CBMs.

The Union has repeatedly called for an end to terrorist activities in the region. All States should honour the commitments undertaken in relation to, and emanating from, their international obligations in the fight against international terrorism.

The EU considers that nuclear and missile proliferation, together with high levels of defence spending heighten the security risk.

VI. Taiwan Straits

The EU has a strong interest in stability across the Straits and therefore paid close attention to recent developments there. The EU, within the context its "One China" policy, supports the peaceful resolution of differences, rejects the use of force, and regularly urges both parties to pursue constructive dialogue.

VII. The South China Sea

The EU strongly encourages full implementation of the Declaration on the Conduct of Parties in the South China Sea adopted in November 2002.

VIII. South Pacific

The European Union welcomes the success of the Regional Assistance Mission to Solomon Islands (RAMSI) led by its Pacific neighbours and endorsed by the Pacific Islands Forum. RAMSI is an example of the capacity of a region to solve its own issues peacefully and therefore support regional stability. The EU is amongst the major donors to RAMSI, with €85 million committed to date to the rebuilding of the Solomon Islands.

IX. Indonesia

The European Union has followed the legislative elections in Indonesia for several representative bodies on 5 April last with great interest. Although the official results of the elections were not known when writing this Outlook, the European Union congratulated the people and the government of Indonesia on the generally peaceful and competitive way in which the pre-election process and polling have taken place, and hoped that the coming

presidential elections could be conducted in the same positive manner.

More than 200 independent EU observers were stationed in the country to monitor the election process. The EU Election Observation Mission (EOM), led by Mr Glyn Ford, Member of the European Parliament, provided a comprehensive statement on the electoral process in Indonesia. The European Union, through the continued efforts of the EU EOM, will continue to follow the coming presidential elections with great attention as well.

The European Union noted with great satisfaction that the elections had taken place in a positive spirit. Overall the elections appeared to have been a success, although the preparations were marked by shortcomings and delays, especially in the production and distribution of ballot papers, and on Election Day there were a few delays and postponements in isolated parts of the country. The process appeared to have been conducted peacefully, except for some incidents reported from Aceh. Regretfully, it was not possible for observers to observe fully in that province, so that information on Aceh's elections remains scarce. The European Union expressed the hope that during the coming presidential elections its observers would be able to observe fully the election process.

The European Union supports Indonesia's territorial integrity and reiterates its attachment to a democratic, stable, united and prosperous Indonesia. The European Union is nevertheless concerned about conflicts leading to human rights violations in some of Indonesia's provinces and has called on the government of Indonesia to settle these conflicts in a peaceful manner. The EU has stressed the need for full implementation of the Special Autonomy Laws in Aceh and Papua, and urged the Indonesian authorities to lift martial law in Aceh.

X. Burma/Myanmar

The EU remains worried about the situation in Burma/Myanmar and therefore, on 26 April, rolled over without change its Common Position for a further 12 months. The Common Position provides for a visa ban and assets freeze on members of the State Peace and Development Council (SPDC), government ministers, senior members of the military, members of the United Solidarity and Development Association, state-owned economic enterprises, and beneficiaries of the government's economic policy, and their families.

The European Union has studied the SPDC's 7-step 'roadmap process' of 30 August 2003, and subsequently presented by Foreign Minister U Win Aung to certain members of the international community in Bangkok on 15 December 2003. The European Union has noted with interest that the reconvening of the National Convention, first step of the roadmap, will take place on 17 May. The European Union believes that, if the National Convention is to lead to lasting national reconciliation, Daw Aung San Suu Kyi, her NLD colleagues, as well as all political prisoners, should be fully released, and freedom of activity should be guaranteed for all political parties.

The European Union would welcome a National Convention which is fully inclusive of all stakeholders who can be regarded as legitimately representing their constituencies,

including all political parties with representatives elected in the last elections, as well as all major ethnic nationalities not represented by a political party.

The European Union would welcome a National Convention in which there is free debate in line with international standards. This includes immunity from prosecution for any opinion voiced in the national convention or related legal meetings, freedom of expression in both written and oral form within the National Convention or in related closed meetings, and an agenda and rules of procedure debated and agreed upon by a significant majority of delegates.

The European Union believes that it would be helpful to establish a reasonable timeframe for the session or sessions of the National Convention, which both allows enough time for full discussion, and ensures that the contribution of participants remains focussed.

The European Union would be willing to consider providing experts to advise on issues relating to the establishment of a constitution through an inclusive and participatory process, and would welcome working with experts from Burma/Myanmar and Asian partners on this. The European Union hopes that the National Convention will give the EU the opportunity to react positively, as set out in the EU Common Position.

The European Commission's humanitarian assistance to Burma/Myanmar totals approximately 10 million Euro a year. Support is provided mainly to refugees (in Thailand and Bangladesh), returnees and internally displaced persons. Activities include food aid, basic health, water and sanitation. The implementation of the European Commission's programme on HIV/AIDS started in 2003. This programme, which totals 5 million Euro, supports selected activities of the UN-Joint Plan of Action for HIV/AIDS in Myanmar which are implemented by four NGO-partner organisations, two of them working under the aegis of the UNDCP.

XI. Domestic EU developments

On 1 May, ten new Member States (Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, the Slovak Republic, and Slovenia) joined the European Union. This unprecedented expansion of the EU will greatly contribute to peace and security in Europe. Enlargement is an on-going process, since Bulgaria and Romania are negotiating their accession, and other countries have expressed their interest in joining.

The year 2003 has seen significant developments in ESDP, particularly in terms of Crisis Management Operations. The EU has already launched four ESDP operations (two military and two police). One mission was launched in Bosnia-Herzegovina, two in the Former Republic of Macedonia (FYROM) and one in the Democratic Republic of Congo.

Indeed the European Union launched its first ESDP operation in Bosnia-Herzegovina on 1 January 2003 following on from the UN International Police Task Force. This mission - the EU Police Mission in Bosnia and Herzegovina (EUPM) - aims to establish sustainable policing arrangements under BiH ownership in accordance with best European and

international practice, thereby raising current BiH police standards. This operation in Bosnia has made an important contribution to the stabilisation and association process currently under way in the Balkans in which the EU has invested significant efforts and resources. In this regard, the EU is now planning a follow-on ESDP mission which will take over from NATO in BiH.

The first military crisis management operation undertaken by the European Union - Operation Concordia - was launched in the Former Yugoslav Republic of Macedonia (FYROM) and it ended on 15 December 2003. On the same day, the second European Union police mission - EUPOL Proxima - was launched in FYROM with a mandate of one year.

**ASEAN REGIONAL FORUM
ANNUAL SECURITY OUTLOOK 2004
INDONESIA**

Indonesian Perspective on Security

Indonesia is the largest archipelago in the world, covering more than 3,000 miles of at least 17,500 tropical islands. It has a population of 220 million, comprising more than 300 ethnic groups and speaking more than 500 languages and dialects, including the national language, *Bahasa Indonesia*.

Because of this abundance of islands and ethnic groups, Indonesia, at various times in its history, was divided into many competing empires and kingdoms. During the 14th century, the Sriwijaya Empire and later the Majapahit Empire provided most of the archipelago with political unity, but most of the time kingdoms ruled and reigned only in their respective local regions. Indonesian nationalism began to stir only in the 1920s, as people from the various regions of the archipelago, having shared a sense of struggle against oppression and colonialism, felt the need to unite and form a national identity. The birth of this nationalist movement was marked by an event in 1928 in which young individuals from all over the archipelago gathered and pledged loyalty to one nation, one territory and one language. The Youth Pledge of 1928 brought about a deep sense of a shared destiny among all the people of the archipelago.

Subsequently, intellectual groups representing the archipelago's various regions further refined the concept of an Indonesian nation. Today, while Indonesia maintains and protects the diversity of the nation, it also strives to preserve its national unity. The Indonesian coat of arms enshrines the principle of "*Bhinneka Tunggal Ika*" (unity in diversity). In territorial terms, especially considering the country's archipelagic nature, the principle means that the thousands of islands are to be united as one by their surrounding waters. This concept would later be known as the Archipelagic Principle.

The current strategic environment renders that the threat of invasion of military aggression has lessened. Meanwhile the non-traditional military threats and internal conflicts are on the rise. The policy of the used armed forces is then directed to counter those mentioned threats and disruptions to national security. Nevertheless, Indonesia's armed forces is also prepared to help the government in national development and international tasks by carrying out the Military Operation Other than War (MOOTW).

At the same time, Indonesia must attend to ensuring peace and stability within its international environment, considering that conflicts and tensions in that environment can adversely affect Indonesia's national development. Thus, in the pursuit of peace and harmony in that international environment, Indonesia relies on diplomacy to foster closer relationships with other countries, to promote regional peace and stability, and to enhance development cooperation.

Southeast Asia is the first concentric circle of Indonesia's international environment. Hence, Indonesia's work within the Association of Southeast Asian Nations (ASEAN) has to be the cornerstone of its foreign policy. To ensure that its immediate neighbourhood is stable and conducive to cooperation and socio-economic development, Indonesia deems it necessary that the Southeast Asian subregion be united in the cause of peace and cooperation and remain free untrammelled from involvement in the rivalry of major powers. While striving to promote regional cooperation, Indonesia recognizes the importance of upholding the principles of non-interference and respect for national sovereignty in the pursuit of its foreign policy goals. It is in this spirit that Indonesia supports ASEAN's decision to establish an ASEAN Community in 2020. The attainment of that goal will raise the region's efforts in promoting multidimensional cooperation and consultation to a new level.

Beyond Southeast Asia, the Asia-Pacific is the next concentric circle of Indonesia's diplomacy. Due to the nature of the region's political and strategic landscape, which includes four major powers (China, Japan, Russia and the United States), Indonesia advocates the maintenance of balanced relations and engagement among these major powers. At the same time, Indonesia strives to ensure that competition among these major powers do not affect eco-politico-social conditions in the rest of the region. As a result, Indonesia finds it essential to cooperate (through bilateral, regional and multi-lateral approaches) with the major powers and other members of the international community to help create a more democratic and balanced international order.

Domestic Developments

In this era of globalization and high technology, the conduct of foreign policy requires close communication between officials, both at home and abroad, and the people. In Indonesia's case, this means disseminating, collecting, and analyzing information on the aspirations and needs of the Indonesian people, the steps taken by the Government to fulfill such aspirations and needs, as well as the impact of Indonesia's relations with other countries on these aspirations and needs.

Among East Asian countries that were severely hit by the financial crisis, Indonesia suffered the greatest economic devastation. Unemployment and poverty became rampant; economic growth plummeted from an average of seven percent during the years before the crisis to 4.6 percent in 1997, and then to a negative 13.6 percent the following year. The financial crisis led to social and political crises and an array of other problems, including internal security challenges. The legacy of this crisis continues to burden the present democratically elected Government, and considering the reality of ethnic and religious strife in some parts of the country, the need to address these issues promptly and carefully has become even more pressing.

The Government has succeeded in achieving considerable political stability and is determined to maintain it so that the country's economic recovery can be consolidated. In the economic sphere, the Government has taken steps to sustain macro economic stability, strengthen the banking sector, restructure corporate debts and pursue structural reforms. With these measures, it is hoped that the high-cost economy of past years will be

transformed into a more efficient and competitive one. Indonesia is also revitalizing production and improving the business environment by promoting openness and transparency in the public sector and in the management of business. Propelled by the people's demand for good governance, the Government has taken vigorous measures to reduce, if not eliminate, corruption, collusion and nepotism and to improve the efficiency and transparency of public administration.

Recent experience has shown that economic recovery is impossible without the restoration of confidence in the Government, both among national business communities and at the international level. Therefore, political stability and the momentum of a peaceful transition towards a fully democratic system have to be maintained with the support and assistance of the international community, in particular the countries of the Southeast Asian sub-region.

It has been widely acknowledged that over the past thirty years, Indonesia has served as an anchor of stability in East and Southeast Asia. In the years ahead, Indonesia will remain active and prepared to take constructive initiatives in ensuring the development of a peaceful and stable regional security environment through ASEAN processes, including in the ASEAN Regional Forum (ARF), and the Asia-Pacific Economic Cooperation (APEC) forum. It will strive to resolve differences with other countries through peaceful means and on the basis of the principles of the Treaty of Amity and Cooperation (TAC). In the same spirit, Indonesia is also firmly committed to work for the development of an ASEAN Security Community, as decided upon in last year's Bali Summit.

In light of continuing endeavours to strengthen economic fundamentals and to face the challenges of the future, the role of the ASEAN Dialogue Partners has become more important. Indonesia is pleased, therefore, that ASEAN's Dialogue Partners have expressed confidence in the prospects of ASEAN economies and their readiness to support ASEAN's economic initiatives. Indonesia seeks to enhance cooperation between ASEAN and its Dialogue Partners in advancing toward the goals of ASEAN Vision 2020 and Bali Concord II. In the same spirit of cooperation, Indonesia and the other members of ASEAN are waging an advocacy in international forums to ensure that globalization benefits every single country in the world, especially developing ones and the least developed.

In spite of its difficulties at home, Indonesia has no intention of turning inward, as such a policy will only be self-defeating in a globalized economy and an interdependent world like today's. The liberalization of Indonesia's economy will continue to proceed; this time, however, Indonesia will be guided by the painful lessons learned during the Asian financial and economic crisis. By rebuilding and refining its governmental institutions, Indonesia intends to ensure that its legal system works for the benefit of society. And at the international level, Indonesia seeks partnership with all friendly countries in a common effort to build and refine institutions designed to ensure that globalization benefits all countries.

Regional Security Environment: The ASEAN Security Community and Beyond

At the 9th ASEAN Summit in Bali in October 2003, the ASEAN Leaders agreed to establish an ASEAN Community, which rests on three pillars: security community, economic community, and sociocultural community.

The ASEAN Security Community is founded on the notion that political and security cooperation among countries of a region can be raised to such a degree that each regards its security as being fundamentally linked to those of all the others. Moreover, the ASEAN Security Community was also conceptualized as a way of complementing the process of building the ASEAN Economic Community. In other words, it is a recognition of the linkages between economics and security in the process of creating a prosperous regional cooperation.

Within the ASEAN Security Community, the parties involved deem their collective destiny as based on common norms, political experience and geographic location. Thus, the promotion of commonality of values and experiences is expected to lead to a condition in which the use of force among states within the “community” is discouraged. The ruling-out of “the use of force as means of problem solving” is also strengthened through other ASEAN processes such as the Zone of Peace, Freedom and Neutrality (ZOPFAN) Treaty, the TAC and the Treaty of Southeast Asia Nuclear Weapons Free Zone (SEANWFZ). Each of these processes emphasizes and upholds the values of non-interference and national sovereignty as well as the use of peaceful means in resolving disputes.

Indonesia believes that the development of the ASEAN Security Community will not only lead to the creation of a regional order that strengthens national and regional resilience, but will also contribute to the promotion of international peace and security. The ASEAN Security Community will therefore be the highest level of political and security cooperation in Southeast Asia.

The creation of a peaceful and stable region requires the establishment of a comprehensive security mechanism that addresses political, economic, social and cultural issues. It is hoped that in the spirit of realizing the ASEAN Security Community, there will be greater effort and willingness on the part of member countries to tackle security issues, both traditional and non-traditional. Thus, issues such as the traffic in illegal drugs, people smuggling—including the traffic in women and children, sea piracy, terrorism, arms smuggling, money laundering, international economic crime and cyber crime can be dealt with in a more comprehensive, effective and sustainable manner. The persistence of these non-traditional security threats has caused so much political, economic and social problems among ASEAN members; their eradication will greatly help in the building of a stable regional environment.

The ASEAN Security Community will by no means replace the ASEAN Regional Forum, as the former will serve as a new political and security blueprint for ASEAN Members, especially in managing their intramural affairs and in enhancing their capability to resolve conflict and allay tension. The ARF remains the main forum for regional security

dialogue in the Asia-Pacific. The creation of the ASEAN Security Community will only consolidate ASEAN's determination and unity in addressing security issues in the region as well as in being the primary driving force of the ARF.

In addition to the ASEAN Security Community, and as part of ASEAN's engagement with the rest of the Asia-Pacific, ASEAN emphasizes the need to also include countries beyond Southeast Asia in building an environment conducive to development. Thus, Indonesia welcomes the accession to the TAC by China and India in the 9th ASEAN Summit in Bali, October 2003, and by Japan and Pakistan in July 2004. With these regional powers firmly committed to the TAC, there should be greater peace and stability as well as security in the entire Asia-Pacific region.

Indonesia hopes that, in cooperation with ASEAN Dialogue Partners, ASEAN can continue to develop confidence-building measures, especially in fields where ASEAN countries are saddled with persistent issues, such as territorial disputes in the South China Sea. By building trust and confidence in the subregion and beyond, ASEAN, along with its Dialogue Partners, has contributed significantly to the preservation of regional stability.

Defence and Security Issues in the Indonesian Foreign Policy

At the regional level, Indonesia hopes that a new security balance among four major Dialogue Partners could soon be achieved in the region at lower levels of armament and tensions. Indonesia welcomes the intention of these powers to continue cooperating rather than competing amongst themselves, particularly in Southeast Asia. The achievement and maintenance of such equilibrium, combined with the desire of the regional economies to sustain their dynamism, constitutes a major source of stability for the region. The dialogues, exchanges of security-related information and confidence building measures within the ARF will also help ensure that strategic change can be managed in such a way that a stable relationship among the major powers as well as the regional powers will evolve in the years to come.

A framework for stability is the network of treaties, arrangements and processes for peaceful cooperation that ASEAN is assiduously weaving. Thus, the ASEAN concept of a Zone of Peace, Freedom and Neutrality (ZOPFAN) in Southeast Asia is gradually being realized through the incorporation of its components in agreements such as the Treaty of Amity and Cooperation (TAC), which laid down the principles that would govern relations among signatory states in order to promote regional cooperation and mutual assistance to achieve regional peace and harmony, common security and common prosperity. In addition to this, the Treaty on the Southeast Asian Nuclear Weapon Free Zone (SEANWFZ) ensures the denuclearization of Southeast Asian region and the right of the States Parties to use nuclear energy for peaceful purposes. It is hoped that the nuclear weapon states will support and ensure the effectiveness of SEANWFZ by acceding to its proposed Protocol. All in all, these treaties constitute ASEAN's major contributions to global peace and stability.

For Indonesia, the ARF process is the most important venue for security cooperation in the Asia-Pacific region. With the ASEAN, ARF and APEC processes proceeding smoothly, international politics in the region reflect an increasing maturity as regional states imbue themselves with the habits of dialogue, consultation and cooperation so that they can more effectively address their common concerns. Without committing to any time frame, Indonesia believes that the ARF has now reached a juncture where it has to decide whether and how to proceed from the current Stage of Confidence-Building Measures to the Second Stage of Preventive Diplomacy. While Indonesia agrees with the need for the ARF process to move forward, it also notes that ARF participants have various interpretations on the concept of preventive diplomacy. In this regard, the ARF has begun discussions to reach a common position or consensus on the nature of preventive diplomacy in the ARF context.

In the future, ASEAN's commitment to play the role of primary driving force in the ARF will have to be maintained. There are some doubts among non-ASEAN participants on the capability of ASEAN to sustain this role. In spite of differences in the levels of capability and experience of the ASEAN members, Indonesia believes that ASEAN can overcome every challenge that may arise as it fulfills its role in the ARF process through intra-ASEAN cooperation and intensified coordination and consultation. Closer cooperation and coordination will enable ASEAN to find ways of becoming more proactive.

The role and influence of ASEAN in Southeast Asia, in the ARF process as well as globally, can only be maintained if ASEAN retains its independence while maintaining close and mutually beneficial relations with all major powers and all nations. ASEAN will limit its own options, stature and role if it loses its capability to think and act independently. In the context of Southeast Asia, the desire to be independent is the basic reason for the idea of ZOPFAN and SEANWFZ. Without an independent ASEAN with its ZOPFAN and SEANWFZ, the Southeast Asian region will revert to being an arena for major powers rivalry.

At the same time, Indonesia's foreign policy must be geared to the realities of the global economic situation, including the actualities of globalization and interdependence. Indonesia's independent and active foreign policy as enshrined in its 1945 Constitution and in the consciousness of its people remains unchanged, but Indonesia must adapt itself to global changes. During the years immediately following the proclamation of Indonesia's independence, its foreign policy was aimed at gaining international recognition for its sovereignty and supporting the global struggle against colonialism. During the 'New Order', Indonesia's foreign policy was dedicated to national development and pursuing active participation in an array of international forums. Today, Indonesia's foreign policy is geared toward reform in international relations in support of reform at home.

Indonesia will remain closely engaged with the region in which it lives: Southeast Asia. It will continue to foster regional stability and cooperation so that ASEAN remains united, independent and free from the interference of external powers. Indonesia has always upheld the idea of a Zone of Peace, Freedom and Neutrality (ZOPFAN) in Southeast Asia. Indonesia will contribute all it can to promote wide acceptance and support for the two treaties directly based on ZOPFAN: the Treaty of Amity and Cooperation (TAC) in

Southeast Asia and the Treaty on the Southeast Asia Nuclear Weapon-Free Zone (SEANWFZ). As ZOPFAN embodies a set of principles and policy guidelines, it will serve as a code of conduct governing relations among the states within and outside the Zone. If all the major powers concerned will adhere to the principles of ZOPFAN, the ASEAN region is assured that there will be no external interventions in its internal affairs and ASEAN will eventually develop a capacity and a way of solving disputes involving its members.

Indonesia also continues to participate vigorously in ASEAN endeavours at realizing AFTA, the ASEAN Investment Area and other measures to attract foreign investors and trading partners. In the larger Asia-Pacific region, Indonesia and the rest of the ASEAN family will remain engaged in two vital processes: the ASEAN Regional Forum (ARF) in the political-security field and APEC in the economic field. The ARF process is important to Indonesia because of the transparency, mutual trust and confidence on military and security matters that it promotes for the entire Pacific. These are the essential elements to long-term peace in the region, without which economic recovery, not to mention long-term prosperity, would not be possible.

Indonesia's economic relations with APEC members have become vitally important. Its exports to APEC members account for 77 percent of its total exports and continue to grow at the rate of 12 percent per annum. At the same time, its imports from other APEC members amount to 69 percent of its total imports. In similar fashion, the flow of foreign direct investments (FDI) to Indonesia from other APEC members has steadily increased. According to a recent study, seven out of the ten most preferred emerging-market investment locations in the world are located within APEC, and one of the seven is Indonesia. Indonesia finds APEC greatly beneficial and will therefore continue contributing to the advancement of the APEC process. In order to stay firmly in the global market and as a way of balancing its foreign policy, Indonesia seeks to maintain close relations with China, India and Russia. This will be achieved without sacrificing its existing excellent relations with other countries.

In international forums such as the Non-aligned Movement (NAM), the Group of 77 and China, the Organization of the Islamic Conference (OIC), the Group of 15 as well as the Developing 8, Indonesia's participation is not only in line with its "independent and active" foreign policy, but also reflects its solidarity with other Third World countries. Indonesia is also actively participating in the Indian Ocean Rim-Association for Regional Cooperation (IOR-ARC), which has great potential for export promotion among its members. Indonesia has also joined the East Asia and Latin America Forum (EALAF), which can foster growth of trade and cooperation in various other fields between countries of East Asia and Latin America.

Indonesia continues to actively participate in the work of the United Nations and all international forums dealing with crucial global economic issues. Indonesia believes that in order to minimize the risks posed by globalization and liberalization, international cooperation based on the principle of shared responsibility, mutual benefits and genuine partnership should be strengthened.

In the field of peace and security, Indonesia has called for a greater role for the United Nations General Assembly as the only universal forum where all states are represented. To rectify the imbalance in the Security Council, Indonesia will continue advocating for an increase in the permanent and non-permanent memberships on the Council in order to make it more democratic, legitimate and reflective of today's geopolitical realities.

**ASEAN REGIONAL FORUM
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I. Security Situation in the Asia-Pacific Region

1. Overview

The year 2003 was marked by various incidents such as military action against Iraq and consequent efforts for humanitarian and reconstruction assistance to Iraq, a series of terrorist attacks by Islamic extremists and the issue of the Democratic People's Republic of Korea (DPRK). Against such a backdrop, a response to these issues has become a great challenge to the international community. Iraq and DPRK share in common allegations concerning the proliferation of weapons of mass destruction (WMD) and missiles. Therefore, from this perspective too, the majority of the attention of the international community in 2003 was focused on the fight against terrorism and prevention of proliferation of WMD.

Ever since the terrorist attacks which took place in the United States on September 11, 2001, under the recognition that terrorism represents a serious threat to the peace and stability of the international community, counterterrorism measures are still classified as being the

issue of highest priority to be dealt by the international community. Furthermore, proliferation of WMD likewise threatens the peace and stability of the international community; hence the enormous impact of WMD, were they to be used in attacks by terrorists.

The international community widely shares the understanding of the need for the each country to cooperate and work together on these new threats against security, and given such recognition, the international coordination system is constantly being constructed and improved.

In the Asian region, uncertain factors still remain such as the situation on the Korean Peninsula, which suffers from strong military confrontation even to this day, even after the end of Cold War, and the relationship between China and Taiwan, which have not established a concrete date to resume their dialogue since it was stalled in 1999. With regard to these issues too, the international community needs to engage cooperatively in diplomatic efforts in the interest of conflict prevention.

2. Specifics: Regional situations

(1) Korean Peninsula

Japan's basic policy on DPRK is to normalize its relations with DPRK in a manner that would contribute to the peace and stability of the Northeast Asian region through a comprehensive resolution of the various issues between the two, including those in the area of security concerning nuclear weapons and missiles and abduction issues based on the "Pyongyang Declaration" signed by the two leaders at the summit meeting held on September 17, 2002.

In line with its basic policy, Japan has taken a leading role in issuing messages from the international community urging DPRK to act as a responsible member of the international community. Further, Japan has been making active efforts on strictly regulating the illegal activities by DPRK as well as engaging in dialogue on such occasions as the six-party talks and the high-level consultations with DPRK in an attempt to resolve outstanding issues. Since 2003, two rounds of six-party talks have taken place in Beijing and a high-level consultation between Japan and DPRK was also conducted this year, and certain positive sign have been witnessed toward the resolution of the issues through dialogue. Nevertheless, no real concrete achievements have been realized from these efforts.

As for the abduction issue, eight family members of the abductees who returned to Japan in October 2002 remain to this day in DPRK and the whereabouts and safety of the 10 remaining abductees have not been ascertained. This is an issue of vital importance concerning the lives and safety of Japanese nationals as well one in which that poses a humanitarian concern where the victims once abducted against their will, now being forced to be separated from their family members. In addition to its efforts in resolving this issue of abduction through advancing consultations with DPRK, Japan has been gaining the understanding and support of many countries and the international community on the importance of resolving this case, at various bilateral meetings and consultations, and at

international arenas such as the UN Human Rights Commission (UNHCR).

With regard to the nuclear issue and various other issues concerning DPRK, two rounds of six-party talks have taken place, first in August 2003 and second in February 2004. These talks serve as an extremely important framework for the six parties (Japan, US, Korea, China, Russia, DPRK), all of which hold a strong interest in the peace and stability of the region, to gather together and conduct a frank exchange of opinions, Especially at the second round of talks, the six parties reaffirmed the denuclearization of the Korean Peninsula as their common goal as well as understanding being reached among most of the six parties on the importance of the complete, verifiable and irreversible dismantlement (CVID) of all nuclear programs by DPRK. Furthermore, the parties agreed in principle to hold the third round of the talks in Beijing by the end of June and to establish a working group for its preparation. Although there still remain a number of issues on which the parties take different positions, Japan intends to continue its close consultation and cooperation with the parties concerned for a peaceful resolution of the nuclear issue through the six-party talks process.

The DPRK also poses a serious threat not only on the Northeast Asian region but also on the entire international community through its biological and chemical weapons as well as the development, test, export and deployment of ballistic missiles.

(2) China

Japan and the People's Republic of China take on a significant role for the peace and stability of the Asia-Pacific region.

As for security, Japan and China share a common interest in seeking peace and stability in the world and in the Asian region. Both countries actively respond to the so-called nontraditional threats such as terrorism and proliferation of WMD, and are endeavoring for a mutually beneficial cooperation through such means as Japan-China security dialogue.

Meanwhile, Japan is paying close attention to the progress of China's military modernization mainly of naval and air forces and missiles, against the backdrop of its rapid economic growth in the recent years. Although China has demonstrated a posture of increasing the transparency of its military capacity by issuing the "White Paper on China's National Defense in 2002" in December 2002; however, at the National People's Congress (NPC) held this March, although the national defense expenditure for in a year-on-year comparative basis, it lacked information concerning the total amount and unclear areas remain. Under such circumstance. Japan has been requesting China to farther increase transparency with regard to its defense policy including its defense budget.

With regard to the relationship between China and Taiwan, there has been no concrete date arranged to resume dialogue since it was stalled in 1999. Japan strongly wishes for the issue involving Taiwan to be peacefully resolved through dialogue between the parties concerned and will continuously call for the early resumption of the dialogue to that end.

(3) India and Pakistan

After the attacks on the Indian Parliament in December 2001 and on an army cantonment in Kashmir, tensions between India and Pakistan were extremely heightened, which resulted in a large-scale military mobilization. Owing to the efforts of the international community, this crisis was resolved, but Hindu pilgrims were killed in Indian Kashmir in March and offensive comments were exchanged between leaders of the two countries, resulting in a stagnation of relations as recently as 2003.

A turning point for the two countries towards improving their relations arrived in April, when Prime Minister Atal Bihari Vajpayee of India spoke of improving relations and extended a hand of friendship to Pakistan, which was later welcomed by Prime Minister Zafarullah Khan Jamali of Pakistan. Both countries followed by announcing measures, and in July, both countries exchanged ambassadors and reopened bus routes that directly connect Delhi and Lahore for the first time in one and a half years. In November, the two sides agreed to a ceasefire along the Line of Control in Kashmir, and further agreed to resume airlines overflights and railroad transportation between the two countries in December. Then in January of 2004, a meeting between Prime Minister Vajpayee and President Pervez Musharraf took place for the first time in two and a half years in Pakistan at the South Asian Association for Regional Cooperation (SAARC) at which the two leaders agreed to resume full-fledged dialogue in February. Foreign secretary level talks between the two governments were held and both countries agreed to hold foreign secretary level talks on topics including the issue of Kashmir in May or June, and furthermore a foreign minister's meeting in August.

Japan welcomes these positive and concrete moves by India and Pakistan towards improving their relations and continues to work together with the international community for the improvement of this relationship.

(4) Terrorism situation in Southeast Asia

Southeast Asia is characterized by expansive and complex borders among its countries and has geographical difficulty in managing these borders. In addition to this, with a great number of Muslims residing in this region, especially in maritime Southeast Asia, the region holds the potential to become a base for international Islamic extremist organizations. In fact, terrorist organizations such as Jemaah Islamiya (JI) and Abu Sayyaf Group (ASG) of the Philippines have received financial assistance from Al-Qaeda which has a global network. They have joined its training camps for terrorists in Afghanistan, and have been active in this region.

JI is comprised of four subordinate organizations referred to as the "mantiqi," operating mainly in the Southeast region and is believed to have a total of approximately 2,000 members. JI perpetrated the terrorist bombing in Bali in October 2002 (which caused 202 deaths and over 300 injured of which two were Japanese nationals), and the terrorist bombing of a hotel in Jakarta in August 2003 (which caused 12 deaths and approximately 150 injured). Although Hambali who served as the liaison with Al-Qaeda was arrested in Thailand, Dr. Azahari Husin, the expert on explosives is still at large. The whereabouts of

the majority of the funding provided by Al-Qaeda is still unknown.

At the same time, the New People's Army (NPA), the military sector of the Communist Party of the Philippines (CPP) has been active as a communist terrorist organization, and has attacked and damaged public institutions such as police departments and was involved in the kidnapping of politicians. Japanese nationals were also kidnapped by the NPA in the past. Additionally, separatist movements by Muslims in the southern region of Thailand, close to the border with Malaysia, have developed, and the security situation in the region further deteriorated when in January 2004 a series of raids and terrorist bombing attacks on army and police facilities occurred. Reflecting on these circumstances, it can be seen that the threat of terrorism persists in this region.

II. Japan's Efforts in Ensuring Peace and Stability in Japan and of the Region

1. Basic principle of Japan's security policy

The international community comprises various volatile factors such as the occurrence of complex and diverse regional conflicts and threats from international terrorism and proliferation of WMD. The Asia-Pacific region including Japan is no exception to this, especially with such unclear and uncertain factors including the nuclear issue of DPRK and terrorist attacks in Southeast Asia.

Under such security conditions, Japan intends to carry forward its conventional security policy based on the following three main pillars: i) firmly maintaining the Japan-US Security Arrangements, ii) moderately building up Japan's defense capability on an appropriate scale, and iii) pursuing diplomatic efforts to ensure stability in the international environment surrounding Japan.

2. Japan-US Security Arrangements

Since Japan is unable to respond to all the situations that might threaten the country's security solely with its own defense capabilities, Japan must uphold its security under the deterrence provided by firmly maintaining the Japan-US Security Treaty and thereby securing the forward deployment of US Forces. From this perspective, Japan must continue unremittingly with its efforts to further enhance the credibility of the Japan-US Security Arrangements. As a part of such efforts, in order to ensure the effectiveness of the new Guidelines for Japan-US Defense Cooperation, Japan is continuing with bilateral defense planning in case of an armed attack against Japan and mutual cooperation planning in situations in areas surrounding Japan.

In addition, the Japan-US Security Arrangements, based on the Japan-US Security Treaty, function effectively as a basic framework not only to ensure the peace and prosperity of Japan and the Far East region, but also to realize peace, stability and prosperity in the Asia-Pacific region.

3. Enhancement of defense capabilities (including the legislation regarding responses to armed attacks and ballistic missile defense (BMD))

Under the Constitution, Japan has moderately built up its defense capability on an appropriate scale in accordance with the fundamental principles of maintaining an exclusively defense-oriented policy and not becoming a military power that might pose a threat to other countries. Japan's defense capability has been continuously and systematically upgraded under the "National Defense Program Outline" adopted in November 1995 and the "Mid-Term Defense Program" (FY 2001-05.) adopted in December 2000. However, with the aim of developing defense capabilities applicable to the new security environment of recent years, a decision was made on the development of a ballistic missile defense (BMD) system in December 2003 and to establish a new "National Defense Program Outline" by the end of 2004.

BMD system is the only and purely defensive measure, without alternatives, to protect life and property of the citizens of Japan against ballistic missile attacks. Therefore, it is considered that this presents no threat to neighboring countries, nor will it spark a nuclear arms race or affect regional peace and stability. Japan intends to ensure that its considerations concerning BMD are transparent to other countries.

Furthermore, in advancing systematic transformation of the Self-Defense Forces (SDF) in the new security environment of recent years, Japan has made a drastic review to increase effectiveness of the existing organization and equipment while enhancing its readiness, mobility, flexibility and versatility, in addition to the pursuit of advanced technology and intelligence capabilities. In realizing this, Japan intends to formulate an effective system with focus placed on the establishment of an advisory organization to the Minister of State for Defense necessary for the operation of the SDF, based on joint operations.

Moreover, with the enactment of the Three Laws Regarding Response to Armed Attacks in June 2003, the basis for a system to respond to emergency situations has been developed, which is the most important responsibility of the government. In order for Japan to ensure its peace and security, it is extremely important that our nation should make full efforts for global peace and stability and formulate thoroughgoing measures for emergencies which the nation might face, under the principles of pacifism and international cooperation. With these policies, Japan will continue to expend all efforts on building a nation in which people can live in peace. Japan has constantly explained to other countries the basic concept and the general picture of these legal systems and is prepared to provide details when necessary. Moreover, development of the remaining emergency legislation on national security including legislation to protect the people of Japan is scheduled in 2004.

4. Efforts to ensure stability in the international environment surrounding Japan

The safety and prosperity of Japan and its people lies in a peaceful and stable world. Accordingly, Japan must continue to make diplomatic efforts on a variety of levels to seek the realization of peace and prosperity in the international community. Japan intends to continue to play an active role in various areas: in bilateral and multilateral cooperation to realize regional stability; in political and security dialogue and cooperation designed to build confidence among nations; in efforts to strengthen systems for arms control,

disarmament and non-proliferation; in responding to regional conflicts through efforts to prevent conflict and participation in United Nations Peacekeeping Operations (PKO); in enhancement of regional stability through assistance and cooperation for the economic development of countries in the region; and in efforts to prevent and eradicate international terrorism.

(1) Dialogue, exchange and cooperation with countries in the Asia-Pacific region

Development and strengthening of a number of frameworks for bilateral and multilateral dialogue is a realistic and appropriate way to maintain a stable security environment in the region surrounding Japan and to ensure peace and stability in the Asia-Pacific region, under the premise of a United States presence and involvement in the region. Based on this position, Japan is engaging in security dialogue and defense exchanges, and is making efforts to develop cooperative relations in security areas while improving mutual relations of trust.

Political and security issues confronting the Asia-Pacific region are being addressed through discussion and exchange of opinions in various fora, including the ARF, ASEAN+3, the ASEAN Post-Ministerial Conferences (PMC), and the Asia-Europe Meeting (ASEM). Japan welcomes the development of such frank exchanges of opinion on political and security issues in the various fora and considers it appropriate that such political and security dialogue in the region is taking place in the forum of the ARF, a region-wide forum in which all the major powers in the region take part and one in which specific dialogue and cooperation are being advanced to build confidence. Japan, therefore, Intends to cooperate with all member countries in order to further develop the ARF process in the future.

(2) Reconstruction assistance to Iraq

Japan, which itself built the prosperity of today from the destruction resulting from the Second World War, considers it to be one of japan's responsibilities, in the international community to make a contribution appropriate to its national capacity to the countries that are endeavoring towards reconstruction out of post-war confusion. Japan intends to actively promote assistance to Iraq to ensure that the 24 million Iraqi people may be able to lead normal lives as soon as possible.

It is incumbent on the international community, including Japan, to promote assistance to such areas through international coordination, without surrendering to terrorism, so that Iraq does not become a failed state or a hotbed for terrorism. Furthermore, in terms of the significance of advancing assistance to Iraq, it is also important for Japan from the perspective of energy security to secure stability in the Middle East region, from which it imports just under 90% of its crude oil through peace and stability in Iraq.

In addition to the above-mentioned, Japan's contribution to the reconstruction of Iraq could also be considered to be linked to the cultivation of friendly relations between Japan and the people of Iraq, or ultimately people in Arab countries. Aiming to fulfill its responsibility as a member of the international community through an appropriate contribution that is possible for it to make, Japan is following a two-prong approach in advancing humanitarian and reconstruction assistance to Iraq comprised of a human

contribution embodied in the form of the Self-Defense Forces (SDF) and reconstruction assistance personnel, and economic cooperation utilizing ODA.

Pursuant to the provisions of the Special Measures Law for Humanitarian and Reconstruction Assistance in Iraq, the Ground, Air and Maritime Self-Defense Forces have been dispatched to Iraq, in the case of the Ground SDF, to Samawah, in order to engage in humanitarian and reconstruction assistance including water supply and medical care. In terms of financial cooperation, after the fall of the Saddam regime, Japan lost no time in initiating humanitarian and reconstruction assistance to Iraq, and including emergency humanitarian assistance, the total figure for assistance decided and implemented since March 2003 stands at in excess of US\$846.35 million.

At the International Conference on Reconstruction in Iraq held in Madrid, Japan announced the implementation of assistance up to a total of US\$5 billion. This total included US\$1.5 billion in grant assistance, incorporating assistance already implemented, for the immediate reconstruction needs of Iraq mainly in 2004 while giving priority to assistance related to the revitalization of basic living conditions of the Iraqi people, including power, education, water and sanitation, health and employment, as well as those related to the improvement of the security situation in Iraq, and a maximum of US\$3.5 billion in assistance to be provided in the form of yen loans in principle to respond to mid-term reconstruction needs to 2007, including assistance to restore infrastructure such as telecommunications and transportation.

(3) Countermeasures for international terrorism

Ever since the terrorist attacks which took place in the United States on September 11, 2001, the international community has been strengthening its solidarity in the fight against terrorism. The threat of terrorism remains as serious as before, and concerted and sustained efforts will be required towards the elimination of the terrorist threat.

Recognizing the fight against terrorism as an issue and for concern over its own security, Japan is actively engaged in counter-terrorism measures in cooperation with the International community. As a part of such activities, Japan has enhanced counter-terrorism measures in a broad range of areas, including, the passing of the Anti-Terrorism Special Measures Law, the implementation of cooperation assistance activities by the SDF for refueling and transport for US and other nations' armed forces, the implementation of the freezing of terrorist assets based upon United Nations Security Council Resolutions, and the conclusion and ratification of the twelve treaties and protocols on counter-terrorism. Moreover, Japan has been engaged in providing capacity building assistance in three priority areas: i) further strengthening cooperation for enhancing law-enforcement capability and in investigations and information gathering; ii) suppression of the cross-border movement of terrorists and the free movement of the means of terrorism; and iii) prosecution and capture of terrorists. The above steps enabled an early conclusion of the twelve treaties on the prevention of terrorism. Japan accepts approximately 280 trainees annually, dispatches experts and provides equipment within the framework of ODA.

(4) Consolidation of peace (including Peacekeeping Operations (PKO))

In light of the terrible events that have occurred in the post-Cold War period, the international community is today called on to endeavor to achieve peace not only by preventing inter-state conflicts, but also by ensuring that large-scale outbreaks of violence, be they inter-state or intra-state, do not occur, and to attempt to create a world without threats such as civil war, massacre and terrorism. Among such efforts, those aimed at the achievement of international peace and stability centered on the United Nations are of great significance and Japan has dispatched personnel to United Nations Peacekeeping Operations (PKO) in such countries as Timor-Leste.

In addition to traditional PKO of the United Nations, efforts are also required to enable the transition from fragile ceasefire to sustainable peace ("consolidation of peace") and the rehabilitation of stable societies that have been torn apart by civil war ("nation-building"). The "consolidation of peace" comprises of assistance to prevent the reoccurrence of conflict, promotion of peace processes, securing of domestic stability and security, and the promotion of humanitarian and reconstruction assistance. "Nation-building" covers assistance to create political, economic and social frameworks, in regions where the above-mentioned instabilities exist.

Japan is making efforts to position the consolidation of peace and nation-building as one of its pillars of international cooperation. One example of such efforts is the assistance for the consolidation of peace and nation-building provided to Timor-Leste, the first country to gain Independence in the 21st century. Since Timor-Leste's independence in May 2002, Japan has dispatched an engineering group of the SDF (700 personnel at peak time) to assist the activities of the United Nations Transitional Administration in East Timor (UNTAET) and continuously of the United Nations Mission of Support in East Timor (UNMISSET), and to promote nation-building and national reconciliation. At the United Nations Security Council Meeting on 15 October 2003, the Special Representative of the United Nations Secretary-General for East Timor Ambassador Kamallesh Sharma referred to the Japanese engineering group's contribution as "very useful and necessary work." Following the gradual withdrawal of the SDF, the equipment and material used were provided to the Government of Timor-Leste so that the people of Timor-Leste could continue to develop infrastructure on their own, and the SDF personnel has provided capacity building training including instruction on the operation and technical aspects of the equipment. At the same time, Japan announced a maximum of US\$60 million in humanitarian and reconstruction assistance in 2002 and the implementation of this assistance is continuing steadily. Such activities, ranging from securing peace and safety to nation-building in Timor-Leste, are expected to bear fruits and prove to be a success story.

(5) Issue of proliferation of weapons of mass destruction (WMD)

Regarding the issue of proliferation of weapons of mass destruction (WMD), the dangers posed by terrorist organizations acquiring or using such weapons, have become strongly recognized. As a result, the need is heightening to strengthen measures, particularly in the area of non-proliferation; the importance is also recognized of

developing national implementation systems for existing disarmament and non-proliferation multilateral treaties, to ensure that such treaties are complied with, and to maintain and enforce verification measures as well as to make renewed efforts.

In the Asia-Pacific region also, the issue of proliferation of WMD and their means of delivery is becoming a grave threat to regional security. In such an environment, Japan is actively making various efforts in the area of arms control, disarmament and non-proliferation, and is seeking to further enhance dialogue and cooperation with the countries of Asia, the responsibility of which is increasing, given that not only trade, but also the supply capacity for resources, equipment and technology is increasing in line with economic growth in the region. As part of such efforts, Japan hosted the Asian Senior-level Talks on Non-Proliferation (ASTQP) in November 2003, at which various opinions were exchanged on non-proliferation issues in general, including the Proliferation Security Initiative (PSI). In addition, as a follow up to that meeting, an Japan-ASEAN Non-proliferation Cooperation Mission was dispatched in February 2004 to the ten countries of ASEAN, which enabled understanding to be deepened on the enhancement of non-proliferation efforts in Asia.

In addition, Japan believes it important to move steadily to promote realistic disarmament measures toward the swift realization of a peaceful and safe world free of WMD and above all nuclear weapons. With regard to nuclear disarmament, every year since 1994 Japan has submitted a draft resolution to the United Nations General Assembly entitled "a path to the total elimination of nuclear weapons." In 2003, it has acquired more supporting votes than it had previously, and been adopted. This resolution presents concrete steps that should be taken by the international community towards the total elimination of nuclear weapons, including the early entry into force of the Comprehensive Nuclear-Test-Ban Treaty (CTBT), and the immediate commencement of negotiations on a Fissile Material Cut-Off Treaty and its early conclusion. Japan intends to make further diplomatic efforts to realize such feasible and realistic measures.

Japan firmly maintains the "Three Non-Nuclear Weapon Principles" as the important and fundamental policy, namely "not possessing, not producing and not permitting the introduction of nuclear weapons into Japan." In addition, Japan is a signatory to the Treaty on the Non-Proliferation of Nuclear Weapons (NPT), accepts International Atomic Energy Agency (IAEA) safeguards, including its additional protocol, is following the basic policy that limits the use of nuclear energy to exclusively peaceful purposes based on the Atomic Energy Fundamental Law, and is disbursing the cost appropriate to a wide-range of nuclear power activities, thereby seeking to ensure transparency.

**ASEAN REGIONAL FORUM
ANNUAL SECURITY OUTLOOK 2004
THE DEMOCRATIC PEOPLE'S REPUBLIC OF KOREA**

1. The challenge to the security of the Asia-Pacific Region

The security of the Asia-pacific region is the key issue to the global peace and security. In this regard, the major task before the region is that the countries in the region make common efforts to maintain and consolidate regional peace and stability.

The foundation of the ASEAN Regional Forum has become the realization of the will and aspiration of the majority of the regional countries to make joint efforts to maintain the peace and stability of the Asia-Pacific region.

However, these common efforts have encountered the more severe challenges in the 21st century. One of the challenges is the very act of unilateralism and pre-emptive attack by a singular super power, which totally ignores the UN and grossly violates the existing international law and orders.

The typical example of the unilateralism and pre-emption based on the logic of power is the United States aggression into Iraq. The Iraqi war has given a serious lesson that defending the safety of one's country and nation is only possible if there is a military deterrent force strong enough to prevent any pre-emptive attack.

The US unilateralism is shown vividly also in the breach of arms control regimes for the global strategic stability. The United States is strongly pressing ahead with Missile Defense system after its unilateral abrogation of ABM treaty, which was deemed as the "cornerstone of global strategic stability", thus inducing a new arms race on land, sea and in outer space. These American unilateral acts are motivated by its intent to acquire a capability of pre-emptive strike and lay the ring of strategic siege to other countries.

The American insistence on the non-proliferation of Weapons of Mass Destruction is aiming at justifying the unilateralism and pre-emptive attack as well as "Americanizing" existent international security systems including multilateral disarmament and arms control treaties.

The goal of the "Proliferation Security Initiative" advocated by the US under the pretext of non-proliferation of WMD is to set up a "US-led system of sea and air blockade" characteristic of intrusiveness and arbitrariness to "punish" some sovereign states. This is extremely dangerous attempt to paralyze the existing international law systems and find an excuse for pre-emptive attack.

It is an outrageous violation of the UN Charter and NPT that the US, doggedly ignoring the demand of the international community for disarmament and destruction of nuclear weapons, went the length to designate and overtly threaten several non-nuclear states as the

targets of nuclear pre-emptive strikes, which has become the main cause of proliferation of nuclear weapons.

2. The current situation of the security on the Korean peninsula

Today the situation of the Korean peninsula is being aggravated to worse than ever by the US beefing up of its capability for pre-emptive attack through unprecedented arms buildup and relocation of its forces in South Korea. This is an undisguised defiance and perfidy to the sincere efforts of international society and concerned parties for a negotiated and peaceful solution to the nuclear issue between the DPRK and the US.

The large-scale joint military exercises and aerial espionage launched by the US against the DPRK eloquently proves that the American rhetoric about the "peaceful solution to nuclear issue" or "no intention to attack North Korea" is only a hypocritical and deceptive lip-service to conceal their true aggressive nature.

The US projected establishment of a naval missile interceptor system in the East Sea of Korea by the end of 2005 is a deteriorating factor, for the present, in the situation on the Korean peninsula. Moreover, this will destroy, in the future, the strategic balance in the Northeast Asia. Because this system is the most outright hostile act against the DPRK as it is a system to wage a war against DPRK and, furthermore, a part of unchallenged attempt of the US to dominate Asia-pacific region by winding up the ring of military siege and containment against China and Russia.

The large-scale joint military exercises and the combat-ready deployment of up-to-date war means indicate that the US is stepping up preparations for the second Korean war in real earnest and this has already gone beyond the danger line.

The US reckless war preparations have become more threatening with its recent unilateral attempt to abrogate Armistice Agreement (AA). In April 2004 the US announced all of a sudden that it would completely withdraw its forces from the Joint Security Area in Panmunjom (JSA) and Demilitarized Zone (DMZ) and deploy there soldiers of the South Korean army, which is not a signatory to the AA, in disregard of the AA and points agreed upon between the DPRK and the US.

The US decision to take even its small number of troops out of the JSA and DMZ, while massively shipping modern arms and equipment into South Korea and staging war exercises against the DPRK, indicates that the US preparations for a pre-emptive attack upon the DPRK are under way at a final phase. These US unilateral steps would have a serious impact on the preservation of the ceasefire in Korea and this would push the situation to a very grave phase of tension.

3. DPRK's Stand on the solution of the nuclear issue

The nuclear issue on the Korean peninsula was caused and has become more acute due to the US hostile policy, according to which the US began to ship its nuclear weapons into South Korea in 1950s giving constant nuclear threat towards the DPRK, designated the DPRK as a part of an "axis of evil" and a "target of nuclear pre-emptive strikes", etc.

The DPRK Government has been making all the efforts for the realization of nuclear-weapon-free and peaceful zone on the Korean peninsula, which the Government proposed in early mid- 1980s considering the denuclearization of the Korean peninsula as an important way for the peace and security of the peninsula.

The DPRK pursues with firmness and consistency the stance to make the Korean peninsula a nuclear-weapon-free zone. From this standpoint, the DPRK has spared no efforts to find a peaceful solution to the outstanding nuclear issue between the DPRK and the US through dialogue and negotiations.

The DPRK took part in a three-party talk and two rounds of six-party talks after it had announced its attitude not to stick to the format of dialogue, if the United States had a willingness to make a switchover in the hostile policy towards the DPRK. The DPRK went further to advance a proposal on a package solution based on the principle of simultaneous actions to find a fair solution to the DPRK-US nuclear issue.

The principle of simultaneous actions proceeds from the DPRK's willingness to replace the distrust with confidence between the DPRK and the US through simultaneous practical actions and lay a foundation for co-existence of the two countries. Application of the formula of package solution based on the principle of simultaneous actions is the lifeline in solving the nuclear issue, as it is a core matter to be agreed upon between the DPRK and the US.

The DPRK has already expressed its readiness to freeze the nuclear activities as the starting point for the denuclearization of the Korean peninsula, if the US comes in earnest to solve the nuclear issue through simultaneous actions and agree to "compensation for freeze", the first-phase measures of the package solution.

"Compensation for freeze" means that the DPRK freeze its nuclear activities and, on the other hand, the US remove the DPRK from the list of "terrorism sponsoring states" and withdraw political and economic sanctions together with military blockade against it, and the US and the other concerned parties provide the DPRK with energy assistance including heavy oil and electricity as the corresponding measures to the DPRK's freeze on its nuclear activities.

As universally known, it is entirely attributable to the US hostile policy towards the DPRK that the latter inevitably comes to possess nuclear deterrent. However, the DPRK maintains that it would renounce its nuclear weapon program, once the US gives up the hostile policy.

Nevertheless, the United States has repeated none other than the assertion on the DPRK's "scrapping first" and "complete, verifiable and irreversible dismantlement of its nuclear program. The ulterior motive of this continued unilateral and self-righteous assertion is to force the DPRK to completely disarm and halt even its nuclear activity for peaceful purpose, a legitimate right of sovereign state.

The dialogues for peaceful solution of the nuclear issue of the Korean peninsula should not be a venue to disarm the DPRK. Rather, they should be oriented to produce an agreement on the simultaneous package solution including the "compensation for freeze" together with the "verbal commitment", at the minimum.

The DPRK remains unchanged in its main stand for negotiated peaceful settlement of the nuclear issue with a final target of denuclearization of the Korean peninsula. The DPRK will take an active part in the six-party talks with patience and flexibility and contribute to the progress of the talks.

**ASEAN REGIONAL FORUM
ANNUAL SECURITY OUTLOOK 2004
REPUBLIC OF KOREA**

Security Environment in the wake of the Iraq War

Post-War Iraq

The War in Iraq posed a significant challenge to the international community which is still struggling to establish a new security order in the post-Cold War era. The future course of interaction and cooperation among major powers in addressing the post-Iraq war situation is likely to be a defining force in world affairs in the years to come.

Despite early expectations of a quick solution to the post-Iraq war chaos, the pacification efforts of the multinational forces have been met with significant insurgency, intermittent terrorist attacks and tribal violence. Although the time for transferring power to the Iraqi people is drawing near, instability is not expected to subside in a significant way anytime soon.

The unstable situation has hampered the reconstruction efforts which were essential for normalizing post-war Iraq. Delayed reconstruction made the situation in Iraq even worse. However, recognizing that the stabilization of Iraq is a prerequisite for the stability of the entire Middle East, the international community has made continued efforts to stabilize Iraq.

At this juncture, the international community led by the UN needs to pool its wisdom and make combined efforts to stabilize the situation in Iraq. It is our belief that the United Nations needs to play a pivotal role in mustering the will of its member states and building a consensus of the international community.

In this context, the ROK welcomes the unanimous adoption of the UN Security Council Resolution 1546 on June 8. The new resolution is meaningful in that it reflects the concerted view of the international community as to how we should proceed for the reconstruction of Iraq.

The ROK expects that the adoption of the resolution will contribute to the smooth transition of power and the stabilization of Iraq, which will foster a favorable environment for Korean troops dispatched to Iraq to help the reconstruction efforts of the Iraqi people and the international community.

Spread of Terrorism

The world was fully awakened to the horrors of terrorism with the 9-11 terrorist attacks. The 9-11 terrorist attacks have fundamentally transformed our perception of security, thereby radically affecting our way of life on various levels.

The terrorist attacks in Madrid in March clearly illustrate the ever-changing nature of the terrorist threat. Two consecutive terrorist attacks in Saudi Arabia in May, along with terrorist attempts in Jordan in March 2004 and in Jakarta in August 2003 respectively following the Bali bombing in 2002 testify to the fact that no country is immune from this threat.

The proliferation of terrorist group activities in Southeast Asia has emerged as a new threat to regional stability. Over the past year, the terrorist threat has loomed large in Southeast Asia. Indigenous terrorist groups such as Jemaah Islamiyah have sympathized with the cause of Al Qaeda. The complex questions of the root causes and nature of terrorist activities make it difficult to cope with this threat effectively. More coordinated efforts are required to come up with a common strategy applicable to all countries in the region. In this regard, it is imperative for the regional institutions, such as the ARF and APEC, to take the lead in mobilizing counter-terrorism endeavors.

The ROK has actively participated in international efforts to fight against terrorism, for example, by dispatching troops to Afghanistan and Iraq to help the two countries recover from the war and civil strife. From this August on, the ROK plans to dispatch additional 3,000 troops to Iraq. As the Chair of APEC, the ROK will also host the Counter-Terrorism Task Force Meeting and the Secure Trade in the APEC Region (STAR) Meeting in 2005 to combat terrorism.

Security Situation in the Asia-Pacific Region

Northeast Asia and the Korean Peninsula

In the post-Cold War era, there has been a significant improvement in the overall security situation in Northeast Asia. However, constant changes in the power configuration have rendered the situation somewhat fluid. Whereas other parts of the world are heading toward arms reduction and disarmament, the countries in this region are seemingly bent on increasing military expenditures.

As a way to restrain an arms race and to complement the bilateral alliance structure in the region, regional countries are urged to take a new approach toward a multilateral security mechanism for the sake of lasting peace and stability in Northeast Asia. Over the past year, intensive multilateral efforts have been made to resolve the North Korean nuclear issue through the two rounds of the Six-Party Talks and one round of the Working Group Meeting.

Throughout the Six-Party Talks, the ROK government has emphasized the following fundamental principles: first, nuclear dismantlement should encompass all nuclear programs of the DPRK; second, the dismantlement should be verified through international inspections. Moreover, the nuclear program should be dismantled in such a way that the nuclear issue does not arise again in the future. The ROK government remains cautiously optimistic on the eventual resolution of the North Korean nuclear issue through peaceful means since all participating countries are keen on the denuclearization of the Korean Peninsula. Moreover, it is a common view that the possession of nuclear programs would be a burden rather than an asset for the DPRK.

It is likely that the momentum that will be created by the Six-Party Talks will be conducive to forming a multilateral security forum, when the North Korean nuclear issue is resolved peacefully through dialogue.

Since its inauguration in 2003, the new ROK government has endeavored to improve inter-Korean relations by pursuing the Policy of Peace and Prosperity.

Active dialogue and exchange between the ROK and DPRK are underway. There have been around 50 rounds of dialogue since last January. The number of South Korean visitors to the North has reached over 15,000 in 2003, which was only 300 a year in the 1990s, and the number of North Korean visitors to the South has also increased more than 1,000 in 2003. As for humanitarian aid to the DPRK, the amount for the year 2003 stands at \$199 million, with \$182 million provided at the bilateral level and \$17 million provided through international organizations such as the WFP and WHO. Reunion of separated families, the most pressing humanitarian issue facing the two Koreas, is now taking place regularly. Re-connection of inter-Korean railroads and roads is underway on schedule, and Gaesong Industrial Complex and Mt. Geumgang tourism project will also serve to lay the groundwork for building an inter-Korean economic community.

It is noteworthy that the ROK and the DPRK held general-level military talks in June this year for the first time to figure out how to prevent accidental clashes in the West Sea and to cease propaganda activities along the Military Demarcation Line.

Transnational Crime and Non-Traditional Security Issue

As the Cold War legacy has receded significantly in the region, non-traditional security issues have come to the surface, such as terrorism, human trafficking, illegal migration, piracy, environmental degradation, HIV/AIDS, etc. Ever-deepening globalization and the concomitant interdependence among states has weakened and furthermore put considerable strain on the capability of individual states to address such human security issues adequately.

Regional Cooperation

Regional multilateral institutions, such as the ARF, APEC, ASEM and FEALAC, need to broaden the scope of their mandate and enhance their capacity to deal with international terrorism, as well as newly emerging security threats. In particular, as the only multilateral security forum in this region, there are growing expectations for a more substantive role of the ARF in regional security cooperation. It is therefore encouraging to note that the ARF is on the verge of entering the phase of preventive diplomacy, building upon its decade-long experience of confidence-building. The ROK welcomes that some participating countries of the ARF have presented their ideas for the direction of the future development of the forum.

In this regard, the ROK proposed the idea of the "Guidelines for the Operation of the ARF Experts and Eminent Persons (EEPs)" in 2001 with a view to making the ARF more viable. Thereafter, at the ARF SOM held in May, the draft Guidelines were endorsed and they are to be adopted at the 11th ARF Foreign Ministers' Meeting to be held in Jakarta on

July 2, 2004. In addition, the ROK will co-host with the Philippines an "ARF Seminar on Cyber Terrorism" on October 13-15 on Jeju Island in order to find ways to reduce and fight the ever-growing threat to the cyber world.

ASEAN Security Community

The ASEAN countries adopted the "Declaration of ASEAN Concord II" during their annual summit in Bali in October 2003. ASEAN will establish a community comprising three pillars: political and security cooperation, economic cooperation, and socio-cultural cooperation. In view of the significance of an emerging ASEAN Community, the ROK expects that in the process of building such a community, ASEAN will contribute to the consolidation of peace and stability in and around the region.

The Situation in Myanmar

The international community hopes that Aung San Suu Kyi will be set free and the activities of the National League for Democracy (NLD) will return to normal in the near future. It is also hoped that dialogue between relevant parties will be carried on in an earnest manner so that democracy in Myanmar will take root smoothly. All parties involved are urged to have further dialogues such as the National Convention to advance democracy and human rights.

India-Pakistan Relations

Given the potential havoc which any armed conflict between India and Pakistan, both of whom have nuclear weapons, can wreak havoc on the region, not to mention on the two countries, the international community has a keen interest in defusing confrontation between the two countries and maintaining regional stability.

It is encouraging to see that India and Pakistan's agreement to resolve all pending bilateral issues including Kashmir through "Composite Dialogue" and the holding of series of composite dialogues such as the vice minister-level meeting held in last February.

**ASEAN REGIONAL FORUM
ANNUAL SECURITY OUTLOOK 2004
RUSSIA FEDERATION**

1. The Russian Federation proceeds from the assumption that the course of events in the Asia Pacific region has a profound impact on global military, political and economic context. Russia's development is inseparable from future situation in the region. Therefore, we are directly interested in contributing to peace, cooperation and prosperity in this part of the world. Our country has always been open to the widest and most far-reaching cooperation in addressing transnational threats, considers it as one of the most important priorities of its policy.

Russia has consistently advocated the establishment of a just democratic world order based on strict observance of rules of international law, purposes and principles of the UN Charter, universal security, sovereign equality and mutual respect for legitimate interests of all states. We regard the fact that absolute majority of the Asia Pacific countries share this position as an important factor of peace and stability in the region.

We are convinced that our neighbors in this vast region of the world would like to view Russia as a stable, dynamic country confident of its future and security. These coinciding fundamental interests serve as a basis of our approach to the situation in the Asia Pacific and make us confident of good prospects of interaction with the participants of regional processes.

2. According to our assessment, political and security situation in the Asia Pacific remains generally stable. Over the last decade crises and risk factors by and large have been held under control due to good will, individual and collective efforts of the regional states.

Generally successful economic development of the majority of the regional economies, consolidation of their role as a driving vehicle of the world economy objectively works towards higher intrinsic resistance of the Asia Pacific states, including to terrorist threats. Foreign economic links of the regional countries become closer, and their relations become more interdependent, which is an important factor preventing aggravation of the existing and emergence of new interstate conflicts.

The trend towards gradual improvement of relations between major powers and their internal stability are key preconditions for peace and security in the Asia Pacific. Formidable new challenges and threats serve as another factor consolidating the basis for the convergence of their interests.

Russia's strategic partnership with China and India plays an important role in the improvement of the regional situation. For the past year Chinese-Indian relations made an impressive progress as well. We hope that the two major powers – our strategic partners in East and South Asia – will further consistently show good will, readiness for rapprochement and close cooperation.

Important steps were taken to normalize Indian-Pakistani relations in 2003-2004. New Delhi and Islamabad made a set of initiatives to strengthen confidence-building measures and develop bilateral relations. We regard the meeting between the leaders of the two countries held last January, which gave a visible impulse to intensified interstate contacts, as a landmark event.

3. A growing number of regional fora enable representatives of the Asia Pacific states to set forth their position and to hear the opinions of their partners. As a result the level of mutual confidence rises and new opportunities open up to work out common approaches. This trend is supported by the majority of the regional countries, and is implemented through the active role of business and academic communities and various non-governmental organizations.

Capacities are growing on for constructive interaction in the framework of the Shanghai Cooperation Organization (SCO), the Association of Southeast Asian Nations (ASEAN), the related ASEAN Regional Forum (ARF) and the system of the Association's dialogues with its partners, as well as Asia Pacific Economic Cooperation (APEC). Russia appreciates the activities carried out by these institutions and considers them to be perspective basic mechanisms for regional dialogue and cooperation. Russia intends to further actively participate in the work of such structures as the Conference on Interaction and Confidence Building Measures in Asia (CICA), the Council for Security Cooperation in the Asia Pacific (CSCAP), and the Northeast Asia Cooperation Dialogue (NEACD). We follow with great interest and attention the evolution of the mechanism of the Asia-Europe Meetings (ASEM), Asia Cooperation Dialogue (ACD), the Boao Forum for Asia, and would be willing to join them in their activities.

4. Due to its wide scope and diversity of participants, ARF holds a special position among the regional organizations. Therefore, any steps to modernize and institutionally strengthen the Forum, to elaborate an appropriate response to new threats and challenges should be very cautious and well considered so that not to damage its uniqueness and the fundamental principles of functioning — the ASEAN way of consensus and incremental approach. It is evident that neither voting, nor "majority interest" and "diverse speed movement" principles are applicable here. Each participant's opinion should be heard and taken into consideration for the convenience of everyone, with ASEAN remaining the main driving force of the Forum in the foreseeable future.

In order to enhance ARF efficiency it may be useful to look at the experience of other sub-regional structures such as SCO, which has been established and functioning with a pioneering role of two of the ARF participants, i.e. Russia and China. This Organization, which has already proved its *raison d'être* and efficiency in strengthening stability in Central Asia, can join the multidimensional interaction with other Asia Pacific countries and intergovernmental institutions and become one of the key elements of multilateral regional cooperation architecture.

5. Along with a number of the above positive factors, the sources of tension, which can seriously destabilize the situation in the Asia Pacific, still remain and will hardly disappear in the near future. These are challenges and threats of the global scale topical for the region (WMD proliferation, international terrorism, other forms of organized crime, risk of epidemics etc.), as well as some historically determined specific problems.

Firstly, Russia is preoccupied with the unsettled nuclear issue in the Korea Peninsula. By the efforts of the countries participating in the Six Party Talks launched in Beijing the situation eased to a certain extent. Our stand, which has been repeatedly confirmed, is that the whole Peninsula should be kept within the nuclear non-proliferation domain.

Russia is convinced that there is no reasonable alternative to a peaceful political settlement of that problem. In our view, the best way out would be to provide proper security guarantees to the DPRK and to ensure conditions for its normal economic and social development in exchange for dismantlement of its nuclear weapons program. The most important task at this stage is to assure continuity and irreversibility of the negotiating process which could make it possible to find compromise solutions and progressively bring together the positions of the main "actors" – the DPRK and the U.S. – while gradually moving towards final settlement.

Regretfully, despite several rounds of negotiations held between the Government of Sri Lanka and the representatives of *the Liberation Tigers of Tamil Eelam (LTTE)*, no meaningful progress has been achieved in the settlement of the Singalese-Tamil ethnic conflict.

Events in Nepal cause concern. Escalation of the armed conflict in that country is not only a threat to the domestic stability of the Kingdom but can affect the regional situation as a whole.

6. Strengthening and universalization of non-proliferation regimes of weapons of mass destruction remain among the most important tasks in the field of security and stability in the Asia Pacific.

Efforts taken by the ASEAN member states to establish the Southeast Asia Nuclear Weapon-Free Zone (SEANWFZ) provide a major input into regional stability. Russia would be prepared to sign a relevant Protocol to the SEANWFZ Treaty as soon as the issues raised by Nuclear Powers have been solved.

The revealed facts of nuclear material and technologies leakages from Pakistan and the presence of a "Pakistani trace" in the nuclear programs of some states are a cause of great concern. Russia welcomes quite active and efficient measures taken by Islamabad to prevent nuclear proliferation and hopes that efforts aimed at further investigating and suppressing the illegal network of supplies of sensitive materials and technologies will continue with participation of all states concerned.

7. Programs aimed at modernizing and building up conventional weapons in the Asia Pacific countries cannot yet be considered as synonymous to the "arms race", since with few exceptions we do not witness "responses" by certain states to the "challenges" created by other states in that sphere. However, such programs could be a factor of instability and in a number of cases are the evidence that various regional countries still have a strong feeling of vulnerability and threat to their own security.

Restraint in taking decisions aimed at increasing military budgets and qualitatively enhancing military capabilities should be welcomed as an important measure of confidence.

8. The need to mobilize collective concerted efforts in the Asia Pacific becomes even more urgent with new threats and challenges of the globalization era. While promoting the openness of frontiers and strengthening economic ties within the region, globalization leads to a growing divide between states and different groups of population as regards their levels of welfare and living conditions. Those processes serve as a nutritive medium for militant extremism and terrorism and create new opportunities for transborder crime including such dangerous as drug production and trafficking.

Terrorism is a common challenge for all Asia Pacific states even if some of them so far did not have to counter terrorists on their territories. At the same time, efforts taken in that sphere should always be in full conformity with the UN Charter and generally recognized principles of international law, and should not be based on double standards and one-sided approaches as well as the use of force in settling international disputes. Russia finds it unacceptable to try to associate terrorist activities with Islam, as with any other religion or ethnicity. Anti-terrorist campaign should not be made a "universal pretext" for achieving geopolitical goals, national and block capacity-building.

The threat of terrorism becomes all the more acute for the Asia Pacific since in a number of cases it is closely intertwined with the issue of regional conflicts. This leads to growing demands to mechanisms and methods of crisis management the development and launching of which become today one of the main tasks for the regional multilateral institutions engaged in political cooperation. The potential accumulated by ARF, first of all within the framework of the Inter-sessional Meetings on Counter-Terrorism and Transnational Crime (ISM on CT-TC), is of great significance in this respect. We hope that the institutional strengthening of the ISM on CT-TC mechanism, which held its regular meeting on 30-31 March 2004 in Manila under the co-chairmanship of Russia and the Philippines on combating terrorism in transport, will make it possible to turn it into the main institutional basis for interaction of the regional states in that area.

Russia also appreciates the activities of other anti-terrorist structures of the Asia Pacific, in particular the Southeast Asia Regional Center for Counter-Terrorism (SEARCCT) established in 2003 in Kuala Lumpur. We hope that its efforts will become practice-oriented and acquire a region-wide dimension. In this respect, we also welcome the agreement between Jakarta and Canberra on the establishment of the anti-terrorist center in Indonesia, which will become one of the factors of enhancing regional cooperation to counter terrorist threat.

Last January the Regional Anti-Terrorist Structure (RATS) of SCO became operational in Tashkent. Its activities are aimed at combining the SCO states-members' efforts in combating the terrorist threat. SCO is open for cooperation with other states and international fora in this crucially important area.

Other challenges are also inevitably linked to the problem of terrorist activities in the region. Taking into consideration the fact that piracy at sea is not only a serious threat to the freedom of navigation, but is also a source of financing international terrorism, Russia supports the plans to establish an anti-piracy center in Southeast Asia that would coordinate activities of respective national structures in providing security of sea routes.

9. Bilateral military and political alliances inherited from the cold war era still exist in the Asia Pacific and efforts are being taken to integrate them into a sort of a single system. Russia does not consider these treaties as aimed against it and admits that they played a certain stabilizing role in the past. At the same time, revitalization of such structures is fraught with reappearance of old and emergence of new "dividing lines" in the region thereby creating a risk of revival of latent sources of conflicts (territorial, ethnic, religious etc.).

We are firmly convinced that bilateral alliances and security guarantees are intended to play at the best a complementary, back-up role while the main thrust should be made at intensification of multilateral open-ended cooperation.

We regard the attempts to create closed ABM systems as very dangerous for the cause of peace both globally and regionally. There is a number of reasons to claim that such systems, should they appear, would not only fail to enhance a sense of security on the part of their sponsors but, on the contrary, would make them feel more vulnerable in the face of strategic uncertainty.

10. Russia is convinced that an effective response to the problems and challenges facing the region today is only possible through coordinated efforts by all states, enhanced efficiency of the existing international institutions and mechanisms on an equal and mutually beneficial basis without categorizing partners as "leading" and "lagging behind". Progress along these lines should be step-by-step with a view to eventually shape an integral network of complementary, cooperative and open-ended multilateral structures covering the whole Asia Pacific and commensurate with the requirements of stability, security and global economic development.

**ASEAN REGIONAL FORUM
ANNUAL SECURITY OUTLOOK 2004
SINGAPORE**

Section I: Singapore's Outlook for Regional Security

- i. The overall regional security outlook for the Asia-Pacific remains relatively stable although the region continues to face uncertainties. There have been no wars or major conflicts and there has also been increasing interest in improving the existing economic cooperation and aiming for more integrated markets in East Asia. The major challenges facing the region are associated with the threat of terrorism, tensions in the Middle East and Korean Peninsula, and the sustainability of the economic recovery process.
- ii. A stable triangular relationship between the US, China and Japan continues to provide the foundation for stability and economic cooperation in the region. China's rapid development and its accession to the WTO have brought increased trade to the region. China, Japan and the US will continue to remain economically engaged with the region, and the performance of their economies will have a significant bearing on the prosperity and stability in the region.
- iii. In Northeast Asia, the situation on the Korean Peninsula continues to be a potential source of instability. The six-party talks have thus far not led to any breakthrough. However, dialogue among the major players within the multilateral framework has been useful and has succeeded in easing tensions. All the parties concerned support the denuclearisation of the Korean Peninsula and are calling for a peaceful and diplomatic resolution to the issue. But any miscalculation could set back peace and stability in the region.
- iv. Despite gaining independence on 20 May 2002, Timor Leste's reconstruction needs remain enormous. The security situation in Timor Leste is tenuous and the country's institutions remain under-developed. Timor Leste's stability is important for the entire region. Thus, the international community must continue to remain engaged in Timor Leste and provide much-needed assistance to bring about Timor Leste's stability and viability.
- v. In the South China Sea, the competing claims remain unresolved. However, there are positive attempts to manage the situation since the adoption of the Declaration on the Conduct of Parties in the South China Sea at the 8th ASEAN Summit in 2002. These include possible consultations between ASEAN and China on developing a Code of Conduct for the area, the 13th Workshop on Managing Potential Conflict in the South China Sea in September 2003.
- vi. The 9th ASEAN Summit, held in Bali adopted the Declaration of ASEAN Concord II (Bali Concord II), which reaffirmed the ASEAN Vision 2020's commitment towards advancing ASEAN as a concert of Southeast Asian nations, bonded together in partnership in dynamic development and in a community of caring societies. Under Bali Concord II, the ASEAN Leaders pledged to achieve an ASEAN Community by the year 2020, which would rest on

the three pillars of ASEAN Security Community (ASC), ASEAN Economic Community (AEC) and ASEAN Socio-cultural Community (ASCC). The key outcomes of the 9th Summit - closer economic partnerships with China, Japan and India - will go towards entrenching ASEAN's external linkages with its key dialogue partners.

vii. The ARF remains the most important multilateral forum for discussing and exchange views on regional security issues. In recent years, the ARF has helped build up confidence and trust, and develop cooperative norms of behaviour amongst member states. It has also made positive initial steps towards the next stage, which is Preventive Diplomacy (PD), discussed the implications of terrorism, and considered practical ways in which the ARF can support international efforts to counter terrorism. While the ARF attempts to deal with non-conventional threats such as terrorism, it should continue to address traditional threats to the security of the region that still exist.

Section II: Review of Regional Co-operation

i. Security co-operation in the Asia-Pacific continues to progress well. Bilateral co-operation has been growing both in depth and scope, with substantial bilateral defence co-operation between countries, involving exchange visits, cross attendance of courses, joint training and exercises and security dialogues. In terms of the institutionalisation of multilateral co-operation, mechanisms for region-wide security dialogue, such as the ARF and the Council for Security Co-operation in the Asia Pacific (CSCAP), are now well established. Combating terrorism has also served as a galvanizing factor providing further impetus to regional co-operation.

ii. In fact, ASEAN has taken several concrete measures to address the threat of terrorism. The ASEAN Leaders Declaration on Terrorism at the 8th Summit in 2002 built upon the *ASEAN Declaration on Joint Action to Counter Terrorism* released by ASEAN Leaders at the 7th Summit in November 2001. A Special ASEAN Ministerial Meeting on Transnational Crime or AMMTC on Terrorism was held in Kuala Lumpur in May 2002 as a concrete follow-up to address terrorism. The meeting produced a workplan for the *ASEAN Plan of Action to Combat Transnational Crime (Terrorism Component)*. Singapore offered logistical support for counter-terrorism training on aviation security, bomb/explosives detection, post-blast investigation and intelligence analysis. At the 4th AMMTC Meeting in January 2004, ASEAN further declared its commitment to undertake a comprehensive and coordinated approach in addressing various areas of transnational crimes that have links to terrorism and to accelerate the implementation of the Terrorism Workplan.

iii. At a broader level, ASEAN is also working closely with major players to advance practical areas of cooperation. The Foreign Ministers of ASEAN and the US adopted a *Joint Declaration for Cooperation to Combat International Terrorism* in August while ASEAN and China issued a *Joint Declaration of ASEAN and China on Cooperation in the Field of Non - Traditional Security Issues* in November 2002. ASEAN and India also adopted a *Joint Declaration for Cooperation to Combat International Terrorism* at the Bali Summit in October 2003. The first AMMTC+ 3 meeting involving ASEAN, China, Japan and ROK took place on 10 January 2004 in Bangkok.

iv. Within the ARF, many confidence-building measures (CBMs) have been implemented and many more are in the process of implementation. The ARF has achieved good progress on practical cooperation through a series of counter-terrorism workshops in 2003 and 2004. The US and Malaysia hosted the first ISM on Counter-Terrorism and Transnational Crime on Border Security on 21-22 March 2003. The Philippines and Russia co-hosted the second ISM on Counter-Terrorism and Transnational Crime on Transport Security on 29-30 March 2004. On 1 April 2004, Thailand and the US co-hosted an ASEAN-US Workshop on "Enhancing Maritime Anti-Piracy and Counter-Terrorism Cooperation in the ASEAN Region". The Workshop is a concrete initiative arising from the ASEAN-US Counter-Terrorism Workplan formulated by the ASEAN-US SOMTC which met in June 2003.

v. Singapore continues to play a constructive role to enhance practical cooperation on counter-terrorism within the ASEAN and ARF context. Singapore and the US co-hosted a Workshop on Counter-terrorism Finance from 21-22 January 2003 in Singapore. The objective of the workshop was to promote international cooperation in combating terrorist financing by providing an opportunity for officials to exchange views on national experiences and individual and collective capacities in dealing with terrorism financing. Singapore and Australia also co-hosted a Workshop on *Managing the Consequences of a Major Terrorist Attack* on 3-5 June 2003. One of the concrete initiatives arising from the Workshop is a *Register of Chemical, Biological, Radiological and Nuclear (CBRN) Terrorism*.

vi. These activities are in line with Singapore's belief that counter-terrorism cooperation among ASEAN and ARF member countries should concentrate on meaningful practical cooperation and timely exchanges of information.

vii. Following the endorsement of the Concept Paper for an ARF Defence Dialogue by the 9th ARF in July 2002, four Defence Dialogues have been held at the ARF ISG on CBMs. The dialogues were successful in enhancing the interactions among ARF defence officials, and contributed substantially to confidence building within the ARF. At the Defence Dialogue held in Wellington in November 2002, New Zealand and Singapore also jointly tabled a draft paper proposing the next steps for the ARF Defence Dialogue. The paper recognises the importance of participation of defence officials in the ARF, particularly in this complex security environment and the need to enhance their involvement more systematically. In this same light, Singapore supported China's proposal for an ARF Conference on Security Policy. We see China's proposal as a "building-block" to the Defence Dialogue which would reinforce the importance of defence involvement in the ARF.

viii. Singapore was venue to the Asia Security Conference hosted by the London-based International Institute for Strategic Studies (IISS) on 30 May 2002 - 1 June 2003. Organised independently by the IISS, the conference brought together some 15 Defence Ministers and Deputy Defence Ministers. The IISS Conference is a welcome addition to existing security dialogue opportunities as it provides an opportunity for regional Defence Ministers, senior officials, high-level participants from the private sector, academia and the media to discuss security issues. It is an important effort to enhance the existing security architecture of the Asia Pacific.

Section III: Singapore's Approach and Contributions to Regional Security

i. As a small country, Singapore's peace and prosperity are inextricably linked to the region's peace and stability. We are conscious that both our security and economic well being will become even more susceptible to any instability in our external environment when we become more integrated with the global economy in the 21st century. Hence, one of the key thrusts of Singapore's defence strategy is to work with friendly countries to promote dialogue, confidence-building and co-operation both on a bilateral and multilateral basis, in order to maintain a peaceful and stable regional environment.

ii. Singapore believes that regional security and stability is best served by having security architecture comprising strong bilateral relationships and multilateral arrangements. Singapore enjoys close ties with many countries in the Asia-Pacific and will continue to strengthen and deepen these bilateral ties. On the multilateral level, Singapore will do its best to contribute to regional defence and security co-operation. It will seek to strengthen existing multilateral arrangements such as the Five Power Defence Arrangements (FPDA) and the ARF, as well as to foster and support new arrangements to enhance regional peace and stability.

iii. Singapore believes that multilateral defence and military dialogue and cooperation in areas such as maritime security, disaster relief, humanitarian assistance, counter-terrorism and transnational problems, has the potential to be further developed. Military co-operation and dialogue in these areas will also enhance trust and confidence among regional armed forces.

iv. Maritime security is a particular area of concern for all countries in the Asia Pacific, and the active cooperation of all stakeholders is key. To this end, Singapore has proposed an ARF CBM on Regional Cooperation in Maritime Security at the ARF ISG on CBM in Yangon in April 2004. This CBM will be held in early 2005 and will bring together representatives from the policy, enforcement, military and other relevant agencies of all ARF countries for wide-ranging discussions on challenges of maritime security and the prospects of regional cooperation.

v. As part of the process of positioning itself for the 21st century, the Singapore Armed Forces (SAF) will promote regional military co-operation and dialogue. Over the years, the SAF has developed a wide range of bilateral interactions with a number of armed forces in the region. These include joint exercises and training programmes, exchange visits, professional seminars and cross-attendance of military courses. The SAF will continue to enhance its interoperability with friendly forces in the region in various areas of professional interest.

vi. In addition to professional interactions at the bilateral level, all three Services of the SAF have actively engaged in multilateral defence co operation and confidence building measures. The following are some of the recent multilateral initiatives that the SAF was involved in:

a. The SAF took part in a number of multilateral exercises in 2003. These included FPDA exercises, such as Exercise Flying Fish, a tri-service exercise involving the all five countries and Exercise Cobra Gold with the Royal Thai Armed Forces and the US Armed Forces. The RSAF also participated in a trilateral exercise with Thailand and the US under Exercise Cope Tiger.

b. The Republic of Singapore Navy (RSN) and Indonesian Navy (TNI-AL) co-hosted the second Western Pacific Mine Countermeasure Exercise (MCMEX) and Western Pacific Diving Exercise (DIVEX) from 21 April to 7 May 2004. These multilateral exercises, conducted under the ambit of the Western Pacific Naval Symposium (WPNS), involved about 1,600 personnel and 20 ships from 18 countries and were the largest and most complex that members of the WPNS had ever embarked upon.

c. Following the success of the first conference in 2002, the SAF organised a second C4I (Command, Control, Communications, Computers and Intelligence) Conference: Force Transformation in the Knowledge Age. Organised in conjunction with Asian Aerospace 2004, the event brought together leading experts and proponents, from around the world, who are practitioners of C4I and provided an ideal international platform to share views and ideas.

v. Singapore has been consistently supporting the efforts of the UN in its peacekeeping efforts as a way of contributing to regional and global peace and stability. Over the last decade, the SAF has contributed over one thousand personnel to UN missions. Singapore's largest deployments to peacekeeping operations to date have been to Timor-Leste (formerly East Timor).

vi. In support of a multinational effort in the reconstruction of Iraq, the SAF sent a Landing Ship Tank (LST) and a C-130 transport aircraft to the Middle East. The LST, with a crew of 160 was deployed to the Arabian Gulf, where it provided replenishments and supplies for other naval vessels, and conducted patrols and guarded key installations. The 31 man-strong C-130 detachment assisted the coalition forces in carrying supplies and personnel, transport humanitarian material and conduct medical evacuation operations. Both the LST and the C-130 had returned to Singapore after completing their missions successfully.

vii. Singapore is also committed to international efforts to prevent the spread of WMD. Such efforts are particularly important given the threat of global terrorism and the dangerous possibility of WMD falling into the hands of terrorists and other undesirable elements. Singapore therefore supports the Proliferation Security Initiative (PSI) as part of our overall effort in countering terrorism and the proliferation of weapons of mass destruction. Singapore's military and enforcement agencies have participated in various PSI activities and interdiction exercises. Singapore has taken other concrete steps to counter WMD proliferation. For example,

we have put in place a robust export control system with the Strategic Goods (Control) Act, and we are participating in the Container Security Initiative (CSI) to safeguard the integrity of the trade that passes through our ports.

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Prepared by ASEAN Singapore
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**ASEAN REGIONAL FORUM (ARF)
ANNUAL SECURITY OUTLOOK – 2004
THAILAND**

I. Overview

1. Since the submission of the 2003 Annual Security Outlook, various developments have occurred which have significant implications for regional security.

2. Among these developments, the recurring acts of terrorism such as bombing incidents in Baghdad, Jakarta and Madrid confirm that the threat of terrorism continues to intensify and causes serious disruptions to global security. In response to these horrific and indiscriminate acts of terrorism, bilateral and multilateral cooperation in counter-terrorism has been enhanced. Such close coordination efforts in the region have produced tangible results such as the arrest on 13 August last year of Riduan Isamuddin or Hambali, one of the leaders of Jemaah Islamiah (JI), thought to be behind the Bali bombings in October 2002.

3. The situation in Iraq remains a major cause of concern for the international community. Reconstruction efforts have been hampered by ongoing unrest and violence. Despite failure to settle the problem in Iraq within the UN framework, the UN continues to play an indispensable role in the post-war reconstruction process and preparations for the transition of power from the Coalition Provisional Authority (CPA) to the Iraqi people on 30 June 2004. Thailand, along with members of the international community, has contributed to humanitarian relief and reconstruction activities in Iraq by providing financial assistance as well as personnel in accordance with the relevant United Nations Security Council resolutions.

4. Within the region, Thailand has been encouraged by positive developments on various issues that may impact on regional stability. Importantly, at the 9th ASEAN Summit in Bali in October 2003, ASEAN adopted the Declaration of ASEAN Concord II (Bali Concord II) which envisages the establishment of an ASEAN Community comprising three pillars, namely, the ASEAN Security Community, the ASEAN Economic Community and the ASEAN Socio-Cultural Community, by the year 2020. This framework to achieve a dynamic, cohesive, resilient and integrated ASEAN Community, that continues to be open and outward-looking, should help contribute to enhancing peace, stability, security and prosperity in the region.

5. Regarding the Korean Peninsula, the 2nd round of the Six-Party Talks in August 2003 to work towards a peaceful solution to the nuclear issue on the basis of mutual respect has shown positive signs. The parties concerned agreed to the setting up of a working-level group to continue substantive discussions before the 3rd round of Talks to be held in June 2004. These developments in the Six-Party Talks are important steps toward peace and stability on the Korean Peninsula and the region as a whole. It is important that

ARF participants that are part of the Six-Party Talks continue to keep ARF participants informed of the latest developments surrounding the Korean Peninsula.

6. After emerging from the Severe Acute Respiratory Syndrome (SARS) crisis last year, the region had to face the spread of avian influenza or bird flu at the beginning of 2004. This once again highlighted the importance of international cooperation in combating transnational problems. The avian influenza disease posed a threat to public health as well as to the economies and tourism in the region. Steps were immediately taken within the region to deal with this crisis. Thailand took immediate measures to control the avian influenza in accordance with Office International des Epizooties (OIE) and other international organizations' recommendations. It fostered international collaboration through the convening of a 'Ministerial Meeting on the Current Poultry Disease Situation' on 28 January 2004 in Bangkok. ASEAN and China continued to maintain close cooperation to contain the diseases from spreading. The China-ASEAN Special Meeting on HPAI Control in Beijing on 2 March 2004 underscored the importance of regional cooperation to monitor and prevent this and newly emerging diseases.

7. The year 2004 also witnessed general or presidential elections held or being held in Malaysia, Indonesia and the Philippines. Such events serve to underscore the extent to which the democratic values and traditions have evolved, been nurtured and allowed to become deeply rooted in the region, which augurs well for peace and stability. The process of national reconciliation is continuing in Myanmar, particularly with the unveiling of the Road Map for Democracy in August 2003. To facilitate this process, Thailand hosted the 1st Bangkok Process meeting in Bangkok on 15 December 2003, which was aimed at facilitating constructive dialogue between Myanmar and the international community in order to work towards national reconciliation and democracy in Myanmar.

II. Major Security Concerns and Responses

8. While traditional security issues continue to pose a challenge to regional stability, other security issues that cut across the regions such as terrorism and other transnational crimes have become increasingly more pronounced and require enhanced cooperation between countries. In this connection, Thailand advocates a multi-dimensional and comprehensive outlook on security that calls for strengthened national capacity as well as cooperation at the bilateral, regional and multilateral levels.

Neighboring Countries

9. Thailand's security is closely linked to the stability of and its relations with immediate neighbors. Thailand continues to attach high priority to strengthening good relations with neighboring countries. The efforts by the Thai Government to promote economic development in the region by generating trade and investment as well as developing transportation links will help contribute to common prosperity and stability. Thailand is cognizant that its economic well-being is interlinked with the prosperity of other nations and thus sees the importance of establishing building blocs of cooperation. In this

connection, Thailand has engaged in various initiatives to bridge socio-economic disparities at the regional and sub-regional levels to enhance peace and prosperity.

10. At the same time, Thailand continues to pursue efforts to cultivate mutual trust and understanding and work closely together with its immediate neighbors in solving common problems through cooperation and partnership. More emphasis will also be given to fostering understanding between peoples through cultural exchange and cooperation.

11. Last year, the Thai Government initiated a sub-regional cooperative strategy known as Ayeyawady-Chao Phraya-Mekong Economic Cooperation Strategy (ACMECS), comprising Cambodia, Lao PDR, Myanmar, Thailand and, most recently, Vietnam. The aim of the ACMECS is to narrow the development gap and promote closer economic cooperation between Thailand and its neighboring countries, particularly with respect to poverty alleviation and human capacity building.

12. The Bangladesh-India-Myanmar-Sri Lanka-Thailand-Economic Cooperation forum (BIMST-EC), established in Bangkok in 1997, was expanded this year for the first time, welcoming Bhutan and Nepal as new member countries at the Sixth BIMST-EC Ministerial Meeting in Phuket, Thailand in February 2004. The framework serves as a bridge between South and Southeast Asia, with the objective of creating an enabling environment for cooperation in various fields among member countries in order to better the livelihoods of the peoples in the region. The First Summit will be held in Bangkok on 30-31 July 2004. It adopted the Bangkok Declaration within which seven nations expressed political will to proceed with the establishment of FTAs among themselves as well as the strengthening of anti-transnational crime and terrorism efforts.

13. The Asia Cooperative Dialogue (ACD), initiated in 2002 by Thailand, continues to move towards greater consolidation of Asia-wide cooperation on a broad front of issues. The ACD geographical coverage has gradually been expanded across Asia. The ACD dialogue dimension has enabled ACD Foreign Ministers to enhance their comfort level, while the project component has helped strengthen member countries' cooperation in a concrete manner in various fields. These include, *inter alia*, tourism, SMEs, biotechnology, energy security, e-education, agriculture, environmental education, strengthening legal infrastructure, transport linkages, financial cooperation, poverty alleviation and human resources development. The ACD Foreign Ministers' Meeting in 2003 adopted the Chiang Mai Declaration on Asian Bond Market Development, providing political impetus to the strengthening of the regional financial architecture. With the Third Ministerial Meeting in Qingdao in June 2004, the ACD is expected to continue to advance economic cooperation in Asia, thus contributing to peace and stability in the region.

Terrorism

14. Terrorism poses a serious threat to international peace and security and undermines international cooperation. In response to the threat of terrorism, Thailand has undertaken many measures to address this threat. Cooperation with other countries has been enhanced in such areas as, *inter alia*, intelligence and information exchange, law enforcement cooperation, transport security, border management, capacity-building and anti-terrorist financing. The Thai legal system received a strong boost to its capability to

address the threat posed by terrorism when the amendments defining and including terrorism as a predicate offence to both the Anti-Money Laundering Act B.E. 2542 (1999) and Section 135 of the Penal Code entered into force on 11 August 2003. Both amendments became law by Emergency Decree, as stipulated under Section 218 of Thailand's constitution.

15. Thailand has also undertaken extensive measures to prevent terrorism from affecting trade, travel, and transport security. These include participation in the Personal Identification Secure Comparison and Evaluation System (PISCES) as well as the Advanced Passenger Information (API) System and the Advanced Passenger Processing (APP) System to track movements of passengers travelling to, from and within Thailand. In cooperation with the United States, Thailand initiated the Bangkok-Laem Chabang Efficient and Secure Trade (BEST) project which will allow for real time tracking of secured container from Laem Chabang to Seattle using e-seal technology that ensures supply-chain security. Thailand also takes part in the Container Security Initiative (CSI) designed to implement a container security regime that will ensure the in-transit integrity of containers while facilitating legitimate trade.

16. In order to cooperate with the international community in strengthening maritime security, Thailand has become party to the International Convention for Safety of Life at Sea (SOLAS Convention, as amended in 2002, to enhance the International Ship and Port Facility Security Code -ISPS Code). The ISPS Code will take effect from 1st July 2004 onwards and will apply to ships engaged in international navigation and at port facilities serving such ships. Thailand is therefore committed to establishing a safety system and plan including the deployment of the necessary manpower to ensure the implementation of ship and port safety under this program.

17. Regarding initiatives at the regional level, the fourth ASEAN Ministerial Meeting on Transnational Crime (AMMTC) and the first ASEAN+3 Ministerial Meeting on Transnational Crime (AMMTC+3) was held in Bangkok, Thailand, on 8 and 10 January 2004 respectively. The AMMTC discussed the provision of mutual legal assistance in criminal matters and extradition agreements as tools to help address transnational crimes. The AMMTC+3 adopted mechanisms of cooperation, including a five-year Work Plan on combating transnational crimes and the identification of ASEAN member countries as lead shepherds in eight areas of transnational crime cooperation.

18. In the wider Asia-Pacific region, the APEC Summit in Bangkok addressed the issue of Man-Portable Air Defense Systems (MANPADS) thus committing member economies to help monitor and regulate MANPADS which is a potential terrorist weapon. The ASEAN Regional Forum (ARF) also provides a venue for experts to exchange views on specific aspects of terrorism. On 1 April 2004, Thailand co-chaired with the US the ASEAN-US Workshop on Enhancing Maritime, Anti-Piracy and Counter-Terrorism Cooperation in the ASEAN Region, back-to-back with the 2nd Inter-sessional Meeting on Counter-Terrorism/Transnational Crime (ISM on CT/TC) on transport security in Manila.

19. Thailand also participates in the anti-money laundering project under the framework of Asia-Europe Meeting (ASEM) as co-partner. Endorsed by the Third Asia-Europe Meeting in 2000, the project aims to develop institutional capacity in the Asian

region to combat money laundering at national, regional and international levels. Assessments on technical assistance and training needs have been carried out in six participating countries, namely Thailand, Indonesia, Malaysia, the Philippines, Vietnam and China. Priorities for technical assistance will be identified to provide guidance for the formulation of cooperative activities to be carried out in the future.

Drug Trafficking

20. The Thai Government has pursued an integrated strategic campaign against drugs encompassing prevention, treatment and suppression since early 2003. Availability of illicit drugs in Thailand, particularly methamphetamine, was reduced by eighty percent. The campaign will be adapted to ensure a more systematic and collaborative approach to destroy networks of drug dealers and to enhance the sustainability of the positive outcomes of the campaign in bringing the situation to a controllable level and minimizing the threat to society.

21. Despite the success in the campaign against methamphetamine, the smuggling of club drugs such as ecstasy, ketamine and codeine has a tendency to increase and become a major concern. Thailand has raised the problem of ketamine abuse and smuggling to the attention of the international bodies such as the Commission of Narcotic Drugs, International Narcotic Control Board and UN Office on Drugs and Crime (UNODC) with a view to acquiring more comprehensive international drug control for this substance. Thailand also exercises great efforts in the suppression of narcotic drugs and the control of precursors which could be used in clandestine manufacturing.

22. Given the transnational nature of narcotic drugs, Thailand continues to intensify its cooperation in regional efforts against drugs through initiatives such as the ASEAN Senior Officials Meeting on Drug Matters (ASOD), ASEAN and China Cooperative Operations in Response to Dangerous Drugs (ACCORD), the Pentalateral Meeting on Drug Control, the MOU on Sub-regional Drug Control Cooperation of Six Regional Signatories and UNODC. These regional and inter-regional cooperative frameworks are significant collective responses to address the root causes of the drug problem and help strengthen the capacity of the people and authorities in fighting against the scourge of drugs. Several initiatives from these frameworks were adopted to prevent the production and trafficking of narcotic drugs as well as to control the illicit trafficking of precursors.

23. Apart from shorter-term suppression campaigns, Thailand also attaches high priority to the implementation of alternative development. Cooperation with neighboring countries as well as with other interested countries has been pursued by exchanging experiences gained from over 30 years of efforts in eradicating opium cultivation in the northern part of Thailand.

HIV/AIDS

24. Epidemics such as HIV/AIDS incur tremendous costs to human resources across the globe. Currently, over 300,000 people are living with HIV/AIDS in Thailand. Thailand supports the ongoing efforts undertaken within the framework of the Global Fund

to Fight Against HIV/AIDS and Other Diseases and has pledged five million US dollars to the Fund for the period of 2003-2007. Thailand also engages in partnerships with neighboring countries, particularly the Mekong Sub-region, as well as with related UN agencies to help tackle HIV/AIDS.

25. Furthermore, Thailand will host the 15th International AIDS Conference under the theme “Access for All” in Bangkok from 11-16 July this year, to be preceded by the 2nd Asia-Pacific Ministerial Meeting on HIV/AIDS. The Conference aims to foster closer cooperation among developed and developing countries in partnership with all stakeholders to address the HIV/AIDS problem, especially in promoting affordable, safe and effective medicines for infected individuals and increasing access to HIV/AIDS care. As leadership is among the most essential elements of an effective response to the HIV/AIDS epidemic, Thailand will organize a Summit with a specific focus on HIV/AIDS on 12 July 2004 in Bangkok. Selected Heads of Governments and the UN Secretary-General have been invited to the Summit to express their political commitments and strengthen international collaboration in the areas of prevention, care and treatment.

Human Trafficking

26. Thailand recognizes the urgent need to address human trafficking as the crime constitutes severe violations of human rights, undermines human dignity and destroys the human potential. At the same time, human trafficking is closely linked with other transnational crimes. Thailand attaches great importance to a comprehensive approach in combating human trafficking comprising four factors, namely, reaffirming political commitment, strengthening international obligations and cooperation, expanding partnership, and tackling the problem at its root cause.

27. Combating human trafficking is thus high on the Thai Government’s agenda. Since October 2002, the Office of Welfare Promotion, Protection and Empowerment of Vulnerable Groups has been set up to strengthen national networks by coordinating with NGOs and international agencies. On 1 July 2003, the Cabinet approved the National Policy and Plan of Action for the Prevention and Suppression of Trafficking in Women and Children.

28. Thailand has been active in promoting bilateral, regional and international cooperation to address human trafficking. Thailand is a party to the UN Convention on Transnational Organized Crime and its two Protocols. It is a Coordinating Country of a working group under the Bali Process and a member of the core group to draft the ASEM Plan of Action to counter trafficking in women and children. Thailand also plays an important part in developing and implementing the ASEAN Plan of Action to protect and assist trafficked women. Recently, Thailand signed the MOU on Bilateral Cooperation for Assisting Women and Child Victims of Human Trafficking with Cambodia and is in the process of negotiating similar agreements with other neighboring countries.

Joint Working Groups

29. To enhance the effectiveness and unity in the actions against non-traditional threats and transnational crimes, the Thai Government has assigned the Office of the National Security Council to lead Thai security agencies concerned to explore bilateral security collaboration through the establishment of Joint Working Groups (JWG) with friendly countries. The scope of cooperation of these JWGs covers areas such as drug trafficking, terrorism, money laundering, sea piracy, economic crimes, cyber crimes, military cooperation and exchange of intelligence and information. Such an arrangement has recently been concluded with India and is expected to be extended to other countries such as Vietnam, the Russian Federation and Pakistan in the near future. Furthermore, Thailand signed the Memorandum of Understanding on Combating Terrorism and Certain Other Crimes with Pakistan in April 2004. In addition, in July this year, the annual Thailand-Australia Regional Security Dialogue was convened in Bangkok.

Mine Ban Convention

30. Thailand is a State Party to the Convention on the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-Personnel Mines and on Their Destruction (the Mine Ban Convention). It is committed to forging closer collaboration and cooperation among fellow States Parties in order to effectively implement the goals of the Convention and prepare for an action-oriented First Review Conference of the Convention scheduled for 29 November-3 December 2004 in Nairobi, Kenya.

31. As President of the Fifth Meeting of the States Parties to the Mine Ban Convention, held in Bangkok in September 2003, Thailand is committed to the universalization of the Convention as well as the mobilization of resources very much needed for mine-affected States Parties in implementing the Convention's core obligations.

Defense and Security Policy

32. The National Defense Strategy adopted by the Ministry of Defense takes into account the National Security Policy for 2003-2006 and the changing security and strategic environment. The main thrust of the National Defense Strategy consists of streamlining the organizational structure and forces to enhance effectiveness and unity of command both in times of war and peace. The management of resources will be improved in line with the new budgeting system with a view to achieving greater efficiency and effectiveness. Thailand's defense strategy emphasizes a three-pronged approach comprising Security Cooperation, United Defense, and Active Defense.

33. Thailand remains committed to our continued participation in humanitarian and peace-keeping missions within the UN framework. Thailand continues to engage in the peace-keeping operation under the auspices of UNMISSET in Timor Leste as well as in Sierra Leone as military observers under UNAMSIL since October 1999. The Thai-Iraq Humanitarian Task Force, comprising 451 medical personnel, paramedics and military engineers, has been part of a Multinational Division since September 2003.

34. Thailand continues to conduct activities to strengthen its military ties with countries in the region through exchange of visits and joint exercises. The annual multilateral Cobra Gold exercise, aimed at promoting friendly relations between the armed forces of countries in the region in order to facilitate future cooperation on common security concerns, was held in Thailand on 13-27 May 2004. For the first time, the Philippines and Mongolia joined the United States, Thailand and Singapore in the program. In light of current security issues, this year's training focused on improving interoperability between coalition forces conducting a UN-sponsored peacekeeping operation in conjunction with humanitarian and disaster relief operations. The live-fire exercises, launched 23 years ago and originally limited to US and Thai troops, included an anti-terrorism component for the third consecutive year. In addition, in July this year, Thailand and Australia conducted joint exercises in the field of counter-terrorism.

35. In October 2003, Thailand was designated as a Major Non-NATO Ally (MNNA) by the United States in recognition of the close cooperation on defense and security matters between the two countries.

**ASEAN REGIONAL FORUM
ANNUAL SECURITY OUTLOOK 2004
UNITED STATES OF AMERICA**

Introduction and Overview

The outlook for the Asia-Pacific region in 2004 is reasonably favorable. Accounting for over one-quarter of the world's gross domestic product, the Asia-Pacific region offers enormous economic opportunity. Indeed, economic growth continues in much of Southeast Asia, although structural and financial problems still pose challenges in some countries. The ongoing expansion of bilateral and multilateral diplomatic exchanges and intensification of military-to-military dialogues among certain states encourage optimism that regional disputes will be addressed and resolved peacefully, thereby enhancing regional security and stability.

Nonetheless, these positive factors must be viewed against a backdrop, for some states, of ethnic and communal conflict and broader political tensions arising from terrorism, territorial disputes, transnational crime, incidences of political and economic instability, human rights issues, rule of law violations, and piracy. We also view with particular concern the dangerous situation caused by North Korea's pursuit of nuclear weapons and other provocative actions, including suspension of cooperation with the IAEA, the decision to withdraw from the Nuclear Non-Proliferation Treaty, claims to have started reprocessing spent fuel, and trade in illicit drugs and counterfeit currency. North Korea's actions undermine regional security and are a threat to the global non-proliferation regime.

Terrorism in Southeast Asia has exacerbated tensions in the region and complicated the regional security environment. Acts of terrorism carry the potential to undo the tremendous progress made in expanding democratic governance as well as the growth of market economies that are so vital to the freedom and prosperity of the region.

The United States will continue to contribute, diplomatically and through its security presence and activities, to improving the political and military environment in the Asia-Pacific region. Moreover, the United States will work through all available channels and use every available tool to enhance the capabilities of our regional partners to counter terrorists.

Major Issues

Terrorism

Southeast Asia is a major front in the global war on terrorism and an attractive theater of operations for al-Qaeda and indigenous terrorist groups such as Jemaah Islamiyah (JI). JI was responsible for the attacks in Bali in 2002 and on the Jakarta Marriott Hotel in 2003 - both of which may have had al-Qaeda connections or support. These attacks have driven home the grave reality of the terrorist presence in Southeast Asia, and the need for regional counterterrorism cooperation. Southeast Asian governments are taking steps to develop effective counterterrorism regimes, but the gap between the likelihood of future deadly attacks and the capacity of most regional governments to deter, disrupt, and respond to

terrorist activities remains a matter of particularly deep concern. Many terrorist attacks in the Asia-Pacific region have been thwarted and many terrorists have been captured, but a great deal remains to be done.

One positive step has been regional endorsement of the addition of JI to the United Nations 1267 Committee list (which freezes assets of all entities and individuals associated with al-Qaeda, Usama Bin Laden, or the Taliban). Progress has been made in efforts to build regional capacity to combat terrorist financing at conferences in Bali (December 2002), Singapore (January 2003), and Jakarta (February 2004).

Indonesia's investigations of the Bali and Jakarta attacks, among others, led to the arrest of over 100 JI suspects and over 50 terrorism convictions. We applaud the Indonesian government's efforts to bring the full force of Indonesian law to bear against Abu Bakar Ba'asyir. Ba'asyir's recent press statements, from his jail cell, condoning violence and the recent terrorist attack in Madrid are reprehensible. They only serve to demonstrate his continued commitment to terrorism and the continuing threat he poses to the security of Indonesians and other nationalities.

Thai authorities' August 2003 capture of senior JI leader Hambali, the alleged mastermind of the Bali attacks, represented a significant victory in the global war on terrorism. In recognition of our strong treaty alliance with Thailand and Thailand's contributions to the war on terrorism, President Bush designated Thailand a Major Non-NATO Ally in December 2003.

Malaysian and Singaporean authorities quickly and effectively undertook law enforcement actions (detention of suspects, seizure of explosive materials and financial assets) to stop terrorist activity, including the detention and interrogation of JI terrorists. Malaysia's co-sponsorship of the ASEAN Regional Forum Inter-Sessional Meeting on Counter-terrorism and Transnational Crime in Sabah in March 2003 and establishment of the new Southeast Asia Regional Center for Counterterrorism (SEARCCT) are notable cooperative steps that contribute to regional efforts to combat terrorism.

U.S.-Philippine cooperation to eliminate the terrorist threat in the Philippines remains a high priority. To that end, we regularly engage in counterterrorism information exchanges with Philippine law enforcement and military colleagues on specific threats and provide counterterrorism training assistance to the Armed Forces of the Philippines (AFP).

Following the Madrid bombings of March 2004, President Arroyo announced the creation of a counterterrorism task force headed by the Secretary of Defense to coordinate both internal Philippine counterterrorism initiatives and counterterrorism relations with neighboring countries. In April 2004, an AFP operation in the island province of Basilan led to the death of Hamsiraji Sali, a high-profile Abu Sayyaf Group figure also wanted by the United States.

The United States will continue to assist with regional counterterrorism capacity building where it is needed, along with partner states such as Japan, Australia, the European Union, and the G-8 (through the Counter-Terrorism Action Group) -which have all expressed a desire to increase counterterrorism assistance to Southeast Asian states.

We continue to pursue bilateral and multilateral approaches to combating the threat of terrorism to the region, including counterterrorism initiatives with ASEAN (Joint Declaration, ASEAN-U.S. Counter-terrorism Work Plan, ASEAN Cooperation Plan) and within the ARF (financial counterterrorism, piracy and other threats to maritime security, and border security). Counter-terrorism issues are now an important part of the APEC agenda-for example the 2003 Bangkok Commitments to dismantle transnational terrorists/groups and eliminate the threat of WMD proliferation. We believe that only through regional cooperation can we close the gaps that international terrorists seek to exploit.

We are particularly concerned with possible terrorist threats to shipping and ports in Southeast Asia. At the 2003 ASEAN Regional Forum Ministerial, participating states agreed to cooperate against piracy and other threats to maritime security. We have also worked through ASEAN to share our experience and ideas on how regional countries could cooperate to address the threat to commercial shipping and through APEC to improve port security.. We look forward to working with countries in the region, bilaterally and multilaterally, to further enhance Southeast Asian states' maritime capabilities and regional cooperation. Priorities will be to build and share a clearer picture of the maritime environment and to enhance countries abilities to rapidly communicate and react to specific maritime threats.

The Korean Peninsula

North Korea's covert uranium enrichment program and any reprocessing of spent fuel are violations of the U.S.-DPRK Agreed Framework, North Korea's IAEA Safeguards Agreement, the Nuclear Non-Proliferation Treaty, and the North-South Joint Declaration on Denuclearization. Condemnation and calls from the international community for North Korea's return to compliance with its obligations have been prompt. However, rejecting these appeals, North Korea, through a policy of provocations and brinkmanship, has instead sought to obtain security and economic benefits through violating its obligations.

The U.S. goal- given the deep implications for regional peace and security and the global non-proliferation regime from North Korea's nuclear program -is the complete verifiable and irreversible dismantlement of that program. The United States seeks a peaceful and diplomatic resolution to this issue and believes that this can only be achieved through a multilateral process engaging all of the most interested parties.

In that regard, we welcome the establishment, through the efforts of China and other concerned parties, of the Six-Party Talks in August 2003 as well as China's organization of the multilateral meeting in Beijing in April 2003. We also welcome North Korea's decision to participate in those meetings. Given North Korea's record of ignoring bilateral agreements, the international community can only have confidence that North Korea would respect an agreement if it enjoyed wide international participation and support. We are committed to the continuation of this process and welcomed the second round of talks held in Beijing in February 2004 and the decisions to establish a working group and convene a third round at the plenary level before the end of June 2004. The United States will work closely with regional allies and partners to promote stability and reconciliation on the Korean Peninsula. In this regard, close U.S. and South Korean coordination with Japan is a key component of our strategy.

In the context of North Korea's comprehensive denuclearization, the United States would be prepared to work with North Korea toward the normalization of relations and a substantially new bilateral relationship.

China

Over the past year, U.S.-China relations have remained fundamentally sound and witnessed excellent cooperation in a number of areas (e.g., denuclearization in North Korea, counterterrorism information sharing). However, there have also been differences of approach on human rights, Hong Kong, Taiwan, and trade.

Our objective is a candid, constructive, and cooperative relationship with China that contributes to the promotion of our shared interests in peace, security, and prosperity in the region and globally. In furtherance of that goal, President Bush has met several times with senior Chinese leaders, most recently with President Hu Jintao on the margins of APEC meetings in Bangkok in October 2003 and then in December 2003 with Premier Wen Jiabao in Washington. In addition, Vice President Cheney traveled to China in April 2004 for discussions with senior Chinese officials, including President Hu, on a wide range of issues. We have also had senior-level discussions with Chinese officials on defense and security issues and on economic issues of consequence, including the April 2004 Joint Commission on Commerce and Trade, co-chaired by Commerce Secretary Donald Evans, U.S. Trade Representative Robert Zoellick, and Vice Premier Wu Yi.

Where there are challenges in the relationship, the United States has pressed its case with China bilaterally and in multilateral fora. Regarding Taiwan, while reaffirming our "one China" policy and three communiqués, the United States has also affirmed obligations arising under the Taiwan Relations Act, noted the destabilizing presence of Chinese missiles deployed near Taiwan, and called on both China and Taiwan to refrain from actions which could unilaterally change the cross-strait status quo. Economically, the United States has sought to ensure that China conforms to the obligations it took on when it acceded to the World Trade Organization and has engaged China in comprehensive discussions on intellectual property, industrial subsidies, trading rights, and tax policies.

China has addressed some of our concerns about WMD-related and missile proliferation by Chinese entities, but much work remains to be done. China's promulgation of missile, chemical and biological, and munitions related export controls in recent years has been a welcome step, but we continue to urge full implementation and effective enforcement of these controls. We look forward to deepened cooperation with China on nonproliferation.

We welcome China's engagement in organizations that promote security and economic development, including APEC, ASEAN+3, and the ARF. China's willingness to reach out to its neighbors in multilateral fora is a signal that China too recognizes that engagement is the most constructive way to develop its role in East Asia. The United States and its Asian allies and partners pledge our best efforts to seek a constructive course for integrating China into the Asia-Pacific region.

Taiwan Strait

The United States is committed to the peaceful resolution of cross-strait differences in a manner acceptable to both China and Taiwan. The United States remains committed to our "one China" policy based on the three Joint Communiqués and the Taiwan Relations Act. The United States does not support independence for Taiwan or unilateral moves that would change the cross-Strait status quo.

The United States will continue the sale of appropriate defensive military equipment to Taiwan in accordance with the Taiwan Relations Act and to view any use of force against Taiwan with grave concern.

South China Sea

The United States maintains an explicit position of neutrality with regard to the competing territorial claims in the South China Sea. Additionally, the United States seeks to prevent these rival claims from disrupting regional peace, freedom of navigation, and security.

Since the agreement in early 2000 to open ASEAN-China negotiations on the Code of Conduct on the South China Sea, there have been no major conflicts or new occupations in the disputed areas. We appreciate the restraint shown by the claimants over the last year and the effective moratorium on new occupations since 1998. We urge all parties to exercise continued restraint.

We value the preliminary Code of Conduct on the South China Sea, concluded in November 2002, designed to avoid hostilities over competing claims there and to contribute to greater understanding, transparency, and reduced tensions. We take no position on the legal merits of the competing claims to sovereignty in the South China Sea, strongly oppose unilateral actions relating to claims in the region, and urge a diplomatic solution. The United States has a fundamental interest in maintaining and ensuring freedom of navigation in the South China Sea through respect by all for the terms of the United Nations Convention on the Law of the Sea.

Indonesia

The Government of Indonesia, in the wake of the Bali bombing in October 2002 and the Jakarta Marriott Hotel bombing in August 2003, has arrested over 100 suspected members of the Jemaah Islamiyah (JI) terrorist network believed to be responsible for these and other attacks. There have been 39 convictions of JI suspects implicated in the Bali attacks alone, with the principal organizers sentenced to death or life in prison; In the aftermath of the Bali attack, the Indonesian government issued two anti-terrorist decrees to facilitate the investigation and arrested of terror suspects. However, the Indonesian government needs to remain vigilant in dealing with the security threat posed by extremist groups that are opposed to democracy, tolerance and pluralism.

In addition to tackling terrorism, the Indonesian government must cope with pervasive corruption, a poor investment climate and human rights record, and separatist sentiment in the provinces of Aceh and Papua, the latter being ruled under martial law since

the commencement of military operations in May 2003. The military's efforts to eliminate the Free Aceh Movement (GAM) have achieved only minimal success, as key GAM leaders remain at large and the population has become further disillusioned by central government rule. The United States remains deeply concerned with violence and reports of human rights abuses by the Indonesian military in Aceh and continues to seek access to the region for international observers and NGOs. The United States also hopes that Indonesia will implement special autonomy provisions for Papua in accordance with Special Autonomy Law 21/2001. The Indonesian government must be encouraged to maintain efforts to resolve the separatist conflicts in Aceh and Papua through dialogue rather than military action. Additionally, sectarian violence on Ambon in the eastern Maluku islands during 2004 has caused major concern, with dozens of deaths resulting from clashes between Christian and Muslim groups. The Indonesian government is currently taking steps to restore order and the peace that had prevailed since the signing of the Malino II Peace Pact in February 2002.

The 2004 elections are a milestone for Indonesia's nascent democracy and should set an example for the region and the Muslim world. They represent the second series of national elections in Indonesia since the end of autocratic rule in 1998 and feature the first-ever direct presidential election.

Besides reducing the terrorist threat and maintaining internal stability, the Indonesian government will be faced with a number of economic challenges, including the need to attract greater foreign investment flows, which are still below the levels existing prior to the financial crisis of 1997. Indonesia's macroeconomic management has been sound, allowing the government to complete its IMP program in December 2003. Without an improved investment climate, however, annual GDP growth is expected to remain in the modest 3%-4% range -lower than required to significantly reduce poverty and absorb new entrants into the labor force.

East Timor

The United States supports East Timor's bids for observer status in ASEAN and membership in the ARF. East Timor represents a unique case because of the country's genesis and the ARF's geographic footprint.

We also support the extension of the United Nations presence in East Timor after May 2004, and are working closely with the Timorese and allies to hammer out the details. East Timor has made significant progress, but work remains to be done in establishing a legal system and infrastructure. Efforts to build the judicial system, strengthen the rule of law, and deploy an effective, democratic police force should be accelerated.

As Asia's newest country, East Timor deserves the support of its neighbors in its efforts to create a democratic and prosperous society.

Burma

The situation in Burma remains unsettled. The Burmese government has released most persons arrested following the May 2003 attack on Aung San Suu Kyi and her supporters. However, National League for Democracy (NLD) regional offices remain closed, senior NLD leaders Aung San Suu Kyi and U Tin Oo remain largely incommunicado under

house arrest, and the government has refused to investigate the attack. Over 1,000 individuals remain jailed for their political beliefs. The ruling State Peace and Development Council (SPDC) has promoted its own seven-step "road map" to a "genuine and disciplined democratic system." Although the SPDC unveiled the plan in August 2003 following the announcement of new U.S. sanctions, the junta has yet to set a timetable for the transition to democracy, provide a framework for the national convention, or give assurances that all political parties and ethnic groups will be included. In recent months, the SPDC and the Karen National Union entered into serious cease-fire negotiations, which could bring an end to decades of conflict.

The Burmese economy continues to stagger. The SPDC's dismal economic policies have led to widespread poverty and the flight of most foreign investors. U.S. economic sanctions have had limited effect on the Burmese economy, but they stand as a strong signal of the United States' support for the Burmese people's democratic aspirations.

The SPDC continues to severely abuse the human rights of its citizens. Freedom of press, speech, religion, assembly, and association remain greatly restricted and Burmese citizens are not free to criticize their government. Egregious abuses of ethnic minority citizens by the Burmese military, including rape, torture, execution, and forced dislocation, continue. Forced labor, trafficking in persons, and religious discrimination remain serious problems.

The United States remains concerned about the lack of substantive dialogue and continued detention of political prisoners. Political transition is key to the well being of the Burmese people, for economic recovery, and for the future transformation of the country. Reports of extensive human rights abuses, especially by the Burmese military in ethnic regions, are deeply troubling and we appreciate support in calling for credible international investigation of these abuses.

Philippines

The United States remains committed to strengthening one of our most loyal democratic allies and to helping the Philippines confront security challenges. Presidents Bush and Arroyo agreed in October 2003 to a joint U.S.-Philippine multi-year effort to strengthen and reform the Armed Forces of the Philippines (AFP). This plan -the Philippine Defense Reform -will be the vehicle through which the United States assists the Philippines to effect lasting institutional change to the AFP and the rest of the Philippine defense establishment over the next several years.

Additionally, the United States continues to work toward the goal of sustainable peace in conflict-affected Mindanao. President Bush has committed U.S. diplomatic and other resources to support the Malaysia facilitated peace process between the Philippine government and the Moro Islamic Liberation Front (MILF), provided that certain conditions are met. One of those conditions is that the MILF must sever any and all ties with terrorists.

U.S. Regional Defense Posture and Activities

The United States will maintain significant and highly capable forces in East Asia and the Pacific Rim. This allows the United States to play a key role as a stabilizing force and

security guarantor to allies. The United States will maintain a forward presence policy -in cooperation with its allies and friends -that reflects its interests in the region. Today, roughly half of the U.S. forces in the region are stationed in Japan, and close to 40% are stationed in the South Korea. U.S. efforts to build on strong partnerships with other nations in the region buttress the U.S. goal of ensuring stability in Southeast Asia, an area of growing economic and political importance.

In that context, the United States is undergoing a Presidential Review of Global Defense Posture in order to strengthen the ability of U.S. forces to carry out their worldwide commitments while taking into account both new technologies and the new security environment. President Bush has promised that no decisions will be taken until there have been full consultations and input -and any changes to our defense posture will be done in a manner consistent with our existing treaty and political commitments. This transformation is a gradual process that will take several years to complete; however, we cannot delay making key decisions. We will keep our allies, partners, and friends apprised of our progress and continue to benefit from their insights as well.

Our alliance relationships with the Australia, Japan, the Philippines, South Korea, and Thailand, and our robust security cooperation with Singapore, are key elements of the U.S. contribution to peace and stability in this region and provide a security framework across East Asia and the Pacific. The U.S.-Japan alliance remains a linchpin of the U.S. security strategy in Asia. Both nations have moved actively in recent years to update the framework and structure of joint cooperation and strengthen the bilateral relationship.

The military threat posed by North Korea persists and the United States remains committed to treaty obligations to assist in the defense of the South Korea in the event of North Korean aggression. The United States continues to work with regional allies, partners, and friends toward the shared goal of a Korean Peninsula free of weapons of mass destruction and their delivery systems.

Threats to the United States and international peace and security are diverse and difficult to predict. September 11th demonstrated the need to deal with the full range of threats that we face, ranging from terrorism, to the potential use of weapons of mass destruction by states and non-state actors, to long-range missiles intended to intimidate and hold our cities hostage to attack. Hostile states, including a number that sponsor terrorism, are actively seeking weapons of mass destruction and long-range missiles. To meet this threat, we have developed a strategy that includes nonproliferation, counter-proliferation, and defenses. We also need a new concept of deterrence not based solely on the threat of nuclear retaliation. The new environment offers an opportunity for reduced reliance on offensive nuclear retaliatory forces, as demonstrated in the new strategic framework with Russia that is founded on common interest and cooperation and advances our goal of having the smallest number of nuclear weapons necessary to meet national security needs, including obligations to allies. Coalition military action in Iraq, supported by U.S. allies and friends, has eliminated the Saddam Hussein government and its ability to use weapons of mass destruction or transfer them to international terrorist groups.

U.S. regional security interests include transparency, mutual understanding, and regional cooperation. The United States is approaching these objectives by building bilateral

and multilateral military-to-military cooperation and capabilities to better face non-traditional transnational security challenges such as piracy, terrorism, drug trafficking, and humanitarian crises.

The United States will continue to build upon bilateral and multilateral exercises with key states in the region. The United States has long shared with Asia-Pacific nations the objective of strengthening regional cooperation in order to address common problems and deal with emerging issues. U.S. defense cooperation efforts in the region, including a variety of multilateral activities, are consistent with this long-standing objective and with ARF objectives.

The United States Pacific Command (PACOM) continues to provide education and training to deepen regional security dialogue and to develop crisis action planning, peacekeeping (consistent with United Nations standards), humanitarian assistance, search and rescue skills, and disaster response. In addition, PACOM is working with Southeast Asian states to enhance regional maritime security capabilities.

With the growing threat posed by terrorism in the region, the need for regional security cooperation and multilateral training has become even more pronounced. PACOM, working in concert with other U.S. government efforts, has introduced counterterrorism training and exercises to several countries in the region and anticipates being able to do so on a regional basis. Of particular emphasis is the need to for intelligence sharing and counterterrorism military-to-military cooperation.

The continued strengthening of U.S. security dialogue and confidence-building measures with members of ASEAN and through the ARF are among the many ways the United States is seeking to enhance political-military ties with allies and friends in order to contribute to security, prosperity, and peace in the Asia-Pacific region.
