



12TH ASEAN REGIONAL FORUM

ANNUAL SECURITY OUTLOOK

Vientiane, Laos, 2005

CONTENTS

1. Forward	1
2. Australia	2
3. Canada	12
4. China	24
5. European Union	31
6. Japan	43
7. Indonesia	58
8. Republic of Korea	71
9. Russian Federation	77
10. Singapore	87
11. Thailand	95
12. United States of America	105



FORWARD

It is both a pleasure and honor, in my capacity as the Chairman of the ASEAN Regional Forum (ARF), to publish the sixth volume of the Annual Security Outlook (ASO) on the occasion of the 12th ARF. This publication of the ASO is the compilation of the voluntary reports of participating countries on their individual countries' security outlook for 2005.

The publication of the sixth volume of the ASO will further promote understanding, confidence and transparency among ARF Participants. It will also serve as a useful reference for government officials and others who are interested in security matters.

I would, therefore, like to express my appreciation to all ARF Participants for their contributions and cooperation for the publication of this Annual Security Outlook and I look forward to more contributions in the forthcoming publication in 2006.

Somsavat LENGSAVAD
Deputy Prime Minister
Minister of Foreign Affairs
of the Lao People's Democratic Republic

ANNUAL SECURITY OUTLOOK 2005

AUSTRALIA

Overview

Australia remains reasonably positive about the global and regional strategic environment. In an increasingly globalised world, countries share not only interdependent economies, but also a greater stake in international stability. What happens in one region increasingly affects others. For this reason, we share a common interest in addressing global, as well as regional, challenges. While there remains scope for serious diplomatic disputes and tensions, Australia is encouraged by the relatively stable outlook for major power relations, including in our region.

We welcome the United States' continuing strategic commitment to the Asia-Pacific, including through its alliances and partnerships, which we see as fundamental to regional security and economic well being. China's increasing economic and political engagement brings benefits and opportunities for the whole region, including Australia. The development of more open and cooperative links between the United States, Japan and China will be of fundamental importance to maintaining regional stability and prosperity. Australia also welcomes the increasing security-related dialogue and cooperation in regional bodies which complement the work of the ASEAN Regional Forum (ARF), including APEC's security agenda, the IISS Asia Security Conference (the Shangri-La Dialogue) and the proposal for an ASEAN Security Community, which underlines ASEAN's commitment to a peaceful region.

Notwithstanding these underlying positive trends, uncertainties and challenges continue to threaten 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. These increasingly inter-linked challenges have a significant Asia-Pacific dimension. While international counter-terrorism cooperation has prevented terrorist attacks and disrupted terrorist networks, terrorism remains a potent threat. In July 2004, the Australian Government released its White Paper on terrorism, entitled *Transnational Terrorism: The Threat to Australia*, providing an authoritative analysis from the Australian perspective of the regional and global threat. The focus of our counter-terrorism efforts in South-East Asia has been practical, operation-level capacity building in key areas such as law enforcement, anti-terrorist financing, and border and transport security. Similarly, we have a practical focus in our regional outreach to strengthen non-proliferation norms and counter-proliferation architecture.

Australia regards security dialogue and cooperation as essential elements of our approach to promoting regional security. A network of regular bilateral dialogues with fifteen partners in the region and further afield provides an opportunity to strengthen mutual understanding and exchange views on security issues of common concern. Australia recently upgraded its trilateral security talks with Japan and the United States to ministerial level to provide Foreign Ministers with an opportunity to meet periodically for wide-ranging discussion of global and regional security issues of mutual interest.

Australia has an overriding interest in the development of regional security architecture that is inclusive, promotes stability, security and economic prosperity throughout the region. Australia would like to see the ARF evolve beyond its role as the region's primary forum for security dialogue, into a body whose institutional and operational capacity can respond effectively and meaningfully to regional security issues. To this end Australia welcomed the establishment of the ARF Unit within the ASEAN Secretariat and strongly encourages further discussion on mechanisms and options to enhance the role of the ARF chair. The inaugural ARF Security Policy Conference (SPC) held in Beijing in November 2004 was a very positive development, and Australia continues to support enhanced regional defence dialogue.

Australia's response to the 2004 Tsunami

The tsunami disaster of 26 December 2004 directly affected many ARF members. It graphically underlined the importance of international cooperation beyond 'traditional' security cooperation, and the need to develop effective national and regional consequence management mechanisms to respond to 'non-traditional' security threats, including those arising from natural disasters.

The Australian Government has committed A\$1 billion over the next five years through the Australia Indonesia Partnership for Reconstruction and Development (AIPRD) to assist Indonesia's recovery from the tsunami. Australian and Indonesia will jointly manage the reconstruction and development activities funded by \$500 million in grant assistance and \$500 million in highly concessional loans. The Partnership is a program of long-term sustained cooperation and capacity building with a focus on economic reconstruction and development. While there will be a clear focus on the areas devastated by the tsunami, all areas of Indonesia will be eligible for assistance. These funds will be in addition to Australia's existing development cooperation program, and will bring Australia's commitment to Indonesia to a total of A\$1.8 billion over five years.

Specific issues of interest and concern

Terrorism

International terrorism remains a serious and immediate threat to regional and global security. Despite some noteworthy counter-terrorism successes, the planning and execution of terrorist attacks has continued around the world. Plots involving non-conventional weapons have confirmed fears that terrorists are intent on using chemical, biological, radiological or nuclear agents or materials to cause maximum destruction, while the taking and execution of civilian hostages, including *en masse*, has again underlined the barbarity of terrorist methods.

In the Asia-Pacific, the Australian Embassy bombing in Jakarta and recent attacks in the Philippines provided a stark reminder that terrorist groups active in our region retain the intent and capacity to strike. Jemaah Islamiyah continues to pose the greatest danger, not least because of its expanding ties with other terrorist and extremist groups in the region. Terrorists have been able to move between the countries of the region, especially by sea, to access training, refuge and logistical or operational support. Local-level grievances or tensions in parts of regional countries are in some cases susceptible to being exploited by terrorist groups.

Countries in the Asia Pacific region continue to build on cooperative efforts at the bilateral and regional level to tackle the terrorist threat. Regional police, intelligence and security services are expanding and strengthening counter-terrorism cooperation and this has helped bring numerous terrorists to justice and to avert further attacks. The Australian Government's White Paper on terrorism, released in July 2004, outlines Australian and regional efforts to combat this menace. Australia's network of ten bilateral counter-terrorism Memoranda of Understanding with regional countries and a Joint Declaration with ASEAN provide a framework for practical, working-level cooperation between Australian agencies and their counterparts. We are continuing to build on these efforts, including through expanded cooperation programs with Indonesia and the Philippines. In the Pacific, Australia is assisting Pacific Island countries to adapt model counter-terrorist legislation.

Progress has been made in building on the outcomes from the February 2004 Bali Regional Ministerial Meeting on Counter-Terrorism (co-hosted by Australia and Indonesia). The Jakarta Centre for Law Enforcement (JCLEC) was opened in July 2004. An Indonesia-Australia initiative, JCLEC has commenced its training program and is proving to be a valuable regional resource to build law enforcement expertise, with a focus on counter-terrorism capabilities. Countries from the region and beyond are contributing to JCLEC's success, which is complementing the valuable work of other regional institutions combating terrorism and other transnational crimes, such as the South-East Asian Regional Centre for Counter-Terrorism (in Kuala Lumpur) and the International Law Enforcement Academy (in Bangkok). Two working

groups established at the Bali meeting are developing concrete region-wide strategies in the key areas of law enforcement and legal issues, including promoting the implementation of UN counter-terrorism conventions.

Regional fora, such as the ARF and APEC, continue to contribute political impetus to region-wide counter-terrorism efforts and to promote further practical cooperation in key sectors. The ARF Intersessional Meeting on Counter-Terrorism and Transnational Crime in Bangkok in April 2004 highlighted the importance of strengthened intelligence sharing, document security and law enforcement cooperation to prevent future acts of terrorism. APEC counter-terrorism initiatives announced in the last year include the establishment of guidelines on the control of Man-Portable Air Defence Systems (MANPADS) and endorsement of a set of best practices on Export Controls by APEC Trade and Foreign Ministers. APEC members agreed to extend the mandate of the Counter-Terrorism Task-Force until the end of 2006. Australia contributed \$1.5 million to the APEC "Regional Trade and Financial Security" Fund, which was established to complement bilateral counter terrorism capacity building initiatives, with a focus on transport security and anti-terrorist financing, and is administered by the Asian Development Bank.

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 chairing 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, underscoring the need for strong and direct action. Australia is a leading participant in the Proliferation Security Initiative (PSI), an informal arrangement among countries which share non-proliferation goals to cooperate with each other, within existing international and national law, to intercept and disrupt illicit WMD trade. The PSI provides an opportunity for countries in the Asia-Pacific region to share information and develop capabilities to address proliferation in a practical way that reinforces and implements existing global non-proliferation norms and measures. Australia hosted the eighth meeting of the Operational Experts Group of the PSI in Sydney from 30 November-2 December 2004. Australia will continue to work with others through the PSI and other means to send a clear message that WMD proliferation must stop.

The North Korea nuclear issue

Australia shares regional concerns over the DPRK's claims that it is a nuclear weapons state and over its continued refusal to re-engage in the six-party talks process, which is the most viable path for a peaceful resolution of the nuclear issue. Australia, like other regional countries sharing close engagement with North Asia, regards the DPRK's pursuit of nuclear weapons as a fundamental threat to regional and global stability. The DPRK must recognise the strong political and economic integration that links the region's interests with security outcomes on the Korean peninsula, and move to address these concerns through compliance with international obligations and norms. This includes a clear commitment by the DPRK to reverse its announced withdrawal from the Nuclear Non-Proliferation Treaty, to abandon its pursuit of nuclear weapons and accept an IAEA safeguards inspection regime, and to return constructively and without delay to the six-party talks.

The DPRK must recognise that the hiatus in the six-party talks cannot continue indefinitely without other diplomatic options being pursued. It is important that rewards are not offered to the DPRK merely for attending the six-party talks. Until the DPRK makes substantive progress on the nuclear issue, all States need to be consistent in their resolve to contain the regional security threat posed by the DPRK's nuclear weapons program. States need to continue to implement vigilant export control regimes, to ensure that they do not supply, or assist in delivering to the DPRK, items that could advance nuclear or other WMD programs.

Maritime Security

Maritime security is of critical importance in the Indian and Pacific Oceans, given the importance of sea-borne trade to the economies of regional

countries. The terrorist dimension of maritime security is a particular concern, and it is not confined to hypothetical scenarios: terrorists have bombed ports and shipping and plotted attacks against naval assets in the region. Australia supports activities and initiatives to improve maritime security in our region, including initiatives developed in the ARF and APEC to improve cooperation and coordination on maritime security, piracy and border security. Australia is also actively pursuing bilateral and multilateral forms of cooperation with regional partners to enhance capacity in law enforcement, port and transport security and border management.

Small arms and MANPADS

Diversion of small arms and light weapons (SALW) to illicit activities is a pressing security concern in the Asia Pacific. Australia is fully committed to implementing the UN Program of Action, which provides a framework for eradicating the illicit SALW trade. In August 2004 Australia co-hosted with Japan and the UN Centre for Peace and Disarmament in Asia and the Pacific a workshop which promoted regional implementation of the Programme of Action and advanced consideration of model weapons control legislation endorsed by Pacific Island Forum leaders in 2003 and 2004. Australia will continue to work with regional countries to implement the model legislation in their national jurisdictions.

Countries increasingly recognise the threat posed to regional and international security by the illicit transfer and unauthorised access to and use of Man-Portable Air Defence Systems (MANPADS). An attempted MANPADS attack on civil aviation assets would have a profound impact on regional economies. In October 2004, Australia led the adoption by consensus of a UN General Assembly resolution on preventing the illicit transfer and unauthorised access to and use of MANPADS, creating the first international standard covering illicit MANPADS activities. We appreciate the support provided by regional countries for this outcome and intend re-submitting the resolution for action at the forthcoming General Assembly. Australia will also pursue further opportunities to enhance controls on MANPADS' proliferation, including through APEC and the Wassenaar Arrangement, which Australia will chair in 2006.

People Smuggling and Trafficking

People smuggling and trafficking remain serious threats, although determined cooperative efforts have contributed to a significant reduction in maritime people smuggling activities in the region. Australia continues to pursue a comprehensive whole-of-government approach to combat people smuggling and trafficking and to work with other countries in the region to address these crimes. This approach includes bilateral and regional capacity building and law enforcement activities. The Bali process has provided an excellent framework for regional cooperation on these priority issues.

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, and our awareness of the social and financial costs of instability and - at the extreme - of state failure, including greater vulnerability to transnational crime and terrorism. Key elements of our approach include a greater willingness to address challenges directly, with the support of other members of the Pacific Islands Forum (PIF), and a strong emphasis on the security, economic and social benefits of good governance.

Australia's role in leading the Regional Assistance Mission to Solomon Islands (RAMSI) is an important demonstration of Australia's commitment to regional security. Australia and New Zealand have briefed members of the ARF on the significant progress achieved by RAMSI. In under two years, law and order have been restored and government finances stabilised. Almost 3600 weapons have been seized or surrendered since RAMSI deployed in July 2003, and over 5,300 arrests have been made, including many key criminals. Despite these gains, much remains to be done and challenges still lie ahead.

Australia and Papua New Guinea agreed in June 2004 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. By May 2005, 154 police and 43 officials had been deployed to work in the police force and various PNG agencies. Early outcomes were promising. On 13 May 2005 the PNG Supreme Court ruled that aspects of the ECP Treaty and implementing legislation were unconstitutional. Given that Australian police were no longer legally authorised to conduct police work, they were withdrawn. Both governments expressed commitment to address the legal issues in order that the ECP could proceed.

Apart from bilateral efforts, we are encouraging the pooling of regional resources and working to strengthen regional institutions. We are working closely with Pacific Island countries and the Pacific Islands Forum Secretariat to develop a Pacific Plan commissioned by Pacific Islands Forum leaders. The Plan will create stronger and deeper links between countries in the region and identify sectors where the region could gain the most from sharing resources of governance and aligning policies in the priority areas of good governance, security, economic growth and sustainable development.

East Timor

East Timor continues to make progress in developing security institutions, although the international community will need to remain engaged for the foreseeable future. Efforts made by the East Timorese and Indonesian Governments to establish co-operative working relationships have benefited regional security. This is evident in the stability of the border security

situation and the welcome announcement that 96 per cent of the land border between the two countries has now been agreed. Law and order issues, including transnational crime, smuggling and illegal people movements across the border, continue to represent significant challenges for the East Timorese Government. Given that the security challenges facing East Timor are more likely to be internal than external, Australia has supported the evolution of the United Nation's presence in East Timor from a peace-keeping mission to a peace-building mission. Australia will continue to offer bilateral support to East Timor to improve and build capacity in the governance, justice and law enforcement 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 or unilateral 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

Although the security situation in Afghanistan remains fragile, the successful conduct of the presidential elections there was an important step towards the long-term restoration of peace in a country whose security and stability is of critical importance to South, West and Central Asia. The continuing détente between India and Pakistan is another positive development for South Asian regional security. Australia encourages both Pakistan and India to maintain the momentum of this process. Nonetheless, continuing violence in Kashmir and its potential to generate further acts of terrorism beyond Kashmir underlines the inherent risk of a setback to these positive developments. The April 2005 agreement between India and China on political guidelines to settle their long-standing border dispute was another positive development for South Asian regional security. On the negative side, King Gyanendra's dismissal of Nepal's multiparty government in February 2005 was a development with potential adverse consequences for the security of the region. Australia is also concerned about recurrent incidents of political violence and a deteriorating security environment in Bangladesh which could be detrimental to the security of the wider region. In Sri Lanka, where the peace process has regrettably stalled, Australia supports the negotiation of a durable settlement that promotes and protects the rights of all Sri Lankans within a united country.

Indonesia

Australia is committed to strengthening further all aspects of its relationship with Indonesia, including on security issues. Australia and Indonesia have resolved to work together jointly to address common security threats. A key focus of this cooperation is combating terrorism in the region. The joint establishment of the Jakarta Centre for Law Enforcement Cooperation (JCLEC) will make a major contribution to increasing regional capacity to fight terrorism. Australia supports strongly Indonesia's territorial integrity, which is vital for the broader security of the region. Negotiated political solution based on special autonomy within a united Indonesia offer the best prospect for a sustainable resolution of separatist problems in both Aceh and Papua.

Myanmar

Australia continues to be very concerned about the lack of progress towards genuine political reform, national reconciliation and on human rights in Burma. We are also concerned that the National Convention on a new constitution, now adjourned, has proceeded without broad participation and open debate. Australia urges Myanmar to commit itself to national reconciliation through dialogue with all key political parties, including the National League for Democracy, and ethnic groups. While noting the release of some political prisoners, we again call for the immediate and unconditional release of all political prisoners, including Aung San Suu Kyi. We encourage regional countries to continue their efforts in encouraging Myanmar on the path towards true reform, including in the context of Myanmar's scheduled chairing of ASEAN in 2006.

ASEAN REGIONAL FORUM
ANNUAL SECURITY OUTLOOK 2005

CANADA

On April 19th, the Government of Canada tabled its first comprehensive, integrated, **International Policy Statement**, setting out plans and priorities for our diplomatic, development, defence and commercial engagement globally. In the context of security, the framework clearly articulates the respective roles and responsibilities of different state actors. The statement recognizes that our world is smaller and more crowded than ever before. While sovereign states remain the fundamental building blocks of international society, they now share the landscape with a host of other actors. Globalization has connected people and places in ways that were previously unimaginable, and has blurred the lines around national economies. In the process it has generated unprecedented levels of wealth. Yet many have been left behind and unexpected threats have emerged.

In this new environment, the expanding international commitment to the principles of human rights, democracy and the rule of law is the most hopeful movement. It promises unprecedented levels of wealth, security and quality of life. Yet challenges remain. New threats have emerged from unconventional sources. Security and prosperity remain unfulfilled dreams for many around the world, and democratic systems of government are often under attack. Our current institutions of global governance are struggling to address more complex problems, and we must ensure that the principles of transparency and accountability are reflected.

Canada remains committed to making a distinctive contribution to a safer world. Our efforts will be directed at helping to build a more secure world, in particular with regard to failed and fragile states, counter-terrorism and transnational crime, the proliferation of weapons of mass destruction and human security. Canada will continue to work with ARF partners to address security challenges in Asia-Pacific.

The Regional Security Environment

The new global threats to security are also present in Asia-Pacific. **Terrorism and transnational crime**, including smuggling of migrants and trafficking in people and drugs, are increasingly threatening the security and

livelihood of the region and its neighbours, underscoring the need for strengthened practical regional cooperation and capacity development. The need to ensure that weapons of mass destruction do not spread to states or terrorists is an international responsibility, recently entrenched by the UN Security Council. **Non-proliferation and disarmament** remain fundamental pillars of our common commitment to international peace and security. Multilateralism has been challenged by dramatic changes in the security climate, and there is a clear need to make our systems stronger and more responsive. Strict verification is the key, as well as a concerted international response to strengthening non-proliferation and disarmament norms and mechanisms.

This is particularly true in Asia-Pacific given recent 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 **DPRK's nuclear weapons programs** and delay in returning to the 6 Party Talks. Conflict and instability continue to affect other countries of the region, including in **Burma** where the National Convention underway continues to be fatally flawed by undemocratic procedures. The proliferation and flow of **small arms and light weapons** in the region continue to be the weapons of choice in current armed conflict, killing an estimated 500,000 people a year in conflict situations in the world and represent a major threat to human, regional and global security. **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.

The world is changing, quickly and radically, and these changes matter to all of us. Our security, our prosperity and our quality of life all stand to be influenced and affected by these global transformations and by the challenges they bring C from the spectre of international terrorism to the threats of virulent disease, the proliferation of weapons of mass destruction or failed and fragile states. It is only through concrete and practical cooperation that countries of the Asia-Pacific region will be in a position address these threats.

What role for the ARF?

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 continue 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.

Since the last ARF ministerial meeting in Jakarta in 2004, there have been promising developments on the future of the ARF, with the positive and important decision to reflect the ARF's efforts to move forward towards its preventive diplomacy phase. The decision to establish the ARF Unit within the ASEAN Secretariat and the recommendation that the ARF Inter-sessional Support Group Meetings address preventive diplomacy issues as well as confidence-building measures are steps in the right direction. These developments will facilitate ongoing efforts to enhance the role of the ARF Chair to play a leadership role in advancing the ARF's preventive diplomacy and its capacity to address security challenges more effectively. As Ministers recognized in Brunei, 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.

From maritime security to cyber-terrorism, the CBMs held in the current ARF year as well as the Inter-Sessional Meeting on Counter-Terrorism and Transnational Crime have provided useful recommendations for increased ARF cooperation and practical measures to address these specific issues. Ensuring that the ARF remains focussed on areas where it has a clear value-added in terms of enhancing regional security is key. An agreed **ARF work plan** would have the advantage of clearly identifying the outcomes we want to achieve as well as building towards results with clear links to the ARF's broader and long term agenda.

The **Annual Security Outlook** 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. The Annual Security Outlook could also be a valuable vehicle for members to report on the implementation of the ARF work plan.

Building on our 2004 submission, Canada's 2005 Annual Security Outlook will outline our activities in a number of areas of direct interest to the ARF and propose areas for possible cooperation within the framework of an agreed work plan.

Counter Terrorism and Transnational Crime (CT-TC)

The global threat of terrorism remains high, as demonstrated by continuing terrorist incidents in the Asia Pacific region and around the world. The first line of defence in countering terrorist recruitment is the promotion of accountable, democratic governments that respect human rights and the rule of law, allow for peaceful dissent, take action to fulfill the aspirations of their people, promote tolerance and respect diversity. The promotion of human rights and democracy will remain a core priority for Canada in all fora dealing with counter-terrorism, including ARF. We will also continue to promote international efforts to counteract terrorist organizations and their support networks. Canada is working with its partners in international and regional organizations to achieve the full implementation of the 12 international conventions and protocols on terrorism, including the UN Convention for the Suppression of the Financing of Terrorism. Canada also welcomes the adoption of the UN Convention for the Suppression of Acts of Nuclear Terrorism and will work with others to conclude the UN Comprehensive Convention at the earliest possible opportunity. Canada also welcomes the recommendations of the UN Secretary General's High Level Panel and the Secretary General's proposal for a comprehensive strategy to combat terrorism.

Terrorist organizations can and do exploit the proceeds of international crime and criminal methods to support their activities. As our world becomes more interconnected, global criminal networks have sprung up that are involved in the narcotics trade, the smuggling of migrants, trafficking in persons, the illicit trade in weapons, money laundering, identity theft, commercial fraud, extortion and cyber-crime. Civil wars in fragile states have been exacerbated by the illicit import of weapons and the illegal export of natural resources such as diamonds, timber and other highly valued resources.

Some examples of Canadian CT-TC activities in the region over the past year include: co-chairing with Thailand the Third ARF ISM on CT-TC on document security and integrity, information sharing and intelligence exchange; a seminar to discuss ways to curb the threats posed by MANPADS against civil aviation; a Symposium for APEC member economies on airport security; the provision of anti-money laundering and anti-terrorism financing policy, legal and information technology assistance; a knowledge transfer and

an assessment of the capacity to respond to chemical, biological, radiological, or nuclear (CBRN) incidents in some ASEAN countries; and various other policy and law enforcement programming. Canada will also increase our assistance to those states seeking help to fight terrorism through the forthcoming \$15 million annual Counter-Terrorism Capacity Building Program, to be administered by Foreign Affairs Canada with the involvement of 19 federal departments and agencies.

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, and identify opportunities for regional capacity building. This should include the implementation of the recommendations from the ISM on CT-TC, as well as the establishment of a regional CBRN response support network, an area where the ARF could develop a valuable expertise in the region. We also encourage the ARF to consider the recommendations from the various meetings held on maritime security as a means to complement the excellent work currently done by other organizations such as APEC on ship and port security.

Non Proliferation, Arms Control and Disarmament

A robust global non-proliferation, arms control and disarmament (NACD) architecture is an essential framework for international peace and security, including the progressive reduction of nuclear weapons and the elimination of other weapons of mass destruction (WMD), limitations or bans on excessively harmful or indiscriminate weapons and efforts to control the transfer of missiles and missile technologies. Canada has a longstanding commitment to strengthened international efforts to ensure that WMD do not spread to states or terrorists prepared to use them under any circumstances. Strengthening international export control guidelines and supporting efforts to ensure the ability of countries to enforce effective and comprehensive export controls on proliferation-sensitive technologies, remain a priority for Canada. In this regard, Canada supports the effective implementation on UN Security Council Resolution 1540.

Canada will continue to play a major role within the international community to strengthen regional and multilateral non-proliferation, arms control and disarmament norms and mechanisms. Canada is an active State party to all of the major international treaties in the NACD area, including the Nuclear Non-Proliferation Treaty (NPT), the Biological and Toxin Weapons Convention (BTWC), the Chemical Weapons Convention (CWC), the Comprehensive Nuclear-Test-Ban Treaty (CTBT), the Convention on Certain

Conventional Weapons (CCW) and its related protocols and the Ottawa Convention on the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-Personnel Mines (Ottawa Treaty). Canada also is a founding subscriber to the Hague Code on Ballistic Missiles. We will also continue to strongly support the strengthening of compliance and verification mechanisms, such as nuclear safeguards implemented by the International Atomic Energy Agency (IAEA), and the ongoing development of the International Monitoring System for the CTBT.

The 2005 NPT Review Conference provides a vital opportunity to underline the NPT's continuing relevance, to uphold the 1995 bargain of permanence with accountability, to build on the success of the 2000 Review Conference, to respond effectively to the serious challenges that have arisen since then and to chart the Treaty's future course. Canada will work to ensure the NPT's continuing authority and effectiveness and to strengthen the Treaty's commitment to non-proliferation, disarmament and the peaceful uses of nuclear energy.

Canada will continue to address issues of non-proliferation, counter-terrorism, disarmament, and nuclear security through its participation in the G8 Global Partnership Against the Spread of Weapons and Materials of Mass Destruction. Canada, a leading architect and supporter to this program, has committed \$1 billion over 10 years and supports the expansion of the program to states willing to abide by the principles and guidelines established at the G8 Summit in Kananaskis.

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 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 region, including both international treaties (such as the Comprehensive Nuclear-Test-Ban-Treaty), as well as other arrangements such as the Hague Code. 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 the effectiveness of national procedures for the implementation of effective export licensing measures. In this regard, Canada looks forward to co-hosting with Singapore the ARF Experts meeting on Export Control Licensing in November 2005.

The High-Level Panel report and the United Nations Secretary General's response in his report entitled "A larger freedom: towards development, security and human rights for all", set out an ambitious agenda on NACD issues, and regional organizations have an important role to play in advancing these goals. Similarly, the Secretary General has highlighted many human security issues which require increased cooperation and action on the part of the international community.

Human Security

Human security goes beyond a narrow focus on the state to include the point of view of the individual. It entails a people-centred approach to foreign policy which recognizes that lasting global and state security cannot be achieved until people are protected from violent threats to their rights, safety or lives. Prominent recent human security successes include the banning of landmines (Ottawa Convention), helping end the practice of using child soldiers in conflicts, and the creation of the International Criminal Court to deal with genocide, war crimes and crimes against humanity. But pressing issues remain. For instance, each year more than 500,000 people are killed by the 640 million small arms and light weapons in the world today.

Related to this is the importance of tackling the financial bases of conflict. Over the past decade, civil wars have increasingly been driven by economic rather than political agendas. Whether through diamonds in Sierra Leone and Angola, tropical timber in Liberia and Asia, or narcotics in Colombia and Afghanistan, profit rather than political power is a growing motive behind violent conflict.

More effective international responses to catastrophic violations of international humanitarian law and human rights is a key issue confronting the system of collective security. Both the High-Level Panel report and the UN Secretary General's response have reaffirmed the responsibility of the state to protect its citizens from threats to their security, and the subsidiary responsibility of the international community to act in those cases where the state is unable or unwilling to fulfill this fundamental responsibility.

Multilateral organizations, including regional organizations, have become key fora for advancing the human security agenda internationally. 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, 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.

Canada has supported a number of human security cooperation initiatives in the region, including 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.

Fragile and Failed States: the Role of Peace Support Operations

Among the emerging threats we face are those resulting from a large number of weak, ineffectively governed states. Our strategy to address the multiple challenges posed by failed and fragile states is focused, first and foremost, on prevention, through development strategies, support for human rights and democracy, diplomacy to prevent conflict, and contributions to build human security.

Recent conflicts and emergencies have taught us that we need to develop an integrated approach in responding to international crises when they occur, so that military operations and civilian assistance form part of a coherent operational plan. Military intervention has to be rapid, so as to stabilize the situation on the ground and restore security for the local population.

The stabilisation of post-conflict societies needs to be undertaken in parallel with efforts to re-establish effective public institutions-law enforcement, and judicial systems, education and health care, functioning legislatures, governance and regulatory regimes. This will set the stage for long-term economic development, through international assistance and private sector initiatives.

Canada's experiences in the Balkans, Afghanistan, Haiti and, most recently, in the Indian Ocean tsunami clearly demonstrate the importance of a well-coordinated and rapid response to international crises. Canada will pursue its diplomatic, defence and developmental ("3D") efforts in Afghanistan by building upon our ongoing engagement to assume a leading role in the Kandahar region through the deployment of a Provincial Reconstruction Team in August 2005.

The speed with which we intervene, together with the right mix of assistance, can be crucial in saving lives in a crisis situation. Darfur is the latest example of a crisis that requires concerted international action and where a regional organization, the African Union, is playing a leadership role. Canada's activities in Darfur are based on the 3D approach involving diplomatic activity, development and humanitarian aid, and support for improving the security situation through defence and civilian police involvement. In May 2005, Canada announced a significant increase of its contribution in Darfur to support international efforts toward peace and

stability in Sudan. This pledge includes up to \$198 million for more humanitarian aid and increased support for the African Union (AU) Mission in Sudan.

From Canada's perspective, ARF members must consider practical ways to collaborate in terms of training for and participation in complex peace support operations, 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 Workshop on "Peace Arrangements Ensuring Stability and Security in the Region, including Civil-Military Cooperation, held in Japan, where Canada shared our experience with peace support operations both in the context of Afghanistan and Haiti. 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 and promote a better coordination of efforts within 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** and the decision to create an **ARF Unit** within the ASEAN Secretariat which responds to the needs and interests of all ARF members. The proposal to create an **ARF Fund** represents another potentially useful tool to support ARF activities in this area. In the development of the proposed annual work plan, the ARF should consider how best to provide the Chair and the Unit with the capacity to coordinate **cooperative preventive diplomacy** initiatives. Investing in conflict prevention will contribute to preventing costly peace support operations. In this regard, the ARF should seek to strengthen partnerships 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.

Transparency Measures

One important contribution to enhanced transparency is the sharing of information about national security and defence programs and policies. In this context, Canada presented in our 2004 Annual Security Outlook our first **National Security Policy**.

The defence element of the **International Policy Statement**, published on April 19th, 2005, provides an updated vision of the role of the

Canadian armed forces. The defence of Canada remains the principal priority, with the Canadian Forces continuing to serve Canadians in the areas of search and rescue, disaster relief and support to other government departments such as the Fisheries and Environment departments, as well as contributing to the Government's overall strategy to protect Canadians against the threat of terrorism, by working more closely with civil authorities at the federal, provincial and local levels.

At the same time, the Canadian Forces will increase their efforts to ensure the sovereignty and security of our territory, airspace and maritime approaches, including in the Arctic; and improve the gathering, analyzing, integrating and use of information gained from a combination of maritime, land, air and space surveillance systems.

Internationally, the Canadian Forces will remain capable of participating in a wide range of operations. These will include complex peace support and stabilization missions, maritime interdiction operations, traditional peacekeeping and observer operations, humanitarian assistance missions, and evacuation operations to assist Canadians in countries threatened by imminent conflict and turmoil. With respect to Canada's defence program and activities, detailed information is available at www.dnd.ca and is regularly updated.

All of these activities will take place within a larger domestic and foreign policy context, coordinated with relevant departments and agencies.

The new security context has challenged all of our nations to reconsider how best to address the complex and multidimensional threats which face us all, while ensuring appropriate roles and responsibilities for different security actors, and appropriate international cooperation on security challenges of shared concern.

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 Arms 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.

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 **work plan** for the Forum with focussed areas of work and identified outcomes to help us to stay on track and measure progress. Canada would suggest that an annual ARF work plan be developed by the ARF Chair (with the support of the ARF Unit) and submitted to the ARF ISGs for consideration and input, and to the ARF SOM and Ministers for approval. This would assist the ARF making a valuable contribution to international efforts to promote peace and security.

There continues to be a very positive spirit of constructive dialogue around these issues and we look forward to working with the ARF's chair and membership to further consider the possible development of an ARF work plan in the coming year.

**ASEAN Regional Forum (ARF)
Annual Security Outlook – 2004/2005
China**

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

In 2004, the political and security landscape of the Asia-Pacific region remained generally stable. To maintain stability, strengthen cooperation and promote development represented the mainstream in relations among the countries across the region.

1. The vast majority of the countries made development a priority in their policy. The Asian economy continued to recover and grow, spurred by robust increase of private investment and domestic demands. East Asia topped the world with its fastest economic growth.

2. Coordination and dialogue among various countries were increasing. In particular, there was more interaction among major countries such as China, Russia, the US, Japan and India, whose relationship featuring dialogue and coordination provided significant support for the regional stability.

3. Regional economic cooperation further deepened. The ASEAN released the *Vientiane Action Plan* (VAP) kicking off the building of the ASEAN Community, which signifies further integration. The 10+3 member states reached consensus on building the East Asia Community and holding the East Asia Summit. China, Japan and the Republic of Korea (ROK) set up the Three-Party Committee and adopted the *Action Strategy on Trilateral Cooperation among the People's Republic of China, Japan and the ROK*. The Asia Cooperation Dialogue (ACD) issued the *Asia Cooperation Declaration*, which defined the direction of Asia cooperation. South Asian Association for Regional Cooperation (SAARC) registered significant progress, as seven South Asian countries signed the *Framework Agreement on South Asia Free Trade Area (SAFTA)*.

4. Security dialogue and cooperation were becoming more active. The institutionalization of the Shanghai Cooperation Organization (SCO) was completed in the main. Its Secretariat and counter-terrorism agency went into operation as scheduled. Substantive measures were taken in security and economic cooperation. 10+3 member states convened the First ASEAN plus Three Ministerial Meeting on Transnational Crime (AMMTC+3), taking the first step in cooperation in the non-traditional security area. While strengthening cooperation in the non-traditional security area, the ARF continued to enrich the content of cooperation by holding the First ARF Security Policy Conference, enabling national defense officials to participate in the regional security cooperation. Second-track security mechanisms such as the Council for Security Cooperation in the Asia-Pacific (CSCAP)

and the Northeast Asia Cooperation Dialogue (NEACD) also conducted in-depth probe into the regional security cooperation.

5. Hot spot issues became less intense. The nuclear issue on the Korean Peninsula began to take the course of peaceful settlement through dialogue. The Six-Party Talks moved forward in zigzags. Positive changes appeared in South Asia. India and Pakistan launched comprehensive dialogue and their relationship further relaxed. The peaceful reconstruction in Afghanistan made headway and its internal situation was basically stable.

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

1. There still exist old and new hot spots and deep mistrust between certain countries, as is shown by the absence of normal state-to-state relationship and even state of hostility.

2. Terrorism, extremism and separatism are still active. Non-traditional security threats such as transnational crimes, major natural disasters and infectious diseases have become increasingly serious. They pose real threats to the countries in the region and affect regional development and tranquility.

3. A yawning gap between the rich and poor in the Asia-Pacific region often provides the breeding ground of troubles.

To sum up, there is no realistic danger of a large and full scale war in East Asia. The region as a whole will stay in peace, development and cooperation and bilateral and multilateral security dialogue and cooperation will further intensify. However, mounting complicated factors deserve our attention. Countries should adopt a forward-looking attitude and work more energetically to consolidate and strengthen regional security.

Part II. China's policy on regional security cooperation

China cannot develop itself without cooperating with other countries in this region. It is an important component of China's foreign policy in the new era to seek development and security through cooperation.

In China's view, comprehensive security is the basic feature of the current security situation. Security has increasingly gone beyond the traditional sphere of military or political security into the economic, social, environmental and cultural areas, demanding a comprehensive strategy to deal with those problems. Cooperation is an effective way to safeguard a country's security. Countries should change the outdated mindset of seeking security through the balance of power and try to enhance their ability and efficiency to respond to threats and challenges by engaging in closer cooperation in all areas and expanding common interests. Common security should be the ultimate goal of all countries in this region and peace can only be achieved on the basis of mutual and win-win security interests.

While pursuing its own security, a country should respect other countries' interests and concerns and create conditions for their security as well.

Based on the above understanding, we have proposed a new security concept centered around mutual trust, mutual benefit, equality and coordination. China will further expand its security dialogue and cooperation with all other countries and work together with them to preserve regional peace and stability. China wishes to enter into security cooperation relationship with other countries, a relationship that is non-aligned, non-confrontational and is not directed at any third party. China will intensify dialogue and cooperation with other Asian countries in security areas such as regional anti-terrorism, fight against transnational crime, maritime safety and non-proliferation and give full play to the role of multilateral security mechanisms. China is willing to establish with other countries a military security dialogue mechanism and promote confidence-building measures in the military field.

China will hold high the banner of peace, development and cooperation, develop friendship and partnership with neighboring countries, adhere to the policy of building an amicable, tranquil, and prosperous neighborhood, advance regional cooperation and promote the common interest of this region with which China's own interest is closely linked.

Part III. China's vision of ARF's future

ARF is an important channel for practicing multilateralism in the Asia-Pacific and a major driving force as well for countries in this region to build mutual trust and common security through dialogue. As a security forum with the broadest representation and greatest authority in this region, ARF has been progressing toward maturity since it was first established a decade ago. It has developed a complete set of effective modes and principles for dialogue and cooperation and achieved noticeable progress in common security advancement and confidence-building measures.

Faced with new opportunities and challenges, ARF need to keep developing and retain its vitality. In its future development, ARF should handle properly the following relationships:

1. Relationship between confidence-building measures and preventive diplomacy. Confidence-building runs through the whole process of ARF and has all along been a focus of its dialogue and cooperation. At the same time, however, ARF should also devote some of its discussions to preventive diplomacy. That is, on the basis of respecting the sovereignty of all countries, to gradually work out ways and means of cooperation in preventive diplomacy that take into consideration both the characteristics and the practical needs of the region. Experts and eminent persons can carry out in-depth study on the cooperation in preventive diplomacy and put forward their suggestions.

2. Relationship between diplomacy and military dialogue and cooperation. ARF is a political security forum, with Foreign Ministers' Meeting as its decision-making body and political security issues as its key topic for discussion. In the meantime, we need broader participation of national defense officials in order to promote military exchanges and cooperation and give full play to the role of the militaries in promoting mutual trust. ARF had its first Security Policy Conference in China, which has helped enhance the friendship and cooperation between the militaries of ARF participants.

3. Relationship between the adherence to ARF's nature and the need to keep pace with the times. The nature of ARF is embodied in such basic principles as seeking common ground while shelving differences, decision by consensus, making gradual progress and taking into consideration the comfort level of all participants. While sticking to these principles, we need to give full play to the initiative and enthusiasm of all member states, further implement existing agreements and documents, give greater scope to the role of ARF chair, Inter-sessional Group Meeting on Confidence Building Measures (ISG on CBMs) and the newly established ARF Unit so that our dialogue can gain further depth and our cooperation become more effective.

4. Relationship between ARF and other mechanisms. While maintaining its own characteristics and advantages, ARF should also strengthen its exchanges and communication with other regional organizations and mechanisms through dialogue on an equal footing and consensus building so as to draw upon each other's experience for mutual improvement.

Part IV. China's contribution to the maintenance of regional security

As a part of Asia, China's stability and prosperity contribute significantly to Asia's peace and stability. In the past year, China kept a good momentum of economic growth, its annual GDP growth rate reaching 9.5%. In the meantime, reforms in various fields were deepening and the living standards rising. China's development has boosted Asia's peace and stability.

In 2004, new progress was made in the political, economic and other fields of the good-neighborly and friendly relations between China and its neighbors.

--Political mutual trust and economic cooperation and trade between China and ASEAN members further increased and cooperation in other fields was fully unfolded. China and ASEAN issued the *Plan of Action to Implement the Joint Declaration of the Heads of State/Government of the People's Republic of China and the Member States of ASEAN on Strategic Partnership for Peace and Prosperity*, signed the *Memorandum of Understanding on Cooperation in the Field of Non-Traditional Security*, the *Memorandum of Understanding on Transport Cooperation*, the *Agreement on Trade in Goods of the Framework Agreement on Comprehensive Economic*

Cooperation and the Agreement on Dispute Settlement Mechanism between the two sides, while the Early Harvest Program of the Free Trade Area was implemented smoothly. Both sides undertook to carry out the *Declaration on the Conduct of Parties in the South China Sea*. China was engaged with countries concerned in actively exploring joint development of the South China Sea.

--China continued to deepen the strategic partnership of cooperation with Russia. Russian President Putin paid a successful visit to China in October 2004. The two sides signed the *Joint Statement* and the *Supplementary Agreement on the Eastern Section of the China-Russia Boundary Line*. The two heads of state also approved the *Implementation Guidelines of the Sino-Russian Treaty of Good Neighborliness, Friendship and Cooperation (2005-2008)*, outlining the direction of their bilateral cooperation.

--China-India relations experienced an acceleration of development, as was shown by continued high-level exchanges and success of the activities commemorating the 50th anniversary of the Five Principles of Peaceful Coexistence. China and India's special representatives conducted useful discussions on the guidelines for settling the boundary issues during four meetings held in 2004. Sino-Indian border enjoyed uninterrupted peace and tranquility. China's traditional friendship with Pakistan and other South Asian nations further expanded.

--China adhered to the principle of "drawing lessons from history and taking a forward-looking approach" in developing its relations with Japan. While the traditional friendship between China and the DPRK was further strengthened, China-ROK ties grew healthily and steadily.

In the meantime, China's relations with the US, the EU, Canada, Australia and other countries also grew.

In the past year, China firmly supported and actively participated in multilateral cooperation in the region.

--China took an active part in ARF activities. China hosted with success the first ARF Security Policy Conference in November 2004, co-chaired with Myanmar the 2003/2004 ARF ISG on CBMs and hosted the ARF Seminar on Alternative Development and will host in March 2005 the ARF Seminar on Enhancing Cooperation in the Field of Non-Traditional Security Issues.

--China worked hard to help develop the Shanghai Cooperation Organization (SCO). President Hu Jintao attended the SCO summit in Tashkent and signed the *Tashkent Declaration* and the *Agreement of the SCO on Cooperation in Combating Illegal Trafficking of Narcotics, Psychotropic Drugs and Their Precursors*. Furthermore, the SCO agreed on regular meetings of the Secretaries of the Security Councils of the Organization's Member States to strengthen coordination and leadership in respect of security cooperation. Regional Anti-Terrorism Structure (RATS), one of the

standing institutions for security cooperation of the SCO, also went into full operation.

--China supported energetically East Asia and Pan-Asia regional cooperation as well as the deepened development of the 10+1 and 10+3 cooperation mechanisms. It hosted the third Foreign Ministers' Meeting of the Asia Cooperation Dialogue, the annual conference of the Bo'ao Forum for Asia and the first China-ASEAN Exposition in addition to actively participating in APEC, ASEM and other multilateral dialogue and cooperation.

--China sought to promote the settlement of the nuclear issue on the Korean Peninsula and successfully hosted two rounds of Six-Party Talks and two working group meetings, laying the foundation for further in-depth discussions on substantive issues and gaining wide recognition in the international community.

--China actively participated in regional humanitarian assistance. In the aftermath of the Indian Ocean tsunamis, China promptly provided aid to the disaster-stricken areas and launched the biggest overseas assistance operation since the founding of the PRC. Chinese Premier Wen Jiabao attended the Special ASEAN Leaders' Meeting on Aftermath of Earthquake and Tsunami and the Chinese Government and people pledged close to RMB 1 billion worth of assistance in cash and in kind, half of which already provided. China also held a China-ASEAN Workshop on Earthquake-generated Tsunami Warning.

China is a staunch force for world peace, common development and international cooperation. Adhering to the road of peaceful development, we will continue to take part with more active and open attitude in international and regional security dialogues and cooperation in an effort to make even greater contribution to the lofty cause of peace and development of mankind.

Annual Security Outlook 2004

European Union

I. Overall Regional Security Environment

In 2004, the European Union (EU) continued the implementation of the EU Security Strategy, adopted by the European Council in December 2003, 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

Supporting the key role of the United Nations, the EU continued 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 welcomes the recent adoption of the draft Convention to fight nuclear terrorism by the 6th Committee of the General Assembly, which will be open for signature in September, and calls on ARF members to sign and ratify all UN Conventions on Terrorism without reservations. It is vital that consensus be reached on the comprehensive convention against Terrorism in the 60th general assembly as requested by the high Level Panel and the UN Secretary General.

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:

- Integrate the fight against terrorism into all aspects of EU external relations policy
- 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;
- Development of technical assistance strategies for countries where counter-terrorism capacity needs to be enhanced, ;

- 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. In December 2004 the EU has adopted an overall comprehensive strategy to fight against the financing of terrorism. 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 EU Plan of Action on Combating Terrorism, the EU will seek to further strengthen co-operation with our partners in Asia in countering the threat posed by terrorism.

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).

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. Two policy advice missions have been completed in Pakistan, in the fields of fight against the financing of terrorism and border management. 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 and is considering concrete ways of providing support to the Centre.

The fight against international terrorism is also a priority in the context of ASEM (the Asia Europe Meeting). ASEM Foreign Ministers in Kildare (Ireland) on 18 April 2004 agreed to pursue and intensify regional co-operation in the area of countering terrorism. They supported the ASEM anti-money laundering project (co-funded by EC and UK), as well as the seminar on money laundering hosted by Germany on 30-31 October 2003. Further, they welcomed and endorsed the results of the ASEM seminars on anti-terrorism held at Beijing in September 2003 and looked forward to the next such seminar in Germany in October 2004. The latter suggested the following steps to be taken:

- Strengthening capacity-building assistance from donor countries of ASEM;
- Strengthening links between national and international law enforcement agencies;

- Taking practical initiatives, in particular to support the United Nations in its leading role in the fight against terrorism, including with a view to finalise the Draft UN Convention on International Terrorism;
- Establishing a network of ASEM Contact points for analysing and implementing ASEM recommendations agreed upon so far.

III. Non-proliferation and Disarmament

The adoption by the European Council on 12 December 2003 of a fully fledged-strategy against proliferation of Weapons of Mass Destruction and the unanimous approval in April 2004 of UNSCR 1540 on non-proliferation of weapons of mass destruction and the importance attached by the G8 to this question have placed non-proliferation at the heart of the European Union agenda.

The Strategy constitutes an elaboration of the non-proliferation element of the European Security Strategy. Its approach is two-fold: on one hand the EU continues to address the root causes of the race to WMD by States or non State actors, while on the other hand the EU is adopting 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. More precisely it concentrates on the following areas:

- Strengthening the international system of non-proliferation
- Pursuing universalisation of multilateral agreements
- Reinforcing strict implementation and compliance with these agreements
- Assistance to third countries.

An EU report on the implementation of the UNSC 1540 has been prepared. It presents the areas where the EU has developed a common approach to tackle the issues of the UNSC 1540, in particular those issues related to the areas of European Community competence. National reports by EU Member States refer to the EU report when it comes to the issues of Community competence.

The EU has continued 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. The EU welcomes the activities undertaken in the context of the Proliferation Security Initiative, and calls upon all states that have not yet done so to subscribe to the “PSI Interdiction Principles”. Besides an intense diplomatic activity in this direction, the European Union has recently decided to finance the following actions:

- a joint action in support of the *IAEA* in the area of enhancement of physical protection of nuclear facilities and radioactive sources, as well as in the area of export controls
- a joint action in support of the activities of the *OPCW*
- a joint action to support the physical protection of a nuclear site in the Russian Federation

The EU remains also strongly involved in the Co-operative Threat Reduction.

The EU has been preparing for the NPT Review Conference and has adopted a Common Position on this topic.

The EU is convinced of the crucial importance of effective export controls in the fight against proliferation. A Peer Review of Member States national systems has been carried out. In this area the EU is also assisting third countries in need of technical knowledge in the field of export controls. China held recently an export control workshop, organised by the Office of the Personal Representative for Non-Proliferation, with the participation of EU Member States experts and the European Commission.

The Heads of State and Government of the European Union, in June 2004, issued a declaration on common policies related to criminal sanctions for illegal export, brokering and smuggling of WMD-related materials.

The European Union has mainstreamed non-proliferation policies into its relations with third countries and a non-proliferation clause is being included in all its bilateral agreements (Ex.: Albania, Tajikistan, Syria...). Besides, the Personal Representative (PR) has also started a number of informal visits in different regions of the world in order to establish contacts, raise awareness about the EU WMD Strategy and convey back in Brussels some preliminary views about possible areas of co-operation. Following a July visit by the PR in the Near East and the Mediterranean, an initiative was proposed to organise in early 2005, a workshop on non-proliferation in the context of the security aspects of the Barcelona Process. The EU has used all opportunities to advise third countries of the WMD Strategy and its provisions at both working and political level. The PR has also paid informal visits to Moscow, Tokyo, and Beijing and had informal talks with Canadian authorities.

During its 6th year of application, the EU Code of Conduct has been reaffirmed as the most complete international arms exports control regime. An updated version of the Code of Conduct is expected to be adopted in the near future, as well as a specific “tool-box” to be applied by Member States under the specific circumstances arising from the lifting of an arms embargo.

In parallel to efforts on WMD the EU has taken measures in order to counter the threat caused by unauthorised proliferation of conventional weapons, in particular small arms and light weapons. Joint actions to combat the spread of small arms and light weapons in SouthEast Europe, Albania and Cambodia have also been adopted by the Council. In the

context of ARF, the European Union plans, in co-operation with the Kingdom of Cambodia, to organise a seminar on Small Arms and Light Weapons to take place in Cambodia in the second half of 2005. The European Union is convinced that an international legally binding instrument for the identification and tracing of illicit small arms and light weapons should yield significant progress in the prevention of illicit trade and terrorist activities.

IV. The Korean Peninsula

The Union continues to follow very closely 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. These concerns increase the more time goes by without a solution. Its position on this matter is that 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 a nuclear weapon-free Korean Peninsula in order to maintain 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 weapon-free peninsula, which would address DPRK's security concerns in the broad sense, is in its best interest.

The Union is disappointed that, despite a very encouraging start at the beginning of 2004 the 6PT find themselves in a situation of stalemate. The EU strongly regretted the February 2005 statement on the suspension of the DPRK's participation in the talks for an indefinite period and is strongly concerned by the March 2005 announcement that DPRK does not feel bound by the 1999 moratorium on ballistic missile testing. Although it is not a participant in the talks, the EU fully supports them as the best instrument to deal with the nuclear issue on the Korean Peninsula. The EU urges the DPRK to rethink its decision and to return to the talks without further delay or condition. At the appropriate time, the Union will be ready to contribute to international efforts aimed at moving matters forward.

V. South Asia

The EU marked a milestone in 2004 when it agreed with India to develop a strategic partnership. The fifth EU-India Summit, which took place on 8 November 2004 in The Hague, was the occasion for both India and the EU to reaffirm their common interest in promoting global peace and security by addressing such issues as terrorism and disarmament. Both sides will continue work in 2005 to develop an Action Plan setting out steps for the development of their co-operation.

Of course, one of the keys to security in South Asia is the development of co-operation between neighbouring countries in the region. The EU therefore attaches considerable importance to the success of the South Asian Association for Regional Co-operation (SAARC). It was at the SAARC

Summit in January 2004 that President Musharraf of Pakistan and Prime Minister Vajpayee of India announced the beginning of a process of composite dialogue between their countries, another major element of regional security. That process has overcome various potential obstacles, including the change of government in India, and has continued to progress under the government of Prime Minister Singh. The EU welcomes and encourages the steps taken by both sides to open bus services across the line of control in Kashmir.

The EU's relations with Pakistan have taken an important step forward with the entry into force on 1 June 2004 of a Co-operation Agreement on partnership and development. The EU looks forward to the implementation of the new agreement. The EU is keen to encourage Pakistan to play a full and constructive role in the region, particularly in its relations with India and Afghanistan. The EU has welcomed steps taken by the government to promote the policy of "enlightened moderation" within Pakistan's society and encourages the government to continue with this approach.

Afghanistan experienced an important transformation, with the successful holding of presidential elections on 9 October and the investiture of President Karzai on 7 December 2004 endowing the government with democratic legitimacy. After more than 20 years of war, however, enormous challenges remain, and sustained international engagement will be required to prevent Afghanistan from lapsing into insecurity. This will be particularly important with parliamentary elections due to be held in 2005, and issues such as drugs and migration still needing very serious attention.

In the Maldives the government has taken steps to turn around its situation in a much shorter period of time. Following unrest in the islands during 2004, the government held calm general elections and has announced its intention to follow a programme of rapid political reform. The EU encourages the government to take rapid and concrete actions to launch the democratic process in accordance with the wish expressed by people of Maldives.

Sri Lanka, like the Maldives was very seriously affected by the Indian Ocean Tsunami of 26 December 2004. This terrible disaster, which saw such massive loss of life, demonstrated that before such acts of nature all humans are equally vulnerable, whatever their nationality or ethnicity. However up to now there is little reason for optimism that shared grief might provide the basis for reconciliation and an opportunity to build confidence between divided communities. The EU is concerned by the political situation, and the lack of agreement between the Sri Lankan Authorities and the LTTE over a joint mechanism to channel Tsunami International Aid. The EU calls both parties to renew their efforts to come to an agreement at the earliest.

A subject of more immediate concern is the unfolding situation in Nepal, where King Gyanendra has dismissed the government and ordered a state of emergency. The EU has expressed its grave concerns about the

restrictions of fundamental civil and political rights and the continuing systematic violations of human rights.

The situation in Bangladesh is also a cause for growing concern, since despite progress in reducing poverty, there are continuing concerns about bad governance and the radicalisation of society.

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. The Union follows with interest the Enhanced Co-operation Programme agreed by Australia and Papua New Guinea.

IX. Indonesia

The European Union welcomed the general and legislative elections in Indonesia. The European Union congratulated the people and the government of Indonesia on the peaceful and competitive way in which the pre-election process and polling have taken place.

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.

X. Burma/Myanmar

The EU remains deeply worried about the situation in Burma/Myanmar and therefore, in October, the Council of Ministers decided to reinforce the sanctions provided for in the EU common Position on Burma/Myanmar, in the light of the lack of progress on democracy and human rights. The new measures include an expanded visa ban and a

prohibition on making financial loans or credits available to, and acquiring or extending a participation in named Burmese state-owned companies. These new measures add up to the already existing 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 EU condemned the continued detention of Daw Aung San Suu Kyi and regretted that although a small number of political prisoners had been released in 2004, a large number remains in detention.

The EU recalled its earlier position in this matter that, in order to improve its relations with the EU, the government of Burma/Myanmar should take the following steps:

- the immediate release of Daw Aung San Suu Kyi and all political prisoners;
- the participation of the NLD and other democratic parties and all ethnic groups in the National Convention, which resumed in February 2005;
- genuine and open debate for all participants to the National Convention.

The EU urged the government of Burma/Myanmar to grant without further delay to the UN Secretary General's Special Envoy for Burma/Myanmar, Tan Sri Razali Ismail, and to the UN Special Rapporteur, Paulo Sérgio Pinheiro, complete, free, unrestricted access to Burma/Myanmar.

The EU welcomed the findings of the ASEAN parliamentarians on Burma/Myanmar in Kuala Lumpur on 28 November 2004 and encouraged the governments and parliamentarians in the ASEAN countries to keep monitoring the situation in Burma and to continue to work with the regime to promote democracy.

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 Romania and Turkey are negotiating their accession, and other countries have expressed their interest in joining.

The year 2004 has seen significant developments in European Security and Defence Policy (ESDP), particularly in terms of Crisis Management Operations. The EU has already launched six ESDP operations (three military, two police and one in the field of Rule of Law). Two missions were launched in Bosnia-Herzegovina, two in the Former Republic of

Macedonia (FYROM), one in the Democratic Republic of Congo and one in Georgia.

The EU's first ESDP mission, the EU Police Mission in Bosnia and Herzegovina (EUPM), was launched on 1 January 2003. During 2004 EUPM's four strategic objectives were to promote police independence and accountability, financial viability and sustainability, institution and capacity building at management level and to combat organised crime and corruption. Within the context of fighting organised crime the establishment of the State Investigation and Protection Agency (SIPA) was a mission priority. Another significant event of 2004 was the establishment of the Police Restructuring Commission (PRC) chaired by the former Belgian Prime Minister, Wilfried Martens with a relevant participation of EUPM. The aim of the Commission was to propose a single structure of policing for Bosnia and Herzegovina under the overall political oversight of a ministry or ministries in the Council of Ministers. 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 has taken over from NATO the military operation in BiH on the 2 December 2004 (ALTHEA).

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. Its mandate was extended in December 2004 for a further twelve months at the invitation of the government of FYROM. The objective of the extended mission is to further support the development of an efficient and professional police service based on European standards of policing. PROXIMA police experts will monitor, mentor, and advise the country's police, focusing on middle and senior management within 3 programmes: Public Peace and Order, Organised Crime and Border Police

The first ESDP mission in the field of Rule of Law, EUJUST THEMIS, was launched in July 2004 for a period of one year. EUJUST THEMIS aims to support and advise the Georgian government in developing a strategy for reform of the criminal justice sector.

The EU decided in November 2004 to launch the first civilian ESDP mission in Africa, EUPOL KINSHASA. EUPOL KINSHASA will focus on monitoring, mentoring and advising the Integrated Police Unit in Kinshasa, DRC, which is charged with providing protection and support to the transitional institutions. The mission is expected to be launched in the first part of 2005 with an initial mandate of one year. This mission underlines the EU's commitment to the transition process in DRC and will be undertaken in close co-operation with the UN/MONUC. EU had carried out in 2003 an ESDP military operation named ARTEMIS in order to support the UN mission.

The EU has also contributed to providing police planning and logistical support to a number of other initiatives, such as the support provided to the African Union in implementing AMIS II in Sudan/Darfur and support offered to the EUSR for the Middle East Peace Process, with the establishment in Jerusalem of an EU co-ordinating mechanism for donor assistance to the Palestinian Civil Police (EU Co-ordination Office for Palestinian Police Support, EU-COPPS).

On 21 February 2005, the Council took the decision to launch an integrated rule of law mission for Iraq, EUJUST LEX, which will start its operational phase in July 2005. The EU Integrated Rule of Law Mission, EUJUST LEX, shall address the urgent needs in the Iraqi criminal justice system through providing training for high and mid level officials in senior management and criminal investigation. This training shall aim to improve the capacity, co-ordination and collaboration of the different components of the Iraqi criminal justice system.

EUJUST LEX shall promote closer collaboration between the different actors across the Iraqi criminal justice system and strengthen the management capacity of senior and high-potential officials primarily from the police, judiciary and penitentiary and improve skills and procedures in criminal investigation in full respect for the rule of law and human rights.

The training activities will take place in the EU or in the region, and the mission will be provided with a liaison office in Baghdad. Depending on the evolution of the security conditions in Iraq, and the availability of adequate infrastructures, the Council will be invited to examine the possibility of a training in Iraq and, if necessary, will amend the common position accordingly.

An effective strategic and technical partnership with the Iraqi counterparts shall be developed throughout the Mission, particularly in relation to the design of the curricula but for the selection, vetting, evaluation, follow-up and co-ordination of personnel attending the training with the aim of rapid appropriation by the Iraqis. There will also be a need for close co-ordination during the planning and operational phases between the Mission and the Member States providing training.

The Mission will be secure, independent and distinct but will be complementary and bring added value to ongoing international efforts, in particular of the United Nations, as well as develop synergies with ongoing Community and Member States efforts. In this context, the Mission should liaise with Member States who presently conduct training projects.

In addition to launching more civilian ESDP missions, the EU has taken work forward in developing its civilian capabilities. Member States in November 2004 reaffirmed their commitment to civilian ESDP at a Capabilities Commitment Conference. Member States agreed that monitoring should be a new priority area for civilian ESDP, in addition to the existing four priority areas, police, rule of law, civilian administration and civil protection. As the next step, the European Council in December

2004 agreed the Civilian Headline Goal 2008. Work is now moving forwards on implementing the objectives set, which will include developing scenarios and requirements lists and identifying shortfalls. The process will lead to a Civilian Capabilities Improvement Conference later this year. Work on the Civilian Headline Goal 2008 will take account of concurrent work on the military Headline Goal 2010.

ARF Annual Security Outlook 2005

Japan

Table of Contents

I. Security Situation in the Asia-Pacific Region

1. Overview
2. Specifics: Regional Situations
 - (1) Korean Peninsula
 - (2) China
 - (3) India and Pakistan
 - (4) Situation of terrorism in Southeast Asia

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

1. Basic Principle of Japan's Security Policy
2. New National Defense Program Guidelines
3. Japan-U.S. Security Arrangements
4. Efforts to Ensure Stability in the International Environment surrounding Japan
 - (1) Dialogues and cooperation in bilateral and multilateral frameworks
 - (2) Support for Iraq's reconstruction
 - (3) Countermeasures for international terrorism
 - (4) Comprehensive efforts concerning conflicts
 - (5) Issue of the proliferation of Weapons of Mass Destruction (WMD)

I. Security Situation in the Asia-Pacific Region

1. Overview

The 9.11 terrorist attacks on the United States demonstrated that, in addition to traditional problems such as inter-state military confrontations, non-state actors such as international terrorist organizations have emerged in today's security environment as a dire threat.

Against a backdrop of increased interdependence and growing globalization, the international community is facing urgent new threats and diverse situations to peace and security, including the proliferation of weapons of mass destruction and ballistic missiles, as well as international terrorist activities.

As a result of the further expansion and deepening of interdependence among the nations in recent years, greater efforts are also being made to promote and strengthen bilateral and multilateral coordination and cooperation in the Asia-Pacific region. Nevertheless, even though Russia has drastically reduced its armed forces in the Far East since the end of the Cold War, massive military force, including nuclear arsenals, continue to exist in the region, and a number of countries are striving in efforts to modernize their military forces. The situation on the Korean Peninsula is unpredictable and cross-Taiwan Strait relations remain uncertain.

2. Specifics: Regional situations

(1) Korean Peninsula

Japan's basic policy is to normalize its relationship with the DPRK based on the Pyongyang Declaration signed by the two leaders at a summit meeting held on September 17, 2002. This normalization should be realized after comprehensively resolving the outstanding issues of concern between the two countries such as security issues including nuclear and missiles issues and the abduction issue.

Based on this basic position, Japan calls upon the DPRK to take responsible actions as a member of the international community and is playing a leading role in the efforts of the international community to jointly convey this message. Japan is also taking rigorous measures to deal with illegal activities by the DPRK and is working actively to resolve problems through dialogue in such venues as the Six-Party Talks and bilateral working-level discussions.

With regard to the abduction issue, Prime Minister Koizumi's second visit to Pyong Yang, DPRK in May 2004 resulted in the repatriation of all of the families of the abductees who had been repatriated in 2002. With regard to the uncertain fate of some abductees, while working-level discussions between Japan and the DPRK have been held three times since August 2004, the issue remains unresolved, and Japan continues to exert every effort to achieve a resolution.

The DPRK's nuclear issue not only poses a direct threat to peace and stability of the Northeast Asia region, including Japan, but also represents a grave challenge to the international nuclear nonproliferation regime. With regard to this issue, the Six-Party Talks convened three times, in August 2003, February 2004, and June 2004. At the third round of the Talks, both

the United States and the DPRK submitted detailed proposal for resolving the nuclear issue. Although a substantive exchange of views took place, the DPRK continued not to admit the existence of its uranium-enrichment program.

After the third round of the talks, however, the DPRK criticized the passage of the North Korea Human Rights Act by the United States House of Representatives (July 2004), the Republic of Korea's acceptance of large numbers of defectors from the DPRK (July 2004), and the safeguards issues of the Republic of Korea (September 2004), and did not follow through on holding a fourth round of the Talks by September 2004, as had been agreed upon.

This February, the DPRK announced in a statement issued by its Foreign Ministry that it has produced nuclear weapons and is indefinitely suspending its participation in the Six-Party Talks. Thus, the DPRK continues to take a highly unproductive attitude toward resolving the nuclear issue.

Japan, in close cooperation with the United States, the Republic of Korea, China, Russia, and other countries concerned, urges the DPRK to completely dismantle all of its nuclear programs subject to credible international verification, as well as to expeditiously return to the Six-Party Talks without preconditions.

The development of missiles by the DPRK is another matter of concern, not only for Japan but also for the international community as a whole. Reports on the current status of missile development and deployment by the DPRK vary, and with regard to ballistic missiles it has been reported that the DPRK is proceeding with the deployment of Nodong missiles (with a range of approximately 1,300 km), which can reach almost all the territory of Japan. It has also been suggested that the DPRK has developed a longer-range Taepodong 1 missile (with a range of approximately 1,500 km or longer). In addition, it has been reported that development of an even longer-range Taepodong 2 missile (with a range of approximately 3,500 to 6,000 km) is underway, and further efforts to extend the range of missiles are expected.

In the fall of 2004, there were reports of increased activity by the DPRK's missile units. On March 2 of this year, the DPRK issued a

memorandum stating that “we are not bound to the moratorium on the missile launch at present.” This is a regrettable development in light of its pledge to extend the moratorium on missile launching in the Pyongyang Declaration.

Japan will continue to call upon the DPRK to (1) reconfirm its moratorium on missile launching, (2) completely and verifiably end its development, deployment, and testing of ballistic missiles, (3) completely halt the exporting of missiles and related materials and technologies, and (4) dismantle its formerly deployed ballistic missiles in a verifiable manner.

(2) China

Japan and China have major roles to play in ensuring peace and stability of the Asia-Pacific region.

In terms of security, Japan and China share a common interest in the desire for peace and stability in the world and in the Asia-Pacific region. In addition to dealing with the situation on the Korean Peninsula through cooperation in the Six-Party Talks, as well as in dealing with new threats, such as terrorism and the proliferation of weapons of mass destruction, we seek mutually beneficial cooperation through mechanisms such as the Japan-China security dialogue.

On the other hand, amid China’s rapid economic growth of recent years, Japan has observed modernization of China’s military forces, especially of its naval, air, and missile capabilities. While China has indicated a willingness to make its defense policy, including defense-related budgetary expenditures, more transparent, such as by issuing a biannual “National Defense Report,” transparency is still lacking in some areas. Japan thus calls upon China to provide yet more transparency in its defense policy, including defense spendings.

With regard to relations between China and Taiwan, dialogue was suspended in 1999, and there has been no prospect of resumption since then. Japan strongly hopes that the issues concerning Taiwan will be peacefully resolved through dialogue among the parties involved. To that end, we continue to call for an early resumption of the dialogue.

(3) India and Pakistan

Relations between India and Pakistan became extremely tense, exacerbated by the December 2001 attack on the Indian Parliament and other events, but the approach taken by the two countries and the international community proved effective, and tension has eased. Since October 2002, both countries have withdrawn their military forces they had been building up along their mutual border. In April 2003 India's then Prime Minister Vajpayee said in a speech that his country would "extend the hand of peace." This led both countries to take measures in the latter half of 2003 to improve relations (exchange of ambassadors, resumption of bus service across their mutual border, declaration of a ceasefire around the Kashmir LoC, and reopening of air routes and railways).

In January 2004 the leaders of both countries attended the SAARC summit meeting held in Islamabad and held their first discussions in two years, agreeing to open a "composite dialogue." Accordingly, a dialogue covering eight areas was held from June to August, based on a roadmap for dialogue agreed to in vice-ministerial-level discussions held the previous February. In September 2004 the foreign ministers of the two countries met to review the progress of the dialogue, and a summit meeting between the leaders of the two countries took place during the United Nations General Assembly. The dialogue continued, and substantive confidence-building measures were carried out. Various discussions have been held in relation to confidence-building measures. Prime Minister Aziz of Pakistan visited India in November 2004, and Foreign Minister Natwar Singh of India visited Pakistan in February 2005. In addition, bus service has commenced across the LoC, linking Muzaffarabad and Srinagar in Kashmir.

While there is concern over the missile tests conducted by India and Pakistan, Japan welcomes the aforementioned forward-looking and concrete moves. We will continue to work with the international community to further improve relations between these two countries.

(4) Situation of terrorism in Southeast Asia

The Jemaah Islamiya (JI), which is known as an international terrorist organization in Southeast Asia has been given a major blow due to law-enforcement activities by various countries, but its leaders, including the explosives expert Azahari Husin, remain at large. As demonstrated by the terrorist bombing targeting the Australian embassy in Jakarta in September 2004, the group still has the capability to commit terrorist acts. The

leadership of the JI was decentralized and rely on operational support from local terrorist groups such as the Abu Sayyaf Group (ASG) through JI training camps situated in the island of Mindanao in the southern Philippines. In fact, the JI is suspected of complicity in simultaneous terrorist attacks that occurred in February of this year in Manila and in Mindanao, for which the ASG claimed responsibility.

In Southern Thailand, the situation has become worse since 2004, suffering from frequent terrorist bombings and conflicts between separatist groups and security forces in the three southern states in which a Muslim population form the majority. This year, terrorist bombings have been spreading to neighboring states, and new trends such as the use of car bombs and simultaneous multiple bombings, have been observed. Attention needs to be paid to the situation in Southern Thailand, since JI and other international terrorist groups could exploit the unrest in the region and penetrate its influence.

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

1. Basic Principle of Japan's Security Policy

The international community is faced with the threats of terrorism and the proliferation of weapons of mass destruction, in addition to regional conflicts with multiple causes, and thus uncertain and unstable factors continue to persist. In light of this security environment, Japan will pursue, as in the past, a security policy comprising three pillars: (1) maintain an appropriate defense capability, (2) firmly uphold the Japan-U.S. Security Arrangements, and (3) strive through diplomacy to ensure the stability of the international environment surrounding Japan.

2. New National Defense Program Guidelines

In December 2004 Japan formulated the new "National Defense Guidelines, FY 2005—"and the Mid-Term Defense Program (FY 2005 -FY 2009), revealing a new course for the conduct of Japan's security and national defense.

The new National Defense Program Guidelines was developed in recognition of the need to set new guidelines for shaping Japan's future security and defense in light of the new threats and diverse situations

presented by today's security environment including the proliferation of weapons of mass destruction and ballistic missiles, international terrorism, and other various situations that affect peace and security.

The new National Defense Program Guidelines not only sets forth Japan's vision for future defense forces, but also spells out the basic principles of its security policy, which underline that vision. Japan has two basic security policy objectives: (a) to prevent any threat reaching Japan and, in the event that it does, to repel it and (b) to improve the international security environment in order to prevent any threats from reaching Japan in the first place. In order to achieve these objectives, Japan combines its own efforts in a unified manner with cooperation with allies and the international community.

In the new National Defense Program Guidelines, as in the previous Guidelines, it is stipulated that, based on the Constitution of Japan, and the ideas of maintaining the exclusively defensive defense policy by not becoming a military power that might pose a threat to other countries, Japan will continue to uphold the fundamental principles of developing modest defense forces of its own under civilian control and will continue to adhere to the three non-nuclear principles.

Given the new security environment, however, future defense forces should be capable of effectively responding to new threats and diverse situations while maintaining those elements of the Basic Defense Force Concept that remain valid. As the peace and stability of Japan is inextricably linked to that of the international community, Japan should actively and on its own initiative participate in activities that nations of the world cooperatively undertake to improve the international environment.

While roles that the defense forces have to play are multiplying and fiscal conditions continue to deteriorate, Japan's future defense forces should be multi-functional, flexible, and effective while, at the same time, more rationalized and streamlined.

As for the ballistic missile defense system referred to in the New National Defense Program Guidelines, the decision to put the system in place was made in December 2003 on the ground that it is the only purely defense means available, for which no alternative exists, to protect the lives

and property of Japan's citizens from a ballistic missile attack, and that it is suitable for Japan's defense policy which is exclusively defensive.

With regard to controls on arms exports, it is stated in the Statement by the Chief Cabinet Secretary upon the issuance of the Guidelines that we will continue to firmly maintain our policy of dealing with arms export control carefully, in light of Japan's basic philosophy as a peace-loving nation on which the Three Principles on Arms Exports and their related policy guidelines are based. When Japan decides that it will engage in joint development and production of ballistic missile defense systems with the United States, however, the Three Principles will not be applied, under the condition that strict control is maintained, because such systems and related activities will contribute to the effective operation of the Japan-U.S. security arrangements and are conducive to the security of Japan.

Regarding how to handle this issue in relation to cases which require support for counter-terrorism and counter-piracy, it is mentioned in the Statement that decisions will be made on the basis of individual examination of each case, in light of Japan's basic philosophy as a peace-loving nation that aims at avoiding the escalation of international conflicts.

3. Japan-U.S. 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 unremittingly continue its efforts to further enhance the credibility of the Japan-US Security Arrangements. As a part of such efforts and in order to ensure the effectiveness of the new Guidelines for Japan-US Defense Cooperation, Japan has been continuing its efforts in 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.

At the Japan-US Security Consultative Committee (2+2 Meeting) held in Washington in February 2005, one of the major points in the discussion was how to advance cooperation between Japan and the US in the security area in light of the changing international security environment. Both sides concurred on common strategic objectives and agreed to strengthen consultations concerning realignment of US forces in Japan. Based on this, close working level consultations have been under way.

As the United States, while making use of advances in military technology in order to deal appropriately with the new security environment, is reviewing its military posture with the objective of structuring rapidly deployable capabilities, Japan considers it desirable that the review of the U.S. military posture to deal more appropriately with the new security environment will lead to greater peace and stability in the international community. In consultations between Japan and the United States on realignment of U.S. force structure stationed in Japan, it will be important to try to reduce excessive burden on local communities such as Okinawa that host U.S. military bases and facilities as well as to maintain the deterrence that the U.S. military presence currently provides in this region.

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

Japan has made unrelenting diplomatic efforts at various levels in order to preserve the security and prosperity of Japan and its citizens as well as the stability of the international environment around Japan. Japan will continue to play an active role in order to ensure regional stability through inter alia following measures: participation in political and security-related dialogues and cooperation towards confidence-building measures with various nations and regions; strengthening of frameworks for arms control, disarmament, and nonproliferation; response to regional conflicts by taking part in conflict-prevention efforts and United Nations peacekeeping operations; enhancement of regional stability by supporting and cooperating with each country's efforts in economic development within the region; and efforts in preventing and eradicating international terrorism.

(1) Dialogues and cooperation in bilateral and multilateral frameworks

Development and reinforcement of a multi-layered framework for bilateral and multilateral dialogues are 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 its involvement in the region.

Japan maintains bilateral frameworks of dialogues on the security and defense-related exchanges with Asia-Pacific region countries such as Australia, Canada, China, India, the Republic of Korea, Pakistan, the Philippines, the Russian Federation, Thailand, and Viet Nam aiming at increasing the mutual trust, and is striving to improve cooperative relations in the realm of security.

With regard to multilateral frameworks, Japan actively participates in the ASEAN Regional Forum (ARF), a political and security-related framework comprising major countries in the Asia-Pacific region. Mutual confidence-building and frank exchanges of views among member states have become practices in the meetings of the ARF including views about issues concerning the member states (such as the situations on the Korean Peninsula and in Indonesia, as well as the issue of Myanmar). Discussions directed at concrete efforts to conduct the preventive diplomacy also take place. The ARF has steadily progressed as a venue for dialogue and cooperation concerning the politics and security in the Asia-Pacific region, and Japan intends to actively contribute to the continuing ARF process.

(2) Reconstruction assistance to Iraq

As a nation which has recovered from the devastation of war and attained today's prosperity, Japan considers that it is its responsibility as a member of the international community to provide appropriate assistance to countries struggling to revive in the aftermath of war. In order to prevent Iraq from becoming a failed nation and a breeding ground for terrorism, Japan together with the international community must not give in to terrorism, and need to help the people of Iraq in their efforts to rebuild the country. It is also essential for Japan in view of its energy security to ensure peace and stability of Iraq and thus to maintain stability in the Middle East, from about ninety percent of Japan's oil is imported.

Japan's assistance, combining humanitarian and reconstruction activities by the Self-Defense Forces and Official Development Assistance (ODA) as an inseparable pair, has won high popularity from Iraqi people. Out of \$1.5 billion of grant assistance allocated to Iraq to meet the countries immediate needs, \$1.4 billion have already been obligated in cooperation with international organizations and NGOs mainly in the areas of improving

the security and rebuilding local infrastructure for Iraq's citizens, including electricity, education, water, sanitation, health care, and employment.

Reconstruction of Iraq is only halfway through, and Iraq is still in need of continued assistance from the international community. Japan is committed to provide up to \$3.5 billion mainly in the form of yen loans to help provide for mid-term recovery needs. Japan is making necessary preparation for loan assistance that focuses on providing infrastructure for telecommunications and transportation in addition to above mentioned areas.

Japan intends to continue to actively assist the people of Iraq in the process of reconstructing their country.

(3) Countermeasures for international terrorism

In order to prevent and eradicate international terrorism, it is important that the international community stands united and continue to carry out sustained efforts in various fields. To this end, in accordance with Japan's Anti-Terrorism Special Measures Law, the Self Defense Forces has supported and cooperated with U.S., U.K. and other military forces, in providing supplies and transportation.

Japan has also taken measures along with the relevant United Nations resolutions to freeze the assets of terrorists and terrorist organizations, and has concluded twelve international counter-terrorism conventions and protocols. In addition, Japan has strengthened domestic counter-terrorism measures. In 2004, based on a decision of the cabinet council, the Headquarters for Promotion of Measures against Transnational Organized Crime and Other Relative Issues was reorganized into the Headquarters for Promotion of Measures against Transnational Organized Crime and Other Relative Issues and International Terrorism. This renewed Headquarters has examined measures to prevent international terrorism and has enhanced domestic counter-terrorism measures.

In terms of regional cooperation, Japan and ASEAN agreed to further cooperate in the fight against terrorism, adopting the "ASEAN-JAPAN Joint Declaration for Cooperation in the Fight Against International Terrorism" at the ASEAN summit conference held in November 2004 in Vientiane, Laos. Japan has stressed the importance on early ratification of twelve international counter-terrorism conventions and protocols as well as

counter-terrorism capacity-building assistance to developing countries, focusing on the Southeast Asia and Pacific region, which is crucial for Japan's security and prosperity.

Utilizing its ODA programs, Japan has enhanced its capacity building assistance efforts, by holding seminars, accepting trainees and providing relevant equipment in nine areas: (1) immigration controls; (2) aviation security; (3) maritime and port security; (4) customs cooperation; (5) export control; (6) law-enforcement cooperation; (7) combating the financing of terrorism; (8) counter-CBRN (chemical, biological, radioactive, and nuclear) terrorism; and (9) international counter-terrorism conventions and protocols. In fiscal year 2004 approximately 310 people were accepted as trainees, and Japan has accepted a total of around 1,200 trainees since 2001.

(4) Comprehensive efforts concerning conflicts

Since the end of the Cold War, the number of conflicts arising from religious and ethnic factors, particularly domestic conflicts, has been increasing. In order to resolve such conflicts permanently, it is important to prevent conflicts from reoccurring, to secure stability and to further lead these regions to development.

To this end, it is necessary for the international community to unite to promote efforts aimed at the "consolidation of peace," composed of three factors: (1) promotion of peace process; (2) securing of domestic stability and security; and (3) restoration of a peaceful life (humanitarian and reconstruction assistance). Based on this recognition, Japan, utilizing diplomatic means such as Official Development Assistance (ODA), advocates support for the "consolidation of peace and nation-building" as one of its pillars of diplomacy and international cooperation and has made tangible efforts together with the UN, other countries and NGOs.

In Afghanistan, Japan has supported the disarmament, demobilization, and reintegration (DDR) process, and made efforts in assisting the formulation of policies, conciliation with armed warlords, establishing and operating organizations to implement DDR, and providing technical and financial assistance for efforts to organize international monitoring groups to ensure a fair DDR process. As a result, increased momentum was gained for casting aside weapons and participating in the political process leading up to the presidential election in October 2004. By

the end of March 2005, roughly 47,000 people had given up their weapons and were demobilized.

Japan has also undertaken international peace cooperation, including participation in United Nations peacekeeping operations. Since 2002 Japan has dispatched Self-Defense Force personnel to the United Nations Transitional Authority in East Timor (UNTAET), and from just after East Timor achieved independence in May 2002 until June 2004, Japan dispatched over 2300 members of the Self Defense Forces to the United Nations Mission of Support in East Timor (UNMISSET), to assist in nation-building. Since 1996, Japan has continuously dispatched transport units and headquarters' staff officers to the United Nations Disengagement Observer Force (UNDOF) in the Golan Heights, to support the peace process through ceasefire monitoring and the like. Over 800 personnel have been dispatched to date.

(5) Issues on the proliferation of Weapons of Mass Destruction (WMD)

International disarmament and non-proliferation regimes continue to be facing serious challenges, and Japan and the international community are making efforts energetically to resolve them. As the need to address the threat posed by the proliferation of WMD has become strongly recognized, efforts in the field of non-proliferation have been intensified as well. Specifically, in addition to the strengthening of the International Atomic Energy Agency's Safeguards system, the G8 and the Nuclear Suppliers Group (NSG) are studying ways to strengthen nuclear non-proliferation regime, given the seven proposals on non-proliferation presented by U.S. President George Bush in February 2004. Japan is also contributing to discussions on the study of concrete measures.

In the Asia-Pacific region as well, the proliferation of WMD and their means of delivery poses a major threat to the regional security. Japan has intensified its dialogues and cooperation in this area with various countries in Asia. The Proliferation Security Initiative (PSI), launched in 2003, has expanded its roster of participating and cooperating countries, and the first anniversary meeting was held in June 2004. In October 2004, Japan hosted its first maritime interdiction exercise, with the participation of assets from Australia, France, and the United States as well as observers from 18 countries, including four countries in the Asia-pacific region that had not been involved in PSI exercises previously. The Second Asian Senior-Level Talks on Non-Proliferation (ASTOP), a regional effort devoted to non-

proliferation and led by Japan, convened in February 2005, providing a venue for exchanges of views on non-proliferation among Asian countries.

Japan considers it important to steadily pursue realistic nuclear disarmament measures, with the goal of achieving a peaceful and safe world free of nuclear weapons. Based on this view, each year since 1994 Japan has submitted to the United Nations General Assembly a draft resolution entitled “A path to the total elimination of nuclear weapons” which 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. In 2004, it was adopted with more supporting votes than ever before. In December 2004, a project for the dismantlement of a Victor III class Russian nuclear submarine was successfully completed. This is the first project of the “Star of hope” programme for dismantling Russian decommissioned nuclear submarines, which is aimed to achieve not only nuclear disarmament and nonproliferation but also the prevention of environmental contamination in the Sea of Japan.

Japan firmly maintains the “Three Non-Nuclear 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 adheres to the Treaty on the Non-proliferation of Nuclear Weapons and accepts the International Atomic Energy Agency (IAEA) safeguards, including its additional protocol. Based on its Atomic Energy Fundamental Law, Japan observes a fundamental policy that limits the use of nuclear energy to exclusively peaceful purposes only.

In June 2004, the IAEA drew the conclusion that there was no indication of diversion of nuclear material placed under safeguards and no indication of undeclared nuclear material or activities in Japan, as a result of verification activities based on its comprehensive safeguards agreement and additional protocol. Japan is the first case in which such a conclusion was drawn for a state with large-scale nuclear activities, and in September 2004 the IAEA started to implement integrated safeguards.

**ASEAN REGIONAL FORUM
ANNUAL SECURITY OUTLOOK 2005
INDONESIA**

Contents:

- I. Introduction
- II. Domestic Development: Indonesia's Elections
- III. Sub Regional Development: ASEAN Security Community and Tsunami Disaster
- IV. Regional and Global Security Environment
 - A. Traditional Security Issues
 - 1. Korean Peninsula
 - 2. Palestine
 - 3. Iraq
 - B. Non-Traditional Security Issues
 - 1. Terrorism
 - 2. Maritime Security
 - 3. Illegal Migrants
 - 4. Money Laundering
 - 5. Corruption
 - 6. Narcotic Drugs
 - 7. Illicit Trade of Illegally Logged Timber

I. INTRODUCTION

The Asia-Pacific region is currently facing unprecedented non-conventional security challenges that need to be addressed through a concerted effort. These challenges undermine Asia Pacific stability, as issues such as people smuggling and smuggling of goods, illicit drugs trafficking, illicit trade in small arms and light weapons, and money laundering, etc intensify the level of violence related to criminal activities throughout the region. Nevertheless, Indonesia still perceives the global and regional strategic environment as relatively positive.

Relatively stable relations among countries in the Asia Pacific remain as one of the factors underpinning peace and stability in the region. The region has witnessed increasing cooperation in many areas of mutual interests and concerns, including in the political and security fields. The introduction of democracy in many aspects of societal life and the enhanced respect for fundamental human rights have also contributed to the promotion of peace, order, prosperity, security, and stability of the countries in the region. Many countries have, thus, embraced democracy, including Indonesia.

II. DOMESTIC DEVELOPMENT: INDONESIA'S ELECTIONS

Indonesia carried out its first-ever direct presidential election in the end of 2004. At present, various regions and district are undergoing direct elections by the people to choose their respective leaders. The direct elections have been conducted peacefully and successfully. These successful elections have helped ensure a smooth transition in the national leadership of Indonesia and allowed Indonesia to consolidate its democracy.

As the third largest democracy with the majority of its population being Moslem, the democratic experience that Indonesia has undergone could contribute to the better understanding of democracy in the region. The success of Indonesia's direct elections also presents itself as a victory for democracy. This phenomenon is indeed not a unique one but serves as an evidence of the compatibility between Islam and democracy. The democratic success also shows that Islam can be a bastion of democracy and social justice.

The success of Indonesian democracy could be viewed as a victory of the region and the world at large. Indonesia believes that the successful and peaceful national leadership transition that was carried out democratically has helped boost international supports from governments, international institutions as well as the business community. This development is conducive for the new government to accomplish its objectives to meet the people's needs, deliver better services and contribute to the creation and maintenance of regional peace, stability and prosperity.

III. SUB REGIONAL DEVELOPMENT: ASEAN SECURITY COMMUNITY AND TSUNAMI DISASTER

The creation of a peaceful and stable region requires the establishment of a comprehensive security mechanism that addresses political, economic and social-cultural issues. It is hoped that in the spirit of realizing the ASEAN Security Community there will be a greater effort and willingness on the part of the member countries to tackle security issues, both traditional, and non-traditional. Thus, issues such as smuggling, sea-piracy and armed robberies against ships, money laundering as well as unprecedented tsunami disaster, among other can be dealt with in a more comprehensive, effective and sustainable manner.

ASEAN Security Community

During the 9th ASEAN Summit, in Bali, 7-8 October 2003, ASEAN member countries agreed to establish the ASEAN Community with its three (3) pillars: ASEAN Security Community (ASC), ASEAN Economic Community (AEC) and ASEAN Socio-cultural Community (AScC). Following this decision, as mandated in the 9th ASEAN Summit in Bali, October 2003, the 10th ASEAN Summit in Vientiane, in November 2004 has adopted the ASEAN Security Community Plan of Action (ASC PoA) as well as the ASEAN Socio-cultural Community Plan of Action (AScC PoA).

The ASC PoA in particular stated several proposals to establish institutions, mechanisms, and concrete activities in the field of political and security cooperation. The main aim of ASC PoA is to strengthen political cooperation within ASEAN as well as to deter any conflicts that might occur by creating “a regional order” based on universal and shared norms rather than creating defense and military pact in the region. Within the ASC framework, ASEAN member countries hope to solve any conflicts among countries through peaceful means and mutual cooperation with respect to non-interference principle. The six main elements of the ASC, namely political development, shaping and sharing norms, conflict prevention, conflict resolution, post-conflict peace building and implementing mechanisms need to be elaborated and strengthened as one of the main tools in addressing the challenges of non-traditional security issues in the region.

In line with efforts to implement the ASC PoA, it is noted that there have been a number of developments that could support its implementation, such as: (1) the conclusion of MOU on Cooperation for Preventing and Combating Corruption, signed on 15 December 2004 in Jakarta by Brunei Darussalam, Indonesia, Malaysia, and Singapore; (2) the conclusion of Treaty on Mutual Legal Assistance in Criminal Matters which was signed by eight ASEAN Member Countries, on 29 November 2004 in Kuala Lumpur; (3) the establishment of ASEAN-China Working Group on implementation of the Declaration on the Conduct of Parties (DOC) in South China Sea, (4) the accession of TAC by countries out side south-east Asia; and (5) the development of ASEAN post-graduate studies within the framework of the ASEAN University Network. Priority has also been given to the strengthening of the ASEAN institution as well as development of an ASEAN Charter and annual meeting of ASEAN Defense Ministers.

The ASC PoA also sets several activities to strengthen the ARF process. The activities among others include: (1) establishment of the ARF unit within the ASEAN Secretariat; (2) development of enhanced role of the ARF Chair; (3) strengthening of the ASEAN role in addressing the four overlapping issues of CBMs and Preventive Diplomacy; and (4) advancement of the ARF to the preventive diplomacy stage and implementation of the Concept Paper on Preventive Diplomacy as well as the establishment of the Intersessional Support Group on Confidence Building Measures and Preventive Diplomacy (ISG CBM and PD).

Tsunami Disaster

On 26 December 2004, powerful earthquakes and tsunami off the coast of Sumatra struck countries bordering the Indian Ocean Rim. The hardest hit country was Indonesia, particularly the Provinces of Aceh and North Sumatera. This catastrophe took away hundreds of thousands of lives, left deep psychological scars to the surviving victims and have caused extensive property losses. However, the unfortunate event has brought the

region and the world closer together as demonstrated by the swift response and the full support of the international community.

The ASEAN Leaders as well as the Heads of State/Government of Asia and the Pacific, and the Secretary-General of the United Nations gathered for the Special ASEAN Leaders' Meeting on the Aftermath of Earthquake and Tsunami hosted by Indonesia on 6 January 2005 in Jakarta. This provided the opportunity for intensifying cooperation among others, in the field of disaster relief and its related issues.

The Meeting adopted "The Declaration on Action to Strengthen Emergency Relief, Rehabilitation, Reconstruction and Prevention on the Aftermath of Earthquake and Tsunami Disaster", also known as "The Jakarta Declaration". It stipulated concrete actions including to assist the affected countries and their people in their efforts to recover from the losses and trauma inflicted by the catastrophe. These concrete actions include emergency relief, rehabilitation and reconstruction, and disaster prevention and mitigation.

Two important clusters of prevention and mitigation activities have been mandated by the Special ASEAN Leaders' Meeting. First is the development of a regional instrument for disaster management and emergency response, including stand-by arrangements for rapid response to situations requiring humanitarian assistance. Second, is the establishment of a tsunami early-warning system for the Indian Ocean Rim and Southeast Asia.

In order to carry out the Special ASEAN Leader's instructions, the ASEAN Committee on Disaster Management (ACDM) developed the ASEAN Agreement on Disaster Management and Emergency Response (AADMER), which will be the basis for ASEAN cooperation in addressing disaster management and emergency response as well as stand-by arrangements for rapid response to situations requiring humanitarian assistance.

IV. REGIONAL AND GLOBAL SECURITY ENVIRONMENT

ARF remains an important forum to address transnational security issues, noting that it provides a venue for countries in the Asia Pacific region to exchanges views on regional security issues. ARF contributes to enhancing the dialogue and promotes confidence building among countries in the Asia Pacific region. Indonesia supports the admission of Timor Leste as the 25th participants in the ARF as Timor Leste will contribute significantly to the attainment of the ARF's key goals and decisions in enhancing and maintaining peace and stability in the region.

Indonesia believes that ARF can contribute in enhancing understanding and capacity building on various areas, such as maritime security, disaster relief, counterterrorism, transnational crimes, etc. Cooperation within the context of ARF has developed into a higher stage of cooperation whereby ARF has reached next stage of development by embracing the concept of Preventive Diplomacy. This is clearly reflected with

the inception of the ARF Intersessional Support Group on Confidence Building Measures and Preventive Diplomacy (ISG CBM and PD).

In enhancing dialogue and cooperation, Indonesia has undertaken several projects and workshops, co-hosted with other ARF participants, among others: (a) co-chairing with Malaysia and the United States in the ARF Workshop on Maritime Security in September 2004 in Kuala Lumpur; (b) chairing the 1st ARF Security Policy Conference (ASPC) – hosted by China in November 2004; and (c) co-chairing with China the incoming Intersessional Meeting on Disaster Relief in 2005-2006. Indonesia has also participated actively in various confidence building activities under the framework of ARF.

ARF has progressed well and continued to grow in depth as well as in scope. The progress in ARF is reflected by the convening of a number of activities as well as many confidence building measures proposed by the ARF participants. The establishment of the ARF unit within the ASEAN Secretariat and the ARFNet will give significant supports to the increasing ARF activities.

The ARF continues to be a forum for open dialogue and consultation on regional political and security issues which includes not only traditional security aspects but also non traditional ones, as follows:

A. TRADITIONAL SECURITY ISSUE

The traditional security situation in 2004-2005 remains uncertain. Existing crises and potential developments with serious global implications are numerous such as: the tensions in the Korean Peninsula; the challenges of peace building and reconstruction in Iraq; and the development in Palestine.

1. Korean Peninsula

Indonesia reaffirms its full support for the peaceful resolution of this issue through sustained dialogue on the Korean Peninsula. Indonesia supports the resumption of the Six Party Talks process. The Six Party Talks may help encourage all parties to engage in constructive and substantive discussion to bring the process forward. In this regard, in the efforts to achieve a final and comprehensive solution acceptable to all parties on the issue of the Korean Peninsula, Indonesia is of the view that peaceful and diplomatic resolution to the issue should be pursued. Indonesia also encourages the continuation of the North and South dialogue and contact at various levels.

2. Palestine

Indonesia welcomes the general election in Palestine on 9 January 2005 which was held in a democratic and relatively peaceful atmosphere. Indonesia encourages that the new Palestinian leader and his

administration do their utmost to fulfill the hope and expectation of the Palestinian people for a sovereign and democratic state.

Indonesia reiterates its support to the Palestinians for their legitimate struggle to establish their own state based upon the vision of two states – Palestine and Israel – living side by side within a secure and internationally recognized border. In this connection, Indonesia underlines the need for all efforts to be made to resume the process for a permanent settlement of the conflict based on relevant United Nations Security Council Resolutions.

Indonesia reaffirms the important role of the UN Security Council in regard to the situation in the Occupied Palestinian Territory and peaceful settlement of the Israeli-Palestinian conflict. Both parties should show their goodwill and seriously comply with the steps outlined in the three phases of the Roadmap leading towards the establishment of the independent state of Palestine.

3. Iraq

Indonesia follows with great interest the latest development in Iraq, particularly the general election taking place on 30 January 2005. Indonesia hopes that the election will provide a better environment to achieve a democratic and unified Iraq, reflecting the will of the Iraqi people. Indonesia supports efforts of the Iraqi people in the struggle to achieve a full fledged independent, sovereign, and secured statehood in accordance with UN Security Council Resolution 1546, and further emphasized the central role of the United Nations in the transition process.

B. NON-TRADITIONAL SECURITY ISSUES

Indonesia is concerned over the continuing presence of non-traditional security threats. They have become significant source of uncertainty affecting the regional and international security, peace, and stability. Due to their complex and deep-rooted background, the non-traditional security issues need to be dealt with an integrated and comprehensive approach.

In addressing non-traditional security issues, Indonesia has undertaken extensive measures and strenuous efforts individually as well as in cooperation with other nations in order to combat terrorism and transnational crimes in all its forms. Indonesia hopes that the measures taken could encourage the ARF in addressing the non-traditional security issues. Since trans-national crime does not respect national boundaries, and has an international or global nature, Indonesia emphasizes the importance of concerted action of the international community in the fight against these threats.

1. Terrorism

It has been Indonesia's long standing position that terrorism is a common enemy of the world community and therefore the world should stand together and work hand in hand to combat terrorism. The fight against terrorism should be conducted in accordance with international laws and basic principles governing the relations among nations. The fight against terrorism should also be conducted as a concerted effort by the international community under the auspices of the United Nations.

At the international level, Indonesia has currently become a party to four UN Conventions dealing with international terrorism and signatory of two other conventions. Indonesia consistently fulfills its obligations to communicate written reports to the UN Security Council's Counter Terrorism Committee (CTC) under Resolution 1373 and the UN Security Council's Sanction Committee under Resolution 1267.

To further strengthen the counter-terrorism efforts in the Asia Pacific region, especially in the areas of law enforcement, information sharing, and legal frameworks, Indonesia, jointly with Australia, initiated and co-hosted the Bali Ministerial Meeting on Counter-Terrorism on 4-5 February 2004. The Meeting has agreed on a number of recommendations to take into actions in these areas, particularly through the establishment of working groups on law enforcement practitioners and regional legal issues.

As such, Indonesia and Australia established the Jakarta Center for Law Enforcement Cooperation (JCLEC) in July 2004. The Center has developed into a resource centre for the entire region in the fight against transnational crime, focusing on counter-terrorism. For such purpose, the centre manages various training courses to enhance the capacity of law enforcement officers in the region to cope with transnational crimes, which include terrorism.

Within the framework of ASEAN, Indonesia has taken an active role in combating terrorism and other transnational crimes, among other, in June 2005, Indonesia hosted the ASEAN Immigration Intelligence Forum to facilitate and strengthen intelligence cooperation among immigration offices in the ASEAN member countries.

At the national level, the Indonesian Government's firm commitment to combat terrorism is shown by the establishment of the Desk of Coordination on Counter Terrorism under the Office of the Coordinating Minister for Political, Law, and Security Affairs. The Desk deals with concerted efforts in analyzing, planning, and evaluating, as well as serving as a reporting mechanism on terrorist activities. Furthermore, consistent with its efforts to combat the threat of international terrorism, Indonesia continues to take the necessary and appropriate measures aimed at strengthening the legal infrastructure and enhancing the institutional capacities of relevant national counter-terrorism agencies.

In the efforts to combat terrorism, countries should also address the root causes of terrorism such as poverty, illiteracy, injustice, ignorance, etc. The success in the fight against terrorism in the medium and long term, will also greatly depend on the success of countries' efforts to empower the moderates within their community, by promoting understanding and fostering harmony between faith communities across the region. In this context, Indonesia promotes greater tolerance and understanding among religions/faiths to nurture a culture of peace and harmony. In this regard, Indonesia and Australia have co-sponsored the International Dialogue on Interfaith Cooperation in Yogyakarta in December 2004 and an ASEM Interfaith Dialogue, held in Bali in July 2005. As a result of this process, Indonesia will establish a Yogyakarta International Center for Religious and Cultural Cooperation, located in Yogyakarta, Indonesia.

2. Maritime Security

Indonesia is a maritime country with approximately 7.6 million km² sea areas. Indonesia is also home to vital sea lanes in South East Asia namely the Malacca Strait. The Strait of Malacca is approximately 600 miles long, and acts as the main corridor between the Indian Ocean and the South China Sea. The Strait is one of the busiest straits in the world and increasingly so as a result of increasing trade flows and energy demands in Southeast and East Asia.

As an archipelagic state, maritime security has always been an important policy matter for Indonesia. In this regard, it is important to underline that any attempt to deal with the threats to maritime security should not prejudice to the existing international laws, particularly the Law of the Sea. International laws provide strong legal basis for coastal states by virtue of their sovereignty and sovereign rights to take appropriate measures to deal with maritime threats, international cooperation as well as maritime safety. In this regard, international laws also govern straits used for international navigation as stipulated in Article 43 UNCLOS 82.

Indonesia is of the view that maritime security should include all aspects of maritime threats as well as transnational crimes and address the issue comprehensively. It should not only cover a single isolated matter but also other related maritime issues, such as maritime safety; smuggling of goods, people, small arms, and light weapons; armed robbery against ship at sea; and environmental matters.

It is within this context that Indonesia has initiated a proposal to revive the Tripartite Ministerial Meeting Mechanism of the Littoral States (Indonesia, Malaysia, and Singapore), after its inception in 1971, which resulted in the Joint Statement of 16 November 1971 on the Malacca Straits. The said Meeting is scheduled to be held again in Batam in August 2005 and is sought to be the appropriate forum to address the emerging threats to maritime security, safety, and environmental protection in the Straits.

On the issue of piracy, Indonesia attaches great importance of securing its waters from any illegal acts at sea, including armed robbery against ships at sea. Indonesia highlights the importance of principles that the responsibility of maritime security is the sovereign rights of the Coastal States. With regard to the Malacca Strait, Indonesia, Malaysia, and Singapore issued the Joint Statement of 16 November 1971 on the Malacca Strait highlighting that the safety of navigation in the Straits is the responsibility of the Coastal States concerned. In this respect, Indonesia has carried out several measures to address the issue of piracy, among others by increasing patrols in the region, enhancing cooperation in coordinated patrols with Malaysia and Singapore to combat piracy and armed robbery against ships at sea in the Straits since July 2004, and the establishment of a TNI-AL (Indonesian Navy) Hotline. Indonesia has also recently hosted the West Pacific Naval Symposium (WPNS) Workshop 2005 in Denpasar.

Illegal Fishing

Illegal fishing activities, including those committed by foreign vessels in the Indonesian waters, have been of a great concern to the international community. Such illegal activities have caused substantial damage to Indonesia: approximately US\$ 1,362 billion annually. The existence of foreign vessels committing illegal fishing in Indonesian waters sometimes also cause incidents, which involves Indonesian traditional vessels, and in effect, may hamper the Indonesian traditional fishermen. In response to the above development, Indonesia has conducted stringent measures to prevent such problems in accordance with existing Indonesian rules and regulations.

3. People Smuggling and Trafficking in Persons

Issues of people smuggling and trafficking in persons, have become regional and global phenomena. The complexity of the issue requires a comprehensive solution through regional and international approaches.

In line with these approaches, Indonesia and Australia have co-chaired "The Bali Regional Ministerial Conference (BRMC) on People Smuggling, Trafficking in Persons and Related Transnational Crime" or the Bali Process in 2002. The BRMC has evidently been successful in raising awareness and develop greater cooperation among countries in Asia Pacific region since its inception.

The Government of Indonesia enacted various laws and is currently developing laws to combat crimes of trafficking in persons. Indonesia has also established the Center for Medical Recovery and Integrated Service to the Victims of Human Trafficking in the Indonesian Police Hospital in Jakarta. There are currently about 200 similar centers in various regions in Indonesia. The establishment of the centers is aimed at giving the best services to the highly-traumatized victims in order to prepare their return to the society.

4. Money Laundering

Money Laundering is one of the international economic crimes that could destabilize the economy. In this regard, Indonesia has taken several important measures, such as by ratifying international instruments related to combating money laundering, improving legal infrastructures, establishing a Financial Intelligence Unit (FIU) and a national coordinating committee, establishing Mutual Legal Assistance (MLA) treaty and national MLA law, and enhancing international cooperation. The above measures are essential in the fight against money laundering and terrorist financing. As a result of various efforts that have been undertaken by the Government of Indonesia, the Financial Action Task Force has removed Indonesia from the list of Non-Cooperative Countries and Territories in early February 2005 .

To enhance the strategic implementation and coordination of the anti-money laundering regime, Indonesia has also established a National Coordination Committee on anti-money laundering, a Ministerial-level committee formed to ensure information sharing among Ministries relevant in the fight against money laundering.

Indonesia continues the efforts to expand cooperation with neighboring countries in combating transnational crimes through extradition agreements and mutual legal assistance in criminal matters. Together with Cambodia, Laos, Vietnam, Malaysia, Singapore, Brunei Darussalam and the Philippines, Indonesia signed the Treaty on Mutual Legal Assistance in Criminal Matters, in Kuala Lumpur, 29 November 2004. Similar agreements have also been signed with Australia, China and Republic of Korea.

5. Corruption

Corruption is one of the most serious problems that the world has faced in the last decades. It is a cross-border and interlinked issue which poses political, economic, financial, socio-cultural challenges to the international community, including in the Asia Pacific region. Corruption undermines justice, democracy, ethical values, good governance and the rule of law. It can also destabilize governments and taint public service. In the long run, corruption can exacerbate poverty as well as further jeopardize sustainable development. In addressing the problem of corruption, Indonesia has undertaken extensive measures to reduce corruption as well as to improve and strengthen institutional capacity and the legal infrastructure. The current Indonesian Cabinet gives high priority to the improvement of good governance.

Indonesia emphasizes the importance of strengthening coordination among anti corruption commissions at regional level. To strengthen efforts to fight corruption, Indonesia has issued the Presidential Instruction No. 5 of 2004 that contains among other the development of a

National Plan of Action against Corruption. Indonesia is also working towards ratification of the UN Convention against Corruption.

At the bilateral and regional levels, Indonesia continues the efforts to expand cooperation with the neighboring countries in combating corruption and in repatriating illegal assets abroad through extradition agreements and mutual legal assistance in criminal matters. Bilaterally, Indonesia has established cooperation in legal matters with a number of countries, particularly on extradition and mutual legal assistance in criminal matters. Indonesia has signed bilateral extradition agreements with Malaysia, the Philippines, Thailand, Australia, the Republic of Korea, and Hong Kong.

6. Narcotic Drugs

Indonesia places high priority on addressing the problem of illicit trafficking of drugs and Amphetamine Type Stimulants (ATS)- related matters. Indonesia also recognizes that actions against the world drug problem are the common and shared responsibilities of the world community, which requires an integrated and balanced approach in full conformity with the purposes and principles of the UN Charter and International Law.

At the national level, Indonesia has ratified the relevant UN Conventions against Drugs and Psychotropic Substances and enacted Law on Drugs Matters. Indonesia has established the National Narcotic Board (NNB) through the Presidential Decision no. 103/ 2002. The main task of the NNB is to coordinate all relevant government agencies concerned with policy formulation and implementation in the areas of supply, prevention and illicit trafficking in narcotics, psychotropic substances, precursor, and other addictive substances.

At the bilateral level, Indonesia has signed a Memorandum of Understanding against Drugs with several countries, such as Laos and Pakistan, and currently is in the process of signing similar MoUs with other nations. In law enforcement, Indonesia has developed cooperation with USA, Australia, Germany, Japan, Singapore, Malaysia and Thailand. At the regional level, Indonesia has developed cooperation with other ASEAN countries through several mechanisms such as ASEANPOL, ASOD, HONLEA, RILO, and ACCORD (ASEAN-China).

7. Illicit Trade of Illegally Logged Timber

Indonesia has banned the export of all logs since October 2001. Recently Indonesia has launched and enhanced a national campaign to fight against illegal logging and to crack down the criminal network in illicit trade of illegally logged timber.

Since these illicit trades of illegally logged timber are trans-boundary in nature, international cooperation is imperative in order to trace related

activities of illegal timber smuggling and re-labeling. Furthermore, international cooperation among financial institutions should also be strengthened to fight against illicit trade of timber and the associated money laundering activities.

Jakarta, July 2005

**ASEAN REGIONAL FORUM
ANNUAL SECURITY OUTLOOK 2005
REPUBLIC OF KOREA**

Global Security Environment

International Order in the post-Cold War Era

The post-Cold War international order features a uni-multipolar configuration, in which one superpower and several major powers interact with each other in the form of cooperation, competition, and checks and balances.

Although relations among states are fluid and full of uncertainties, overall relations among major powers are stable thanks to the ceasing of ideological confrontation with the end of the Cold War as well as the increasing need for cooperation stemming from economic interdependence and integration.

Globalization and its Ramifications

The overall atmosphere of cooperation created by stable relations among major powers has accelerated globalization. Globalization is now the defining trend of today's world. Technology has advanced to a point where instantaneous communication is possible. The world economy operates on a real-time basis. Yet this major trend is not necessarily ushering in a world of peace and prosperity. Globalization is evidencing both bright and dark faces at the same time. By now it is clear that globalization should be managed rather than being left to its own devices.

On the bright side, as economic considerations have become prominent in international relations the dynamics of globalization have intensified interdependence among states. Having successfully adapted themselves to the new environment created by globalization, the BRICs have emerged as a locomotive for the economic growth of the world.

On the other hand, along with globalization come some undesirable side-effects. It has widened the inequality among nations and peoples. Those who have not been able to ride the new wave have been either marginalized or alienated. In some corners of the globe, this trend has met with strong protests, perceived as a means of imposing western values. Moreover, increased cross-border flows of goods and people on an unprecedented scale have also exacerbated transnational problems such as terrorism, illegal drug trafficking, human trafficking, the spread of infectious diseases and the proliferation of WMD. In the economic field, the exploding demand for natural resources has spurred competition among nations in search of natural resources, including energy.

New Security Agenda

Against the backdrop of globalization, proliferation of WMD and the possibility of WMD falling into the hands of terrorists are regarded as the most potent threats to global security, along with terrorism.

Combating terrorism has proven to be a daunting task that requires patient, sustained, cooperative efforts in light of the complexity of its possible causes, its transnational nature and the rising role of non-state actors empowered by globalization. New security threats such as terrorism have caused a dramatic shift in states' perception of threats to their own national security. They have become crucial factors to be reckoned with by state actors in designing and formulating their respective military and security strategies.

Regional Security Trends

(Northeast Asia)

There have been many developments, both positive and negative, in the Northeast Asian region. On the positive side, the economic vitality and dynamism have largely been maintained throughout the region. In tandem, there has been a steady rise in the intra-regional interdependence in terms of the movement of people and goods. The major power relations in the region remain relatively stable, despite occasional ups and downs in bilateral relations.

Threats to Regional Security

On the negative side, however, the legacies of the Cold War and even World War II as well as the colonial era still linger in the region, often hindering nations from moving forward with a future-oriented approach. Economic growth over a sustained period of time has brought a change in the distribution of power. This may combine with the rise of nationalism in the region to build the pressure for a move away from the status quo, upsetting the delicate strategic balance in the region.

In addition, the Northeast Asian region is now faced with dual security challenges. It has to simultaneously tackle both traditional types of threats and the newly emerging non-traditional kinds of threats such as terrorism, transnational crimes, environmental hazards and energy shortages. On the front of traditional security threats, issues stemming from history and territorial disputes still haunt the region. Although they fall short of substantially altering the strategic power relations, they may threaten regional stability to a significant degree.

At the same time, non-traditional security threats such as terrorism, energy security and environmental degradation have emerged as serious issues to be dealt with. Unlike Europe, these new security threats often overlap with traditional threats in Northeast Asia, thereby posing a double-layered challenge to the stability in the region.

In keeping with rapid changes in the security environment, nations are striving to adapt themselves to the new realities. Military and security strategies are being reviewed and revised. These adjustments, left unattended, may give rise to misunderstandings and competition among nations in the region. This vulnerability calls for trust and confidence-building measures at the regional level.

Efforts to Build Multilateral Security Cooperation

Efforts are being made to promote multilateral security cooperation within the framework of existing regional mechanisms such as the ARF, ASEAN+3, NEACD, APEC and ASEM. The scope of multilateral cooperation among states is widening and deepening. The first East Asia Summit to be held in Malaysia in December 2005 may provide additional impetus to this trend.

However, from the critical point of view, progress in political and security cooperation has been slow and tedious in comparison with the acute need for cooperation among the Northeast Asian countries.

At this juncture, it is believed that the success of the Six-Party Talks in resolving the North Korean nuclear issue would provide a much needed breakthrough for regional security cooperation and move towards a mechanism for multilateral security cooperation in Northeast Asia.

Republic of Korea's Role in Promoting Security in Northeast Asia

The Republic of Korea is the 11th largest economy in the world, and now it becomes a power to be reckoned with in many aspects including soft power. In international relations, however, what matters more is the power analysis relative to others. It is true that the Republic of Korea is surrounded by the four of the biggest powers in the world. Yet there is much that the Republic of Korea can and should do.

Strategically located, the Republic of Korea can play a proactive role in promoting peace and prosperity in the region. Republic of Korea's modern history is fraught with sufferings amidst superpower rivalries. Such a tragic history should not be repeated. The Republic of Korea will lead the way toward creating a cooperative order by fostering mutual confidence with the neighboring countries and promoting regional security cooperation. Playing such a role would not be effective without the support of the alliance relationship with the US. The ROK-US alliance is the foremost leverage for the Republic of Korea in its outreach toward other regional states.

Inter-Korean Relations and North Korean Nuclear Issue

After a year-long hiatus in the dialogue, the Korean Peninsula has recently been witnessing a positive turn in inter-Korean relations. Following the Vice-Ministerial level Talks in May 2005, a Ministerial-level delegation

from the ROK was dispatched to Pyongyang to commemorate the fifth anniversary of the South-North Joint Declaration. The inter-Korean ministerial talks were resumed during June 21~24 2005, in Seoul.

At the talks, the two sides assessed the accomplishments made over the past five years since the June 15 Inter-Korean Joint Declaration, and agreed to promote peace and prosperity on the Korean Peninsula based on the spirit of “engaging in direct inter-Korean dialogue,” a basic principle of the Joint Declaration. The two parties also agreed that the South and the North, with the ultimate goal of denuclearizing the Korean peninsula, take substantial measures to peacefully resolve the nuclear issue through dialogue.

The ROK hopes that the revived inter-Korean process will contribute not only to promoting inter-Korean reconciliation but also to realizing the common goal of a peaceful and denuclearized Korean Peninsula. The ROK government is making every effort for the expeditious resumption of the Six-Party Talks and substantial progress once the Talks is resumed. The ROK is working closely with other parties of the Six-Party Talks to this end.

(Southeast Asia)

Overall Outlook

The successful holding of a series of presidential and general elections in Southeast Asian nations have showcased political stability in the region. And even in the midst of the catastrophic circumstances in the aftermath of the devastating tsunami, countries in this region remained resilient and have shown a deep sense of human solidarity. The Bali Concord and Vientiane Action Plan have accelerated the integration process within ASEAN. The scope of cooperation with external countries has also expanded. For all these positive developments, terrorism and piracy remain threats to stability in Southeast Asia.

Tsunami

The earthquake-induced tsunami that struck countries around the Indian Ocean rim killed over 200,000 people and deprived millions of their livelihood. International as well as regional cooperation enabled a rapid response to the needs of tsunami victims. The generosity of the international humanitarian response has been truly unprecedented. International conferences at a variety of levels, including the ‘Special ASEAN Leaders’ Meeting on Aftermath of Earthquake and Tsunami’ and the ‘Ministerial Meeting on Regional Cooperation on Tsunami Early Warning Arrangements’ have been held to mobilize aid donations and coordinate relief efforts as well as to pursue the aim of establishing an early warning system.

Counter-Terrorism Efforts

Significant efforts have steadily been made by the authorities in Southeast Asian countries to eradicate terrorism. A number of terrorism suspects were arrested thanks to strengthened cooperation among the countries concerned in law enforcement and the sharing of information.

Related international conferences are being held to enhance cooperation in this field including the '2004 Bali Regional Ministerial Meeting on Counter-Terrorism.' The Jakarta Center for Law Enforcement Cooperation, the Southeast Asian Regional Center for Counter-Terrorism and International Law Enforcement Academy are pushing forward with various counter-terrorism initiatives.

Despite such efforts, the specter of terrorism remains one of the key security challenges facing the region as was evidenced by the bombing incident that took place near the Australian Embassy in Jakarta in 2004.

Piracy

Serious concerns have been raised that terrorism and piracy might disrupt sea routes in Southeast Asia, the prime target being the Straits of Malacca and Singapore through which over 50,000 vessels transit annually. Considering the strategic importance of the Straits to global trade, both the littoral states as well as other countries with security and economic interests tied to the waterway have made efforts to ensure the safety and freedom of navigation in the Straits.

The Regional Cooperation Agreement on Combating Piracy and Armed Robbery against Ships in Asia (ReCAAP) was concluded in Tokyo in November 2004, and the Information Sharing Center (ISC) will be established in Singapore to facilitate communication and information exchanges between member countries. The Trilateral Coordinated Patrols, MALSINDO Malacca Straits Coordinated Patrol, was also launched by the Chiefs of Armed Forces from Indonesia, Malaysia and Singapore in July 2004.

ANNUAL SECURITY OUTLOOK IN THE ASIA PACIFIC

Russia, 2005

1. The Russian Federation is positive that the developments in the Asian-Pacific have a profound impact on global military, political and economic situation. The prosperity of Russia and many other countries is inseparably linked to the development of the situation in the region. We are directly interested in ensuring peace and stability in this part of our planet. Our country is always willing to take the widest and the most active part in countering transnational threats. We consider such an interaction as one of priorities of our policy.

Russia unfailingly stands for a just and democratic world order based on a strict observance of the international law, goals and principles of the UN Charter, on ensuring comprehensive security, sovereign equality and mutual consideration of legitimate interests of States. The fact that most of the Asia Pacific shares this view is an important factor for maintaining peace and stability. The collective will of the States of the region and their desire to cooperate have been vividly demonstrated, in particular, during the recent Bandung-2 commemorative international conference.

2. According to our estimates, the situation in the field of security in the Asia Pacific remains, on the whole, stable. In recent years, joint efforts of the States of the region made it possible to keep crisis and risk factors under control. Sustaining this state of affairs, which promotes economic and social development of the States of the region, requires good will, willingness to take individual and joint actions in accord with the UN Charter, and an openness to a compromise, respect for legitimate rights and interests of all Asia Pacific States from all regional players.

A wide international response to the consequences of tsunami - a devastating natural disaster that struck some countries of the region in December 2004 - shows that the notion of "community" with reference to the ASEAN, its friends and interested States is no longer a metaphor but a reality which proves a growing commonality of interests of the Asia Pacific.

At the same time, the spirit of Community is undermined by retentive trends towards creating closed coalitions, “interest groups”, etc. These trends, to our mind, are counterproductive, and run counter to the interests of most States of the region, as they result in new dividing lines.

A successful in general economic development of most States of the region, their growing role as a driving force of the world economy naturally contribute to internal capability of the Asia Pacific to respond to difficulties, including terror. External economic links between the countries of the region become increasingly close, countries become more interdependent, which is an important factor for preventing an aggravation of existing and emergence of new inter-state conflicts.

The trend towards a gradual improvement of relations between major powers, as well as their internal stability is a vital prerequisite for ensuring peace and stability in the Asia Pacific. The challenges and threats that became manifest recently show the need for promoting consolidation of all States of the region.

Strategic partnership between Russia and China, Russia and India is an important factor for improving the situation in the region. The final settlement of the border issue between Russia and China in September 2004 became an important milestone in their relations.

The last few years have seen a positive progress in China-India relations, and their contacts have reached a new level. New Delhi and Beijing have declared a strategic partnership for peace and prosperity, and have been taking practical steps to settle the protracted border dispute.

We hope that both States, our strategic partners in East and South Asia, will continue consistently demonstrating goodwill and readiness to bring about mutual understanding and close cooperation. Rapprochement between them, settlement of long-standing bilateral issues, substantial expansion of commercial ties will be an important contribution to stabilization and détente across the continent.

Russian Federation hopes that Japan, our neighbor in the East, will not be left on the fringes of the ongoing thaw in relations between major Asian States. Learning from the lessons of the past and looking into the future, this country should eventually take its rightful place in regional life.

Relations between India and Pakistan show encouraging signs of détente. We hope that this trend towards intensified political contacts and progress will prevail.

3. There has been an increase in the number of regional forums which let the representatives of the Asia Pacific countries to voice their views and listen to the opinions of their partners. This contributes to mutual trust and opens up new opportunities for developing common approaches. Most countries of the region support this trend; both governments and business and academic communities, as well as all kinds of non-governmental organizations have been working actively to keep it going.

The potential for meaningful cooperation has been building up within the framework of the Shanghai Cooperation Organization (SCO), the Association of Southeast Asian Nations (ASEAN), the ASEAN Regional Forum (ARF) and the Association's system of dialogue relations, the Asia Pacific Economic Cooperation (APEC). Russia highly estimates the work of these institutions, and believes they will be instrumental in promoting regional dialogue and cooperation. We intend to continue to take an active part in the work of such mechanisms as the [Conference on Interaction and Confidence Building Measures in Asia](#) (CICMA), the Council for Security Cooperation in the Asia Pacific (CSCAP), the North-East Asia Cooperation Dialogue (NEACD), the Asia Cooperation Dialogue (ACD). We have been following closely and with interest the evolution of the [Asia-Europe Meeting](#) (ASEM) mechanism and are willing to start contributing to its activities.

We take note of the important role played by the United Nations in maintaining regional peace and security, and appreciate employing the wide peace-building capacity that it possesses pursuant to Chapter VIII of the UN Charter. We have witnessed the first efficient manifestation in this regard in Cambodia 10 years ago (UNTAC), then in Fiji and on the Solomon Islands, and now as the activities in Bougainville and Timor-Leste.

4. Given the range and diversity of its participants, ARF holds a special place among regional associations. Therefore, any efforts to upgrade the Forum and to strengthen its institutional capacity, as well as to develop an adequate response to new threats and challenges should be utterly well-balanced and circumspect, so as not to undermine the unique nature of this

institution and the principles underlying its work – consensus and a step-by-step approach. Meanwhile, ASEAN should continue to act as the main driving force of the Forum in the foreseeable future.

To enhance the efficiency of the Forum, it might be helpful to use the experience of other subregional mechanisms such as the SCO, the establishment and activity of which has been largely due to the leading role of two ARF member states – Russia and China. The organization, which has already proved its popularity and efficiency in improving stability in Central Asia, could easily integrate into multidimensional interaction with other countries and interstate associations of the Asia Pacific and become a key element in the architecture of multilateral regional cooperation.

We call the attention of our regional neighbors to the significance of the SCO's Tashkent initiative adopted at the last annual SCO summit. The Tashkent declaration of SCO member states raises the issue of creating a partnership network of multilateral associations in the Asia Pacific to help extend and deepen multilateral interaction in the region. The document focuses on practical aspects of developing exchanges and contacts between multiple forums and organizations of cooperation, and their eventual "networking". A first step in this direction was made last April in Jakarta with the adoption of a Memorandum of Understanding between the ASEAN Secretariat and the SCO Secretariat.

5. Along with a whole series of positive developments mentioned above, some tensions capable of seriously destabilizing the situation in the Asia Pacific are still there and are unlikely to vanish in the short term. These are both the most pressing global challenges and threats (proliferation of WMD, international terrorism, other types of organized crime, risk of epidemics, etc.) and some specific regional problems of historical origin.

Russia's primary concern is the unsettled Korean nuclear problem.

Russia's position on the issue is well known – we stand for a nuclear-free Korean peninsula. We believe that the solution to this problem should be sought through negotiations rather than the escalation of an arms race, especially in nuclear weapons. In this context, it is essential to maintain and resume at the earliest opportunity, the six-partite negotiation process in Beijing as the best mechanism for settling the Korean nuclear problem, and

continue looking for a compromise to overcome the existing differences between the United States and North Korea. The most important is to prevent triggering of the dangerous spiral of tension that would threaten the security and national interests of Russia and other North-East Asia countries.

Regrettably, it has not yet been possible to resume the peace talks to settle the Sinhala-Tamil interethnic conflict between the Sri Lankan government and the Liberation Tigers of Tamil Eelam (LTTE), interrupted by the latter in April 2003. Blocking the negotiation process may aggravate the situation in the country.

The development of the situation in Nepal, seriously aggravated by the escalation of internal armed conflict, gives no grounds for optimism either. Further destabilization in Nepal could have a negative impact on regional security.

Concerns are being raised about increasingly frequent acts of terrorism and extremism in Bangladesh that are threatening the country's internal stability.

6. Strengthening and universalization of WMD non-proliferation regimes still remains one of the major tasks to ensure security and stability in the Asia Pacific.

The efforts of ASEAN nations to establish the Southeast Asia Nuclear Weapon Free Zone (SEANWFZ) make a significant contribution to strengthening regional stability. Russia is prepared to sign an appropriate Protocol to the SEANWFZ Treaty as soon as the concerns of the nuclear powers are addressed.

We are deeply concerned about the defected leakages of nuclear materials and technologies from Pakistan and the Pakistani involvement in nuclear programmes of a number of countries. Russia welcomes rather vigorous and efficient steps taken by Islamabad to suppress nuclear proliferation and hopes that the efforts will be sustained to further investigate and eliminate the illegal network of sensitive materials and technologies supplies, with the involvement of all states.

United Nations Security Council resolution 1540 which encourages consolidation of national monitoring systems in the sphere of

nonproliferation and seeks to curb the black market of WMD and related materials is an important contribution to the WMD nonproliferation efforts. As a sponsor of the resolution Russia considers it as an example of an agreed, consistent with viewpoint of international law and potentially very efficient anti-proliferation instrument. We urge the international community to fully comply with the provisions of the resolution.

7. Today many nations of the Asia Pacific are pursuing conventional arms upgrade and buildup programs seeking to meet their legitimate defense and security needs, including protection of their maritime and air frontiers and countering separatist groups. Still, in certain circumstances they may transform into an instability factor in the light of outstanding issues in interstate relations, including territorial disputes. The rate and scale of their implementation – for all the progress in political dialogue within the Asia Pacific, developing confidence-building measures, and other efforts to dissolve mutual distrust – show that some countries of the region continue to feel vulnerable and uncertain about their security.

Reserve and transparency in making decisions on the buildup of military budgets and qualitative upgrade of military potential are important in confidence-building.

8. The need for enlisting collective and concerted efforts in the Asia Pacific is especially manifest in the face of new threats and challenges entailed by the globalization era. Bringing the region's economies ever closer, globalization at the same time widens the gap in well-being and lifestyle of different social groups. Poverty, frustration and despair engendered by these processes breed militant extremism and terrorism, creating new opportunities for transborder crime, including such its dangerous manifestation as drugs production and trafficking.

The war on terrorism is a common problem of the Asia Pacific even though some of them have not yet engaged in the war on terror on their own territory. In this regard full compliance with the UN Charter and universally recognized norms of the international law as well as inadmissibility of double standards, one-sided approaches and the use of force in settling international disputes should remain the *sine qua non* of the endeavours undertaken in this direction.

Russia rejects any attempts to associate terrorist activities either with Islam or any other religion or ethnoses. The antiterrorist campaign should not be used as a “universal pretext” to achieve geopolitical objectives and build up national and block capacities.

Despite the efforts of the international community the terrorist threat in the region remains high. There is evidence that a number of Asian countries are already regarded by terrorists as a theatre for terrorist attacks rather than a logistics base.

The threat of terrorism becomes even more acute for the Asia Pacific considering the fact that in some cases it is closely entwined with the problems of regional conflicts and situations requiring emergency response.

Of great importance is a potential acquired by the ARF primarily through the Inter-Sessional Meetings on Counter-Terrorism and Transnational Crime (ISM-CTTC). We expect that institutionalization of the ISM-CTTC will allow it to become a main framework for interaction of states of the region in this direction.

We welcome the increased involvement of the APEC Forum in regional counter-terrorist efforts and the adjustment of its agenda to combating this evil mainly by financial and economic means.

We believe that the consolidation of efforts and initiatives of the APEC participants on certain specific counter-terrorist activities such as the protection of finance and trade, the involvement of business community into these activities and cooperation with the governments may lead the whole global community to breakthrough solutions ensuring the best efficiency in preventing and suppressing the terrorist threat.

A Counter-Terrorism Task Force (CTTF) was established in the framework of the Forum. Its mandate provides for the coordination of counter-terrorist efforts taken by APEC bodies and the development of contacts with other relevant multilateral associations.

We intend to pursue our most active participation in the CTTF as well as in other spheres of cooperation within the counter-terrorism track of the Forum.

Russia also positively estimates the activities of other counter-terrorist centers in the Asia Pacific, including the Southeast Asia Regional Centre for

Counter-Terrorism (SEARCCT) in Kuala Lumpur and the Jakarta Centre for Law Enforcement Cooperation (JCLEC).

The SCO Regional antiterrorist structure (RATS) with headquarters in Tashkent has today become fully active. Its work is aimed at an integration of the efforts of the SCO member states in their fight against terrorism. This counter-terrorist structure, like the SCO itself, is open for interaction with other states and international associations.

The problem of terrorist manifestations in the region is inevitably connected with other challenges. Since sea piracy represents not only a serious threat to the freedom of navigation but can also be used by international terrorism, Russia advocates the coordination of international efforts in combating this evil – with a strict observation of the international law and the principles of voluntariness. Antipiracy should primarily be the responsibility of littoral states as the most concerned stakeholders in this respect. It could gain much more efficiency if based on actions along different directions – from fitting out ships and the improvement of navigational reporting to joint antipiracy exercises.

9. Bilateral military-political alliances inherited from the Cold War era are still active in the Asia Pacific. Russia doesn't consider such alliances as aimed against it. At the same time revitalization of such structures is fraught with restoration of old and the emergence of new dividing lines in the region which entails a risk of renewal of latent sources of conflicts (territorial, ethnic, religious, etc.).

We are deeply convinced that bilateral unions and security guarantees should at best play a supporting role while major efforts should be focused on intensification of multilateral cooperation.

We believe that attempts to build closed ABM systems are very dangerous for both global and regional peace. There exist certain reasons to say that such systems, should they appear, will not only fail to enhance the feeling of safety on the part of their founders, but on the contrary will make them feel more vulnerable to strategic uncertainties.

10. Russia is confident that effective addressing of problems and challenges facing the region today is only possible through coordination of efforts of all states and increased efficiency of international institutions and

mechanisms active here, on an equal and mutually advantageous basis without introducing categories of leading and lagging partners. There should be a phase-by-phase progress in this direction with a view to create a network of complementary, cooperative and open multilateral structures, that would embrace the Asia Pacific as a whole and would meet the requirement of stability, security and global economic development.

ANNUAL SECURITY OUTLOOK 2005 : 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 major conflicts. There has also been increasing interest in improving regional 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. The stable triangular relationship between the US, China and Japan continues to provide the foundation for stability and economic cooperation in 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 region's prosperity and stability.
- iii. In Northeast Asia, the situation on the Korean Peninsula continues to be a potential source of instability. The six-party talks have failed to bring about any breakthrough so far. However, dialogue among the major players within the multilateral framework has been useful and 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 the risk of miscalculation remains which could set back peace and stability in the region.
- iv. After gaining independence on 20 May 2002, Timor Leste faces a major challenge in terms of meeting its reconstruction needs. The security situation in Timor Leste has improved over the past year but the country's institutions are still evolving. 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 ensure Timor Leste's stability and viability.
- v. In the South China Sea, while competing claims remain unresolved, there have been positive attempts to manage the situation with the adoption of the Declaration on the Conduct of Parties in the South China Sea at the 8th ASEAN Summit in 2002. At the ASEAN-China SOM on the Implementation of the Declaration on the Conduct of Parties in the South China Sea (DoC) on 7 December 2004, ASEAN and China agreed to set up an ASEAN-China Joint Working Group on the Implementation of the DoC. The inaugural meeting of the Joint Working Group is expected to take place later this year in the Philippines.
- vi. The 10th ASEAN Summit, held in Vientiane on 29 November 2004, adopted the Vientiane Action Programme as a vehicle to establish the ASEAN Community comprising the three pillars of ASEAN Security Community (ASC), ASEAN Economic Community (AEC) and ASEAN Socio-cultural Community (ASCC) that will ensure durable peace, stability and shared

prosperity in the region and beyond. The 10th Summit also forged closer economic partnerships with China, Japan, ROK, India, Australia and New Zealand, which will go towards entrenching ASEAN's external linkages with its key dialogue partners.

- vii. The ARF remains the region's most important multilateral forum for regional security issues. In recent years, the ARF has helped significantly to build up levels of confidence and trust, and to develop cooperative norms of behaviour amongst member states. The ARF has also made positive initial steps towards its next stage of development, which is Preventive Diplomacy (PD). It has also been a forum for fruitful discussions on transnational challenges such as terrorism, and members have discussed practical ways in which they can cooperate to address these challenges.

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. ASEAN has adopted Joint Declarations on Cooperation to Combat International Terrorism with the US (July 2002), the EU (January 2003), India (October 2003), Australia (July 2004), Russia (July 2004) and Japan (November 2004) respectively, and will be forging similar agreements with Pakistan, New Zealand, ROK and others.

- 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. The US and Malaysia hosted the first ISM on Counter-Terrorism and Transnational Crime (ISM CTTC) on Border Security on 21-22 March 2003. The Philippines and Russia co-hosted the second ISM CTTC on Transport Security on 29-30 March 2004. Thailand and Canada co-hosted the 3rd ISM CTTC on Information/Intelligence Sharing and Document Integrity and Security on 6-8 April 2005.
- 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 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*, which Singapore has compiled.
- 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. Significant strides have also been made over the last year in developing regional cooperation in maritime security. Specifically, a consensus has emerged around the following three principles: first, that the primary responsibility for the security of regional waterways lies with the littoral states; second, that the international community, including the user states and bodies like the IMO have an important role to play; and third, that new cooperative measures should be developed in line with international law and with full respect for national sovereignty. These principles have been manifested in recent cooperative initiatives such as the Malacca Straits Coordinated Patrols (MALSINDO) amongst the navies of Indonesia, Malaysia and Singapore, the inclusion of non-traditional security threats in the activities of the Five Power Defence Arrangements, and the Western Pacific Naval Symposium's initiation of maritime security focussed exercises.
- viii. The ARF has placed significant emphasis on the subject of maritime security since the adoption of the 2003 ARF Statement on Cooperation Against Anti-Piracy and Other Threats to Maritime Security. Recent ARF activities have included the Workshop on Maritime Security co-hosted by Indonesia, Malaysia and the United States in Kuala Lumpur in September 2004, and the Singapore-United States CBM on Regional Cooperation on Maritime Cooperation held in Singapore in March 2005. In addition, over the course of the next intersessional year, Japan will be hosting a Workshop on Capacity Building while India will be organising a CBM on Training in Maritime Security. All these activities help to move the ARF's maritime security agenda forward in important ways.

- ix. The tsunami disaster that hit Southeast Asia and South Asia on 26 December 2004 saw one of the largest multinational relief operations being mounted in recent history with the involvement of local governments, UN bodies, regional armed forces, non-governmental organisations as well as other civil societies. The complexity and immensity of the relief effort clearly demonstrated the need for operational agencies to work closely together in the event of a regional emergency. This calls for the region to develop a holistic approach towards disaster management – including disaster prevention and reduction, disaster rescue, rehabilitation and reconstruction. The revival of the ARF Intersessional Meeting on Disaster Relief provides a valuable platform for ARF member countries to promote a common understanding and approach on managing multiple and complex issues through cooperative activities such as regular exchanges, joint training and joint exercises.
- x. Since the endorsement of the Concept Paper for an ARF Defence Dialogue by the 9th ARF in July 2002, the ARF Defence Dialogue has become an integral part of the ARF process. The involvement of defence officials in the ARF has enriched the ARF process and contributed to the confidence building process of the ARF. It has also allowed the defence establishments of ARF countries to meet and discuss issues of common interest and concern. This has promoted greater transparency amongst regional defence establishments.
- xi. The Fourth Shangri-La Dialogue was held in Singapore from 3-5 June 2005. Organised independently by the London-based International Institute for Strategic Studies (IISS), this year's Dialogue brought together 17 Defence Ministers or their representatives as well as other senior defence officials for discussions on the regional security environment and regional security architecture as well as topical issues such as counter-terrorism, maritime security, WMD proliferation. Over the past four years, the Shangri-La Dialogue has grown into an important pillar of the region's security architecture. The Dialogue provides a valuable opportunity for Defence Ministers of the Asia-Pacific region to come together to discuss issues of common concern. The two Ministerial Luncheons that the Singapore Defence Minister hosts for his counterparts provide a further platform for regional ministers to exchange views, this time away from the glare of the non-official participants and the media. These lunches are the only existing forum for Defence Ministers of the Asia-Pacific countries to come together for a dialogue. Singapore has hosted the Shangri-La Dialogue since its inauguration in 2001.

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 a security architecture that comprises 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. We will seek to strengthen existing multilateral arrangements such as the Five Power Defence Arrangements (FPDA), the Western Pacific Naval Symposium and the ARF, as well as to foster and support new arrangements to enhance regional peace and stability.
- iii. Singapore believes that there is significant potential to further develop multilateral defence co-operation in dealing with transnational challenges in areas such as maritime security, humanitarian assistance and disaster relief (HADR) and counter-terrorism. Such co-operation and dialogue among regional defence establishments will also enhance trust and confidence among regional armed forces.
- iv. Singapore and the United States co-hosted a CBM on Regional Cooperation in Maritime Security in March 2005. The CBM brought together some 170 senior officials from 22 ARF countries, including the Secretary-General of the International Maritime Organisation Mr Efthimios Mitropoulos and several ASEAN Navy Chiefs. Discussions were focused on four key areas: multilateral cooperation, operational solutions to maritime security, shipping and port security and the applicable technology for maritime security. The CBM succeeded in identifying concrete and implementable strategies that ARF countries could take forward in a cooperative manner. Ideas thrown up by the CBM included the fostering of information sharing, establishing maritime domain awareness, initiating joint maritime security exercises, cooperating on consequence management and sustaining capacity building initiatives.
- v. Building on the positive momentum of the Singapore-US CBM in March 2005 and recognising the need to move the ARF forward by forging cooperation in an area in which we all have a common interest, Singapore has tabled a Concept Paper proposing an ARF Maritime Security Capacity Building Exercise for the consideration of the ARF. Such an exercise would be useful in building trust and confidence amongst the operational agencies of ARF countries, and for developing a deeper understanding of the operational challenges in the maritime domain.
- vi. Singapore further contributed to the process of defence engagement through the ARF by hosting the 8th ARF Heads of Defence Colleges/Universities/Institution Meeting in Singapore from 1-3 September 2004. The meeting that was attended by 53 delegates from 19 ARF

countries allowed the defence colleges of the respective ARF countries to have an opportunity to exchange views on issues of common interest as well as to network with one another.

- vii. 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.
- viii. 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 Republic of Singapore Navy (RSN) has worked closely with the Navies of Indonesia and Malaysia under the Malacca Straits Coordinated Patrols (MSCP) since its launch on 20 July 2004. This is an arrangement which has the three navies patrolling the Straits on a 24/7 basis.
 - b. The SAF took part in a number of multilateral exercises in 2004/2005. These included Ex Bersama Lima 04, the major joint FPDA exercise for the year, which incorporated a maritime interdiction serial for the very first time; and Exercise Cobra Gold with the Royal Thai Armed Forces, the US Armed Forces and the Japanese Self Defence Force. The Republic of Singapore Air Force (RSAF) also participated in trilateral exercises with Thailand and the US under Exercise Cope Tiger.
 - c. In conjunction with IMDEX Asia 2005, the Republic of Singapore Navy (RSN) hosted three WPNS events in May 05, including a WPNS Multilateral Tactical Training Centre Exercise, an inaugural WPNS Multilateral Sea Exercise and the first Maritime Security Information Exchange Seminar. The seminar and exercises brought together 19 WPNS navies and 15 warships, and included elements related to maritime security.
- ix. In response to the tsunami disaster of 26 December 2004, Singapore offered humanitarian assistance and disaster relief to Indonesia, Thailand, Sri Lanka and the Maldives. However, our relief efforts were centred on Meulaboh, a large town of over 40,000 people in the western coast of Northern Sumatra, where all land routes had been cut off. As air transportation could only bring in a limited amount of aid, we helped to establish a sea bridge with three helicopter landing ships which carried engineer and medical teams and relief supplies so that relief items could be brought in expeditiously. Singapore also opened up its air and naval bases for the use of other military forces and civilian relief agencies as staging and

logistical points in bringing disaster relief supplies to the disaster stricken areas.

- x. 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, and we will be hosting a PSI maritime exercise, Exercise Deep Sabre, from 15-19 August 2005. 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. In addition, Singapore will be co-hosting an ARF Export Licensing Experts Meeting with Canada in November 2005, and an ARF Seminar on Non-Proliferation of Weapons of Mass Destruction with China and the United States in early 2006.

.

Prepared by ASEAN Singapore
July 2005

**ASEAN REGIONAL FORUM (ARF)
ANNUAL SECURITY OUTLOOK-2005
THAILAND**

I. Overview

1. The global political and economic landscape has changed dramatically in the past few years, leading to a shift in security perceptions. This has influenced the shaping of the security architecture of Asia-Pacific. Against this backdrop, there has been greater focus on regional cooperation and interest in community building as well as efforts in norm building. Thailand perceives the need to nurture these efforts through cooperation based on shared interests in bilateral, regional, and multilateral arrangements in order to deal effectively with both traditional and non-traditional security challenges in all their aspects.

II. Challenges and Response

2. The globalization process has brought about both opportunities and risks and has shifted the security paradigm. While traditional areas of tension and concern still remain, non-traditional security issues, including terrorism, transnational crimes, maritime security, emerging and resurging diseases, and natural disaster have become more pronounced, threatening not only the security of the state, but also human security.

3. In view of this, Thailand has consistently advocated the promotion of human security which we see as an appropriate approach to dealing with the growing scope of security challenges, particularly those from the non-traditional sector. In so doing, Thailand attaches importance to addressing both “freedom from fear” (eliminating landmines, tackling arms proliferation) and “freedom from want” (promoting human centered development, fighting poverty) issues, as well as issues which cut across these two categories such as promotion of human rights and fighting HIV/AIDS. This would be the fundamental perception of Thailand as we assume chairmanship of the Human Security Network (HSN) in 2005-2006.

Terrorism

4. International terrorism remains a major threat to security in the region. The recent bombings on innocent peoples in London and throughout the world in the past twelve months testify to the continued urgency of this threat. Frequently, acts of terrorism are often linked with transnational crimes and other criminal activities. These acts reflect an ideology of extremism and have no connection with religion or religious beliefs. The perpetrators of terrorism thus deserve the universal condemnation of all nations, religions and cultures. To counter terrorism,

there has been an increase in the scope and scale of cooperation amongst countries to confront terrorism. This enhanced cooperation to fight this common scourge of humanity, must continue.

5. In combating terrorism, Thailand has been pursuing efforts at the national, bilateral, regional, and global levels. At the national level, the Office of the National Security Council (NSC) has been assigned by the Prime Minister to be the national focal point on this matter. In this connection, it established the National Coordinating Centre for Combating Terrorism and Transnational Crime (NCC-CTTC) in 2004 to help strengthen our capabilities in threat assessment and inter-agency coordination. Another important development is the plan to introduce electronic passports with biometric data in August 2005. These measures will provide enhanced document security and help prevent the use of fraud documents by those engaged in terrorist activities or transnational crimes.

6. Through bilateral cooperation, Thailand has taken significant steps to halt terrorists' access to the international financial system. These steps include the implementation of standards and agreements on combating terrorist financing and money laundering, as well as the signing of a Memorandum of Understanding with eighteen countries on the exchange of financial intelligence related to money laundering.

7. At the regional level, Thailand has extended its cooperation within frameworks such as ASEAN and the ARF. In the past twelve months, Thailand has put particular emphasis on the strengthening of capacity building in different areas such as, *inter alia*, information sharing and intelligence exchange, document integrity and security, and law enforcement. This was taken forward at the 3rd ASEAN Regional Forum Inter-Sessional Meeting on Counter-Terrorism and Transnational Crime, co-hosted by Thailand and Canada in Bangkok, on 6-8 April 2005.

8. Furthermore, to develop further the scope and forms of international legal cooperation, Thailand has played a proactive role in promoting the rectification of legal compatibility to ensure that extradition and mutual legal assistance in criminal matters are available, timely, and effective in combating terrorism. Thailand hosted two workshops, in January and June 2005, on 'International Legal Cooperation against Terrorism under the framework of the Legal Issues Working Group of the Bali Regional Ministerial Meeting on Counter-Terrorism. The workshops successfully reached a common understanding on the best practices and legal principles as well as model checklists and draft essential elements in making requests for international legal cooperation against terrorism.

9. At the global level, Thailand continues to promote enhanced cooperation within the United Nations framework through UNSC resolution 1373 (2001) and other relevant resolutions. Full cooperation was extended to the UNSC's Counter-Terrorism Committee Executive Directorate during its visit to Thailand on 27 June -1 July. At the 11th United Nations Congress on Crime Prevention and Criminal Justice in Bangkok on 18-25 April 2005, Thailand emphasized the importance of ratifying and implementing the

provisions of the United Nations Convention against Transnational Organized Crime by all states and has called upon member states to ratify the International Convention for the Suppression of Acts of Nuclear Terrorism. There should also be enhanced cooperation to prevent the proliferation of Weapons of Mass Destruction (WMD) and terrorist groups and those engaged in transnational crimes from gaining access to such weapons. We aim for enhanced cooperation in areas including extradition and mutual legal assistance, with a more integrated approach for capacity building in prevention, investigation, prosecution, and adjudication of transnational crime and terrorism.

10. At the same time, Thailand realizes that one cannot suppress terrorism successfully without analyzing the root causes that mostly lie in socio-economic disparity and injustices. Thailand, thus, calls for an active role from the international community to support development programmes, particularly aimed at underprivileged groups in society.

Drug and Human Trafficking

11. Drug and human trafficking constitute an important threat to human security and to the fabric of societies. An important priority for Thailand is the detection and interdiction of precursors in illicit chemical-based drugs like the amphetamine-type stimulant (ATS), produced in small and mobile laboratories. Thailand will continue to enhance its cooperation with neighboring countries in the framework of Joint Border Committees, as well as with other countries in frameworks such as the ACCORD Plan of Action to achieve an ASEAN Drug-Free Area in 2015, the Pentalateral Cooperation on Drug Control, 1993 MOU on Drug Control and the 1998 UNGASS Declaration on Drug-Free Zone.

12. As part of its contribution to combat drug trafficking in multilateral frameworks, Thailand has shared in various regional and multilateral fora, its successful experience in alternative development to substitute drug cultivation by cash crops, focusing on supplementary incomes to the villagers as well as protecting environment from degradation. Further cooperation and partnership on alternative development efforts will continue.

13. On the issue of human trafficking, Thailand has established the Human Trafficking Control Board and signed a Memorandum of Understanding with Cambodia on Bilateral Cooperation for Eliminating Trafficking in Children and Women and Assisting of Victims of Trafficking. Thailand is in the process of enacting a new legislation, namely the Prevention and Suppression of Human Trafficking Act. We are also in the process of creating a three-tier Anti-Human Trafficking Operational Centre, which will operate at the provincial, national, and international levels to prevent, suppress, and solve the problem of human trafficking. Furthermore, there should be enhanced cooperation in anti-money

laundering efforts which is an important aspect of the fight against drug and human trafficking, as well as other types of transnational crime.

Maritime Security

14. As countries in the region are highly dependent on international trade and commerce which relies on maritime shipping and transportation, and as Southeast Asia straddles several important sea routes, maritime security is an issue of increasing concern for the region.

15. Port security is an important element in the promotion of maritime security. In this connection, all seaports in Thailand have advanced their compliance with the new International Ship and Port Security (ISPS) Code.

16. In order to increase security along the international supply chain and key transportation routes, as part of the overall efforts to enhance transport security, cooperation in maritime security should cover aspects of navigational safety, electronic information system, intelligence database and exchange, surveillance, early warning system, search and rescue, disaster relief, piracy and terrorism, hijacking or attack on vessels and environmental protection. The establishment of the Information Sharing Centre under the regional Cooperation Agreement on Anti-Piracy (ReCAAP), to share information in combating piracy in the Straits of Malacca and Singapore, for example, would contribute to enhanced cooperation on maritime security.

17. In this connection, effective cooperation in maritime security would require cooperation amongst both littoral States and user States. Such cooperation should take into account both the primary responsibility of littoral states in ensuring the safety and security of the relevant waterways/straits and the fact that some user States possess key assets including the relevant technology that could contribute to improving the “picture” of maritime security in the region and the capabilities of states in relevant detection and interdiction operations.

18. Thailand therefore attaches importance to the strengthening of capacity building in the areas mentioned above in order to help countries prevent and respond to all types of maritime threats that would disrupt and endanger maritime shipping and transportation. Such efforts need to take place not only at the level of Southeast Asia such as through the ASEAN Chiefs of Navies Meetings but also beyond, including the ARF and between ASEAN and relevant Dialogue Partners.

19. Other important measures to enhance maritime security include the conducting of joint/coordinated patrols among naval and law

enforcement forces amongst the concerned countries. Furthermore, non-military joint naval exercises, involving countries both inside and outside the region, when undertaken with transparency and for peaceful purposes, can serve to build further trust and confidence, enhance operational capacities and can have a potential deterrent effect on criminal and terrorist activities.

Natural Disasters

20. The earthquake and Tsunami of 26 December 2004 has had a devastating impact on many countries in Southeast Asia, South Asia and Africa. The Tsunami disaster in Thailand resulted in heavy losses of lives and damages of unprecedented scale. In Southeast Asia and beyond, more than 280,000 have perished in this disaster. This tragedy has underscored the threat posed by natural disasters to human security and thus the need for more effective coordinating frameworks in early warning systems, disaster relief management, reconstruction and rehabilitation, as well as preventive measures.

21. With a national Tsunami early warning system in place, Thailand considers the setting up of regional Tsunami early warning system to be an important priority for the region, the realization of which would require mobilization of adequate financial resources. Thailand therefore hosted a Ministerial Meeting in Phuket in January 2005 to take forward the idea of establishing a regional Tsunami early warning arrangement that is multi-nodal in nature, and is practical and effective.

22. We are also fully engaged in discussions within the framework of UNESCO to establish such an early warning arrangement based on networks of centres and with the Asian Disaster Preparedness Centre (ADPC) based in Thailand playing an important role in this regard. With regard to funding issues, Thailand is in the process of establishing a Voluntary Trust Fund, to be administered by UNESCAP, for intra and extra-ASEAN resource mobilization, and has already pledged ten million US dollars for the Fund.

23. Thailand has also initiated the development of an ASEAN Standby Arrangement for Disaster Relief and Emergency Response which has been incorporated into an ASEAN Agreement on Disaster Management and Emergency Response. Such standby arrangements would involve the development of rosters of personnel, equipment and supplies amongst ASEAN Member Countries that would be made available in the event of a disaster, the establishment of standard operating procedures to be used during a disaster, and the forging of closer cooperative links with countries outside the region that have the required assets and expertise. Furthermore, such arrangements would operate in close coordination with UN agencies and other facilities in Thailand, the proposed UN OCHA's Emergency Logistics Response Facility in Southeast Asia (ELRF), the

planned ASEAN Human Assistance (AHA) Centre and other arrangements under discussion between ASEAN and its Dialogue Partners.

III. Opportunities in the Evolving Security Architecture

24. Against this backdrop of a regional environment marked by traditional security threats in some areas and rising threats from non-traditional security challenges, we have in the region a security architecture comprising a collection of bilateral, sub-regional, and regional security arrangements or consultative fora whose mandates differ. From the ASEAN Regional Forum (ARF) to the Conference on Interaction and Confidence Building Measures in Asia (CICA), from the Shanghai Cooperation Organization (SCO) to the Shangri-la Dialogue, these arrangements/fora help promote security in the region through a variety of confidence building efforts. There are also other arrangements which involve more substantive security cooperation. These include the bilateral security arrangements amongst countries in the region and larger security arrangements such as the Five Power Defense Arrangements (FPDA). All these diverse arrangements, despite their different mandates and scope of geographic coverage, play a role in contributing to regional peace and security.

25. The key is to ensure that the regional security architecture develops in a manner that enhances its effectiveness in tackling these emerging challenges, while also raising mutual trust, confidence and the comfort level of all states in the region. This could, in part, be achieved through the promotion of (1) the community-building process (2) transparency and norm building and (3) networks of cooperation amongst these various arrangements/fora.

Community Building in the Region

26. Community-building processes contribute to the promotion of peace, stability and development. But this process cannot be sustained in an environment where poverty is widespread, where marginalization continues, and where the development gaps and technological divide are large. In view of this, Thailand has highlighted development cooperation as a key component of the community building process.

27. Thailand has given priority to developing closer relations with other countries in Asia and the Pacific, focusing primarily on narrowing the development gaps and collaborations in the areas of economic and financial interests. To promote sustainable development, Thailand has constantly sought closer cooperation with countries in the region particularly under various sub-regional cooperative arrangements such as Ayeyawady-Chao Phraya-Mekong Economic Cooperation Strategy (ACMECS), Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC), Greater Mekong Sub-region (GMS), ASEAN Mekong Basin Development Cooperation (AMBDC) as well as the Asia Cooperation Dialogue

(ACD) and Asia-Pacific Economic Cooperation (APEC) to promote greater economic integration and to sustain ASEAN's competitiveness and capability in facing the multi-faceted challenges arising from globalization. In this connection, Thailand has also encouraged other countries including those outside the region to contribute to the closing of the development gaps through ACMECS, the Initiative for ASEAN Integration and the Vientiane Action Programme (VAP).

28. Furthermore, the establishment of an ASEAN Community with three pillars, namely, the ASEAN Security Community (ASC), the ASEAN Economic Community (AEC), and the ASEAN Socio-Cultural Community (AScC), by the year 2020 or earlier is the centre-piece of the community building process in Southeast Asia. This will enable ASEAN to play a more proactive role in promoting regional peace and security. Thailand is also keen to see the realization of the East Asia Community (EAC) as another key building block in the development of the Asian Community that will support regional stability and prosperity.

Transparency and Norm Building

29. To ensure peace and stability, there has been a need to reduce unpredictability and to promote trust and confidence through transparency and norm building. The ASEAN Security Community attempts to achieve this within the Southeast Asia region. Greater transparency within ASEAN has been achieved through continued high-level contacts between defence officials and observation at coordinated or joint exercises, while plans for regional arms register are being developed within the framework of the ASC Plan of Action.

30. Such transparency and confidence building measures will be given a boost through the planned ASEAN Defense Ministers' Meeting, which Thailand proposed at the 9th ASEAN Summit in Bali in 2003 and endorsed at the Vientiane ASEAN Summit in 2004.

31. There are also important norm-building exercises being undertaken in the region. The Treaty of Amity and Cooperation in Southeast Asia (TAC), to which seven countries outside Southeast Asia have already acceded as of 1004, and to which several additional countries have expressed interest in acceding this year, has emerged as an important code of conduct in Southeast Asia. Similarly, the Declaration on the Conduct of Parties in the South China Sea (DoC) has emerged as an important framework for promoting cooperation in the South China Sea area. Furthermore, the Southeast Asia Nuclear Weapon-Free Zone Treaty (SEANWFZ), once it is endorsed by the Nuclear Weapon States, would be an important norm-building contribution with regard to nuclear non-proliferation and disarmament efforts in the Southeast Asia region.

Network of Cooperation Amongst Security Arrangements and Fora

32. In recent years, a number of security fora, such as the Shanghai Cooperation Organization (SCO), Conference on Interaction and Confidence Building Measures in Asia (CICA), and the Shangri-La Dialogue, have emerged to join other existing fora in Asia-Pacific. Membership of or participation in such fora, in many cases, overlap each other. Thailand, for example, is a participant in the ARF and CICA, and a Partner for Cooperation of the Organization for Security and Cooperation in Europe (OSCE). Moreover, the issues discussed are similar in nature such as terrorism and confidence building measures, although each forum has its own experiences and uniqueness.

33. Increased interaction amongst the security arrangements/fora in the region, such as the ARF, SCO, and CICA, and with arrangements/fora outside the region such as the OSCE, through exchange of officials, information sharing, exchange of best practices, should therefore be encouraged to enable these arrangements/fora to become more effective in dealing with their specific concerns and issues. For example, security arrangements/fora in the region could consolidate their cooperation through a more coordinated and sophisticated network of dialogue, intelligence, capacity building, and other cooperation activities. The compilation of a list of contact points of officials and experts in different fields would be an essential first step.

IV. Thai National Defence Policy

34. Within this regional environment and evolving regional security architecture, Thailand pursues a national defense policy that places priority in cooperation and preventive measures. The National Defence Policy of Thailand comprises six key elements. First, maintain solidarity and support for national interests amongst all Thais. Second, enhance defence capacity by integrating all forces and resources to develop effective monitoring and early warning capacities. Third, develop science and technology to enhance national capacities to confront threats and protect national interests from the negative effects of information technology. Fourth, create trust and understanding with neighboring countries. Fifth, cooperate with major powers and countries in the Asia-Pacific for stability in the region. Sixth, develop cooperation networks of intelligence to counter terrorism and other kinds of transnational crime.

35. Through preventive defence diplomacy, Thailand would seek to promote security cooperation with all countries at the bilateral and multilateral levels on the basis of mutual respect and mutual benefits to create amity, to maintain neutrality, to consolidate strength, and to prevent conflicts. One area where Thailand can lend its support includes, for example, peace-keeping operations under the United Nations framework. Another area is to provide the appropriate support activities to help combat international terrorism. Enhanced cooperation amongst armed forces in disaster relief operations is another priority issue. In this connection, the

Cobra Gold exercises this year, involving the armed forces of Japan, Singapore, Thailand and the United States focused on humanitarian and disaster relief operations.

36. Furthermore, the role of the Thai armed forces has been adjusted to focus on other tasks beyond preparation to defend in cases of armed conflict. The adjusted roles include missions in support of government policies such as assistance in implementation of Royal initiated projects, elimination of drug trafficking, preservation of the environment and natural resources and other civic action programmes, all of which serve to help enhance human security.

V. Conclusion

37. In summary, the evolving regional architecture has increasingly been characterized or defined by trends in community-building, transparency and norm-building and networking amongst its various component parts i.e. the different bilateral, sub-regional and regional arrangements/fora that promote regional peace and security. These trends should be nurtured through dialogue, cooperation, better knowledge sharing, and joint activities, as part of the overall strategy, to tackle both traditional and non-traditional security threats in this corner of the world.

**ASEAN REGIONAL FORUM
ANNUAL SECURITY OUTLOOK 2005
UNITED STATES OF AMERICA**

Overview

The United States is optimistic about prospects for continued peace and stability in the Asia-Pacific, although there are a number of important challenges that the region must address to realize its full potential. Enhanced cooperation among the large countries of the Asia-Pacific and within regional and sub-regional groups bodes well for the resolution of security problems and for taking advantage of new opportunities to intensify efforts to enhance mutual security. The United States is concerned about continuing political tensions, yet the Asia-Pacific is an area of great economic dynamism where prospects for continued growth provide enormous opportunities for all countries of the region. Those opportunities are predicated on a secure regional environment and enhanced economic integration through expanded trade and movement of capital and people across borders; all nations of the region have a shared stake in working together to preserve the peace and resolve outstanding problems.

U.S. alliance relationships with Australia, Japan, the Philippines, the Republic of Korea, and Thailand, and our robust security cooperation with Singapore, contribute to peace and stability in the region and provide a security framework that helps to guarantee a stable environment from which all nations of East Asia and the Pacific benefit. The U.S.-Japan alliance remains a linchpin of the U.S. security posture in Asia. Both nations have moved actively in recent years to update the framework and structure of joint cooperation and to strengthen the bilateral relationship.

U.S.-China relations are complex but remain fundamentally sound, with growing cooperation in a number of areas, such as the difficult problem of denuclearization in North Korea, fighting terrorism, and expanding law enforcement and counternarcotics cooperation. Differences remain on human rights, Hong Kong, Taiwan, and some elements of our economic relationship. We continue to believe that frank dialog is the best way to build confidence and resolve disputes. We also seek China's further integration into the rules-based international system. We welcome the rise of a responsible, confident, peaceful and prosperous China and seek a candid, constructive, and cooperative relationship that contributes to the promotion of shared interests in peace, security, and prosperity, regionally and globally. We look forward in the years ahead to strengthening our bilateral relationship. The U.S. and China are forging new mechanisms of dialog that will enable us not only to address our differences but also to be more forward-looking in pursuing our mutual goals of long-term regional security and economic prosperity. The United States reaffirms its "one China" policy, the three communiqués, and its obligations arising under the Taiwan Relations Act. We have raised with China the destabilizing presence of Chinese missiles deployed near Taiwan. We do not support Taiwan independence and have called on both China and Taiwan to refrain from actions that could unilaterally change the cross-Strait status quo. We

look forward to deepened cooperation with China on nonproliferation as opportunities present themselves in the ARF context and beyond. We welcome China's engagement in organizations that promote security and economic development, including APEC and the ARF.

ARF participants share a perception that their security interests include transparency, mutual understanding, and regional cooperation. The United States and other countries in the Asia-Pacific region are advancing these interests by strengthening bilateral and multilateral cooperation and capabilities to better face non-traditional security challenges such as terrorism, nonproliferation of weapons of mass destruction, maritime security, and humanitarian crises.

An exceptional example of such enhanced cooperation is the unprecedented response to the devastating earthquake and tsunamis that claimed the lives of hundreds of thousands of people in South and Southeast Asia last December. In the aftermath of that disaster, countries worked together to mount the largest relief effort in history. Immediately following the tsunamis, the U.S. Government provided \$350 million in emergency relief assistance including emergency food supplies, water and sanitation, health care, and shelter. U.S. forces delivered over 24.5 million pounds of supplies and equipment and treated over 6,000 injured people. At President Bush's request, Congress has appropriated \$507 million for the long and difficult reconstruction work, which has already begun. Private Americans and American companies donated over \$1.2 billion, with the fundraising effort led by former Presidents Bush and Clinton. The United States government and people remain committed to working with affected countries and the rest of the international community to aid individuals and communities in rebuilding their lives.

Prevailing positive trends toward increased cooperation and stable security relations among states complement the most important and encouraging trend in the Asia-Pacific in recent years: the region-wide strengthening of democracy. In Asia, as elsewhere, the advance of freedom is the great story of our age. Since January 2004, successful elections have taken place not only in those places that have established democracies but also in newly democratized Indonesia, the world's most populous Muslim-majority nation. The progress in Indonesia in a series of free, fair and peaceful elections last year is especially noteworthy. The country has a directly elected President for the first time in its history and is now the third-largest democracy in the world. This progressive movement toward democracy is not only a triumph for fundamental human rights; it is an essential aspect of assuring a stable regional security environment. In the long run, our security and true stability depend on the freedom of others.

Major Challenges

Despite the generally favorable strategic environment, the Asia-Pacific region continues to face serious challenges to its security.

North Korea

One such challenge is North Korea. North Korea's continuing nuclear weapons programs, not least its covert uranium enrichment program and 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.

Given the deep implications for regional peace and security and the global non-proliferation regime from North Korea's nuclear programs, the chief U.S. goal is the permanent, thorough and transparent dismantlement of those programs, subject to effective verification. In the context of comprehensive denuclearization, the United States would be prepared to address North Korean concerns and to work with the DPRK toward a substantially new relationship. 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. The United States, along with China, the Republic of Korea, Japan, and Russia, remain committed to the Six-Party process. The United States is prepared to hold Talks any time without preconditions. However, the DPRK has refused to return to these Talks since June 2004.

Since February 2005, North Korea has made a series of very disturbing statements in which it claims to have manufactured nuclear weapons and has said it has suspended indefinitely its participation in the Six-Party Talks. Such statements only further deepen the DPRK's isolation from the international community. We have repeatedly explained to the North, both directly and in the Six Party Talks, that the United States does not have a hostile policy and has no intention of attacking North Korea. The United States has stated clearly that it recognizes North Korea's sovereignty and is prepared to join in multilateral security assurances if North Korea will dismantle its nuclear weapons programs in a verifiable and irreversible way. The Six-Party Talks offer the best opportunity to resolve international concerns about North Korea's pursuit of nuclear weapons through peaceful diplomacy. We made these points directly to North Korean representatives in New York on May 13 and again call on the DPRK to return to the Six-Party Talks without preconditions, as we and the other parties are ready to do.

Terrorism

East Asian countries made significant progress in 2004 in preventing terrorist attacks and creating an international environment inhospitable to terrorists. Despite this progress, Southeast Asia continues to be an attractive theater of operations for terrorist groups such as Jemaah Islamiya (JI) and the Abu Sayyaf Group (ASG). The region faced continuing terrorist threats on several fronts, and in 2004 several terrorist assaults occurred. In February, the Philippines suffered the worst terrorist attack in its history when a bomb planted by the ASG sunk SuperFerry 14, killing approximately 130 passengers. In September, a car bomb was detonated in front of the Australian Embassy in Indonesia, killing 10 and wounding nearly 200. JI claimed responsibility for the attack.

Because terrorism in Asia is a transnational problem, capacity building in a regional context has emerged as a priority alongside national capacity building efforts. In an important development, centers such as the Southeast Asia Regional Center for Counterterrorism (SEARCCT) in Malaysia and the U.S.-Thailand International Law Enforcement Academy (ILEA) in Bangkok expanded their activities to provide counterterrorism training to law enforcement officers throughout the region. Likewise, the Australian-Indonesian Jakarta Center for Law Enforcement Cooperation (JCLEC) is another promising regional center for capacity building. Furthermore, measures to strengthen law enforcement efforts supportive of the global war on terror accelerated in 2004, and several economies in the region developed new institutions to address gaps in their current counterterrorism efforts.

Several countries achieved successes in bringing terrorists to justice, as the fight against terrorism in East Asia moved beyond arrests towards prosecutions. The Indonesian police arrested approximately two dozen terrorist suspects, including suspected senior JI leaders, former instructors at JI training camps, financiers of attacks, and members of splinter networks who joined with JI to carry out attacks. Following up on 2003 arrests for channeling terrorist money into Cambodia through the Umm al-Qura Islamic school, a Cambodian court convicted three defendants of supporting JI and sentenced them to life imprisonment. The Philippines arrested numerous ASG members, including a senior ASG leader wanted by the United States for his role in the kidnappings of Americans in 2001, and a Philippines court sentenced 17 ASG members to death, although four were convicted in absentia after having escaped from jail.

Although governments in Southeast Asia made progress in the fight against terrorism in 2004, they face tremendous challenges as they continue to deal with the terrorist threat. Lack of specific anti-terrorism legislation continues to be a challenge to comprehensive law enforcement efforts in several countries in the region. Separatist insurgencies, currently ongoing in the Philippines, Indonesia, and southern Thailand, also contribute to an environment of lawlessness, which terrorist groups may attempt to exploit for their own purposes. The United States remains prepared to assist countries of the region in this shared effort.

Proliferation of Weapons of Mass Destruction

The proliferation of weapons of mass destruction (WMD), and their means of delivery and related items threatens the security of each and every member of the international community. While, in the past, we were primarily concerned with WMD proliferation between states, we have become more conscious that middlemen are trafficking in WMD-related items and that terrorist organizations could acquire and use these weapons. The international community has taken a number of important steps to meet the proliferation challenge. For example:

- United Nations Security Council Resolution 1540 obligates all UN member states to put in place effective national legal and regulatory measures to prevent the proliferation of WMD, their delivery systems and related materials and to maintain physical protective measures,

border controls, and national export and transshipment controls over such items.

- The Additional Protocol provides another valuable tool for the international community to use in addressing the threat of nuclear weapons proliferation by establishing a new verification standard for the IAEA.
- The Proliferation Security Initiative (PSI), which includes some ARF participants, complements other multilateral approaches to stopping illicit trade in weapons of mass destruction, their delivery systems and related items. PSI participants share a commitment to combat the growing proliferation threat in a manner consistent with national legal authorities and relevant international laws. In 2004, the UN High-level Commission recommended that all states participate in PSI, and in March of this year Secretary General Kofi Annan applauded PSI for filling “gaps in our defenses.” We urge all states to endorse the PSI Statement of Interdiction Principles and to participate in PSI.
- APEC economies are making efforts to implement the APEC Leaders’ pledge to eliminate the danger posed by the proliferation of weapons of mass destruction and their delivery systems by building capacity to implement the APEC Key Elements for Effective Export Control Systems and by sponsoring a new initiative on the safe handling and trade of radioactive sources.

Maritime Security

We remain concerned about maritime security in the region, particularly in the Strait of Malacca, through which 1/3 of global trade and over half the world’s oil transits every day. The consequences of a successful terrorist attack in the Strait could have significant regional and global reverberations that would likely touch the economies of every ARF participant. ARF participants have been quick to recognize this vulnerability and to work together to address the problem. As a result, a general consensus has emerged about the key elements of maritime security, including the critical importance of maritime domain awareness, effective decision-making architecture, the leveraging value of information sharing between agencies and between states, and interception capabilities.

The skills associated with the key elements of maritime security offer the means to address not only a potential act of terrorism but also a range of other transnational maritime crimes, including smuggling, illegal immigration, piracy, and trafficking. This reality makes it possible for ARF participants to work together, even if they do not always share the same view about the principal maritime threats they face. User and littoral states must continue to build on this foundation and further expand their cooperation, both bilaterally and through multilateral institutions.

Burma

The situation in Burma continues to deteriorate and has the potential to turn into a security challenge for the Asia-Pacific region in general and for Southeast Asia in particular. The Burmese junta refuses to take any meaningful steps toward national reconciliation and the establishment of democracy. It continues to ignore calls from the international community to engage the democratic opposition and ethnic minority groups in meaningful dialog. Consequently, its National Convention does not reflect the true political aspirations of the Burmese people. Any constitution, referendum or election emerging from this unrepresentative process will be equally flawed, and will not represent progress. Other recent developments are disturbing, particularly the trial of Shan Nationalities League for Democracy leader Hkun Htun Oo and other political activists, and the arrests of MPs-elect, and the sentencing of five pro-democracy supporters to life in prison. Aung San Suu Kyi and all others detained for the peaceful expression of their political beliefs should be released immediately and unconditionally.

Avian Influenza

An additional nontraditional security threat facing the region is highly pathogenic avian influenza and its potential for a human pandemic. We are working closely with the World Health Organization (WHO), the World Organization for Animal Health (OIE), and the Food and Agricultural Organization of the United Nations (FAO), which are offering technical assistance to affected countries throughout the region. It is important that countries implement effective monitoring, that reporting be timely and transparent and that Ministries involved, including Health and Agriculture, cooperate and are well coordinated with each other and competent international organizations. To help affected countries accomplish these goals, the U.S. has allocated \$25 million for a coordinated program to prevent and control the spread of avian influenza. Dealing with health crises is an important aspect of ARF and APEC's missions to enhance human security in the Asia-Pacific region. We all learned from the SARS experience in 2003 the devastating economic effects, beyond the public health implications, such disease outbreaks can have. Historical experience with influenza suggests that a pandemic could be even more devastating to the region and the world.

Conclusion

There is now a clear recognition among most of the states of the region that meeting the challenges these issues present will require greater cooperation. The ARF plays an important role in fostering the mutual understanding and trust that helps to make such cooperation possible. We are hopeful that its expansion into Preventive Diplomacy will offer participants an additional means of collaboration and joint action in addressing these and other pressing issues that lie ahead.