

ASEAN Regional Forum Senior Officials Meeting
(ARF SOM)
17 - 18 May 2001
Ha Noi, Viet Nam

Compilation of the Annual Security Outlook
(as of 17 May 2001)

Document No.	Agenda Item
4	4.1

How China Views the Regional Security Situation

March 2001

1. The political and security situation in the Asia-Pacific region was, on the whole, stable last year, and showed encouraging developments. However, some negative factors were on the rise.

2. To increase dialogue and cooperation, maintain regional stability and promote common development is the basic orientation of state-to-state relations in the region.

— The North and the South of Korea held the historic summit meeting with the Joint Declaration signed, thus enhancing the momentum of relaxation on the Peninsula.

-- New adjustments and changes have been made in relations among big powers and stable growth of their relationship maintained. To seek collaboration and avoid all-out confrontation remains the major characteristic of relations among big countries.

-- The economic situation has continued to turn for the better. Countries that were lashed by the financial crisis have seen their productivity revived. The momentum of their economic recovery continues and many of them have enjoyed economic growth rate higher than expected.

— Countries in the region have continued to develop multi-level, multi-channel dialogue and cooperation both bilaterally and multilaterally. More in-depth talks were held during the 10+3 leaders meeting between ASEAN and China, Japan and the ROK held at the end of last year. Achievements have been made in advancing cooperation in the field of science and technology, agriculture and the Mekong River development. As a result, regional cooperation in East Asia has steadily deepened.

3. On the other hand, there also exist some negative factors in the region.

— Repercussions of the financial crisis are still felt at varying degrees in some countries, and fragility remains one problem the East Asian economies face along the road to recovery.

— Ethnic and religious conflicts and territorial disputes keep cropping up from time to time. Some trans-boundary issues pose new challenges to regional security.

-- Bilateral military alliance continues to strengthen, and certain countries have persisted in their efforts for research and development of the TMD program.

4. The important task we are faced with is to work for the establishment of a security order and a security model that fit the actual conditions in Asia and the Pacific by increasing the positive factors for security, with a view to achieving lasting peace and prosperity in the region.

First of all, lasting peace in Asia and the Pacific depends on stability and development of the countries in the region. To maintain national unity, territorial integrity, independence and sovereignty constitutes the basic guarantee of security and safety for all countries in Asia as well as for the whole region.

Second, Asia's security depends on the establishment and development of normal, healthy and stable state-to-state relations on the basis of mutual non-interference in each other's internal affairs, equality and mutual benefit, and the Five Principles of Peaceful Coexistence. The major factors that have consequences on security in Asia and the Pacific are the attitude and policy that a country takes in handling its relations with other countries. Mutual respect, mutual trust, equality and mutual benefit are the political foundation of Asia-Pacific security and the goal that should be achieved along this line.

Third, to seek the most extensive common interests constitutes a major channel for security in the Asia-Pacific. Countries in the region have different national conditions and they do not seek totally identical interests. However, the common interests they share are growing against the backdrop of accelerated globalization. These interests include to strengthen mutually beneficial cooperation, promote economic growth, narrow the North-South gap, minimize risks and reap the benefit of globalization. Peace in Asia and the Pacific is to be achieved through common development and prosperity of all countries in the region. It

cannot and should not be based on a few countries' seeking their own interests and strengthening their own advantages. This belief is all the more firm and profound among the Asian countries that have suffered from the financial crisis.

Fourth, dialogue, cooperation and seeking common ground while putting aside differences are beneficial for deeper understanding and trust and are the most desirable ways to achieve peace and stability in the Asia-Pacific.

5. China is a permanent member of the UN Security Council and a country of the Asia-Pacific region, the Chinese Government sets great store by and strives for the maintenance of peace, stability and development of this region.

A stable and prosperous China constitutes the biggest contribution to regional peace and development. Over the past year, China has further intensified its reform and opening-up efforts and improved the people's livelihood. There has been social and political stability, a 7.8% economic growth rate and new headway in the negotiations on China's entry into the WTO.

China's stability, development and unity are a positive factor for peace and development in the Asia-Pacific. There is only one China in the world, and Taiwan is part of China. China's sovereignty and territorial integrity brook no division. It is the consistent position of the Chinese Government to settle the Taiwan question under the principle of "peaceful reunification and one country, two systems" and oppose Taiwan independence and any other splittist acts. The stand for peaceful reunification reflects the Chinese Government's efforts for the settlement of the Taiwan question by peaceful means, which conforms with the common aspiration and strong will of the Chinese people both at home and abroad. Nobody is more eager than the Chinese Government and the Chinese people on both sides of the Straits to settle the Taiwan question peacefully. The Chinese Government also stands for one country, two systems, that is to say, the reunification of the country will take into account the historical circumstances of Taiwan, the wish of Taiwan compatriots to be their own master will be respected, and the current social and economic system, life style, independent judiciary and right to final adjudication will remain unchanged in Taiwan. The early and peaceful settlement of the Taiwan question is in the interest of peace and stability across the Taiwan Straits, and peace and tranquility of the Asia-Pacific region and the world at large. The Chinese Government

and the Chinese people on both sides of the Straits have reason to expect support from truly peace-loving countries in the world for China's peaceful reunification.

The past year has witnessed new progress in the good-neighborliness and friendly relations between China and its surrounding countries in the political, economic and other fields.

-- China has been in firm support of the detente and exchanges between the North and the South of Korea and of an independent and peaceful reunification on the peninsula. China's relations with the ROK and Japan have continued to grow.

— There has been fresh progress in China's relations with Southeast Asian countries with ever deepening mutually beneficial cooperation in all fields. China has either signed or issued joint statement on 21st century-oriented bilateral cooperation with all the 10 ASEAN member states. Consultations on the regional code of conduct in the South China Sea area have made positive headway.

— The Land Boundary Treaty signed between China and Viet Nam has officially got into effect. The two countries have also officially signed China-Viet Nam Agreement on the Delimitation of the Beibu Bay Territorial Sea, the Exclusive Economic Zone and Continental Shelves and China-Viet Nam Agreement on Fishing Cooperation in the Beibu Bay. The successful settlement of the land boundary issue, the delimitation of the Beibu Bay and the relevant fishery issue has laid a favorable foundation for a border of peace, amity and long-term stability between the two countries in the new century.

— China has continued to develop its relations with South Asian countries. China-India relationship has developed and China-Pakistan traditional friendship has strengthened.

— China and its neighboring countries in Central Asia have maintained a positive momentum of development in their regional cooperation through the "Shanghai-5" mechanism. The "Shanghai-5" cooperation mechanism is playing a more and more important role in regional security, stability and development.

— China has taken an active part in multi-lateral dialogues and cooperation such as ARF, 10+3, APEC and ASEM, and undertaken some cooperation projects aimed at building confidence.

The fundamental task of China's diplomacy in the new century is to work for a peaceful international and surrounding environment for the economic and social development. China will, as always, continue to pursue an independent foreign policy of peace, develop friendly relations and cooperation with all the other countries in the world, particularly its neighboring countries, on the basis of the Five Principles of Peaceful Coexistence, and continue its efforts for peace and stability in the region and the world as a whole.

Democratic People's Republic of Korea

The issue of Korean peninsula occupies very important position in peace and security in Asia-Pacific region. Therefore, to have proper and correct understanding of DPRK is an issue so important that the peace and security in this region can be discussed in such a way as to bring about practical peace and security.

Introduction

The Korean people had lived under the Japanese colonial rule for half of the past century and have been living for the rest of the century in belligerent state with the US, because of which, they have longed for peace more than anyone else and made all possible efforts to defend peace on the Korean peninsula.

The DPRK is very stable in terms of politics. All people are rallied single-heartedly around the great leader General Kim Jong Il and they are striving for the independent reunification of the country and building up of the powerful nation full of confidence and optimism.

At present, the DPRK is launching dynamic efforts to tide over hard time temporarily existing in economy and life of the people owing to the US-led economic blockade and sanctions, breakdown of the socialist market and natural damages lasting for several years. In the DPRK, the army is the pillar by which to unite the entire people to defend the nation and construct the economy.

The DPRK regards the independence as lifeline and adheres firmly to the independent position in revolution and construction, and all its internal and external policies are run through with independence. The DPRK shapes its policies according to its own judgement and determination to meet demand and interests of the people and carry them out by its own efforts.

The DPRK maintains principle of self-reliance in national defense, too.

DPRK

The dark clouds of war constantly hang over the Korean peninsula due to the maneuvers of the US to suffocate the socialist system in DPRK. The US-Japan military alliance and the US-South Korean military alliance all aim to control the DPRK by force of arms.

The U.S, stating as if the DPRK "threatens" peace and security in this region, ceaselessly attempts to isolate politically, suffocate economically and control the DPRK by force of arms. What they say that the DPRK "threatens" someone has neither reason nor ground at all and it is just DPRK that is threatened practically.

At present, the US and its allies are talking about "cooperation" against the DPRK and increasingly conduct the military exercises and military provocation.

The DPRK, small in size and population, is not easy to defend the national sovereignty and keep peace in cope with single-handedly the collective high-handedness of the US and its allies, hence, the DPRK has to strengthen its national defense capacity to protect its sovereignty and right to survival even by jaw-clamping efforts, which is sacred, right that none violates.

Reunification of the Korean peninsula

The DPRK regards the national independence as the basic principle in dealing with the reunification issue and endeavors to reunify the country independently without foreign interference.

The Korean nation is a single one that has been living in one and the same land and the division of the Korean peninsula is a product of the foreign interference and the manmade territorial and nation split are the root cause of all sufferings of the Korean nation.

To reunify the country by its own efforts in a peaceful way without foreign interference is the unshakable will of DPRK and the desire of the Korean nation.

The great leader General Kim Jong Il defined three principles of independence, peaceful reunification and great national unity, 10-point programme for great national unity and the proposal for the founding of a Democratic Federal Republic of Koryo put forward by the respected President Kim Il Sung as three point charter and wisely leads the struggle for reunification of the country in its van.

The historic inter-Korean Summit meeting held in Pyongyang in June of last year and the publication of the Joint Declaration is the brilliant fruits of the idea of national independence and great national unity of the great leader General Kim Jong Il. -

Since the publication of North-South Joint Declaration, the inter-Korean relations enter a phase of turn, to wit, the successful holding multi-faceted talks in Pyongyang and Seoul for reconciliation and cooperation and home visit of the separated families and relatives and active exchanges in the fields of sports, press and arts.

In order to reunify the Korean peninsula divided by the outside forces, the North and South Korea should implement the inter-Korean Joint Declaration issued before the nation and the world.

This declaration is the call for independence, peaceful reunification and great national unity and milestone for the country's reunification based on the 3 principles for the reunification of fatherland.

Only when both sides of Korea take the active reunification-oriented and practical measures, the reunification through federation formula could be realized as desired by the nation.

The countries concerned should take fair approach to the Korean issue, respect the will of the Korean nation for reunification and actively cooperate with the north and the south in solving the reunification independently and peacefully by pooling their strength.

External policy

The DPRK maintains all along the independent position in its external policy.

The DPRK formulates external policies based on the idea of independence, peace and friendship and develops its foreign relations with all countries in the world following the principle of mutual benefits and equality and not only values its own sovereignty and dignity but also respects the independence, culture and tradition of other countries.

Recently, sincere efforts of the DPRK to develop the friendly cooperative ties with other countries brings about positive results, which absolutely conforms to the present international trend towards reconciliation and cooperation among countries and peace and development.

The DPRK will, in the future, too, spare no efforts to develop the friendly cooperative relations with all other countries on the base of the principle of mutual respect, non-interference, equality and co-benefits.

Outlook on security in Asian-Pacific region

This region with vast expanse of land and big population and great potentials has been facing process of radical change recent years and the political, economic and military interests of the countries and forces in this region conform to and cross each other, impacting seriously the regional security.

Some countries prefer strength to dialogue or negotiation and tend to ignore other countries' concern for interests and security while only putting the priority to their own security, therefore many unstable potentials are available.

A decade or so has passed since the demise of the Cold War, but confrontation of power, the legacy of the Cold War remains in the Northeast Asian region centering on the Korean peninsula. Huge military forces have been deployed in north and south of Korean peninsula along the Military Demarcation Line.

Once a war might be broken out therefrom, the spark of war could be expanded to the surroundings instantly and this region would be involved in the flame of war immediately.

It is thanks to the independent and peace-loving policy and patience of DPRK that the peace has been kept in Korean peninsula up to now despite of the endless maneuvers of the US and its following forces against the DPRK.

Ways and means for securing peace and **security** in the Korean peninsula

— Division of Korean **peninsula and foreign interference**, the root cause of the **instability** should be terminated.

Looking back upon 50 years-old history of division, whenever a sign of inter-Korean reconciliation and cooperation presented itself, foreign forces used to hinder it, which shows foreign forces tried to manipulate mistrusts and confrontations between north and south Korea.

The American ambassador to South Korea spread ill rumor that the reunification of Korean peninsula is very far even when the inter-Korean relations rapidly have been advancing to the reconciliation and cooperation since the Pyongyang Summit Meeting and publication of the North-South Joint Declaration in June of the last year. This shows that though they talk about the inter-Korean dialogue and detention, they are very impatient and concerned apprehending that they could not put the promotion of inter-Korean-relations under their control.

The durable peace and security on Korean peninsula requires the complete termination of unfair foreign interference in the internal affairs of the Korean nation

An end should be put to hostile policy of the US to DPRK and DPRK-US war state

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They have deployed about 40,000 troops, a lot of nuclear weapons and missiles in South Korea and staged repeated large-scale military exercises against the DPRK, thus intensifying the situation and fabricated the fictitious of "nuclear development" and "missile threat" of DPRK to give a military pressure on DPRK.

As far as the nuclear issue in the Korean peninsula is concerned it is absolutely attributed to the US deployment of nuclear weapons to South Korea and its threat against the DPRK.

Under the DPRK US Agreed Framework of 1994, the relations between both sides is to be improved and the nuclear issue be addressed. The DPRK has frozen its own nuclear power industry faithful to its obligation according to this Agreed framework but the US failed to implement its commitments. The DPRK is following the US unfaithful attitude with vigilance.

As the US is hostile to the DPRK, they take the issue with the launch of satellite of DPRK and their concern is not the missile itself but the possession of missile by DPRK.

ii is well known that the US is possessed of the largest numbers of missiles in the world and never did they take the issue when other countries launched missiles or satellites in the past.

However, the Bush Administration, since its inauguration, has been pursuing unprecedented "hard-line policy" towards the DPRK and driving the process of improving the DPRK-US relations into bankruptcy by discontinuing all negotiations the former Clinton administration held with the DPRK, spreading the theory of " threat from North Korea" and intensifying tension.

The essence of the present US Administration's "hard-line policy" towards the DPRK is that it aims to cool the DPRK-US relations to lead it to confrontation and suffocate our country with force.

* The prevailing situation compels us to take due counter-measures to cope with the US policy toward the DPRK.

All facts show that the US Administrations hostile policy towards the DPRK will revert the situation on the Korean peninsula to the state in the past when the DPRK-US Agreed Framework was not existent and furthermore, it will pose a grave threat to peace and security in the region.

* Either the launch of satellite or test of missile thoroughly belongs to the sovereignty of each country, that is why nobody has right to interfere in it

Our development of missiles aims not to attack the other countries but to defend our sovereignty, dignity and fight to survival from the military threat provoked by our neighbors and develop the space science.

It can not be persuasible in any way that US tries to fabricate the fictitious "missile threat" of DPRK and build up the "missile defense" while deploying thousands of missiles targeting us in South Korea and our vicinity.

To keep lasting peace on Korean peninsula, US should give up the hostile policy to DPRK and the war state between two sides.

It was an event in DPRK-US relations that the high level delegation of DPRK visited to Washington and the former US Secretary of State, Albright came to Pyongyang in October of last year.

For the full solution to impending issues between the DPRK and the US, the latter should faithfully implement the DPRK-US Agreed Framework and already-made commitments.

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The relation between DPRK and US would be absolutely depended by the attitude of the latter.

Japanese militarism and re-armament should be checked.

Attempts of Japanese militarism and rearmament directly affect and negatively impact on the peace and security in Asia-Pacific region in general and in the Korean peninsula.

Japan is the criminal state which inflicted uncountable pains and sufferings upon the peoples in Asia-Pacific region in the past, that is why the countries in this region feel uneasy about recent movements of Japan

The Japanese Military budget comes to the rank second to the US in the world and some politicians of Japan often speak about the need of Japanese nuclear armament, which shows that "3 principle of non-nuclear" advertised widely by them is nothing but colored wrapper to cover up its nuclear armament.

Recently, the movement has been very active to amend the "peace constitution" so as to legally guarantee the participation in war overseas including the participation of Japanese self-defense corps in UN peace-keeping operation, mobilization of right of collective self-defense.

What can not be overlooked is that Japan tries to avoid redressing of its past. Japan is busy to beautify its colonial aggressive war against the Asian countries by rescribing its aggression to Asian countries as to "liberate" them from the European colonial rule.

At present Japan is distorting its criminal history against humanity in the history textbook for secondary school including the occupation to Korea, aggression to the Asian continent and "comfort woman" and to hide to the new generation the Japanese criminal actions against the Koreans and Asians.

In the past half of a century, Japan colonized Korea and inflicted upon the Koreans a lot of human and material damages but they fails to officially apologize or redress their crimes against the Korean people

In particular, what we can not fail to notice is that they are attempting to find out the pretext for their rearmament by branding the DPRK as "enemy"

During the past several years, the governmental level talks for normalization of relations between both side were held on several times, but unfortunately we could find no results therein due to the Japanese attempts to avoid the official apology and clearance of its past, which tells they are dreaming of repeating their criminal history full of crimes and aggressions to the Asian countries.

The DPRK holds the position that unless the Japan sincerely apologizes and clean its crimes against the Korean people, there would be no any normalization of the relation between two countries.

The DPRK is very vigilant against the moves for revival of Japanese militarism and re-aggression to Korea.

Epilogue

The DPRK is proud of making sustainable contribution to preventing a war and ensuring stability in the geopolitical area where the interests of some countries are crossing.

In particular, it is the confirmation of the tightness of the independent policy and peace-loving line of DPRK that since the historic Pyongyang Summit meeting and the publication of North-South Joint Declaration, the tension between North and South has been getting easier, the epochal phase for reconciliation and cooperation opened, and the relations between the DPRK and other countries in the world being normalized.

in the future, too. DPRK will be faithful to its obligation for the reunification of country and regional peace and security.

ASEAN Regional Forum: Annual Security Outlook 2001: EU contribution

The European Union welcomes the compilation of this second Annual Security Outlook (ASO), following the success of the first such ASO. It sees the ASO as yet another tool at the ARF's disposal to promote transparency in security matters and, with it, to build confidence among ARF members.

In preparing its contribution, the Union has, like last year, followed the broad lines of the structure proposed by the then ART chair in his letter of 17 September 1999.

Overall Regional Security Environment

Looking back at its contribution to the first ASO, written in March 2000, the Union sees an overall improvement in the security situation in the region, with a general lowering of tensions. Relations between the major powers, as ever crucial to the region's security, remain relatively stable. Yet, many of the underlying security risks in the region are undiminished, especially where the fundamental conflicts remain unresolved. Recent developments show that setbacks are not excluded. And if generally State to State relations have improved, intra-State conflict has continued to flourish, often posing a security threat not just to the State itself, but to neighbours and even the region more generally.

The coming year is an important one. The region may be faced with threats to the economic recovery that has helped bring new stability to many countries. A continued commitment to economic reform, open markets and good governance will therefore be crucial. The Union has sought to play its part, including through the adoption, in February 2001, of the "everything but arms" proposal, extending duty free access without any quantitative restrictions to products originating in the least-developed countries. The region is also likely soon to give birth to a new independent and democratic state, East Timor. The Union hopes that other States, including Pakistan, Burma/Myanmar and Fiji, will take further steps over the next year to move back into the democratic fold, by so doing increasing regional stability.

The Union sets out below some of the more acute security challenges that, in its view, beset the region. This is not to neglect the other security challenges, often more transnational in character. They include: the civil war in Afghanistan and the overspill of refugees into neighbouring countries, both of which are having an effect upon the wider region; widespread violations of basic human rights; the proliferation of small arms, nuclear and missile technology; the problem of landmines; trafficking in persons; the scourge of illegal drugs; and piracy. The Union welcomes the fact that some of these transnational security issues have begun to be addressed by the ARF, although without the ARF losing its focus on more traditional security issues.

The latest wave of globalisation, fed by rapid technological advances and the globalisation of information has, as Ministers recognised in Bangkok at the 7th ARF in July 2000, made the case for international security co-operation ever more urgent. The ARF can and should play an important role in addressing that need, not through duplicating or substituting for other important actors such as the UK, but by identifying and then bringing its own added value.

Major Security Concerns

The Korean peninsula

The process of reconciliation between the two Koreas has been one of the most welcome developments of the last year, bringing hopes of a lasting peace to one of the potentially most dangerous parts of the globe. The Union welcomed the Summit held in Pyongyang in June 2000 and encourages the search for a solution bringing lasting peace between the Republic of Korea and the DPRK. The Union supports the process of reconciliation now under way between the two Koreas and will continue to contribute to it. The character of the Union's relations with the DPRK will go hand in hand with developments in that

country's attitude in various fields such as its rapprochement with the Republic of Korea, a responsible behaviour with regard to nuclear and ballistic non-proliferation, developments in the human rights situation, greater access for the population to external aid and openness to trade. The activities of the DPRK in the nuclear and ballistic fields have major implications for stability and security in Asia, because of its behaviour with regard to the export of sensitive technologies in regions at risk. The Union expects the DPRK to adopt a responsible attitude and to respond to concerns expressed by the international community in this field. The Union deeply regrets that the DPRK did not attend the ARF ISG in Seoul last October and the OSCE/ROK Conference on CBMs in North East Asia in March. The Council identified a package of incentives to further progress in October 2000 (including possible technical assistance and greater EU market access to products emanating from the DPRK). An EU Troika mission visited Pyongyang in November 2000 and the Union is actively studying how it may offer further support to President Kim dae-Jung's engagement policy.

Taiwan Straits

The Union welcomes the reduction of tension across the Straits and hopes that this will continue. The Union believes that differences may be resolved peacefully, without the threat or use of force.

South Asia

Nuclear and missile proliferation in the sub-region, high levels of defence spending, and the ever-present risk of conflict across the line of control in Kashmir highlight the security risks in the present situation. The EU remains convinced that UNSC resolution 1172 should be implemented as soon as possible and without conditions, with Indian and Pakistani signatures of the Comprehensive Nuclear Test-Ban Treaty (CTBT) as a first step. The EU has encouraged both India and Pakistan to exercise restraint and to resume their bilateral dialogue, in the spirit of the Lahore declaration. The unilateral Indian cease-fire in Kashmir and the subsequent reduction of tensions along the Line of Control have been welcome first steps. The EU would support further such efforts. Resuming co-operation within the framework of the SAARC, and the accession to relevant disarmament and non-proliferation treaties, could further contribute to reduce the potential for armed conflict in the region.

Indonesia

The Union established a new relationship with Indonesia in 2000. It has offered strong support to Indonesia's new democracy. Yet, like others, it is alarmed at the violent conflicts that have erupted in so many of Indonesia's provinces. The conflicts have different characters and few common roots, but large-scale refugee flows from such conflicts could well pose a threat to regional security. The Union has offered its strong support for Indonesia's territorial integrity. At the same time, it has sought to promote the peaceful resolution of the internal conflicts, rather than the use of force of arms, and has stressed the need for the Government of Indonesia to protect populations at risk. The Union is aware of the difficulties of transition from the preceding regime and recognises the intrinsic risks of instability during this period, including possible repercussions on the stability of the region. The Union has therefore already reoriented its development co-operation towards areas likely to strengthen the administration's capacity in terms of governance. The Union continues to observe the situation closely and would be ready to consider offering further practical support if required.

Indonesia, because of its size and position, is crucial to durable stability and security in the region and the surrounding sea straits. A strong, united and democratic Indonesia, where disputes are settled peacefully, has an interest that goes far beyond its borders. Economic growth in Indonesia is therefore indispensable, not only for further successful integration efforts in the ASEAN as a whole.

East Timor

2001 will be a momentous year for East Timor as it prepares for independence. The Union welcomes the progress that has been made by UNTAET and the people of East Timor in rehabilitating the country and building its national, democratic institutions. It welcomes also the spirit of co-operation that has been created between East Timorese and Indonesian leaders. Further efforts, however, need to be made by Indonesia to disarm and disband militias in West Timor, so as to reduce the security threat to UNTAET and East Timor, and enable the East Timorese refugees in East Nusa Tenggara to make a free and informed choice to return to East Timor or resettle in Indonesia, in accordance with UNSCRs 1319 (2000) and 1338 (2001). This is all the more important given the deadline of 20 June for the registration of electors for the constituent assembly elections in East Timor. The Indonesian authorities should also bring to justice those believed to be responsible for violations of human rights and international humanitarian law in East Timor. The EU notes with appreciation the decision of 21 March 2001 by the parliament of Indonesia to setup an ad hoc human rights court on East Timor. It underlines the necessity of the Government of Indonesia to implement fully this decision in full respect for international human rights standards.

The South China Sea

The security of and freedom of navigation in the South China Sea is of major concern to the Union, as it would be to any major trading country. Rival territorial claims should be resolved peacefully and through negotiation. The Union therefore welcomes the continued work on a Code of Conduct, as a further useful step, following the Manila declaration. It encourages further such efforts, and continued restraint by all concerned.

The Philippines

The Philippines has suffered an increase of instability in 2000, due to aimed activity by separatist Islamic rebels, particularly in Mindanao, and terrorist kidnapping even taking place outside the country's territory. The whole nation has also seen an increase in armed communist activity. The EU supports the efforts of the new Philippine Government to resume peace negotiations, which offer a fresh opportunity to settle long-standing disputes. The EU is reorienting its development co-operation to assist the Philippines in accommodating intrinsic security challenges.

Burma/Myanmar

Events over the last year have again revealed the potential for the internal situation in Burma/Myanmar to become a source of regional insecurity. The Union welcomed the opportunity to discuss the situation with its ASEAN partners at the successful 13th ASEAN-EU Ministerial in Vientiane (December 2000). It has since also welcomed the initial contacts between the SPDC and Daw Aung San Suu Kyi, and has strongly supported the role played by UN Special Envoy Tan Sri Razali Ismail. It hopes that these contacts will develop further and will widen, so as to lead to concrete steps towards national reconciliation, democracy and respect for the human rights of all the peoples of Burma/Myanmar. The Union sent a Troika mission to Burma/Myanmar in January 2001 and stands ready to consider sending a further mission should developments so require. The Union has also welcomed the contacts established between the Government of Burma/Myanmar and the UN Special Rapporteur on Human Rights, Mr. Sergio Pinheiro, and hopes that the Special Rapporteur will be able to develop a constructive dialogue with all parts of society.

South Pacific

The Union has watched developments over the last year in Fiji and the Solomon Islands with great concern. It opened consultations with Fiji in the framework of the Colono Agreement with ACP states in October 2000. It has pressed for the restoration of democratic and constitutional order in both countries, and is encouraged by the decision to hold elections in Fiji, under the 1997 constitution, in August 2001. It welcomes all bilateral and international efforts to help restore democratic stability, and the new attention

given by the ARF to the situation in the region, all the more so given the risk of the spread of instability to other states in the area.

Disarmament and non-proliferation

The EU considers the Treaty on the Non-Proliferation of Nuclear Weapons (NPT) as the cornerstone of the global non-proliferation regime and the essential foundation for the pursuit of nuclear disarmament. The EU stands firmly behind the 1995 Principles and Objectives and the Final Document from the 2000 Review Conference of the States Parties to the NPT. The international nuclear non-proliferation regime should now be strengthened through the early entry into force of the Comprehensive Nuclear Test-Ban Treaty (CTBT) and the immediate commencement of negotiations on a Fissile Material Cut-Off Treaty (FMCT). The EU will contribute actively to a successful outcome of the second conference pursuant to Article XIV of the CTBT. To this end, the EU will encourage all States to sign and ratify the CTBT without delay. Furthermore, the EU is concerned about the proliferation of missiles and missile technology and supports efforts to achieve universal adherence to the draft international code of conduct against ballistic missile proliferation.

The EU considers the successful conclusion of the negotiations on a Protocol strengthening the Biological and Toxin Weapons Convention (BTWC) as an urgent priority on this year's disarmament and non-proliferation agenda. As all State Parties agreed, the Protocol needs to be finalised before the 5th Review Conference in November, and precious little negotiating time is left. The EU underlines the importance of the presentation of a composite Protocol text on March 29 by the Chairman of the negotiations, Ambassador Tibor Toth. It urges all states to reflect on this text as a whole, which should be the platform for political decisions.

The EU also attaches great importance to the UN Conference on the illicit trade in small arms and light weapons (SALW) in all its aspects, which will be held in New York from 9 to 20 July 2001. The EU strives for concrete results from the Conference and believes that the Conference should adopt a programme of action encompassing political commitments for prevention and co-operation measures, thus setting guidelines for our future work. The Union is convinced that an effective response to the suffering and insecurity called by SALW can only be found in a comprehensive approach with a combination of "demand" and "supply" side strategies together with programmes for disarmament, demobilisation and reintegration, confidence-building, conflict resolution, capacity-building, and development.

In December, the Second Review Conference on the Convention on Prohibitions or Restrictions on the Use of Certain Conventional Weapons which may be Deemed to be Excessively Injurious or to have Indiscriminate Effects (CCW) will take place. The CCW and its protocols constitute an essential and integral part of international law and the EU attaches great importance to them. The EU is confident that the Review Conference will show that the CCW is a dynamic and relevant instrument in the field of conventional weapons. Important issues, such as improvement of humanitarian standards of anti-vehicle mines, and explosive remnants of war, will be in focus at the Conference. Efforts are still needed in order to make the CCW an universal convention. The EU calls upon all states that have not yet done so to accede to the Convention and all its protocols.

The Balkans

The Summit in Zagreb crowned the continued efforts by the EU in favour of re-establishing peace, establishing democracy, developing the economy and stability in the region. All the heads of state in the region (Albania, Bosnia-Herzegovina, Croatia, FRY, FYROM) and the EU met for the first time on 24 November, 2000.

This initiative aims to convey two messages: Firstly, the idea that democracy, regional reconciliation and co-operation, as well as the rapprochement of each of the countries in the region with the EU, go hand in hand. Secondly, the n

ced for an EU strategy which is more coherent and more determined to resolutely support this dynamic. It is supported, in particular, by a new aid programme aimed at the Western Balkans, CARDS, which is endowed with 4.65 million euros for the period 2000-2006.

The Stabilisation and Association Process of the EU, as endorsed by the Zagreb Summit, is the lynchpin of the Stability Pact in which the EU also plays a leading role.

Domestic developments

The EU continues to develop its Common Foreign and Security Policy (CFSP) and European Security and Defence Policy (ESDP). It also continues to play a major role in conflict prevention and post-conflict peace-building in its own continent, notably in South East Europe.

The process of enlarging the Union continues apace, which, as EU Foreign Ministers underlined in January 2001, will extend and strengthen the area of peace and stability in Europe. The European Council in December 2000 welcomed the stepping-up of accession negotiations with the candidate countries. In Göteborg, Sweden, in June 2001, the European Council will assess progress in implementing the new accession strategy.

The Council also tasked the present Presidency of the EU (Sweden), together with the High Representative for CFSP, to take forward work on ESDP so that the Union could become operational as soon as possible during 2001 and not later than the European Council of Laeken. A report will be presented to the Göteborg European Council.

The Presidency report to the European Council in December stressed that the aim of the efforts made in the field of ESDP was to give the Union the means to play its role fully on the international stage and of assuming its responsibilities in the face of crises by adding to the range of non-military instruments already at its disposal an autonomous capacity to take decisions and actions in the military field. In developing this autonomous capacity to take decisions, where NATO as a whole is not engaged, to launch and conduct EU-led military operations in response to international crises, the Union will be able to carry out a wide range of tasks: humanitarian and rescue tasks, peace-keeping and the tasks of combat force in crisis management, including peacemaking. This does not involve the creation of a European army.

The Presidency report underlined that the development of ESDP strengthens the Union's contribution to international peace and security in accordance with the UN Charter. The EU recognises the primary responsibility of the UN Security Council for maintaining peace and security. In the beginning of 2001 the EU has established a permanent Political and Security Committee as well as a Military Committee. A Military Staff will soon also become permanent. The Union has also been actively involved in working on the civilian aspects of crisis management, including the development of an initial capability for planning and conducting police operations and a request for voluntary contributions with respect to police. Work is also under way in the fields of the rule of law and civil protection. The Union is committed to keeping its ARF partners informed of developments in ESDP.

ANNUAL SECURITY OUTLOOK

Section I: Singapore's Outlook for Regional Security

- The prognosis for the Asia-Pacific is reasonably encouraging. There have been no wars or major conflicts, and the regional economies are on the road to recovery from the recent economic crisis.
- The triangular relationship between US, China and Japan remains the foundation for stability in the region. China's movement towards WTO membership is a significant development that will bring greater economic benefits to the region, which will in turn contribute to greater regional stability. How well the respective economies of the US and Japan perform will have a significant bearing on the prosperity and stability in the region.
- In Northeast Asia, the situation in the Korean Peninsula remains uncertain. There have been some positive progress following the successful inter-Korea Summit between President Kim Dae-jung and Chairman Kim Jong-il. Several initiatives were launched and exchanges re-established. However, many difficult issues remain and would take time to resolve.
- In Southeast Asia, East Timor's reconstruction is underway, but there are uncertainties. The UN has pointed out that the costs involved are higher than originally anticipated, and there is a need for greater support from the international community.
- In the South China Sea, the competing claims remain unresolved, but there are positive attempts to manage the situation, such as the ASEAN-China consultations on developing a Code of Conduct for the area.
- The 4th ASEAN Informal Summit in Singapore in November 2000 saw ASEAN put forward initiatives that, over time, will enhance ASEAN's competitiveness, help reduce the developmental gap within ASEAN and make ASEAN more cohesive. Another key outcome was the clear sense amongst ASEAN leaders and the leaders of China, Japan and South Korea to move eventually towards an East Asian community.
- The ARF remains the most important multilateral forum for discussing and exchanging views on regional security issues. In recent years, the ARF has built up a high level of comfort among member countries. It has made positive initial steps towards the next stage, which is Preventive Diplomacy (PD). The ARF has also ventured beyond traditional areas of security to examine transnational crimes, which have become an area of greater concern. It is imperative for ARF members to continue their efforts in these

and other areas so as to provide the necessary conditions for regional peace and stability.

Section II: Review of Regional Co-operation

- Security co-operation in the Asia-Pacific is progressing well. Bilateral co-operation between regional countries has been growing both in depth and scope. There is now substantial bilateral defence co-operation between countries in the Asia-Pacific, involving exchange visits, cross attendance of courses, joint training and exercises and security dialogues. There has also been steady progress in the institutionalisation of multilateral co-operation in the Asia-Pacific region over the past few years. Mechanisms for region-wide security dialogue, such as the ARF and the Council for Security Co-operation in the Asia Pacific (CSCAP), have been firmly established.
- Within the ARF, many confidence-building measures have been implemented and many more are in the process of implementation. The ARF has also embarked on maritime security co-operation and co-operation to deal with transnational problems such as illicit trafficking of small arms, piracy and illegal migration. In addition, there is considerable discussion both within the ARF as well as in Track II forums, on the concept, principles and application of preventive diplomacy in the region.
- Another positive development is the increasing participation of defence officials in the ARF. Defence officials participate in ARF meetings at all levels and meet informally among themselves during lunch at the Ministerial and inter-sessional meetings. Interactions among defence officials in these meetings contribute substantially to confidence building within the ARF.

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

- 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 for the new century 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.
- Singapore believes that regional security and stability is best served by having a security architecture comprising strong bilateral relationships and multilateral arrangements. Singapore enjoys close ties with many countries in

the Asia-Pacific and will continue to strengthen and deepen these bilateral ties. On the multilateral level, Singapore will do its best to contribute to regional defence and security co-operation. It will seek to strengthen existing multilateral arrangements such as the Five Power Defence Arrangements (FPDA) and the ARF, as well as to foster and support new arrangements to enhance regional peace and stability.

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

-- In February 2000, the Republic of Singapore Air Force (RSAF) hosted the Millennium Air Power Conference in Singapore. The conference provided an opportunity for air force chiefs from around the world to discuss developments in air power concepts and technology in this new millennium.

-- In Aug 2000, the SAF Headquarters Medical Corp co-organised the ARF Combined Humanitarian Assistance Response Training (CHART) Course with the US Centre of Excellence in Singapore as a new ARF CBM. The CHART Course was attended by some 47 defence, civil affairs and foreign affairs officials from 17 ARF member countries.

In Oct 2000, the Republic of Singapore Navy (RSN) hosted the first multilateral submarine rescue exercise in the Western Pacific Region. Known as Ex Pacific Reach, the exercise brought together 600 participants from 11 countries, including those from the US, Japan, ROK. Australia, China and Russia, amongst others, were observers to the exercise.

- In Nov 2000, the RSN hosted the 2nd International Mine Counter Measure Seminar. The seminar was attended by more than 60 delegates from 18 navies.

- Singapore has been consistently supporting the efforts of the UN in its peacekeeping efforts as a way of contributing to regional and global peace and stability. Over the past ten years, more than 800 SAF and other Singaporean personnel have participated in such missions. Singapore was among the first countries to contribute to the International Force in East Timor (INTERFET) and subsequently maintained our contribution of a medical team, civilian policemen and some military staff officers in the UN Transitional Administration in East Timor (UNTAET). Most recently, Singapore has pledged a platoon of peacekeepers to UNTAET. The platoon will be deployed with the New Zealand Defence Force in the western sector of East Timor. The platoon of peacekeepers is an extension of Singapore's contribution to maintaining stability in East Timor and thereby helping to enhance regional security.
- In Jan 2001, the SAF has sent two officers to participate in the UN Mission in Ethiopia and Eritrea as military observers. This new mission has been established by the UN to monitor the cessation of hostilities between Ethiopia and Eritrea so as to facilitate the delimitation and demarcation of the border.

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ARF ANNUAL SECURITY OUTLOOK FOR 2001

NEW ZEALAND VIEWS

New Zealand is pleased to provide its views on the outlook for regional security in 2001. The Annual Security Outlook is a valuable contribution to transparency and confidence building among members of the ARF.

Developments in the region over the last year

Over the past 12 months the region has, in New Zealand's view, remained basically stable, though there are elements of instability that cause us some concern. There are still encouraging signs in many parts of the region of a cautious return to economic stability, based in large part on policies that have addressed the economic and social consequences of the region's financial crisis. In the longer term developments in the region's largest economies will have an important impact on the prospects for economic growth and prosperity in the region. Efforts to establish sub-regional economic relationships are also a significant element of long-term prosperity. Events in the region over the last few years have shown that economic and social stability are crucial and that without them there is a high risk of political uncertainty undermining the basis of peace and security.

The basis of political and military stability in the region is engagement and stable relations between its constituent parts. There are no major military conflicts in the region at present and no large-scale armed confrontation, though the region is not without territorial disputes and periodic cross-border fighting. The overall (one of the region's security is set by the state of relations between the major players. Political change in any of those countries can lead to readjustment in the interplay between the region's largest and most powerful members. Engagement between the United States and China and harmonious relations between those two countries is important for the region's stability. Positive relations between Japan and China and Japan's close relationship with the United States are also significant components of the overall positive backdrop for the region. It should be noted, however, that events in Indonesia and the Southwest Pacific over the last twelve months have led to concerns about ongoing stability in those parts of the region.

New Zealand continues to believe that the multilateral process is essential for collective security in region. The strengthening of regional institutions, efforts by ASEAN members to strengthen the institutions of ASEAN and to consolidate the dialogue with countries in North Asia, are welcome signs that regionalism is alive and healthy. Taking advantage of the opportunities offered by globalisation is an important challenge facing the region. The management of transnational crime is

another area where the region needs to cooperate and closely coordinate its efforts. The ARF has addressed both globalisation and management of transnational crime as important aspects of regional security. The Forum has consolidated its function as the prime focus for the exchange of views on security issues and has made good progress in exploring practical steps for building confidence between countries. New Zealand believes the ARF has an important role to play in addressing the region's security concerns as they arise.

Current regional issues

ARF attention has focused on a number of regional issues over the past 12 months. There has been a series of positive developments on the Korean peninsula. Developments on the peninsula have the potential to affect stability in the region. The prospects for closer contact between the ROK and the DPRK have taken a big step forward as a result of the inter-Korean Summit and the greater engagement of the DPRK in regional affairs. New Zealand looks forward to a further inter-Korean summit taking place. A number of countries have made efforts to assist in the reduction of tensions on the peninsula. Management of nuclear and missile developments in the DPRK remains an important factor in maintaining the momentum of improvements that have taken place over the last year. New Zealand has recently established diplomatic relations with the DPRK, as have a number of other countries, and looks forward to engaging with the DPRK on a range of issues of mutual interest.

New Zealand attaches great importance to ensuring there is no disruption to traffic in the shipping lanes that pass through the South China Sea. New Zealand is not party to competing claims to territory in the South China Sea and believes that any conflicting territorial claims should be resolved peacefully and through contact between the parties involved. It is encouraging that ASEAN and China have been working towards concluding a Code of Conduct for the South China Sea.

New Zealand believes that the success of Indonesia's transition to democracy and of its programme of economic reform, as well as peaceful resolution of internal conflicts are important for the region. It is important that countries in the region and the international community remain engaged and supportive of Indonesia's efforts.

The situation in East Timor has improved significantly under UNTAET, with humanitarian assistance and peacekeeping efforts provided by countries in the region and beyond. East Timor faces the challenge of establishing a stable, democratic and economically viable nation. It will require significant assistance from the international community and it will be essential that a United Nations civilian and military presence continue in East Timor after independence. Refugee and militia problems in West Timor continue to pose a threat to East Timor's security and it is important that these problems be resolved quickly. This will enable those East Timorese who wish to do so to return to East Timor to vote in the elections in August 2001. New Zealand continues to urge that those responsible for murder of UN personnel in East and West Timor, as well as those responsible for human rights

violations committed in East Timor in 1999, should be prosecuted in accordance with the seriousness of the crimes committed. The light sentences imposed on the six men in respect of the murder of UNHCR workers in West Timor in September 2000 are quite contrary to international expectations.

For the past twelve months the Southwest Pacific has also had its share of instability. Efforts are continuing to find a long-term solution to the conflict in Bougainville and there is some forward momentum there. Fiji and Solomon Islands have been shaken by serious ethnic and tribal conflicts. Fiji has suffered grave disruptions to its democratic governance and now faces the challenge of restoring constitutional rights to all Fijians when elections are held in August 2001. An International Peace Monitoring Team is working to consolidate the success of the Townsville Peace Agreement in bringing to an end fighting between parties to the conflict in Solomon Islands. Assistance from the international community will be necessary to address a serious economic decline in that country.

The Asia-Pacific region provides illustrations of the increase worldwide in the number of conflicts within states, usually of an ethnic, communal or religious nature. When such conflicts get out of hand, countries often seek assistance from the United Nations or the international community. The United Nations Secretary-General has taken a new look at the issues involved in peacekeeping. New Zealand welcomes the recommendations of the Brahimi Report and the attention it gives to conflict prevention. As the recommendations of the Brahimi Report are implemented, the United Nations and the international community will have at its disposal much more effective peace support measures.

The proliferation of weapons of mass destruction is an ongoing threat to our region. It is essential that the international community renew its efforts in the field of disarmament and non-proliferation relating to nuclear, chemical and biological weapons. New Zealand is concerned about any actions that have the potential to undermine the multilateral nuclear disarmament agenda or lead to a new nuclear arms race. New Zealand hopes that dialogue between the United States, Russia and China on missile defence will minimise any such impact. Combatting the spread of missile technology will require stronger application of the treaty regimes on weapons of mass destruction, strict controls on access to missile technologies and concerted efforts to roll back programs in countries of concern.

The region also faces the threat of transnational organised crime. Transnational approaches are required to deal with this growing problem. The ARF has considered the number of transnational crimes, including piracy, illegal trade in small arms and illegal migration. It has also looked at the regional dimension to these problems and at where it can add to existing regional and international initiatives to deal with the problem. It will be important for ARF members to ensure that there is support for the United Nations Convention on Transnational Organised Crime and its associated Protocols, and active participation in the United Nations Conference on the Illegal Trade in Small Arms and Light Weapons in All its Aspects to be held in July 2001.

Domestic developments

New Zealand is committed to the multilateral process and to playing its role in maintaining peace and stability in the Asia-Pacific region and beyond. The New Zealand government has, over the past 12 months, undertaken a review of its defence policy and defence capabilities. It believes in a comprehensive approach to security. New Zealand's defence policy objectives are:

- to protect New Zealand's territorial sovereignty;
- to meet our alliance commitments to Australia by maintaining a close defence partnership in pursuit of common security interests;
- to assist in the maintenance of security in the South Pacific and to provide assistance to our Pacific neighbours;
- to play an appropriate role in the maintenance of security in the Asia-Pacific region, including meeting our obligations as a member of the Five Power Defence Arrangements;
- to contribute to global security and peacekeeping through participation in the full range of United Nations and other appropriate multilateral peace support and humanitarian relief operations.

Through a thorough assessment of New Zealand's defence and security needs, the government has set a course for its defence effort, concentrating defence resources in a range of affordable and sustainable military capabilities which will enable New Zealand to meet its needs and make an appropriate contribution internationally when required.