The Security Environment in the Asia-Pacific

Edited by Hung-Mao Tien and Ten-jen Cheng

Studies for the Institute of National Policy Research
THE SECURITY ENVIRONMENT IN THE ASIA-PACIFIC
Established in 1989, the INPR is the leading private think tank in Taiwan. It focuses on democratization, public policy, security affairs, and economics in the Asia-Pacific region.

TAIWAN’S ELECTORAL POLITICS AND DEMOCRATIC TRANSITION
Riding the Third Wave
Hung-mao Tien, editor

THE SECURITY ENVIRONMENT IN THE ASIA-PACIFIC
Hung-mao Tien and Tun-jen Cheng, editors
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The growing economic importance of Asia has generated steadily increasing concern about its security environment. But although measures to strengthen security cooperation in the Asia-Pacific region have been explored by numerous organizations and forums, the development of regional "track one" programs to facilitate official discussion and analysis of major security issues has been limited by several key factors—the absence of effective multilateralism, lack of effective leadership, and the unwillingness of participating governments to alter attitudes and policies toward regional cooperation. Another major limitation is the incomplete membership of many regional organizations due to disputes about which countries should be included, and at what levels.

Perhaps as a result of the failure to establish effective "track one" institutions, non-governmental or "track two" programs have proliferated. These organizations vary in degree of policy relevance, inclusiveness, breadth of definition of security, extent of original research and conceptualization, and comfort level for new forms of intellectual exchange. Few programs have acquired all the desirable elements.

The Institute for National Policy Research (INPR), the leading independent, non-partisan public policy think tank in Taiwan, long has been engaged in raising the level of discourse on security issues in the region. One of its most noteworthy recent efforts was a joint-conference in the spring of 1995, entitled "Asia-Pacific Collective Security in the Post-Cold War Era," which was sponsored by the INPR and the European-based ISODARCO. The conference discussed issues ranging from the Korean Peninsula, South China Sea and Taiwan Strait issues to recent developments in European collective security as they relate to Asia-Pacific security. Although the discussions included many topics that were critical to the region, it was clear by the end of the meetings that a conference of this nature should be only a beginning, not an end.
Further discussions with James A. Kelly, Ralph Cossa and Yun-han Chu led to the establishment of a new “track two” security organization, the Asia-Pacific Security Forum (APSF), to fill some of the gaps in the existing structure. The concept underlying the APSF is a regional grouping consisting of a core group of research institutes, of all types, broadly representing the major countries both located and interested in the region, along with leading individual security analysts and practitioners.

The primary purpose of this forum is to provide a distinctive new venue for multilateral discussion. It promises a high comfort level for ground-breaking dialogue, a broad definition of security, a high degree of inclusiveness, and new levels of original research and conceptualization. This new venue will fully incorporate into its deliberations Taiwan-based scholars and intellectual resources, which often are barred from other “track two” fora. Also, it will bring the participation of European-based scholars and experts into the fold. To keep the APSF flexible, open, and able to accommodate change, including the incorporation of prospective participants while avoiding a rigid governing structure, the organization was to have neither formal memberships nor a secretariat. The aim is to operate a highly developed, flexible, effective program with the minimum amount of bureaucracy.

The organizational plan for the APSF calls for a thematically structured international conference to be held every two years in Taipei, with issue- or situation-specific roundtables to be held in alternate years in other regional capitals. While the primary focus of the major conference will be the most salient and pressing security issues, such as territorial disputes, nuclear proliferation and the arms race, transparency of military expenses, confidence building mechanisms, and preventative diplomacy, the APSF will also deal with long-range security issues such as collective security mechanisms and global security regimes. It may also choose from time to time to deal with other broadly-conceived security issues such as energy dependency, ecology, terrorism, drugs, immigration, human rights, religious and ethnic conflict.

Eventually, four leading institutes in the field of Asian security decided to become the founding members of the APSF: the INPR, the Pacific Forum CSIS (USA), the Institute for Strategic and Development Studies (ISDS) (Philippines), and the Institut Français des Relations Internationales (IFRI) (France).

On September 1, 1997, the plan became a reality. The three-day inaugural conference of the APSF opened in Taipei, organized around this theme: “The Impetus of Change in the Asia-Pacific Security Environment.” Eighteen papers were delivered and discussed by over forty leading scholars and practitioners from Taiwan and eighteen other countries. Among the highlights of
the conference were keynote speeches by former United States Secretary of Defense William J. Perry, Taiwanese Vice-President Lien Chan, and former South Korean Minister of Foreign Affairs Sung-Joo Han.

The present volume is the outgrowth of that event. Our distinguished authors have refined and updated their arguments, and we have edited and arranged them in a format that we hope will be useful to a broad audience of people living in, and interested in this region. In this way, the APSF will be able to expand its function of raising the level of dialogue on Asian security issues.

In the meantime, the APSF has continued to grow and develop. Its second event, a roundtable entitled "Security Implications of the Asian Financial Crisis," was held on December 19 and 20, 1998, and was hosted in Manila by the ISDS. This event underscored our determination to regularize the APSF's activities and make it a viable and important component of the regional "track two" security structure. The second international conference, "The Dynamics of Asia-Pacific Security: A Fin-de-Siècle Assessment," was held in December 1999, and preparations are underway for the second roundtable to be hosted by IFRI in Paris.

In conclusion, I wish to thank all those who have made the APSF, and therefore this book, possible. I would especially like to thank my colleagues in the founding member institutes, especially François Godement at IFRI, Carolina Hernandez at ISDS, and Jim Kelly and Ralph Cossa at Pacific Forum CSIS. Without their help, we never could have gotten the APSF off the ground. In addition, I would like to thank all my colleagues and staff at the INPR who have provided invaluable support and advice on the substance of the APSF and who have done a superb job organizing its events. Finally, let me express my thanks to the people at M.E. Sharpe, who have provided us with this opportunity to turn the results of this first APSF conference into a resource for future researchers.

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THE SECURITY ENVIRONMENT IN THE ASIA-PACIFIC
The international security environment in the Asia-Pacific region has many intractable problems but few tested building blocks. While confrontational alliances are being transformed into some sort of collective security system in Europe (Snyder 1996), the shadow of the Cold War still lingers in the Asia-Pacific region. The North Korea nuclear crisis in 1994, the Mischief Reef incident in 1995, and the missile firings in the Taiwan Strait in 1996 remind us that the impulse for territorial conquest is potentially strong in this part of the world. No nation in the Asia-Pacific is immune from territorial disputes with its neighbors, and as Friedberg (1996) contends, for some powers, perceived benefits from military actions still outweigh costs. Culturally diverse, politically heterogeneous, and uneven in economic development, this region is neither endowed with benign conditions nor prepared for regional integration or collective efforts to maintain security.

Shifting Ground, Weak Foundations

Conceivably, democratic change can hold some promise for international security. As scholars from Immanuel Kant to Michael Doyle have pointed out, liberal democracies are prone to peace among themselves. These regimes protect human rights, respect the authority of an independent judiciary, and require a variety of public oversights over government decisions and policies, especially those related to taxation and conscription. The republican form of government, the democratic process, political representation, separation of powers, transparent policy-making, and accountability are thus prudential mechanisms against the irresponsible exercise of state power to betray the popular will. History indeed shows that democracies rarely go to war with one another.¹
The prospects for building international security on the bedrock of democratization are becoming brighter in Europe (Van Evera 1990/91). New Eastern European democracies are queuing up for membership of an enlarged North Atlantic Treaty Organization (NATO), while Russia may become an associate of the organization, albeit with reluctance and indignation. By comparison, the hope for international security based on the emergence of a democracy-based community must wait in the Asia-Pacific region. Although the third wave of democracy has reached other regions (Southern Europe, Latin America, and Eastern and Central Europe, in that order) with desirable results, there were no democratic sweepstakes in the Asia-Pacific region, which still houses several authoritarian states, as well as all the remaining socialist states except Cuba. In this region, the "iron curtain" did not fall and the colors of authoritarian regimes are not fading away. Indeed, before the recent Asian financial crisis, the defenders of Asian values had even preached the virtues of political authoritarianism in promoting economic development.

Another foundation of regional security is economic prosperity. As Joseph Schumpeter argued, and the idealists in the interwar era had hoped, international trade helps to alleviate conflict and even prevent war; and the more trade, the better the chance for order and peace. Capitalist democracies pacify, for the main preoccupation of the people is with production, market exchange, and profit, rather than with conflict and war. The liberal trade regime in the postwar era initially was envisioned to dampen political and military conflicts (Penrose 1953). As economies become more interdependent, the opportunity costs of military conflict increase. Thus, throughout the postwar era, trade disputes have rarely spilled over into the political domains of Western international relations. After the Cold War ended, the enlargement of the European Union to encourage collective prosperity underpins the transformation of NATO from a defense alliance into a sort of collective security system.

In the Asia-Pacific region, ideological animosity is also receding, and economic development and competition have emerged as the overriding goal of nearly every nation in the area; even North Korea and Burma (Myanmar) show some signs of becoming "trading states." As in many parts of the world, economic integration in the Asia-Pacific has accelerated. Economic interaction is no longer limited to trade. Foreign direct investment is on the rise in the region, especially in the wake of the 1985 Plaza Accord, driving Japanese capital and subsequently the capital of newly industrializing countries to Southeast Asia and the People's Republic of China (PRC). Trade patterns tend to follow investment patterns, and the intraregional trade in the Asia-Pacific now exceeds trade with other regions.

If one expects economic interdependence and region-wide prosperity to
be a problem-solving instrument for security issues, however, this hope has been dampened at least temporarily by a regionwide financial crisis, an issue that warrants another volume. More fundamentally, the pursuit of prosperity is premised on benign security environments. Instability arising from friction, such as skirmishes over a South China Sea islet, border clashes in Southeast Asia, or missile firings in the Taiwan Strait, can dim the economic prospects of the parties concerned and cast a shadow over the regional economy.

In addition, as Joan Gowa (1994) argues, trade and investment thrive most vividly only within the parameters of political alliance. In the absence of a functioning regional security framework, economic interdependence by itself does not ameliorate conflict or guarantee peace. Before World War I, Britain and Germany traded heavily. So did the United States and Japan on the eve of the Pacific War. As Copeland (1996) and Papayoanou (1996) argue, dense trade ties may imply a higher opportunity cost for conflicts. In addition, they also may imply the danger of overdependence on others, leading some or even all parties concerned to conclude that potential costs may outweigh actual gains from trade. The fear of “being entrapped” is even stronger in the case of foreign direct investment, which can easily be held hostage when conflict occurs. In brief, in the absence of a collective security arrangement, the economic cobweb alone is no guarantee for peace and stability.

The construction of multilateral security frameworks in the Asia-Pacific region has lagged behind the development of regional economic institutions. With economic takeoff, private sector-led regional economic cooperation began to shape up, and at the turn of the 1970s it became institutionalized in the form of the Pacific Basin Economic Council (PBEC). The PBEC then inspired the formation of a tripartite, quasi-official institution, called the Pacific Economic Cooperation Council, or PECC, in the 1980s. The PECC, in turn, laid down the foundation for an official forum, called Asia-Pacific Economic Cooperation, or APEC, a ministerial level forum that was launched at the turn of the 1990s and transformed into an economic summit in 1992. The evolution of economic institutions in the Asia-Pacific region in no way compares to the self-reinforcing process of European integration. Nonetheless, APEC has evolved gradually from a talking shop to a goal-oriented, and in some sense, rule-making body. Moreover, the institution-building for the economies in the Asia-Pacific region has at least been a cumulative process, initiated from below by the private sector, becoming semi-public and then formalized as an official forum. In addition, the Asia-Pacific region remains an open economic grouping rather than a closed fortress; hence, it serves as a building block rather than a stumbling block of the world trade regime (Hellman and Pyle 1997).

Multilateral security frameworks in the Asia-Pacific are, in comparison,
slow to start, hard to come by, and noncumulative in terms of their impact on the regional order. In the Cold War era, conventional, dyadic security pacts between the United States and many nations in the region constituted the prevailing mode of defense arrangements. The NATO-like, multilateral organization did not come into being, nor was there any attempt at establishing a cooperative framework similar to the Council on Security Cooperation for Europe (CSCE). With the end of the Cold War, leaders of the region did commence dialogues on regional security issues in multilateral settings. In 1991, the Association of Southeast Asian Nations (ASEAN) sponsored an official Post-Ministerial Conference (PMC), which developed into the Asian Regional Forum (ARF) in 1993. As many sensitive issues were precluded from the ARF official agenda, a semi-official Council on Security Cooperation in the Asia-Pacific (CSCAP) was created as a second-track mechanism for dialogue. As this semi-official channel becomes ensnared by membership issues and begins to preclude sensitive issues from reaching the table, there have been calls for new avenues of interaction based on the association of regional think tanks (“third-track” interactions or another second-track interaction).

In this manner, the growth of security forums in the region has reversed the order by which its economic organizations developed. New fora had to be created as the existing ones revealed themselves as flawed or inflexible. Existing fora have not served as building blocks for new ones, but rather as organizations that the new ones were created to fix.

Rising Powers, Existing Powers, and Their Neighbors

In postwar Europe, major powers long have been subsumed under well-developed multilateral security frameworks, but in the Asia-Pacific region, the problems of integrating rising powers into the region continue to unfold. Although previous discussions about incorporating rising powers into the security system focused on Japan, the discourse now centers on the PRC, as most chapters in Part I explain. The debate is two-dimensional, discussing the capability of the rising power relative to existing powers, versus the ascending power’s intentions and ambitions. Here the contrast between the PRC and Japan is sharp and vivid. Japan, an accomplished economic power, was often criticized for doing too little too late in assuming its political and security duties. That is, the wary was faulted for failing to share the burden with the weary (Osgood 1972). As its economic capabilities expand, the PRC’s emerging political hegemony and its military prowess have already begun to alarm its neighbors and the existing powers.

China’s economic growth record since the end of the 1980s has been remarkable indeed, but the size of its economy had been previously underesti-
mated. There have been tremendous efforts to reassess China's gross national product (GNP) based on purchasing power parity (PPP) rather than nominal exchange rates, for a more accurate picture of its economic growth. In the early 1990s, many observers assumed that China's GNP would surpass Japan's in the first decade of the twenty-first century and that of the United States in the subsequent decade. With the 1995 publication of a World Bank report on the Chinese economy, however, many experts began to revise their predictions downward, whereas several scholars, notably, Japan's Professor Watanabe (1996), have recently questioned the importance of PPP. According to these experts, it may take more time for China to overproduce Japan and the United States than was previously forecast. Interestingly, while the calculation of China's economic capability has become more realistic and modest, China's "conceptual boundaries" have expanded. With the reversion of Hong Kong to Chinese sovereignty, the former British colony has been added to the equation of power. If Taiwan were also subsumed under the rubric of China, then the aggregate GNP (based on PPP) of the so-called Greater China and its defense implications would become almost incomprehensible, as Byron Weng shows in chapter 7.

Whichever measurement one chooses, the sheer size and sustained high growth rates of China's economy lead to the conclusion that China will achieve great power status in due course. This naturally leads any China watcher to ask: How will China use its newly acquired capabilities? Based on historical observations, some scholars depict China as a misunderstood bona fide player rather than a source of threat (Byron Weng, chapter 7; Richard Grant, chapter 17). In modern times, China has not been an imperialist power in the European and prewar Japanese sense, but instead has been a victim. Essentially a reactive, nonprovocative and nonthreatening power, China probably only wants to be a normal and respected nation.

Richard Grant quotes a Ming dynasty founder as evidence that all China wants is to be left alone and to coexist peacefully with others, in contrast with Japan, which invaded others in the prewar era. Underlying this view is a Western legal presumption that China should receive the benefit of the doubt during its ascent to great power status and that it should not be stigmatized a priori as a troublemaker, or as a new source of threat. Indeed, many have observed that at this point, China's primary goal is economic development and that it lacks the military capability to be really aggressive in the foreseeable future. Moreover, China has also begun to show its willingness to take part in regional collective efforts—for example, subscribing to a multinational joint venture for an oil pipeline and supporting the rescue package for Thai currency. In addition, a year after Hong Kong's reversion to China's sovereignty, one seems to find the PRC honoring its promise to al-
low the Hong Kong Special Administrative Region to function as a quasi-state possessing positive sovereignty (Byron Weng, chapter 7). In brief, one should accept the emergence of China as a great power without qualms.

Other scholars are more cautionary about the impact of a rising PRC on regional security (Harvey Feldman, chapter 2; Carolina Hernandez, chapter 8). To them, history serves as a lesser guide than does contemporary behavior, when it comes to assessing the intentions and motivations of an emerging great power. In the contemporary era, China supported Communist insurgency in Southeast Asia and clashed with India, Russia and Vietnam, the last two cases not merely for territorial reasons. And its recent arms buildup is more than a catch-up game. All these should place China on probation for the time being. The new power that shows signs of irredentism must satisfy the burden of proof before it can claim to be a bona fide player. As Akio Watanabe argues in chapter 5, the ball is in the PRC’s court, and it is natural for others to monitor her deeds carefully and continuously. It is risky to use simply one test case, such as Hong Kong, to assess China’s commitment to international norms and rules, as a nation’s reputation is cumulative and nondivisible.

Indeed, one needs to look at the emergence of a great power from the perspective of those countries that are likely to be affected most directly. Small powers in China’s vicinity simply cannot afford to give it the benefit of the doubt, as a misjudgment in the security environment can have fatal consequences. Traditionally, many Chinese dynasties, such as the Qin, Han, Tang and Qing, were imperialistic and threatening toward their neighbors, such as Vietnam and Korea. In the eyes of Southeast Asians, the PRC’s behavior in the South China Sea and on Sino-Vietnam borders is symptomatic of hegemonism. Carolina Hernandez (chapter 8) illustrates how ASEAN crafts various security-enhancing mechanisms to cope with the rise of the PRC. Members of ASEAN do not speak with one voice, and some members may be more willing to pin China down on international norms than are others. But as Douglas Paal (chapter 6) argues, every member of the organization realizes the imperative of “going along” with other members rather than “going alone” in dealing with China.

For great powers, taking precautions against a hegemonic PRC is also understandable. As Akio Watanabe (chapter 5) notes, the rise of China certainly has “externalities,” just as the rise of any great power would. Its abrasive behavior can, intentionally or not, trigger regional conflicts, while its conciliatory behavior can contribute to regional stability. Cooperation among great powers, new and old, is a requisite to the making of a stable and peaceful regional order. Until China proves to be a constructive actor, the “externalities” it creates will remain “a source of anxiety rather than reassurance.”
Containment and engagement are two different ways of coping with the anxiety entailed by China's rise to power. Most observers, however, have looked beyond that dichotomy (Harvey Feldman, chapter 2; Ralph Cossa, chapter 3; Douglas Paal, chapter 6; Jean-Marie Guehenno 1998). Although there is a need to accommodate China's interests and to socialize it into the international community, there is also a need to deter China if other efforts fail (Paal, chapter 6). One should engage, but should not appease (Guehenno 1998). It seems that engagement and deterrence will have to coexist. To the prevailing powers, bringing China into the international community to become a norm-abiding player is a matter of course.

This strategy already dictates the terms of China's entry into the international power game, while carrying a hidden agenda—namely effectuating incremental democratic change inside China and consequently undermining the incumbent elite's power monopoly. In the eyes of the existing powers, China needs to buy time to realize its own potentiality and to become a full-fledged power. Thus, China's commitment to legal and procedural arrangements is mainly tactical, expedient and not credible, and deterrence as a safety device should not be discarded yet.

It is in the balancing act of engagement and deterrence that the United States and Japan, the two regional powers, fine-tune their security postures. American security interests and security policies relating to the Asia-Pacific region are not always coherent or clearly articulated, though admittedly, policy-making structures for these issues are more centralized than for domestic policy issues. But the ambiguity is gradually giving way to clarification, thanks to the rise of China (Cossa, chapter 3). Similarly, the operational guidelines for the U.S.–Japan Security Treaty of 1951, which Koji Murata (chapter 4) argues have been long overdue and should have been set forth when the treaty was inked in the 1950s, were hammered out in 1997. Previously afraid of being dragged into regional conflicts, Japan is now obsessed with the idea that the United States may abandon Asia. The codification of the operational rules, though couched in deliberately vague language regarding the targeted states, helps reduce the uncertainty and miscalculation that may surround U.S. commitments to maintain regional security (for a theoretical discussion on clarification versus ambiguity, see Kegley and Raymond 1990).

**Beyond Bilateralism**

Like the U.S.–Japan security pact, other dyadic alliances were also updated or even newly forged, indicating the centrality of bilateralism in maintaining security in the Asia-Pacific region. Refining and reinforcing bilateral security ties flies in the face of multilateral frameworks. Desmond Ball (chapter
9) and Paul Evans (chapter 10) thus assume the task of judging the performance of the two most significant, newly emerged security forums in the region, namely the ARF and CSCAP. Ball evaluates their progress and achievement in terms of the goals, purposes and agendas that the leaders inaugurating the institutions have set forth for themselves. In addition to this criterion, Ball also suggests a comparison of the security architecture (institutional arrangements) the region has or may acquire with the security concerns (or problems) the region must face. The balance sheet—or rather the imbalances between the architecture and the problems—leads him to express pessimism.

According to the ARF and CSCAP, adopting confidence-building mechanisms (CBMs) is the first step toward preventive diplomacy, which in turn should lay the foundation for conflict resolution. But the reality check is disappointing: The first step remains to be taken seriously. Various concepts and devices for CBMs are now familiar to all parties concerned, and include transparency (such as defense white papers), maritime cooperation (codes of conduct and engagement rules), mutual visits, joint exercises and observation of exercises. These CBMs have been implemented on an ad hoc basis rather than regularized; thus, the scope of the CBMs is only beginning to expand, barely able to catch up with the development of such problems as the arms race. The praxis of CBMs, in short, is utterly inadequate to cope with the mounting challenges.

Paul Evans is more optimistic, however. While cautioning us not to indulge in a leap of faith in the stability and peace in the region based on institutionalized dialogues, he asserts that ARF and CSCAP “are not preordained to failure.” Regional institutional leaders are blending, if not fusing; consultation is in order, though dispute resolution has yet to surface. In addition, an epistemological community on regional security seems to be emerging, and the learning process is discernible. Evans is particularly impressed by the evolution of CSCAP, a forum in which academicians play a crucial role in promoting ideas, enhancing mutual learning, and, indeed, educating officials from their own countries. This sanguine view of CSCAP is embedded in the constructionist school of international relations thought, which argues that norms can be internalized, rules abided by, behavior altered, eventually alleviating and even solving problems and conflicts. Of course, we should not be carried away by academic excitement. Evidently, the high frequency of meetings and demonstrated willingness to confer under the auspices of ARF and CSCAP are good points of departure for harmonizing policies to foster a regional security system. Talking is not a powerful indicator of learning. In the end it is the deeds, not the words, that count. As a Chinese authority itself says, “Heeding one’s words is fine, but action is
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what counts.” Both ARF and CSCAP have a long way to go in inducing cooperation among member countries.

Would APEC, as a successful scheme for regional economic cooperation, generate positive spillover effects for regional security? Dewi Fortuna Anwar (chapter 11) argues that it depends on whether one subscribes to realism or functionalism. Taking the realist view, Robert Gilpin (1997, 34) observes that “[the] three dominant APEC powers (the United States, Japan, and China) are too divided among themselves politically to provide the necessary leadership to make APEC a powerful force in Asian-Pacific affairs.” Without strong leadership, APEC cannot assume tasks that it was not set up to handle. Indeed, Drysdale and Elek (1997, 65–66) submit that “consultative and confidence-building processes on economic and security issues will evolve more effectively on parallel tracks.” But if we follow functionalist logic and use European experience as a guide, then trade and economic ties might mitigate political tensions. This may explain why President Clinton, at the first APEC summit meeting in 1993, suggested that the function of this regional economic forum be expanded to cover security affairs as well. It is noteworthy that this proposal was spurned not so much because of the aversion of APEC members to allow linkage between economy and security, as because of the distaste of some Asian members for U.S. roles in Asian security.

But if APEC is not expanding to cover security issues, another subregional organization is branching out into economic issues. ASEAN has been transforming itself from a vintage 1970s anticommunist device into a multifunctional 1990s organization. Aside from becoming the most coherent subset of APEC and an interlocutor for ARF, ASEAN has embarked on trade and investment liberalization among its members. Owing to the so-called ASEAN way of decision making (characterized by informality, vagueness and tacit coordination as against formal commitment), however, economic cooperative schemes are easier to frame but difficult to execute. Undertaking collective defense efforts in the post-Cold War setting is an even more daunting task. As Bantarto Bandoro (chapter 12) argues, ASEAN is in theory a “security-oriented regional grouping,” but military action is not a rational option. Governed by the necessity for maintaining harmony among members, ASEAN is essentially a forum for dialogue, trust enhancement, and information sharing, rather than a policy-coordinating multilateral organization for common defense, and will remain so even as its membership continues to grow.

The birth of the Asia–Europe Meeting (ASEM) in 1996, a biannual summit for Asian and European leaders, adds a new dimension to the Asia-Pacific security system. This forum enables Asia and Europe to pursue their mutual interests without any American presence. As Gerald Segal (1997,
127) puts it, "one of the most important rationales for ASEM is to maximize European and Asian relations with the United States, and to keep the Americans honestly committed to multilateralism." The primary motivation for the formation of ASEM is economic: Europe eyes the Asian market while Asia covets European investment capital. Thus, ASEM is a perfect cooperative setting for corporate leaders to cope with la défé Americain and for government officials to curtail American unilateralism, such as the passage of the Helms-Burton Act, the invocation of the Trade Act of the United States, article 30.1 and other applications of the extraterritorial principle in international trade.

Of interest to us here is whether ASEM can serve as a venue for dialogue or even policy coordination on security and political issues. François Godement (chapter 13) suggests that as ASEM was just recently launched, nothing is predetermined. Unlike APEC, ASEM's name bears no adjective that would prevent it from addressing security and political issues that may concern Europe and/or Asia, including foreign aid, the United Nations Security Council reform, human rights, and peacekeeping. The problem with determining ASEM's role in security has less to do with finding parallel or conflicting interests between Asia and Europe than with the decision-making mechanisms that ASEM may adopt. The emerging pattern of interaction within ASEM is "for Asians and Europeans to caucus as separate groups and then try to find a common approach among two groups." Such a mechanism is, in Gerald Segal's (1997) words, the best way to proceed but a sure way to accomplish nothing. So although ASEM's first two meetings have yielded vehement discussions on all sorts of ideas for cooperation, and some reassurances were made to keep markets open even in the midst of the financial crisis, no binding decisions have been yet undertaken. Thus, ASEM appears to be another socializing forum for building confidence rather than a multilateral rule-making and conflict-resolution institution.

Flash Points and CBMs

Building confidence between potentially conflicting parties is essential to stability and order in any region, especially in the Asia-Pacific, which has more flash points than any other part of the world. Confidence-building mechanisms (CBMs) help to correct misunderstanding and misperception, and thereby minimize miscalculation, accidents and preemptive strikes. Moreover, CBMs might also induce cooperation, as regular meetings, the requirement of transparency, and the pressure generated by multilateral surveillance help to "lock in" commitment and dissuade defection.

Although CBMs are badly needed they are in short supply in the Asia-
Pacific region, as illustrated by several recent conflicts in the three most contested flash points of the region—namely the Korean peninsula, the Taiwan Strait, and the South China Sea. As Choi and Kim (chapter 14) explain, the four-party talks regarding the Korean peninsula have been slow to start and progress has been difficult. The Korean peninsula is perennially volatile. The rules on cease-fire are nebulous and ineffectual. Codes of conduct for official exchanges and citizen visits between the two Koreas barely exist. And international agreement on the Korean Energy Development Organization (KEDO)—a pact used to stifle the birth of the nuclear weapons project in North Korea—was reached only after numerous bouts of intimidation and threats. The deficit of trust between the two Koreas is so severe that international actors (the United States, China, and even Japan) have become “surrogates” for any CBM-related activities. Choi and Kim weigh the PRC factor heavily in the resolution of conflicts, given its rising political influence in the region in general and its role as the main supplier of oil to North Korea after the collapse of the Soviet Union in particular. The effectiveness of China’s leverage over North Korea has been disputed (Cotton 1997). Moreover, as Oberdorfer (1997, 320–21) hints, China’s willingness to cajole or discipline North Korea is linked to U.S. trade concessions to China. Nonetheless, China seems to be forthcoming in stabilizing the situation on the Korean peninsula, if only to prevent the possible influx of refugees from across the Yalu River.

China has not been supportive of CBMs, however, because of the other two tension points in the region. In managing potential conflict in the South China Sea, a multilateral workshop has been established and numerous sessions held (chapter 16). But this did not prevent the PRC, a participant in those meetings, from undertaking unilateral actions against Vietnam and the Philippines. Naval clashes have subsided and some basic rules of maritime engagement are being observed, as various conflicting parties assess the proposal to “shelve the problem of sovereignty, and explore the sea bed collectively,” an idea proffered by smaller powers in the game. But the development of China’s blue water capability, aggressive oil exploration by some claimants, and ASEAN’s collective action all could easily upset this fragile, de facto truce.

Similarly, in the Taiwan Strait, CBMs were proposed but not adopted. China resorted to a strategy of coercion, triggering the 1996 crisis—the third one since 1949. There is some controversy about the origin of this crisis. Some attribute it to the “provocative” nature of President Lee Teng-hui’s visit to Cornell University, his alma mater, where he admonished Taiwan not to provoke Beijing again (chapter 6). This flawed view implicitly defines provocation in terms of outcomes, which only can be known ex post, rather than some objective criteria, such as rules that both sides of the dispute should
follow and that are known *ex ante*. Others believe the crisis is rooted in the military adventurism of the radical leadership wing in Beijing, and that it represents the cost of its coercive strategy toward Taiwan (chapter 15). The coercive strategy backfired, as live-ammunition maneuvers by the People's Liberation Army (PLA) alarmed all other nations in the region and elicited a firm response from the United States. A report recently released by the U.S. Department of Defense shows that PLA leaders tend to overestimate U.S. hostility, U.S. economic decline and the PRC's economic growth, and to underestimate U.S. military strength, to overlook the anxiety of China's neighbors, and to exude confidence that war is a feasible instrument for conflict resolution (*Nikkei Shimbun*, February 25, 1998).

China has responded positively to CBM initiatives by the United States in the wake of the Taiwan Strait crisis. However, these are rudimentary CBMs, involving personnel exchanges and official visits between Beijing and Washington, rather than advanced ones such as prior notice, observation, or even joint sponsorship of military exercises. As Richard Grant (chapter 17) points out, there is an asymmetry between China's willingness to engage in CBMs with Central Asian republics and Russia, and its hesitancy to embrace CBMs on the maritime front, especially those anchored in multilateral frameworks. It may well be that China perceives most CBM proposals on its maritime front as devices of containment and a violation of its sovereignty (chapter 17). As Cheng-yi Lin (chapter 18) observes, CBMs in Beijing's view can be negotiated only between states and thus cannot be negotiated across the Taiwan Strait, unless they are defined so broadly as to include both military and political aspects of interaction between both sides.

These observations spell out the chicken-and-egg problem in engaging China in CBMs. Reciprocity being one of the paramount and defining principles of CBMs, they are designed to constrain all parties concerned and thereby incrementally nurture trust and confidence among all. But if CBMs are politically construed as a Trojan horse targeted at a particular participant, then CBMs themselves will be regarded with suspicion and rejected, and the total stock of faith may be consumed rather than restored. In this case, trust-cultivating mechanisms themselves become a problem rather than a solution. In addition, it is precisely because sovereignty disputes are so intractable and inflammable that one hopes CBMs can arrest the thrust toward the eruption of conflicts. Declaring a CBM as a sovereignty-violating ploy will not only discredit the CBM but also harden the sovereignty dispute.

Wariness and even aversion to CBMs are probably a general phenomenon in Asia, where the concept of security was historically understood more in absolute terms than in relative terms, and international relations took the form of domination and subordination rather than a balance-of-power game.
among equals. The recent history of colonization has made nations in this region extremely sensitive to any international legal and procedural obligations. Thus, CBMs tend to be interpreted through a Machiavellian perspective, or in the logic of deception spelled out by Sun Tsu in *The Art of War*. It took centuries for European nations to learn that security is a collective good, a process facilitated by the U.S. sponsorship of a multilateral security framework. The learning process for the Asia-Pacific region has just begun.

**Conclusion**

The security environment in the Asia-Pacific region remains precarious and as fragile as ever. In this region, as nondemocratic regimes still outnumber the democratic ones, the Kantian “Pacific Community” among liberal states has yet to emerge. Intraregional trade and capital flow have increased drastically, but, to paraphrase Richard Rosecrance (1996), the territorial state never really gives way to the trading state (which values prosperity more than armed conflict), not to mention the virtual state (under which state sovereignty may be more apparent than real). Multilateral security forums have emerged, but preexisting bilateral defense alliances continue to form the principal pillars of national security for most nations in this region. As if this were not enough, the recent, regionwide financial crisis has added another element of uncertainty to security systems—a matter to be taken up later. The Asia-Pacific region rivals the Middle East and South Asia as the most insecure region on earth today.

**Note**

1. The Fashoda crisis was a notable exception, but even here the crisis did not escalate into a war. This case, nonetheless, calls our attention to public opinion and state structure, variations among democracies, and so on. (See Peterson 1995.)

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