Asian Security Handbook

Terrorism and the New Security Environment

Third Edition

William M. Carpenter and
David G. Wiencek

ASIAN SECURITY HANDBOOK

TERRORISM AND THE NEW SECURITY ENVIRONMENT

THIRD EDITION

Foreword by Ambassador James R. Lilley

WILLIAM M. CARPENTER AND DAVID G. WIENCEK
EDITORS

AN EAST GATE BOOK

LONDON AND NEW YORK

An East Gate Book

First published 2005 by M.E. Sharpe

Published 2015 by Routledge
2 Park Square, Milton Park, Abingdon, Oxon OX14 4RN
711 Third Avenue, New York, NY 10017, USA

Routledge is an imprint of the Taylor & Francis Group, an informa business

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Library of Congress Cataloging-in-Publication Data

Asian security handbook: terrorism and the new security environment / edited by William M. Carpenter and David G. Wiencek.—3rd ed.
p. cm.
"An East Gate book."
Includes bibliographical references and index.
ISBN 0-7656-1552-5 (cloth: alk. paper) ISBN 0-7656-1553-3 (pbk.: alk. paper)
1. National security—Asia. 2. National security—Australia. 3. National security—New Zealand. 4. Political stability—Asia. 5. Political stability—Australia. 6. Political stability—New Zealand. I. Carpenter, William M. II. Wiencek, David G., 1958–

UA830.A842 2004
355′.03305—dc22 2004015637

ISBN 13: 9780765615534 (pbk)
ISBN 13: 9780765615527 (hbk)

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Foreword

The advent of global terrorism with its increasing threat to our vital interests, and those of our friends and allies, has obliged the United States to alter its priorities, methods, and commitments. The current Russian threat is inconsequential, the Chinese challenge is largely economic, and local ethnic clashes pale before the dangers of suicidal fanatics armed with high explosives and seeking weapons of mass destruction (WMD).

The arguments over whether China is a strategic partner or strategic competitor seem less important—we have no choice but to cooperate with China on Islamic fundamentalist terrorism and on rogue states such as North Korea, which has the capability and probably the will to make WMD available to other unstable and dangerous forces.

Taiwan has become a more vocal issue in U.S.-China relations, but the reality is that China, Taiwan, and the United States are part of the global supply chain in which each player is dependent on the other for resources, technology, and marketing in a competitive world. China has grown almost miraculously in the past two decades but it is now facing the huge problem of an advanced economy—tax reform, nonperforming loans, financial accountability, and corporate governance. Japan has fallen on hard times because it did not anticipate these problems and tried to sidestep from them in protectionism and crony capitalism. China's growing military is of concern as a key part of its comprehensive national power, but its military seems at least temporarily to be in check.

North Korea as an ugly and dangerous failed state has presented the region, not just the United States, with a continuing problem of instability, aggression, and a bizarre behavior pattern that has vexed and frustrated all regional parties. It has benefited enormously from its carefully calculated extortionism and its ability to split and torment surrounding states. The good news is that the surrounding states are beginning to view North Korea as a common problem, but to get effective cooperation from them is like herding cats—each country having its own agenda and parochial interests.

The emergence of India as a potential economic powerhouse, Taiwan's resilience and its experiment with political change, and continuing uncertainties in Southeast Asia all inject variables into the shifting balances in Asia. The divergence of U.S. interest to the Middle East has shaken Asia, but U.S. power remains crucial for Asian prosperity.

The authors are all well qualified to address the problems and prospects of the particular countries in Asia. Their comments and analyses are essential in tackling the big picture.

Ambassador James R. Lilley
September 2004

James R. Lilley is a resident fellow in Asian studies at the American Enterprise Institute (AEI), Washington, DC. Mr. Lilley was the U.S. ambassador to the People's Republic of China from 1989 to 1991, to the Republic of Korea from 1986 to 1989, and was the U.S. chief representative in Taiwan from 1982 to 1984. He served as assistant secretary of defense for international security affairs from 1991 to 1993. Mr. Lilley wrote forewords for the AEI books *Chinese Military Modernization, Over the Line: North Korea's Negotiating Strategy,* and *China's Military Faces the Future.* He is the coeditor of *Beyond MFN: Trade with China, American Interests and Crisis in the Taiwan Strait,* and the author of *China Hands: Nine Decades of Adventure, Espionage and Diplomacy in Asia*.

Editors' Note

This is the third edition of *Asian Security Handbook.* Our previous volumes were published in 1996 and 2000.[1] Because of the terrorist attacks of September 11, 2001, it is appropriate that we focus in this edition on the War on Terrorism and the still-unfolding impact it is having in Asia. The introductory chapter outlines the new security environment brought about by the events of September 11 and provides a context for the country profile chapters that follow.

Our country-specific chapters provide wide-ranging coverage of the political-security situation in twenty-three individual nations and update our previous assessments.[2] For this edition, new chapters on Bangladesh, Brunei, and Nepal have been added.

Our analysis is designed to offer regional breadth with the intention of providing a handbook or primer that is relevant and accessible to a general audience, including students and training classes, the business and investment community, as well as specialists in Asian studies and international security affairs. Given such comprehensive coverage, we believe this book will be a one-stop resource for those interested in geopolitical trends, terrorism and political risk, and defense and security issues in the Asia-Pacific region.

The chapters presented here bring together the insights and expertise of our contributors, a diverse group of international security analysts and Asian affairs experts from government, academia, and the private sector. They bring significant experience, as well as a variety of perspectives, to the book. They have written sharply focused chapters that are designed to be analytical and interpretive. A short bibliographic list for further reading and reference appears at the end of each chapter. The views expressed in each chapter are those of the individual author or authors.

As with the previous editions, this book is a collaborative effort between the editors and the contributors. We thank all our contributors for generously donating their time and expertise to this project. We are extremely grateful

for the efforts they put into preparing the individual chapters. Finally, we note with sadness the passing of our colleague, Professor Henry S. Albinski, who contributed to the first two editions of *Asian Security Handbook* with chapters on security in the South Pacific region. Professor Albinski was an authority on Australia and New Zealand, and on Pacific Basin political-security affairs. He was a valued member of our team, and he is missed.

Notes

1. William M. Carpenter and David G. Wiencek, eds., *Asian Security Handbook: An Assessment of Political-Security Issues in the Asia-Pacific Region* (Armonk, NY: M.E. Sharpe, 1996), and William M. Carpenter and David G. Wiencek, eds., *Asian Security Handbook 2000* (Armonk, NY: M.E. Sharpe, 2000).

2. Although we have attempted to be as inclusive as possible, our coverage is admittedly selective and does not examine every Asia-Pacific nation. For example, Russia's role in the region is discussed at several points in the text, but there is no chapter on Russia.

Burma is officially named Myanmar, but in this book we use the former and more familiar name.

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ASIAN SECURITY HANDBOOK

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Introduction

Terrorism and the New Security Environment

William M. Carpenter and David G. Wiencek

The terrorist attacks of September 11, 2001, have reshaped international politics and fundamentally restructured the international security environment. Important geopolitical shifts have taken place. Among these is a global strategic reorientation as a result of the strong response of the United States to the staggering events of 9/11. This response has highlighted the United States' political-military predominance in relation to other nations and its role as the world's sole remaining superpower.

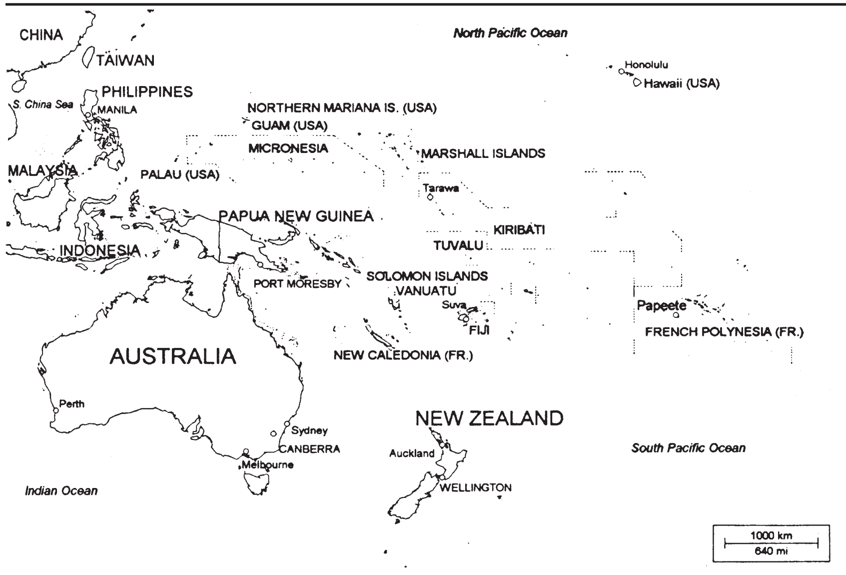
This jolt to the world power situation has not come without political and diplomatic strains, particularly at the United Nations and between the United States and other major players, such as France, Germany, and Russia. As one senior U.S. official commented: "Like the end of the Cold War, and the end of World War II, September 11 was one of the relatively rare earthquakes in international politics. Long-established alliances and venerable institutions are being tested."[1] Sharp policy differences over how to respond to strategic threats in the aftermath of 9/11 split traditional allies France and Germany from the United States.[2] This fracturing of certain traditional alliance relationships, coupled with the emergence of new partnerships between the United States and a number of frontline states needed to help combat terrorism, is another key geopolitical shift that has resulted from 9/11.

Without 9/11 it is plausible that there would have been a continuation of previous strategic trends, with the United States as the leading power within what could generally be described as a loose multipower framework, consisting of the United States, Europe, and a rising China. But 9/11 prompted a stark realignment. It pushed the global correlation of forces dramatically to the side of the United States and its friends and allies, and has given rise to a clear unipolar world power structure.[3] In the new structure, the United States,

The Asia-Pacific Region

the world's sole superpower, is at the apex of an effort to thwart terrorism, Islamic extremism, and rogue states that threaten international stability. Such key traditional allies as the United Kingdom, Australia, and Spain, and new allies such as Poland have supported the United States in this effort. But shifts continue: the March 2004 election in Spain, for example, which followed by days a major terrorist attack in Madrid, brought about a reversal of key aspects of Spanish support for U.S. policies. Like Pearl Harbor more than sixty years earlier, the 9/11 attacks on the U.S. homeland wakened a sleeping giant. The attacks unified the country behind a newfound political will to bring the full measure of its power to bear against terrorists and rogue governments. This response, a sharp departure from U.S. policy in the 1990s, was one that the terrorists surely did not expect. America's strong resolve to act decisively since 9/11 has helped reshape the international security environment, and its impact will be felt for many years to come.

These developments also have had a pronounced impact on the security situation in Asia, which is the focus of this book. The following introductory analysis provides a context for the country-specific chapters that follow by highlighting the contours of the current and future regional security environment. Such an assessment must take as its point of departure the "new realities" brought into being by the terrorist attacks of 9/11. This survey is rounded out by a review of those security issues and trends that were at work prior to



9/11. These "old realities" likewise continue to shape and strongly influence regional security dynamics.

September 11 and the War on Terrorism

On September 11, 2001, nineteen members of Osama bin Laden's al Qaeda terrorist network carried out a set of catastrophic attacks—the most lethal such attacks in history—against the United States. The attacks killed 3,016 people and caused billions of U.S. dollars in damages and economic losses. The terrorists hijacked four separate commercial jet airliners in a coordinated attack and crashed two into the World Trade Center towers in New York City, killing 2,792 people. The towers were among the tallest buildings in the world and a symbol of American economic might. In all, seven buildings were destroyed and many other surrounding structures were damaged. A third aircraft was crashed into the Pentagon building, home to the U.S. Department of Defense, just outside of Washington, DC, killing 125 people in the building and 59 aboard the aircraft. A fourth aircraft crashed in an open field near the small town of Shanksville, Pennsylvania, after a struggle between the terrorist hijackers and passengers determined to foil the plot. The crash killed all 33 passengers and 7 crew members.[4] That aircraft was en route to another presumed landmark target in Washington, DC, most likely the United States Capitol building or the White House.

September 11, 2001: Terrorist-controlled aircraft crashes into one of the World Trade Center towers in New York. The 9/11 attacks set in motion a fundamental restructuring of the international security environment. (AP/Wide World Photos)

These attacks sparked the adoption of unprecedented security measures in the United States and propelled the country into a long-term global assault against terrorist groups and their sponsors, hosts, and financial patrons—the War on Terrorism. In the days immediately after the attack, U.S. president, George W. Bush, outlined a new strategy that highlighted an intensified political will and national determination to confront those responsible for 9/11. President Bush stated:

> Our war on terror begins with al Qaeda, but it does not end there. It will not end until every terrorist group of global reach has been found, stopped and defeated. . . . We will direct every resource at our command—every means of diplomacy, every tool of intelligence, every financial influence, and every necessary weapon of war—to the destruction of the global terrorist network.[5]

A strong U.S. military response followed and took its first form in Operation Enduring Freedom (OEF) launched on October 7, 2001, a scant twenty-six days after the 9/11 attacks. The primary aim of this (ongoing) operation is to destroy Osama bin Laden's Afghanistan-based al Qaeda terrorist network. The operation also sought to rid Afghanistan of the radical Taliban religious group, which for years had harbored bin Laden and wreaked havoc on the country with its harsh policies based on an extreme interpretation of Islam. OEF succeeded in bringing about the rapid fall of the Taliban, and Kabul was liberated on November 13, 2001. In December 2001, a new democratically oriented interim government was established and commenced rebuilding efforts. Despite these important successes, bin Laden remains at large and relatively small numbers of Taliban and al Qaeda remnants continue efforts inside Afghanistan to destabilize the emerging democratic government.

The United States then shifted its focus to Iraq. On March 19–20, 2003, another major military campaign, Operation Iraqi Freedom (OIF), was launched. OIF encompassed a U.S.-led international coalition to remove Iraqi dictator Saddam Hussein from power, eliminate his suspected weapons of mass destruction (WMD) capability, and forestall the possibility that such weapons—though none were actually found—could fall into the hands of terrorists. Overwhelming military force applied by the U.S. and its coalition partners, coupled with little Iraqi resistance, led to the fall of Baghdad on April 9, 2003, and the ousting of the Saddam regime. Saddam Hussein himself fled into hiding and then directed guerrilla and terrorist attacks against coalition forces over subsequent months until he was finally captured on December 13, 2003. Sovereignty was later restored to Iraq on June 28, 2004, when an interim government officially took power.

The liberation of Iraq succeeded in dislodging a major source of international instability and terror and put the country on a new, hopeful path toward representative self-government. Terrorist attacks, religious strife, and continued challenges to U.S. forces and the new governing authority, however, have plagued the postwar environment in Iraq.

The New U.S. Strategy

These two significant military operations, OEF and OIF, typify America's strong response to security threats in the post–9/11 world. Shocked by the

viciousness of the events of September 11, Washington's new strategy is grounded in both the capability and the will to act decisively and, if necessary, preemptively. The underpinnings of this strategy were outlined by President Bush in June 2002 as follows:

> We must take the battle to the enemy, disrupt his plans, and confront the worst threats before they emerge. In the world we have entered, the only path to safety is the path of action. And this nation will act.[6]

The new strategy, also known as the Bush Doctrine, embraces the concept of preemptive military action in the face of severe potential threats to the American homeland, as well as U.S. interests around the world. The new emphasis on preemption is a departure from past U.S. policies built around deterrence and the containment of adversaries. This approach has been a source of controversy particularly among those who do not wish to see the United States assert its power so forcefully to shape world events. Previous policies created a strategic balance primarily through the prospect of massive (nuclear) retaliation that deterred attack against the U.S. homeland. But such calculations are more effective against state actors than they are in the new security environment against transnational terrorist groups with apocalyptic ideologies operating from diverse locations. Similarly, threats posed by terrorists or rogue entities in league with them, potentially armed with WMD, require proactive measures to prevent mass casualties on American soil or in the homelands of allies.

Under the new U.S. strategy, military force will necessarily be applied selectively:

> The United States will not use force in all cases to preempt emerging threats, nor should nations use preemption as a pretext for aggression. Yet in an age where the enemies of civilization openly and actively seek the world's most destructive technologies, the United States cannot remain idle while dangers gather.[7]

President Bush crystallized further the new post–9/11 threat environment when he said: "Any outlaw regime that has ties to terrorist groups, and seeks or possesses weapons of mass destruction, is a grave danger to the civilized world, and will be confronted."[8] This assessment built on the earlier identification of three primary rogue governments—Iraq, Iran, and North Korea—as comprising an Axis of Evil. The threat posed by Iraq has now fallen to U.S. power. It is likely that a range of strategies will be employed in due course to mitigate further threats from both Iran and North Korea, which continue to stand out as states seeking to disrupt international peace and stability.

The reelection of President Bush in November 2004 means that important elements of continuity are likely to govern U.S. policy going forward with

continuing emphasis placed on dealing with the realities of the post–9/11 threat environment. These realities will define the international security environment for at least the next five to ten years. This new security environment thus couples the War on Terrorism with the parallel imperative to safeguard American and Western interests against WMD threats from terrorists and rogue governments.

The response since 9/11 is—and must be—built around "hard" power, that is, military power, and, we suggest, must continue as such to demonstrate convincingly and in unwavering terms that the United States is determined that its adversaries will be defeated. It further recognizes that long-festering security problems can no longer go unconfronted.

This approach is closely supported by what are sometimes called "soft" power solutions, that is, winning hearts and minds through economic and developmental assistance, cultural initiatives, and public diplomacy within the broader context of fostering democracy and free markets. In the Islamic world in particular, soft power is important in turning the tide away from jihad and radical interpretations of Islam, and is best addressed at the grassroots level and in the religious schools, or *madrasas,* through modern secular curricula.

U.S. Homeland Security

In the days following 9/11, the United States froze all commercial aviation for the first time in its history. Since then, there has been an intense effort to improve airport passenger screening and airline security. Air marshals are also being deployed in greater numbers on certain domestic and international flights.

Also following closely the attacks of 9/11, the security situation within the United States was further challenged by four anthrax-tainted letters delivered through the mail system. Five people were killed and thirteen others were infected in the states of Florida, New York, and Connecticut, and in Washington, DC. These attacks invoked more panic. They also simultaneously brought the WMD threat into sharper focus and created daunting new challenges for homeland defense. As of this writing, no perpetrator or group has been identified as masterminding the anthrax attacks. And it is not yet clear if they are linked to 9/11.

To handle such threats more effectively and coordinate all national activities in this area, President Bush created a new Department of Homeland Security (DHS). DHS brought together some twenty-two separate offices and agencies with over 170,000 employees into a single department in the largest governmental restructuring since World War II. In 2002 the U.S. military also created the U.S. Northern Command to take control of homeland defense

and civil support missions. In short, the events of 9/11 led to a major reorientation of the U.S. security apparatus. Washington is pouring new resources into homeland defense. Military and intelligence budgets are expanding. A range of tools to cope with the new security challenges posed by 9/11 and continuing threats is being pursued, including in the areas of law enforcement, tracking of financial assets, and tighter border controls and immigration laws.

The Asian Security Environment: New Realities, Old Realities

It is against this fundamentally altered strategic backdrop that we turn our focus to Asia.

At the same time that 9/11 has brought into being new strategic realities in Asia, there remain a number of other issues and longer-term trends that were formed prior to 9/11 and which continue to shape Asia's security environment. Taken together, conflict potential in the region remains high and spans a full spectrum of low- to high-intensity threats. New security complexities raised by the events of 9/11 add further to preexisting regional instabilities.

Some of the new, interwoven regional security realities that have developed in the aftermath of 9/11 include:

- Growing Islamic fundamentalism in Southeast Asia. In many locations, this has been coupled with grassroots hostility to U.S. military action in Afghanistan and Iraq.
- Heightened political instability, most notably in Pakistan and Indonesia. In Pakistan, there have been assassination attempts against President Pervez Musharraf by hard-line Islamic elements, and the country remains a political tinderbox. In economically fragile Indonesia, former President Megawati Soekarnoputri navigated a narrow path between Islamist elements opposed to the United States, and those showing support for Washington's cause. In a hopeful sign for the future, newly elected president Soesilo Bambang Yudhoyono has called for stronger measures against terrorism in the world's most populous Muslim country.
- Increased security threats to Western interests, businesses, and travelers. These threats emerged early on and took the form mainly of protests at U.S. embassies in South and Southeast Asia and threats to boycott U.S. goods and products. There also were calls to "sweep" or forcibly expel American citizens from Indonesia; British, German, and Canadian citizens also were the targets of such actions. But these threats greatly expanded over time with revelations of major terrorist plots against the diplomatic establishments of the United States, the United

> Kingdom, Australia, and other Western nations throughout Southeast Asia. The devastating 2002 bombing in Bali coupled with the suicide attacks in Jakarta on the J.W. Marriott Hotel in 2003 and the Australian embassy in 2004 clearly spotlight the continuing threat to Western interests, businesses, and travelers in the region.

Another noteworthy 9/11-related development is the forming of new relationships between the United States and frontline states in close proximity to Afghanistan, particularly Pakistan, Uzbekistan, Kyrgyzstan, and Tajikistan. Washington's newfound close ties with Islamabad, for example, mark a sharp reversal, as previous years had seen expanding ties between the United States and India, and relations with Pakistan were downgraded. This has changed with the War on Terrorism. Islamabad is now receiving major support from Washington, including debt relief and the lifting of sanctions put in place for nuclear proliferation violations. At the same time, India also has greatly expanded its political and defense ties with Washington. Broadly speaking, access arrangements with frontline states enhance U.S. military reach in the region and enable a more effective prosecution of the War on Terrorism.

The post–9/11 environment also has seen important changes in Japan. For the first time since World War II, Japanese forces became involved in military operations outside the home islands and surrounding areas. This action was made possible by a new antiterrorism law enacted in October 2001. The law permits Maritime Self-Defense Force (MSDF) ships to go into the Indian Ocean and provide rear-area support for the United States in Operation Enduring Freedom, involving supply, repair, communications, surveillance, and medical functions. In 2004, the overseas deployment trend was extended when Japanese ground support troops were sent to Iraq to assist coalition forces in noncombatant roles. As pointed out in Chapter 9, the Iraq deployment is the farthest distance Japanese military forces have ventured into a theater of war since 1915. The upshot of these developments is that Japan is beginning to play a more active role in international security affairs. Movement in this direction had been building inside Japan over recent years and took on greater urgency with the 1998 testing by North Korea of the Taepo Dong missile, which had a range sufficient to target Japan and beyond. The current manifestation marks another significant step in moving Japan away from its historic post–World War II pacifist posture and low-key profile in international crises. In short, Japan recognizes the new threats to its national security and is responding.

The issue of America's relationship with China is also evolving in the aftermath of the 9/11 attacks. Initially China came out in support of U.S. efforts and offered cooperation, albeit on a limited basis. But there is little

evidence that China is actively assisting Washington in the War on Terrorism. Instead, under the pretext of fighting terrorism at home, Beijing has cracked down on its own separatists in Xinjiang and Tibet.

From its perspective, China sees its (limited) cooperation with the United States in the War on Terrorism as an opportunity to downplay the so-called "China threat theory"—that China is a long-term strategic competitor and potential adversary. But at the same time, Beijing is now worried that a new "encirclement" of China may be in the works with an expanding U.S. military presence in the frontline states of Central Asia, adding to the existing U.S. security network in East and Southeast Asia.

Al Qaeda and the Southeast Asian Terror Network

Of major significance, the events of 9/11 also led to the discovery of a previously unknown terrorist network in Southeast Asia. The first true signs of this clandestine network were uncovered in Singapore in late 2001. Subsequent investigations throughout the region revealed additional and complex linkages. This network derives support from and is closely linked ideologically with Osama bin Laden and al Qaeda.

By way of background, al Qaeda (translated as "the Base") is an international network of Islamic extremists formed in the late 1980s. The network grew out of the mujahideen (holy warriors) who fought against the forces of the former Soviet Union in Afghanistan. Al Qaeda's ideology is based on a militant vision that is rooted in the strict Wahhabi school of Islam. The group seeks to reestablish a caliphate that would unite Muslims worldwide under Islamic (sharia) law. To accomplish this, it wages jihad (holy war) to overthrow regimes in the Middle East and Asia that it believes are insufficiently Islamic and have "betrayed" the religion. The group also would expel Westerners from Muslim lands and banish Western cultural and political influences. Al Qaeda has designated the United States as a principal enemy based on a number of interrelated factors. These include: support for what al Qaeda sees as corrupt Islamic regimes; U.S. military presence in the Arabian peninsula (Saudi Arabia), which is home to the holy sites of Mecca and Medina; America's ties with Israel; and the United States' position as political, economic, and cultural leader of the West. As such, al Qaeda is locked in a life-or-death struggle with the United States and the West.[9]

As a formidable transnational organization, al Qaeda is believed to be active in over ninety countries and draws on members from some forty nationalities.[10] The network and its affiliates are responsible for a string of major terrorist incidents through the 1990s and up to and following 9/11, including:

- The 1993 bombing of the World Trade Center in New York
- The 1998 near-simultaneous bombings of U.S. embassies in Kenya and Tanzania
- The 2000 suicide maritime attack on the destroyer *USS Cole* in Aden harbor, Yemen
- The 2002 suicide bombing of an Israeli-owned hotel in Kenya, and the coordinated, but unsuccessful, shoulder-fired missile attack on an Israeli Boeing 757 passenger aircraft
- The 2003 suicide truck bombings of two synagogues in Istanbul, Turkey, and the subsequent attack on the British Consulate and a major London-based bank in Istanbul
- The 2004 coordinated bombing of commuter trains in Madrid, Spain, on the eve of the Spanish general elections, killing 191 and injuring some 1,600

So far, the War on Terrorism has achieved success in putting the organization on the defensive. For example, U.S. authorities report that nearly two-thirds of the top al Qaeda leadership identified before 9/11 has been killed or captured. But al Qaeda is adapting and the fight goes on. As the U.S. director of Central Intelligence explained in early 2004:

> Successive blows to al Qaeda's central leadership have transformed the organization into a loose collection of regional networks that operate more autonomously . . . Even as al Qaeda has been weakened, other extremist groups within the movement it influenced have become the next wave of the terrorist threat.[11]

The prospect remains of a long-term struggle with this diffuse organization, its like-minded affiliates drawing on hard-line interpretations of Islam, and its dispersed followers and foot soldiers.

Al Qaeda has a history of dealings in Southeast Asia that stretch back to at least the early 1990s, primarily in connection with the formative activities of the radical Abu Sayyaf Group (ASG) in the southern Philippines. But the newly uncovered Southeast Asian linchpin of al Qaeda's network is a jihadist group called Jemaah Islamiyah (JI) (Islamic group or Islamic community).[12] Operating principally from Indonesia, JI is an outgrowth of the earlier Darul Islam (House of Islam) movement that was active after independence and up to 1962. Darul Islam fought to establish an Islamic state in Indonesia. JI shares al Qaeda's jihadist ideology and major objectives. For its part, JI seeks to establish an Islamic superstate, headed by a caliph (supreme ruler), across Southeast Asia to include Indonesia, Malaysia,

Singapore, southern Thailand, the southern Philippines, Brunei, and northern Australia.

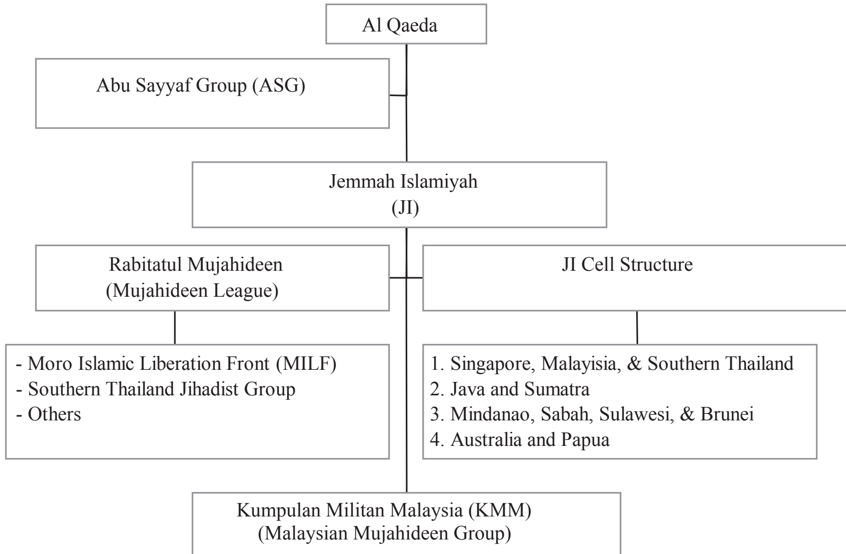
Working closely with al Qaeda, and Southeast Asian veterans of the Afghan war, JI forged links with the Moro Islamic Liberation Front (MILF), an established terrorist group in the Philippines. JI also created its own cells in Singapore, Malaysia, southern Thailand, Java, Mindanao, Sabah, Sulawsei, and Australia. JI operatives have been active in Cambodia as well. JI is further linked with another newly emerged terrorist group in Malaysia called Kumpulan Militan Malaysia (Malaysian Mujahideen Group or KMM). JI attempted to solidify its regional relationships through an alliance known as the Rabitatul Mujahideen (Mujahideen League or RM), comprised of the MILF, a southern Thailand-based jihadist group, and others.[13] Figure 1 provides a broad portrait in diagram form of this Southeast Asian terror network.

Top JI personalities include Abu Bakar Bashir, a JI founder and its emir ("spiritual leader"), and Riduan Isamuddin (also known as Hambali), a senior operational leader and, until his arrest in Thailand in August 2003, considered "the most wanted man in Asia." Bashir, a sixty-six-year-old hard-line Indonesian cleric of Yemeni background, was arrested after the October 2002 Bali bombing. In 2003, he was convicted in Indonesia of treason and sentenced to four years in prison, which many observers perceived as an unduly light sentence in view of his central role in the Southeast Asian terror network. Attempting to navigate a narrow path that would not further agitate Islamist elements, an Indonesian appeals court later dropped the treason charge and reduced his prison sentence to three years based on related charges. Bashir's term was subsequently cut in half without explanation. He was set free in April 2004, but immediately rearrested on new evidence linking him to terrorism. At that time, an unrepentant Bashir issued a new threat, telling an Australian interviewer: "I am convinced that sooner or later America, and the countries that assist it, will be destroyed in the name of Allah."

The thirty-nine-year-old Hambali, meanwhile, was a pivotal figure in the international jihad network with ties to Osama bin Laden, al Qaeda plotting throughout the 1990s, and the 9/11 attack itself. As an Indonesian, he was the only non-Arab member of the al Qaeda inner circle and reportedly was the organization's fourth highest-ranking leader.[14] Hambali masterminded the Bali attack and, upon his arrest in 2003, was believed to be involved in fresh targeting of Western diplomatic establishments in Thailand.

The activities of the Southeast Asian terror network are ongoing and raise serious continuing concerns. Regional authorities have been successful in making arrests and dismantling parts of the network. As a result, we may see changes over time in specific strategies and objectives and in the formation

Figure 1 **Southeast Asian Terror Network**



of splinter groups. Yet the underlying intentions of fostering an extreme vision of Islam remain in place, and the network is capable of making up for personnel losses with new members.[15] Thus, pursuing anti-U.S. and anti-Western activities will remain the network's broad mission, and this will result in persistent serious threats.

Plans for large-scale attacks on infrastructure targets, diplomatic establishments, military assets, and U.S. businesses have been disrupted. In Singapore, such attack planning was assessed to be operational and only a few days to a week away from implementation in late 2001.[16] The various plots that were uncovered but not carried out included:

- A USS *Cole* -like attack targeting a transiting U.S. warship off Singapore
- An attack on a U.S. warship off Surabaya, Indonesia, in May 2002
- An attack on a U.S. military bus in Singapore and against U.S. personnel in Malaysia
- Plans to crash a passenger plane into Changi Airport and to target other important infrastructure assets in Singapore
- Related plans to foment ethnic strife leading to interstate rivalry between Malaysia and Singapore intended to pave the way for JI political ascendancy
- Attacks on Western diplomatic establishments in Singapore, Malaysia, Indonesia, the Philippines, and Thailand

- Attacks on tourist resorts in Thailand
- The targeting of American businesses and the kidnapping of Western businessmen and diplomats

Al Qaeda's initial 9/11 attack planning also had a significant Asian component and called for the hijacking of U.S. aircraft flying Pacific routes. These aircraft were to be destroyed in midair. An alternate scenario apparently called for the hijacked planes to be crashed into U.S. targets in Japan, Singapore, or South Korea. This Asian dimension was to be carried out simultaneously with the attacks on America but was later set aside as being too complicated, and attack planning focused instead on targeting the United States.[17]

While these plots were thankfully averted, had any succeeded they would have increased regional instabilities, created substantial political-economic turmoil, and roiled regional and global investment markets.

JI did strike with devastating effect on October 12, 2002, in the nightclub district in Bali, Indonesia—one of the most lethal post–9/11 attacks (in terms of fatalities) by Islamic terrorists to date. The Bali attack killed 202 people, including 88 Australians, and left more than 300 injured. The U.S. secretary of state, Colin Powell, called the attack "Australia's 9/11," while the Australian prime minister, John Howard, confirmed that it was "the biggest loss of Australian life outside of war in a single incident." The incident cut sharply into Indonesia's tourism revenues and the direct economic impact was estimated to have reduced the country's gross domestic product (GDP) by 0.6 to 1 percentage point in 2003.

The Bali attack involved sophisticated tactics with multiple, near-simultaneous, remote-controlled detonations and also the use of a suicide bomber. Bali underlined the terrorists' formidable capabilities, and served as a further warning that Westerners visiting regional entertainment spots and other soft targets are vulnerable to attack. Bali was followed ten months later by another JI suicide attack on August 5, 2003, at the J.W. Marriott hotel in Jakarta. The attack occurred days before a verdict was handed down in the trial of one of the Bali bombers. The Marriott attack killed 12 people, including the Dutch expatriate manager of a Dutch-based bank in Jakarta, and left 150 injured.

On September 9, 2004, another suicide attack occurred in Jakarta and targeted the Australian embassy. This incident killed 9 and wounded 182, mostly Indonesians. The timing of the attack appeared designed to destabilize Indonesia days before the critical presidential election vote on September 20, 2004. Other likely objectives of the attack were to intimidate Australia, a key partner in the War on Terrorism, and demonstrate that JI retains its capacity to conduct major terrorist operations in Indonesia.

The charred ruins of the October 12, 2002, terrorist bomb blast in Bali, Indonesia. One of the most lethal post–9/11 attacks by Islamic radicals to date; 202 people were killed and more than 300 were injured. (AP/Wide World Photos)

Security Issues and Trends Independent of the Events of September 11

Alongside the factors that have developed so prominently since September 11, there is a full list of preexisting security issues and longer-term trends that continue to shape the Asian security environment. We have examined many of these issues in the two previous editions of *Asian Security Handbook*. The list includes:

- The potential for high-intensity, interstate conflict on the Korea Peninsula, across the Taiwan Strait, and between India and Pakistan stemming from long-running rivalries
- Religious and ethnic conflict and civil unrest in South and Southeast Asia
- Ongoing territorial disputes in the South China Sea
- Drug trafficking in the Golden Triangle area of Burma, Thailand, and Laos, as well as related narcotics threats emanating from neighboring Cambodia
- Maritime piracy in Asian waters
- Official corruption and linkages to organized crime

As noted below, two important deeper trends also stand out: (1) the nature of the Sino-American relationship, and (2) continued proliferation of WMD, primarily nuclear and missile capabilities and the related nexus with terrorism, rogue regimes, and regional power rivalries. Both are of crucial importance to future regional and global stability.

Prior to commenting on these two trends, we would offer a further word on maritime piracy, an issue that we examined closely in the previous editions of this book. Piracy had been played down in the past and for many years was of interest only to specialists and those in the business community directly affected, including the shipping and insurance industries. But this situation has changed with a steep increase in the number of piracy incidents reported in 2000 and a sustained high incident rate in subsequent years up to the present (see Table 1). Importantly, nearly two-thirds of all international piracy incidents over the last decade have occurred in Asian waters.

The surge in incidents, coupled with new post–9/11 concern about terrorist maritime threat potential, has greatly heightened interest in piracy, as well as shipping container and cargo security, port security, and in maritime security generally. Terrorists could hijack a vessel or use one in an attack scenario, to include attacks designed to have high political-economic impact. The February 2004 bombing of *Superferry 14* in Manila Bay is an example of this new threat. Claimed by ASG, that attack killed over 100 people.

Long-Term Trend 1: U.S.-China Strategic Competition

When it first assumed office, the Bush administration identified the People's Republic of China (PRC) as a strategic competitor with significant differences on issues ranging from Taiwan to missile defense, weapons proliferation, and human rights. The validity of this outlook was reaffirmed by the April 2001 incident involving a collision over the South China Sea between a Chinese F-8/J-8-II fighter employing aggressive tactics and a U.S. EP-3E reconnaissance plane. That same month President Bush stated that Washington would do "whatever it [takes] to help Taiwan defend herself." This statement came on the heels of the most comprehensive U.S. military package for Taiwan in a decade, which includes for the first time eight advanced diesel submarines, plus four Kidd-class destroyers, and 12 P-3 Orion antisubmarine aircraft.

These capabilities are intended to redress the military balance across the Taiwan Strait, which has been tilting to Beijing's advantage in recent years. China developed this edge through a wide-ranging conventional force and missile buildup, including a shopping spree in Russia involving advanced air and naval systems.[18] Hardware acquisition has been accompanied by the

Table 1

A Decade of Piracy in Asia, 1994–2003

Year	Total worldwide number of incidents	Number of incidents in Southeast Asia, South Asia, and Far East	Asian incidents as percentage of worldwide total
1994	90	73	81.1
1995	188	134	71.3
1996	228	165	72.4
1997	247	148	59.9
1998	202	121	59.9
1999	300	212	70.7
2000	469	355	75.9
2001	335	223	66.6
2002	370	222	60.0
2003	445	276	62.0

Sources: International Maritime Bureau (IMB), Regional Piracy Center (RPC), Kuala Lumpur, "Piracy and Armed Robbery Against Ships: Annual Report: 1st January–31st December 1998," January 1999, p. 3; RPC, "Piracy and Armed Robbery Against Ships: Report for the Period: 1st January–30th June 1999," 15 July 1999, p. 3; and IMB, "Piracy and Armed Robbery Against Ships: Annual Report:1 January–31 December 2003," January 2004.

Note: "Asia" as defined here does not include the Iran/Persian Gulf region.

exploitation of new technologies and the development of new asymmetrically designed war-fighting strategies, including information operations/information warfare.

Taiwan is a critical regional hot spot and a matter of the greatest strategic importance to East Asia and the entire international community. Heightened Chinese concerns over Taiwanese independence could lead to new pressures, threats, military maneuvers, or the outbreak of conflict on short notice, catapulting this issue to the forefront of international attention.

Despite the temporary lull brought on under the semblance of cooperation in the War on Terrorism, the interests of Beijing and Washington have the clear potential to clash in the years and decades ahead, if the relationship is not managed effectively. Military planners in the United States recognize this. As outlined in the September 2001 Quadrennial Defense Review (QDR) document, U.S. policy makers are shifting U.S. strategic priorities and force requirements to address future contingencies in East Asia in order to meet the long-term challenges posed by China. There are a number of broad indicators that, indeed, point to China as a long-term strategic competitor. First, the core interests of the United States and China diverge significantly on such key questions as democracy, human rights, Taiwan, and proliferation. Again, with respect to Taiwan, PRC authorities clearly have not ruled out the

use of force to achieve future reunification. Any conflict over Taiwan would have enormous political, military, and economic consequences for the United States due to Washington's long-standing security commitments to Taipei. Similarly, China's record on proliferation is not good, and it appears that Beijing is all too content to see some weapons technology leakage to sensitive global conflict zones as a means of supporting China's allies while at the same time keeping the United States off balance.

Such realpolitik calculations extend also to the South China Sea—another regional flash point that is lying dormant for the moment. China has not backed off its expansive territorial claims in the South China Sea, and any future conflict there over disputed territory or natural resources most assuredly would impact the interests of the United States and its friends and allies in East and Southeast Asia. Worldwide shipping and commerce would also suffer from any crisis in the South China Sea.

A second major indicator of future competition stems from the People's Liberation Army's (PLA) continuing modernization program. This extensive modernization is buoyed by the availability of new economic resources and unfettered by any restraints except the capacity to absorb and deploy new weapon systems. Along the same lines, Chinese strategists and military planners also continue to identify the United States as a principal future adversary. Although the Chinese political leadership talks down notions of a strategic competition with the United States, there is a clear pattern of behavior with respect to military hardware acquisition, force modernization, and doctrinal development that points to acquiring the tools and strategies for power projection in Asia and beyond.

Yet, at the same time that significant tensions exist in the bilateral relationship, there are powerful economic and trade forces pushing the two sides together. Some observers in fact see the economic dimension as a defining determinant of future relations. This is based in many respects on the view that the "China market" will drive future global growth given a continuing forecasted expansion of the Chinese economy. China's voracious appetite for commodities, energy resources, and other economic inputs will deepen the country's free market orientation and could become the basis for the creation of a huge middle class. Under this view, a policy of bilateral strategic cooperation or partnership is therefore a necessary foundation for economic interaction, and such cooperation cannot be achieved with the two countries in a distinctly competitive mode. Taken further, this view holds out the possibility that economic development could be a springboard for future democracy.

But the China market thesis also presents a dilemma in that greater economic integration built around significant industrial manufacturing and technology transfer to China will end up only strengthening the country's military

and security apparatus, and runs the risk of creating a strategic competitor. Newfound economic power could make the existing communist dictatorship stronger and more resistant to change. The country would be better positioned to pursue its interests in Asia and beyond and to pose a significant challenge to the United States.

In late 2003 the Bush administration began reversing its earlier emphasis on the strategic competition aspects of the bilateral relationship and indeed the phrase "strategic competitor" was essentially banned from official usage. A policy of tactical accommodation emerged under which the United States sought to play down its significant differences with China, particularly over the issue of Taiwan, and to instead focus on the commonality of interests between the two countries. This policy shift apparently came about in recognition of overriding U.S. priorities in the War on Terrorism. But gazing into the future, as the War on Terrorism winds down, the competition between these two powers is likely to heat up as their interests continue to clash.

Managing what will be basically a long-term competitive relationship will be a critical challenge for policy makers in both Washington and Beijing. As the ultimate guarantor of peace and stability in the region, the United States must of necessity maintain a strategic equilibrium that balances the rising power aspirations of China by means of deterrence and strong defense capabilities. Prudent U.S. and allied strategists must also seek to integrate China into the world system in a cooperative manner.

Long-Term Trend 2: WMD and the Nexus of Terrorism, Rogue Regimes, and Regional Rivalries

As examined in depth in the two previous editions of this book, WMD proliferation has been a burgeoning problem for quite some time, mainly in the context of regional power rivalries in East and South Asia. But it is now an issue that has taken on much greater urgency in recognition of the fact that these weapons would pose grave threats in the hands of a terrorist organization such as al Qaeda. It is also an issue that has burst into daily news headlines as a result of continuing post–9/11 concerns, as well as the controversy that developed after Operation Iraqi Freedom surrounding the full extent of Saddam Hussein's WMD programs.

Given its continuing desire to inflict mass casualties on its enemies, al Qaeda has shown a strong interest in obtaining and employing biological or chemical weapons, radiological dispersal devices ("dirty bombs"), or potentially nuclear weapons.[19] Aided by a rogue state or through covert transactions on the international black market, the prospect of terrorists gaining access to WMD poses daunting challenges for Western defense and security planners.

This prospect is all the more worrying in light of revelations of illegal technology transfers from elements within Pakistan's nuclear establishment to Iran, Libya, North Korea, and possibly others. The key figure in this still unfolding matter is Abdul Qadeer (A.Q.) Khan, father of Pakistan's nuclear bomb, who utilized an extensive international black market network and middlemen to spread nuclear weapons components and technologies. Khan and his associates, for example, used a factory in Malaysia to manufacture key parts for centrifuges built to enrich uranium. Other parts and components were purchased through operatives based in Europe, the Middle East, and Africa.

Similarly, North Korea itself has boasted that it may be prepared to commit a brazen act of proliferation and transfer nuclear know-how or capabilities to a terrorist group or other rogue elements. As noted earlier, the United States has made the defeating of this nexus of terrorism, rogue regimes, and WMD proliferation a defining feature of its post–9/11 security strategies.

An added element in this challenging situation is the continued pursuit of WMD capabilities throughout Asia and the consequential reactions this is producing. Table 2 illustrates selected WMD-related developments in Asia in recent years. In particular, nuclear and missile capabilities continue to spread in East and South Asia, creating dangerous new instabilities and tensions in the conflict zones between North and South Korea, China and Taiwan, and India and Pakistan.

A key consequential impact is that an opponent must be seen to match his adversary's capabilities for prestige purposes, in order to maintain deterrence, and to have a response-in-kind defense should deterrence fail. In short, this situation has led to a new nuclear arms and missile race in Asia. This is certainly the case in the dynamics we see between India and Pakistan. For its part, China's across-the-board buildup of ballistic and cruise missiles is in effect forcing Taiwan to develop similar counterforce capabilities. China has positioned nearly five hundred ballistic missiles opposite Taiwan, and this number continues to grow. As a result, Taiwan is moving toward missile systems that can hold at risk Shanghai, Hong Kong, or other valuable political-military targets in southeastern China, and possibly extending to the targeting of the Three Gorges dam.

There also has been talk in Japan of playing the nuclear card in response to North Korea's missile threat. But so far Japan has chosen a lower-key response as a first option—a new missile defense system being developed in cooperation with the United States. Japan itself does not deploy offensive ballistic missiles, but its extensive space launch vehicle (SLV) program provides an inherent capability for developing ballistic missiles. Japan's SLV program puts it in a position to create a missile force quickly if it chooses to do so. In addition,

Table 2

Weapons of Mass Destruction in Asia: Selected Developments, 2002–2004

2002	
January	**India**: flight test of Agni 1, a new rail or road deployable medium-range ballistic missile (MRBM) with a range of 700–900 km/435–559 miles.
April	**Japan**: Ichiro Ozawa, leader, Liberal Party (former-Liberal Democratic Party) states: "We have plenty of plutonium in our nuclear power plants, so it's possible for us to produce 3,000 to 4,000 nuclear warheads. If we get serious, we will never be beaten in terms of military power."
May	**Pakistan**: multiple flight tests of Ghauri MRBM and Hatf 2 & 3 short-range ballistic missiles (SRBMs).
July	**China**: tests DF-21 Mod 2 MRBM with 6–7 penetration aids.
August	**Yemen**: confirms receipt in the late 1990s of North Korean Scud SRBMs.
	Pakistan: purchases 4–6 No-Dong/Ghauri MRBMs from North Korea. Ships them to Islamabad via C-130 aircraft.
September	**South Korea**: Defense Ministry says North Korea has a stockpile of 2,500–5,000 metric tons of chemical weapons and is capable of producing 1 ton of biological weapons per year.
October	**North Korea**: admits to uranium-based nuclear weapons program.
December	**Yemen**: receives 15 Scud SRBMs (believed to be Scud Cs) and 15 conventional high-explosive warheads shipped via the *So San*, a North Korea merchant vessel.
	North Korea: restarts work at Yongbyon nuclear facilities.
2003	
January	**India**: flight test of Agni 1.
	North Korea: withdraws from the Nuclear Non-Proliferation Treaty (NPT).
February	**India**: tests nuclear-capable Brahmos antiship cruise missile (ASCM) (under a joint program with Russia).
March	**India**: tests Prithvi SRBM.
	Pakistan: tests Abdali SRBM.
April	**North Korea**: admits to possessing nuclear weapons—is now the world's 9th nuclear power?
May	**United States**: announces the Proliferation Security Initiative (PSI).
July	**Japan**: government official reports that North Korea has deployed about 200 No-Dong MRBMs capable of targeting Japan.
	United States: imposes sanctions on one North Korean and five Chinese entities for providing WMD materials to Iran.

(continued)

Table 2 *(continued)*

August	**Taiwan**: reports development of the Hsiung-Feng IIE, a land-attack cruise missile (LACM) prototype with a potential range of 1,000 km/622 miles.
October	**Pakistan**: tests Hatf 3 and Hatf 4 (Shaheen 1) SRBMs.
	India: confirms that it has established nuclear command and control centers.
	Iraq: paid US$10 million to North Korea for No-Dong MRBMs and missile production technology in late 2002, according to post-Iraq war investigations, but North Korea never completed delivery.
	Taiwan: may have recently tested a new ballistic missile with a range of 600–900 km/373–559 miles capable of targeting Shanghai, Hong Kong, and major coastal centers in southeastern China.
November	**Burma**: sent a contingent of military officers to North Korea to study nuclear technology and may purchase missiles from Pyongyang.
	Taiwan: President Chen Shui-bian reveals China targets Taiwan with 496 ballistic missiles.
December	**Pakistan**: initiates investigation of nuclear scientists engaged in illegal technology transfers.
2004	
January	**Pakistan**: dismisses prominent nuclear scientist Abdul Qadeer (A.Q.) Khan on revelations of illegal technology transfers.
	Nigeria: reportedly in talks about acquiring missile technology from North Korea.
February	**Pakistan**: A.Q. Khan admits to illegal WMD dealings but is pardoned by President Musharraf. International Atomic Energy Agency (IAEA) chief says Khan's revelations are the "tip of an iceberg" of the international WMD black market.
	Libya/Pakistan/China: nuclear warhead designs obtained by Libya from A.Q. Khan originated in China.
	Malaysia: local company affiliated with A.Q. Khan identified as source of centrifuge components for Libyan nuclear program.
April	**North Korea**: U.S. intelligence reportedly raise estimate of number of North Korean nuclear weapons from "possibly two" to at least eight.
July	**North Korea**: reportedly deploying two new intermediate-range ballistic missiles (IRBMs) with ranges of 2,500–4,000 km/1,550–2,480 miles that are based on a Soviet-era submarine-launched ballistic missile (SLBM).
August	**India**: flight test of Agni 2, an IRBM with a range of 2,500 km/1,550 miles.
September	**South Korea**: publicly acknowledges carrying out secret nuclear fuel experiment in early 2000, enriching uranium to near-bomb grade level.

Source: Prepared by David G. Wiencek based on multiple sources.

the country's vast supply of plutonium could be adapted for a nuclear weapons program if existing threat trends become even more pronounced.

North Korea's WMD threats truly stand out and pose an imminent threat to regional and global security. Pyongyang has amassed a force of some 800 ballistic missiles and is the world's largest exporter of ballistic missiles and associated technology. It deploys the No-Dong medium-range ballistic missile, which can target Japan, and, by mid-2004, had reportedly developed two new intermediate-range ballistic missiles (IRBMs) based on a Soviet–era submarine-launched ballistic missile. One of these new IRBMs, with a range of 2,500–4,000 km/1,550–2,480 miles, is being deployed in a land-based version, while the operational status of the other missile, a ship or submarine-based variant with a range of 2,500 km/1,550 miles, is not yet known.

North Korea is also working on the longer-range Taepo Dong system. In 1998 North Korea conducted a flight test of the Taepo Dong 1. As the U.S. Central Intelligence Agency later noted, if the Taepo Dong 1 "were flown successfully on an ICBM [intercontinental ballistic missile] trajectory, it would have been able to deliver a small biological or chemical weapon to American soil." A two-stage Taepo Dong 2, a more capable system under development, "could reach parts of the United States with a nuclear-sized payload, while [a] three-stage version could reach anywhere in Europe or the United States."[20]

In 2002–2003, the stakes were raised further when North Korea reopened its Yongbyon facilities and reportedly completed the reprocessing of spent fuel rods into weapons-grade plutonium. Subsequently a senior official acknowledged that the country in fact possessed nuclear weapons and was prepared to conduct a "demonstration" (a nuclear test) or "transfer them," which was interpreted as a not-so veiled threat to export nuclear capabilities to others, including terrorists. These developments prompted a new round of diplomacy, the so-called six party talks, aimed at containing Pyongyang's threatening posture. Reflecting on the seriousness of North Korea's nuclear breakout, one senior U.S. official has commented:

> Pyongyang's open pursuit of additional nuclear weapons is the most serious challenge to U.S. regional interests in a generation. . . . The outcome of the current crisis will shape relations in Northeast Asia for years to come.[21]

The Proliferation Security Initiative

One new response to deal with North Korean and other rogue WMD challenges is the Proliferation Security Initiative (PSI) launched by President Bush in May 2003. The PSI seeks to interdict the transfer of and trade in

WMD components and materials. So far, eleven nations have agreed to participate in this effort: Australia, France, Germany, Italy, Japan, the Netherlands, Poland, Portugal, Spain, the United Kingdom, and the United States. The PSI goes beyond previous diplomatic efforts and actively seeks to prevent clandestine WMD transactions from taking place. The participating nations agree to share information and to use force to stop, board, and search suspect vessels, aircraft, or ground-based transports and seize prohibited cargo.

A key impetus for the PSI came from a high profile incident in December 2002 when a North Korean vessel, the *So San,* was intercepted by a task force of Spanish and U.S. vessels in the Arabian Sea. The *So San* was a North Korean merchant ship that had departed the port of Nampo in mid-November 2002. It sailed unflagged, but claimed Cambodian registry, and the original name of the ship had been painted over to conceal its North Korean identity. The *So San* was purportedly carrying two thousand tons of cement.

But when it was stopped and forcibly boarded, Spanish and U.S. forces found hidden beneath bags of cement fifteen Scud missiles (believed to be Scud Cs with a range of approximately 500 km/310 miles), warheads, fuel, and drums of unidentified chemicals. After a standoff the *So San* was allowed to proceed to Yemen, its designated port of call and the true buyer of the Scud missiles. In an unfortunate proliferation policy lapse, Washington calculated that Yemen's assistance in the War on Terrorism was vital and, to avoid a diplomatic row, decided to allow the shipment to proceed. Yet the incident in which North Korea was caught red-handed shipping missile systems increased the focus on the need for better counter-proliferation interdiction policies.

The *So San* episode was followed by an incident in April 2003 in the waters off Sydney, Australia. Another North Korean merchant vessel, the *Pong Su,* evaded authorities during a four-day chase until Australian special forces forcibly boarded it. While not carrying WMD components, the *Pong Su* carried 125 kilograms (276 pounds) of pure heroin worth approximately US$120 million. The incident highlighted North Korea's trade in illicit activities and showed that, in addition to WMD proliferation, it was involved in state-sponsored narco-trafficking. Proliferation and drug trafficking, along with currency counterfeiting and other related illegal activities, are designed to earn hard currency to keep the Kim Jong-il dictatorship in power at all costs. These other concerns are being dealt with under a separate program, the DPRK Illicit Activities Initiative, operated in parallel with the PSI.[22]

Although the details have yet to be made public, similar efforts reportedly played a pivotal role in achieving a subsequent counter-proliferation policy victory: the surprise announcement in late 2003 that Libya would renounce its long-running clandestine WMD programs. Under this gesture, Libya agreed to dismantle unilaterally its nuclear weapons program, destroy its chemical

A sailor is lowered from a Spanish helicopter onto the *So San,* a North Korean merchant vessel carrying Scud missiles to Yemen. The boarding took place on December 9, 2002, in the Arabian Sea and highlighted North Korea's trade in weapons of mass destruction systems. (AP/Wide World Photos)

weapons stockpile, and voluntarily subject itself to international inspections. The interdiction of WMD components bound for Libya was an important factor in leader Moammar Gaddafi's decision to come clean, give up his WMD capabilities, and reach out to the United States, United Kingdom, and the West for normal relations.

The timing of the Libyan overture, which initially took place around the start of Operation Iraqi Freedom, also suggests that the demonstration effect of the robust new U.S. strategy should not be underestimated. America's strong resolve to act decisively is likely affecting the calculations of such rogue states as Libya, who now must take very seriously Washington's commitment to stop terrorism and prevent WMD technology from spreading, particularly to terrorist groups. Libya's reaction in this regard is therefore significant.

Missile Defense

Missile defense is an important and vital response to ever growing ballistic and cruise missile threats in Asia. In the United States, missile defense has taken on a new significance in light of the post–9/11 requirement to secure the homeland from rogue or terrorist attack.