

OPRF MARINT Monthly Report

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This monthly report is edited/ summarized by publisher and staff writers based on published news resources.

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Introduction

Law and order : On May 4, Vietnam signed a "Regional Co-operation Agreement on Combating Piracy and Armed Robbery against Ships in Asia" (ReCAAP). (The pact will come into effect 90 days after the tenth country submits its ratification instrument to Singapore. Currently, eight countries have fully ratified the agreement.)

An insurgent group, the Liberation Tigers of Tamil Eelam (LTTE) has stepped up its activities in Sri Lanka. Particularly, the violence by the LTTE's naval arm, the Sea Tigers have been intensifying in the Indian Ocean next to areas they control in the island's north and east.

Upon request of the East Timor's President, Australia announced on May 24 that it would send 1,300 troops, three ships and some aircraft to East Timor aiming at restoring order of the country. New Zealand will also send troops to the island nation. Meanwhile, Malaysia is planning to send about 500 personnel as a peacekeeping force under the banner of the United Nations. (See p.6, Commentary "Backdrop of the Violence in the Democratic Republic of East Timor" for more details)

On May 3, 2006, the International Maritime Bureau (IMB) Piracy Reporting Centre in Kuala Lumpur released its quarterly report on "Piracy and Armed Robbery against Ships" during January 1- March 31, 2006. (See p.28, Commentary "Figures of Piracy and Armed Robbery from January 1 to March 31, 2006" for more details)

Military security : Both Ministers from Japan and the U.S. agreed to finalize their plan on the realignment of U.S. force in Japan at the Security Consultative Committee (SCC) meeting on May 1. This topic is featured in Chapter 2, Intelligence Assessment, "The Transformation of the U.S.-Japan Alliance: American Perspectives on the Final Report." (See p.22)

The first ASEAN Defense Ministers meeting was convened on May 9 in Kuala Lumpur. According to the joint press release issued after the meeting, the ministers adopted the ASEAN Defense Ministers' Meeting (ADMM) concept paper and agreed that ADMM is an integral part of ASEAN.

On May 15 Admiral William J. Fallon, Commander of U.S. forces in the Pacific announced that the United States would invite senior Chinese officers to U.S.-led joint exercises scheduled from June 17 to 19 around the Pacific island of Guam.

Indian Defense Minister Pranab Mukherjee made a visit to Japan and had talks with Japanese Minister of State for Defense Fukushima Nukaga on May 25. Following the meeting, the Ministers released the joint statement on defense cooperation, expressing their resolve to promote cooperation in the various areas related to security and defense.

The United States released "ANNUAL REPORT TO CONGRESS Military Power of the People's Republic of China 2006" on May 23. (For more information, see p.14, Commentary, 'Released "ANNUAL REPORT TO CONGRESS Military Power of the People's Republic of China 2006" of the U.S. Defense Department')

Diplomacy and International Relations : What brought attention on these fields is the speeches delivered by the leaders of the U.S. and Russia respectively. The U.S. Vice President Dick Cheney criticized Moscow's current policies when he delivered his keynote address at the Vilnius Conference 2006 in Vilnius, Lithuania, on May 4. Some Russian media reported that Cheney's remarks reminded them of Winston Churchill's 1946 "Iron Curtain" address in Fulton, Missouri. On the other hand, in his state of the union address, Russian President Vladimir Putin stressed the need to strengthen Russia's defense capabilities, stating that Russia has to be ready to react to potential external threats and attacks from international terrorism, and to deal with its falling birthrate.

In response to some Russian media's criticism against Cheney's speech, a prominent columnist Thomas L. Friedman said the era is not going back to the Cold War, but going forward to the "post-post-Cold War". In his article to the New York Times on May 10, he gives an interesting commentary, saying the post-post-Cold-War world seems "full of too many bad guys getting rich, not by building decent societies but by simply drilling oil wells."

Resources, Environment and Others : Kazakhstan began oil deliveries to China via its new pipeline on May 25. This marked the first time for imported oil to be directly pipelined into China. It is estimated that the figure will increase by 300 percent to 4.75 million tons this year and will increase by 60 percent to around 8 million tons in 2007.

1. Intelligence Bulletin

1.1 Law and order

May 3 "IMO establishes search and rescue centre in Kenya" (allAfrican.com, May 9, 2006)

International Maritime Organization (IMO) has set up the Search and Rescue Regional Centre in Mombasa, Kenya on May 3. On the following day, the Secretary General of the IMO, Efthimos Mitropoulos had talks with Kenya's President Mwai Kibaki. Mitropoulos told Kibaki that IMO would be supporting Kenya's active and commendable role in the waters in promoting international maritime interests in the region. Meanwhile, Kibaki said his country would work with other member states of IMO to eradicate the piracy attacks. At the moment Kenya and South Africa are the only sub-Saharan African countries which are members of IMO. IMO plans to hold its conference in Kenya later this year.

May 4 "Vietnam signs anti-piracy pact" (VNA, May 6, 2006)

On May 4 Vietnam signed a "Regional Co-operation Agreement on Combating Piracy and Armed Robbery against Ships in Asia" (ReCAAP). Vietnam expressed its resolve to cooperate closely with other signatory countries for the execution of the agreement. Of 16 Asian countries, 12 countries have signed the agreement to date. (Note: The pact will come into effect 90 days after the tenth country submits its ratification instrument to Singapore. Currently, eight have fully ratified the agreement.)

May 4 "Russian, Japanese coastguards carry out joint exercises" (Trend, May 4, 2006, Japan Coast Guard HP, May 8, 2006)

The Russian and Japanese coastguards conducted antiterrorist exercises including search-and-rescue drills off Vladivostok on May 4. Japanese Maritime Safety Agency head Admiral Hiroki Ishikawa and Russian Federal Security Service First Deputy Director and Border Service head Vladimir Pronichev inspected the exercises. Also representatives were sent from China, South Korea and the United States.

May 11 "Conflicts intensify between Sri Lankan Government and LTTE" (Turkishpress.com, May 14, 2006, and Tamil Net, May 11, 2006)

In Sri Lanka, more than 200 people have killed in the fight between the government and the Liberation Tigers of Tamil Eelam (LTTE) over the past month. Especially, the violence by the LTTE's naval arm, the Sea Tigers have been intensifying in the Indian Ocean next to areas they control in the island's north and east. "We will not hesitate to wage war with anyone who attempts to prevent us from exercising our freedom," said the Sea Tiger's chief Thillaiampalam Sivanesan. He said the Sea Tigers had lost 1,200 people in the past 15 years and they would not

halt their activities in the Indian Ocean near their areas of influence. The Sea Tigers are rare among the world's guerrilla organizations having forces named "navy". On May 11, the 60-member Scandinavian body stationed in Sri Lanka, the Sri Lanka Monitoring Mission (SLMM) issued the statement regarding the intensifying sea battle, saying: (1) the water surrounding Sri Lanka is under the control of the government; and (2) non-state actors cannot control open sea waters or airspace. Therefore the LTTE has no rights at sea. The SLMM urged the LTTE to halt the violations of Ceasefire Agreement (CFA) and their operations at sea. On the other hand, the LTTE insisted that the Sea Tigers exist as a de facto naval unit which is recognized by the SLMM statement released in April 2003. The statement said the Sea Tigers are one of the basic elements composing balance of power for the present Ceasefire.

May 16 "IMB gives warning to ships entering Chittagong port, Bangladesh" (AFP, May 16, 2006)

According to Noel Choong, Head of the Piracy Reporting Centre of the International Maritime Bureau (IMB), shipowners have been warned to be vigilant against pirate attacks in the Bangladeshi port of Chittagong. He said in addition to several unreported cases, there have been 18 reported cases of pirate attacks since January 28, 2006. Four attacks have already occurred this month. "We believe that there are groups of pirates operating in the area. We are warning ships that enter the area to be extra vigilant. We are concerned about the high number of attacks in that location," said Choong. He said the IMB had sent a letter to the Bangladeshi authorities, urging them to take the necessary measures and to increase patrols in the water. He also said that the IMB has issued a warning to all vessels entering Chittagong through its satellite broadcast. (See p.28, Commentary "Figures of Piracy and Armed Robbery from January 1 to March 31, 2006")

May 17 "U.S., Australia sign a comprehensive anti-terror pact" (Channel News Asia, May 18, 2006)

The United States and Australia signed a comprehensive counterterrorism agreement on May 17, focusing on the identification and detection of terror groups. The pact is similar to agreements already signed between the U.S. and Britain, Canada, Israel and Singapore.

May 18 "Commander of the U.S. Pacific Fleet promises to respect the sovereignty of littoral three states" (The Jakarta Post, May 19, 2006)

Commander of the U.S. Pacific Fleet, Admiral Gary Roughead met Malaysian Deputy Prime Minister and Defense Minister Najib Razak on May 18 in Malaysia. The United States pledged not to interfere in the efforts by the littoral three states (Indonesia, Malaysia and Singapore) to combat piracy and terrorism in their waters. And Najib told reporters that Roughead had emphasized that the U.S. would respect the sovereignty of the littoral states having jurisdiction over the Malacca Straits and would not take any actions that go against their principle.

May 22 "Lloyd's designates Sri Lanka and Yemeni waters as risk zones" (TIMES Online, May 22, 2006)

The London-based Lloyd's Market Association Joint War Committee newly included waters of Sri Lanka and Yemen on its list of "areas of perceived enhanced risks," more than doubling in some cases the insurance cost of ships entering into their ports. Last week, representatives of the Sri Lankan Government visited Lloyd's of London underwriters to convey their concerns that Sri Lanka's inclusion on the list would damage its trade. Head of the marine division at the London insurer, Clive Washbourn estimated that a large container vessel which is worth US\$75 million would pay an annual insurance for 0.02 percent of its worth or \$15,000 to be allowed to visit the world's safe ports unlimitedly. However, ships entering the ports included in the list will have to pay the same amount for every single visit. The list is reviewed every four months. Both Sri Lanka and Yemen had just been removed from the list in June 2005.

May 24 "Australia to send troops to East Timor" (The Australian, May 24, 2006)

Upon request of the East Timor's President, Australia announced on May 24 that it would send 1,300 troops, three ships and some aircraft to East Timor aiming at restoring order of the country. New Zealand will also send troops to the island nation. Meanwhile, Malaysia is planning to send about 500 personnel as a peacekeeping force under the banner of the United Nations.

May 26 "India, Japan agree to cooperate in security of the Malacca Straits" (India eNews.com, May 26, 2006)

Indian Defense Minister Prenab Mukherjee, during his visit to Japan, had talks with Japanese Minister of Land, Infrastructure and Transport Kazuo Kitagawa on May 26. India and Japan agreed to enhance cooperation in the security of the Malacca Straits and the Indian Ocean by working on transnational crimes such as piracy or arms and drugs smuggling. During the meeting, the two countries agreed to collaborate in search and rescue operations and in the protection of the maritime environment. For this purpose, they announced that the two countries would take concrete measures like holding of annual talks by Coast Guards, conducting regular mutual visits, conducting regular Coast Guard ship visits and holding of joint exercises for anti-piracy, search and rescue and disaster relief.

🎨 Commentary 🎨

Backdrop of the Violence in the Democratic Republic of East Timor

In East Timor inner confusion of the national defense forces has turned into gun fighting between the discharged soldiers and the regular troops from May 23. This has escalated to a level of deployment in the capital city of Dili of foreign troops such as Australian troops at the request of the government of East Timor for public order preservation. East Timor realized its independence after a long process of struggle and through nation building from zero primarily led by the United Nations. It is observed, however, that there are most likely various entangled factors in the background of the recent rebels caused by a difference between districts, lack of leadership by the government officials and inner power struggles, poverty, and religion. On the other hand, a move is seen to stabilize the situation with the arrival of the PKO Director General of the United Nations in East Timor and initiation of talks to dispatch the UN Police Forces together with replenishment aid by the UN organizations. However, it may not be denied that the destabilization of East Timor may affect neighboring countries like Indonesia and Papua New Guinea. The situation must be watched because depending on the prospects for the situation, it will affect the piracy affairs in the straits of Lombok, Sunda, Malacca, or Singapore, and Indonesian archipelagic waters.

1. High Emotions in the Post Independence between the Peoples Coming from the East and West

In one view, 10 out of 13 provinces in East Timor, located to the side of Indonesia, are of the western district while the other 3 are eastern.

Portugal, which colonized East Timor, brought a notion of the east called “Lorosae or Firak” and the west “Loromonu or Karadi.” The Lorosaens were employed as low-ranking public servants at the Colony Government House. There were many who received primary and middle education inside East Timor. Some amongst them are said to have behaved like elites. It is said that such Lorosaens were regarded in the eyes of Loromonus as the advance guard of the colonial ruling of Portugal. Because both tribes cooperated in the fight for independence during the period of Indonesian annexation, under present President Xanana Gusmao, the leader of the East Timorese People’s Liberation Front, their grudge seemed to be dispelled. However, it has been perceived in East Timor that after independence in East Timor “the eastern people contributed their share to the independence of East Timor while the western people gave a helping hand to Indonesia at the fight of independence at the time of Indonesian annexation.” After independence, there has existed a certain discriminatory tendency; that is, the easterners were treated favorably in such cases as employment in public service while the westerners met with harsh reception in cases of promotion and salary and such. The westerners’ dissatisfaction had been built up at the backbone of their lives.

2. Discriminative Treatment inside the National Defense Forces toward the Westerners and Lack of Leadership of the Government

The same sort of discrimination exists in the inner military. In the early half of February 2006

nearly 600 soldiers coming from the West, slightly less than half of the total national defense forces (1,430 personnel in total), were concentrated and went on strike in the capital city of Dili departing from their barracks without permission to call for the President to take measures to eliminate discrimination. In March, a perception gap between the commander of the national defense forces and the president on the matter of discharging punishment to all those soldiers clearly emerged. In the absence of the leadership of the government, in late March the westerners and easterners clashed. In late April, violence extended to plunder and to setting fire to private houses, stores and vehicles. On May 23 the violence developed into gun fighting between the discharged soldiers and the national defense troops. In late May incumbent policemen from the west fell into line with the ex-soldiers and merged with them, and this situation undermined the capability of the police to maintain public order and created hostility against the national defense forces.

3. Bursting Frustration of Poverty after Independence

United Nations aid was reduced year by year after the independence of East Timor in 2002. The unemployment rate reached nearly 8 percent, and 40 percent of the people live on less than \$0.55 (approximately 60 yen) per day. On the other hand, as the government and military officials are in a privileged life, a dissatisfaction of the people that they are not interested in improving the peoples' lives has been growing. Of the violence in late April, demonstrations escalated in proportion with the number of unemployed young people and the population feeling discontented with the government, and riots erupted. The general public also formed

armed groups at their native places to defend themselves. Thus, antipathy was further aggravated.

4. Conflict between the Government and Christians

Christians, particularly Catholics, comprise 90 percent of the population in East Timor. They were a fulcrum of the independence struggle as instanced in the case of Bishop Belo who was awarded the Nobel Prize for Peace in 1996. The government intended to alter the religion curriculum in the public schools from a required subject to an elective subject in the fall of 2004, and announced that this change would partially start with trial introduction in the spring of 2005. The church communicants who felt jeopardized by the government's treatment of them resisted and their action escalated in April 2006 to the largest anti-government demonstration since independence. On the other hand, there was a demonstration by those who were suspected of being members of the ruling party faction opposing the Church.

5. Power Struggle among the Leaders of the Internal Government

The government leaders of East Timor are divided roughly to two groups as below.

- (1) The domestic struggle faction who fought a guerrilla campaign leading the guerrilla forces for independence during the era of independence struggle: President Xanana Gusmao represents this group. He was arrested by Indonesia for treason and served a prison term. He is identified as a man who regards as important relations with the United Nations, the United States and Australia having supported the independence of East Timor.

(2) The asylum overseas faction who fled abroad at the time of Indonesian forces' invasion and returned after the United Nations intervention: Prime Minister Mari Alkatiri is the leader of this group. He fled to the then socialist country of Mozambique and was active there. It is pointed out that he inclines to socialist countries such as China, Cuba and North Korea.

Distrust between the two groups increased during the time of the United Nations' peacekeeping there. Antagonism existed in such cases as voting for the Chairman of the Nationalist Conference, enactment of the Constitution, and arguments over the relative political power of the President and the Prime Minister. However, Prime Minister Alkatiri holds many levers of power, and power struggle between them continues. President Gusmao, having been set up as a symbol that does not have real political power, held the authority to maintain public order on May 30, changed the Home Minister and Defense Minister, and began to settle the confusion by himself.

6. Internal Conflict in the Ruling Party

Even in the inside of the ruling FRETILIN party there has been continued antagonism between the fighting group at home and the group who sought asylum abroad. The conflict between the two groups over the mid-May voting for the leader and Secretary-General of the party became definite. As a free secret ballot by the party members was not reflected in the voting, the election resulted in dissatisfaction of the reformation faction. As a result, Prime Minister Alkatiri was reelected as the Secretary-General. The population had called him, who is the man with an authoritarian technique grasping real

political power in internal affairs, and with unpopularity, on to resign.

7. A Struggle for Power with an Eye on the Next Presidential and General Election

Presidential and general elections are scheduled for next year. Over the issues of how to take the lead of state governance, it seems that pre-election campaign power struggle centers on the domestic struggle faction and the asylum overseas faction.

1.2 Military security

May 1 "U.S., Japan agree on the final report for the realignment of U.S. force in Japan" (Japan Defense Agency HP, May 1, 2006)

The governments of the U.S. and Japan held the Security Consultative Committee (SCC) meeting on May 1 at the U.S. State Department. The Ministers of Defense and Foreign Affairs from both sides agreed to finalize their plan on the realignment of U.S. force in Japan. Excerpts of the joint statement released by the Ministers follow:

“At the Security Consultative Committee (SCC) meeting held today, the Ministers approved implementation details for the October 2005 realignment initiatives, which are described in today’s SCC document, “United States-Japan Roadmap for Realignment Implementation.” The Ministers recognized that the implementation of these realignment initiatives will lead to a new phase in alliance cooperation and strengthened alliance capabilities in the region. The measures to be implemented demonstrate the resolve of both parties to strengthen their commitments under the U.S.-Japan Security Treaty and, at the same time, to reduce the burden on local communities, including those on Okinawa, thereby providing the basis for enhanced public support for the security alliance.”

(See p.22, Chapter 2, Intelligence Assessment, “The Transformation of the U.S.-Japan Alliance: American Perspectives on the Final Report” for more details)

Joint Statement: <http://www.jda.go.jp/j/news/youjin/2006/05/0501-e01.html>

United States-Japan Roadmap for Realignment Implementation:

<http://www.jda.go.jp/j/news/youjin/2006/05/0501-e02.html>

May 8 "Indian Navy successfully tests Israeli-made Barak anti-missile interceptors" (The Indian EXPRESS, May 8, 2006)

On May 6, the Indian Navy successfully intercepted and destroyed an incoming anti-ship missile with its Barak missile during the Navy’s operational demonstration with Prime Minister Manmohan Singh’s inspection. Currently Barak launchers are operational on aircraft carrier INS Viraat, two Delhi-class destroyers, two Godavari-class frigates and two Rajput-class destroyers. In the next three to six months, three of indigenous Brahmaputra-class guided missile frigates are expected to be armed with Barak launchers and missiles. In December 2005, the Indian government decided to procure additional seven Barak systems. Each Barak system is made up of six to eight vertical tube launchers and six or more missiles, track and guidance radar and a fire-control system. Israeli Barak manufacturer and Indian manufacturer concluded an agreement to co-develop and produce next-generation Baraks, having a range much higher than

the today's 8-12km.

May 9 "RSN launches its sixth frigate" (MINDEF Singapore, May 9, 2006)

The Republic of Singapore Navy (RSN) launched its sixth frigate RSS Supreme on May 9. It has been built as part of the frigate programme, a plan to construct six frigates. Apart from Formidable that were built in France, five frigates were built locally. The 3,200-tonne Supreme stealth frigate is the final frigate built locally which has enhanced anti-air, anti-surface and anti-submarine warfare capabilities.

May 9 "ASEAN holds first Defense Ministers Meeting" (The Star Online, May 10, 2006 and other sources)

The first ASEAN Defense Ministers Meeting (ADMM) was convened on May 9 in Kuala Lumpur. According to the joint press release issued after the meeting, the ministers adopted the ADMM concept paper and agreed that ADMM is an integral part of ASEAN. The ministers agreed that the specific objectives of the ADMM would be as follows: (1) The ADMM is to promote peace and stability in the region through dialogue and cooperation in defense and security; (2) The ADMM will provide guidelines to defense and military officials for dialogue and cooperation in the defense and security fields within ASEAN and between ASEAN and dialogue partners; (3) The ADMM will promote mutual trust through deepening understanding of defense and security issues as well as enhancing transparency and openness; and (4) The ADMM will contribute to the establishment of an ASEAN Security Community (ASC) that is stipulated in the Bali Concord II and to accelerate the implementation of the Vientiane Action Programme on ASC.

Chairman of the meeting, Malaysian Deputy Prime Minister and Defense Minister Najib Razak said each minister had agreed to hold the meeting on an annual basis. The next meeting is expected to be held in Singapore. About Myanmar's absence, Najib said even though an invitation had been sent, Myanmar had replied it could not attend the meeting due to its domestic issues.

Joint Press Release of the Inaugural ADMM : <http://www.aseansec.org/18412.htm>

May 10 "India to buy three more stealth frigates from Russia" (The Times of India, May 10, 2006)

The Indian Navy is to purchase three more Talwar-class "stealth" frigates from Russia. These multi-role guided-missile warships are to be inducted in the Navy within five years. The Navy inducted the first three frigates in 2003-2004 after big delay due to technical problems in missile systems. The Navy likes these 4,000-tonne frigates with a wide variety of sensor and weapon systems, including the 200-km-range Klub-N cruise missiles. The next three frigates will be equipped with the 300-km range BrahMos supersonic cruise missiles.

In order to strengthen its aging war-capability, the Navy currently produces or orders 33 warships mainly in private sector shipyards. The Navy has also gained approval from the government in principle for the construction of more than 30 warships. The Scorpene submarine

project and the 37,500-tonne Air-Defence Ship (ADS) are already underway. While the six Scorpenes will be commissioned between 2012 and 2017, the ADS will be ready for operation by 2014 and beyond. The other indigenous projects include three Shivalik-class stealth frigates, three Kolkata-class destroyers, four anti-submarine warfare corvettes, two fast-attack crafts, three landing ship tankers and three offshore patrol vessels. An aircraft carrier INS Vikramaditya (formerly the 44,570-tonne Admiral Gorshkov) currently undergoing a refit in Russia with its 16 MiG-29K jet fighters will be inducted at the end of 2008.

May 15 "U.S.- Asian troops launch annual joint military exercises" (The Nation, May 16, 2006 and other sources)

Troops from several countries launched multilateral military exercises "Cobra Gold" on May 15 in various regions in Thailand. About 1,000 personnel from Singapore, Japan and Indonesia, together with 4,000 troops from Thailand, 7,000 troops from the U.S. participated in the exercises. The exercises are scheduled until May 26 with headquarters in Nakhon Nayok province. This is the first time for Indonesia to participate in the exercises. The Cobra Gold is a series of multilateral exercises held annually aiming at peace support activities and noncombatant evacuation operations. In addition to those participating countries, observers were sent from Australia, Bangladesh, China, France, Laos, Malaysia, South Korea, the United Arab Emirates and Vietnam.

May 15 "U.S. invites Chinese officers to joint exercises around Guam" (The Washington Post, May 16, 2006)

On May 15, Admiral William J. Fallon, Commander of U.S. forces in the Pacific made the following comments in Shenyang during his visit to China:

(1) His China visit this time marked a major step forward for strengthening U.S.-China military exchanges as a way to reduce any possibilities that the two Pacific powers will wage war. (2) The United States invited senior Chinese officers to U.S.-led joint exercises scheduled from June 17 to 19 around the Pacific island of Guam and promised to give them chance to tour the U.S. bases and board U.S. warships during the exercises. (3) The United States has intention that upon China's acceptance, China would reciprocate the U.S. officers to observe Chinese exercises in the future in a manner to make a standard for both countries.

May 19 "The Philippines, China, Vietnam agree to cooperate in Spratly islands security" (Channel News Asia, May 19, 2006)

Following an apparent pirate attack in late April leaving four Chinese crew dead, the Philippines, China and Vietnam agreed to strengthen security cooperation in the Spratly islands, said Philippine Military Chief General Generosa Senga on May 19. Senga said after the pirate attack in the Spratlys in April, he had talks with his Chinese and Vietnamese counterparts to resolve issues such as piracy, smuggling and transnational crimes and agreed to continue their direct communication in the water. It was confirmed that no Philippine government ships were in

the water and that the raid was apparently caused by pirates.

May 22 "Pakistan and China agree on frigate deal" (The Dawn, May 23, 2006)

Pakistan and China finalized a frigate deal on May 22 during Pakistan Navy's Admiral Mohammad Afzal Tahir's visit to China. He said that both sides envisaged transfer of technology to domestically produce modern surface fleet to handle new threats. The construction of the F-22P frigates will start at a shipyard in Shanghai in 2006 and will be delivered to Pakistan in 2008. The other three will be delivered by 2013 together with transfer of technology. He also said that the fourth frigate will be constructed in Pakistan. During construction of fourth F-22P frigate, Karachi Shipyard will be upgraded by training and technical assistance by the Chinese side.

May 25 "Pakistan to buy AWACS from Sweden" (New Kerala.com, May 25, 2006)

On May 25, Pakistan Cabinet approved a deal on purchase of the Swedish-made Airborne Warning and Control System (AWACS) from Sweden for estimated US\$1 billion (the total number to be purchased is yet known). This is to match India's acquisition of AWACS Falcon radar systems from Israel. The contract includes purchase of six Saab 2000 turboprop aircraft equipped with airborne radar system.

May 25 "India, Japan agree to promote defense cooperation" (Japan Defense Agency HP, May 25, 2006)

Indian Defense Minister Pranab Mukherjee made a visit to Japan and had talks with Japanese Minister of State for Defense Fukushima Nukaga on May 25. Following the meeting, the Ministers released the joint statement on defense cooperation, expressing their resolve to promote cooperation in the below areas related to security and defense:

- (1) Exchanges between Defense officials;
- (2) Military-to-military exchanges at various levels;
- (3) Regular exchange of information, assessments, experiences and lessons at both political and operational level;
- (4) Promotion of cooperation in training and education areas;
- (5) Promotion of cooperation in strategic and security studies areas;
- (6) Promotion of cooperation in technical areas; and
- (7) Expanding mutual visit and cooperation with other countries to promote regional and global security, peace and stability.

To realize the above cooperation, the Ministers agreed to conduct the following:

- (1) Holding of meetings regularly between the Defense Ministers;
- (2) Holding of a Defense Policy Dialogue occasionally;
- (3) Exchange of visits at Staff level of each Service; and
- (4) Exchange of ship visits between the Japan Maritime Self-Defense Force (MSDF) and the Indian Navy.

Joint Statement: <http://www.jda.go.jp/j/news/2006/05/25-01.htm>

May 30 "Japan Maritime Self Defense Force P-3 to visit Australia" (Australian Government Department of Defence, May 30, 2006)

Two Japan Maritime Self Defense Force (JMSDF) P-3 aircraft will visit Australia from May 30 to June 5. This visit is to demonstrate the importance of marine patrols as well as to further deepen the bilateral defense relation between Australia and Japan.

May 30 "China, India sign MOU on defense cooperation" (People's Daily Online, May 30, 2006)

On May 29, China and India signed a Memorandum of Understanding (MOU) on military cooperation during Indian Defense Minister Pranab Mukherjee's visit to China. A Chinese Foreign Minister spokesman said the signing of MOU would be beneficial to the growth of military relations between China and India and would not target any third nation.


Commentary


Released “ANNUAL REPORT TO CONGRESS Military Power of the People’s Republic of China 2006” of the U.S. Defense Department

On May 23, the U.S. Defense Department released its annual report on Chinese military power, “ANNUAL REPORT TO CONGRESS Military Power of the People’s Republic of China 2006” (hereafter annual report) which marks the fifth issuance for the current Bush administration. (<http://www.defenselink.mil/pubs/pdfs/China%20Report%202006.pdf>)

In the meantime, the “Quadrennial Defense Review Report 2006” (2006 QDR) released early this year had stated “Of major and emerging powers, China has the greatest potential to compete military with the United States and field disruptive military technologies that could over time offset traditional U.S. military advantages absent U.S. counter strategies.” The annual report shows U.S. wariness over the current trends of Chinese military forces that still lack in transparency. The annual report, as also described in the last year’s annual report, says “The pace and scope of China’s military build-up already place regional military balances at risk. Current trends in China’s military modernization could provide China with a force capable of prosecuting a range of military operations in Asia – well beyond Taiwan – potentially posing a credible threat to modern militaries operating in the region.” From the viewpoint of the OPRF monthly report’s area of interest, the main features of the annual report are below:

1. Cross-strait issues

To China, the main focus of its military modernization in the near term is to prepare for the potential conflict in the Taiwan Strait,

including the possible intervention by the U.S. The trend of the cross-strait military balance is significantly related to Japanese sea lane security, as well. The annual report says as a result of China’s sustainable economic growth, increased diplomatic leverage and strengthening military capabilities, the cross-strait military balance is “shifting in the mainland’s favor,” which is more articulate expression than the one used in the last year’s annual report, “appears to be shifting toward Beijing.”

What attracts attention in the cross-straits issue is the rapid expansion of missile capabilities. China has deployed 710-790 mobile CSS-6 and CSS-7 short-range ballistic missiles (SRBMs) to opposite Taiwan. (Last year’s annual report revealed 630-730.) The deployment of SRBM keeps expanding at a yearly average rate of about 100 missiles. As for Air Power, as also described in the last year’s annual report, China deploys more than 700 combat aircraft which are within unrefueled operational range of Taiwan. China continues to purchase advanced fighter aircraft from Russia and to produce fighter aircraft under a license with Russia. As for Naval Power, China’s naval forces include 75 major surface combatants (an increase from last year’s 64), about 55 attack submarines (same from the last year), about 50 medium and heavy amphibious lift vessels (an increase from the last year’s over 40) and about 45 coastal missile patrol craft. Two-thirds of them are deployed in South Sea Fleet and West Sea Fleet. China received the first of two Russian-made SOVREMENNY II

guided missile destroyers (DDGs) as its new war power. The second one is expected around the end of 2006 or early 2007. China has also beefed up its submarine capacities. A SONG-class diesel electric submarine is in serial production, which is designed to carry an anti-ship cruise missile, YJ-82. China launched a new YUAN-class diesel submarines in 2004. Beijing's next-generation nuclear attack submarine, the SHANG-class (type 093) SSN is being deployed now.

2. Improvement of its capabilities for power projection

Strengthening of China's air and naval force are scoped for operations beyond Taiwan. The annual report says that airborne early warning and control system (AWACS) and aerial-refueling programs will extend the operational range for the PLA fighter and strike aircraft, which will enable its operations to expand into the South China Sea. Acquisitions of advanced destroyers and submarines are the reflection of China's pursuit of capabilities to defend and advance its maritime interests. China has also shown interests in developing its capabilities to hold at risk maritime targets beyond the "second island chain" some 1,000 miles from the Chinese coast. The annual report points out that over the long term, China's C4ISR, including space-based and over-the-horizon sensors, will improve Beijing's capabilities to identify, track and target military activities of foreign vessels deep into the western Pacific.

In China's advancing such directions, recently there have been rising concerns among the U.S. experts over the timing of China's acquisition of aircraft carrier. In fact, the annual report introduces this topic with boxed article, which shows the high level of U.S. interest. The annual

report examines Soviet-made aircraft carrier, Varyag currently berthed at Dalian military shipyard. (The topic of the Varyag, together with some photographs is already featured in the January 2006 edition of the OPRF monthly report.) While the annual report says the PLA's ultimate intentions remain unclear, it enumerates the four possibilities for the Varyag as below:

- First operational aircraft carrier. Photos showing maintenance and repair on the hull and deck of the ship suggest this could be an option.
- A training platform. Given the difficulty and expense in overhauling the ex-Varyag, it is possible, but doubtful, the PLA would invest the resources to develop it only for training purposes.
- A transitional platform. The Varyag could act as a stand-in until an indigenous carrier can be completed, allowing the PLA Navy to use it as a moral and gain experience.
- Theme park. The Varyag could be exploited for its design and then scrapped for parts, turned into a floating theme park, or used for its originally stated purchasing purpose – a casino.

Based on the acknowledgement, the annual report concludes as follows: (1) Whatever the Beijing's final objective on Varyag would be, it enables the PLA Navy engineers to study the structural design of the platform comprehensively, which could eventually help Beijing create its own carrier program; (2) While some analysts see the China could deploy an operational carrier by the end of Beijing's 12th Five-Year Plan (2011-2015), others predict the earliest timing China could have an operational aircraft carrier is 2020 or beyond.

Any aircraft carrier China acquires is likely to be a significant platform in developing from blown-water to blue-water navy. The annual report points out that Beijing has shown interests in expanding its presence from the Malacca Straits to the Indian Ocean areas, as can be seen from Chinese vessel's voyage to the Indian Ocean in November-December 2005. (See the December 2005 edition of the OPRF monthly report.) But the annual report also notes that at the moment China's concept for sea denial is limited to sea control waters surrounding Taiwan and its periphery. If China will shift to a broader "sea control" strategy, the following signs could be seen: development of an aircraft carrier; development of strong, deep water anti-submarine warfare capabilities; development of a full-scale anti-air warfare capability; acquisition of large numbers of nuclear attack submarines; development of effective maritime C4ISR; and increased open water training. Such views remain the same from those of the last year's annual report. From the above standpoints, China's movements over the Varyag will be the key to foresee the PLA Navy's future.

Geographic Boundaries of the First and Second Island Chains

<http://www.defenselink.mil/pubs/pdfs/China%20Report%202006.pdf>

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1.3 Diplomacy and International Relations

May 4 "U.S. Vice President Cheney criticizes Russia" (The White House HP, May 4, 2006)

The U.S. Vice President Dick Cheney delivered his keynote address at the Vilnius Conference 2006* in Vilnius, Lithuania, Thursday May 4, 2006. He criticized Moscow's current policies. Excerpts of his remarks follow:

"America and all of Europe also want to see Russia in the category of healthy, vibrant democracies. Yet in Russia today, opponents of reform are seeking to reverse the gains of the last decade. In many areas of civil society -- from religion and the news media, to advocacy groups and political parties -- the government has unfairly and improperly restricted the rights of her people. Other actions by the Russian government have been counterproductive, and could begin to affect relations with other countries. No legitimate interest is served when oil and gas become tools of intimidation or blackmail, either by supply manipulation or attempts to monopolize transportation. And no one can justify actions that undermine the territorial integrity of a neighbor, or interfere with democratic movements."

"Russia has a choice to make. And there is no question that a return to democratic reform in Russia will generate further success for its people and greater respect among fellow nations. Democratization in Russia helped to end the Cold War, and the Russian people have made heroic progress in overcoming the miseries of the 20th century. They deserve now to live out their peaceful aspirations under a government that upholds freedom at home, and builds good relations abroad."

"None of us believes that Russia is fated to become an enemy. A Russia that increasingly shares the values of this community can be a strategic partner and a trusted friend as we work toward common goals. We will make the case, clearly and confidently, that Russia has nothing to fear and everything to gain from having strong, stable democracies on its borders, and that by aligning with the West, Russia joins all of us on a course to prosperity and greatness."

Vice President's Remarks at the 2006 Vilnius Conference:

<http://www.whitehouse.gov/news/releases/2006/05/20060504-1.html>

* The Vilnius Conference started in 1997 by leaders from Central and Eastern European countries, with an aim to develop good neighborly relations with the basic principles of regional stability and cooperation. Besides the U.S. Vice President Dick Cheney, leaders from Lithuania,

Poland, Bulgaria, Estonia, Georgia, Latvia, Moldova, Romania and Ukraine along with delegations from EU and NATO participated in the Vilnius Conference 2006. Russia did not attend this time.

(See the below URL for further information on the Vilnius Conference:

<http://www.vilniusconference2006.lt/en/apie?prn=1>)

May 10 "Putin stresses the need to enhance military power in state of the nation address" (RIA Novosti, May 10, 2006)

Russian President Vladimir Putin delivered his state of the nation address on May 10. In his annual address to the Federal Assembly, Putin stressed the need to strengthen Russia's defense capabilities, stating that Russia has to be ready to react to potential external threats and attacks from international terrorism, and to deal with the decline in the nation's birthrate. RIA Novosti reports the details of his address as follows:

- (1) The Russian nuclear triad will be substantially increased over the next five years. Particularly, two Strategic Submarine Ballistic Nuclears (SSBNs) will be commissioned. Russia has not built the SSBN since 1990. The two SSBNs will be loaded with Bulava submarine-launched ballistic missiles (SLBMs), which will form the base for the strategic defense forces together with Topol-Ms (SS-27) ICBM. Russia owns five missile regiments equipped with silo-based Topol-M (SS-27) ICBM. The first regiment equipped with mobile Topol-M systems will be in place in 2006. Russia has to significantly increase the procurement of latest aircraft, submarines and strategic missiles in the next five years.
- (2) Russia will continue its progressive transformation to a professional army by securing two thirds of the army manned by contracted personnel forming about 600 constant combat readiness units by 2011. Only contracted personnel will be engaged in anti-terrorism operations. The army must have every opportunity to properly react to current threats. The army should maintain its forces that are able to fight in global, regional and if needed, local conflicts simultaneously.
- (3) Russia's defense spending must be on par with that of any other nuclear superpower. But the country should be careful not to develop its military power at the expense of economy and social sphere. Either in politics or in defense strategy, Russia should not repeat the mistakes that had been done by the former Soviet Union in the Cold War era.

Putin also said that a ruble denominated oil and natural gas stock exchange should be established in Russia. Against the backdrop of the soaring oil prices, he stated as follows: (1) The ruble should become a more widespread means of international transactions; (2) For this purpose, Russia needs to open a stock exchange in the country for oil, gas and other goods trading to be paid for with rubles. (3) Russian goods are traded on global markets. Why are not they traded in Russia?

Alexei Makarkin, a deputy general director of the Center for Political Technologies said the important thing is the fact that the government has considerable cash flows from the oil and gas

sector, which enables it to implement its projects to increase military power and to deal with its falling birthrate. He said that it should be recalled that a slump in oil prices had failed Gorbachev's ambitious plans to accelerate its economic growth in his era. He said experts predict soaring oil prices would last in the foreseeable future. "If there is enough time, Russia should make good use of it," said Makarkin.

May 10 "The post-post-Cold War: Friedman's commentary" (The New York Times, May 10, 2006)

In the wake of the U.S. Vice President Dick Cheney's address made in May 4, some Russian media reported that his remarks reminded them of Winston Churchill's 1946 "Iron Curtain" address in Fulton, Missouri. On the other hand, a prominent columnist Thomas L. Friedman said "I actually don't think we're going back to the Cold War." Rather, "we're leaving the world we've been in – the post-Cold War world – and entering the post-post-Cold War world." Unless Americans become serious about energy issues, they won't like the post-post-Cold War world, said Friedman. Here are highlights of his column published in the New York Times on May 10:

- (1) While the Cold War world was a bipolar world that was stabilized by a nuclear balance between two major powers, the post-Cold War world was a unipolar world led by the U.S. as "Hyperpower," as dubbed by the French.
- (2) The post-post-Cold War is a multipolar world. The U.S. power is being checked from every side. China is rising as a super power. And some other rising powers benefit only from soaring oil prices, which showed slowdown during the post-Cold War era. Such powers include Russia, Venezuela and Iran. Russia is countering the U.S. on many fronts. Venezuela is leading a new wave of nationalizations and anti-Americanism in Latin America. Iran is utilizing its oil resources for nuclear development. In short, "\$70-a-barrel oil is making this post-post-Cold War world a multipolar world."
- (3) Russia's re-emergence has focused on attention among Eastern European nations. Hungary, for example, depends more than half of its natural gas on Russia. Some Hungarians have recalled an old joke in the Cold War era: "After the Hungarian soccer team beat the Soviet team, the Kremlin sent Hungary's leaders a brief telegram that read: 'Congratulations on your victory. Stop. Oil stop. Gas stop.'" According to a Hungarian journalist, "Russia no longer has much of an army or any ideology, but it still has a lot of brutish instincts and now it has the oil money to push them." It seemed that European integration and economic reform were certainly irreversible and made Europe into "a world democratic power" in the post-Cold War world. But in the post-post-Cold War, as Russia is pushing around, Europe can not unite, like on an energy policy.

Friedman concluded his column as stating, "For all these season, I don't miss the Cold War, but I do miss the post-Cold War. Because this post-post-Cold War world seems infinitely more messy, difficult to manage and full of too many bad guys getting rich, not by building decent societies but by drilling oil wells."

May 13 "Eight Muslim countries hold summit" (Turkishpress.com, May 13, 2006 and other sources)

A summit, the Developing 8 (D-8)* was convened in Bali island on May 13 by the leaders from eight developing-Muslim countries, namely Bangladesh, Egypt, Indonesia, Iran, Malaysia, Nigeria, Pakistan and Turkey. The member countries adopted the Bali Declaration which advocates driving of economic development, the solving of energy crisis and promotion of cooperation among the countries. The leaders also signed the Preferential Trade Agreement (PTA) and the Multilateral Agreement on Administrative Assistance in Customs Matters.

*D-8 was established in Turkey in June 1997.

1.4 Resources, Environment and Others**May 6 "Second phase of CNOOC's gas field comes on stream" (Xinhua, May 6, 2006)**

CNOOC Limited announced that the second phase of its largest independent gas field has successfully come on stream. With full scale production, the gas field, Dang Fang (DF) 1-1 is estimated to reach 98 billion cubic feet of natural gas per year. DF gas field, of which average water depth ranges from 63 to 70 meters, is located in about 110 kilometers of Dong Fang City in Hainan Province. Currently DF 1-1 gas field is producing 187 million cubic feet of natural gas per day. Out of them, 35 million cubic feet are produced from three wells in phase two. The peak production capacity of the phase two is designed at 111 million cubic feet of natural gas per day.

May 23 "East Timor awards 6 offshore oil-gas contracts to Italian and Indian firms" (India Daily, May 23, 2006)

East Timor announced it has offered six offshore petroleum exploration permits in its inaugural bidding round. While Italy's ENI SPA has been awarded five blocks, India's Reliance Industries Ltd. has received one. According to a statement issued by the government, it has offered 11 areas in the first offshore bidding round, of which a total of nine bids were made for the six areas. The two approved companies have until June 30 to enter into a production sharing contract (PSC) with the Ministry of Natural Resources, Minerals and Energy to explore, develop and produce oil and natural gas on offshore contract blocks.

May 25 "Kazakhstan started oil delivery to China through pipeline" (China Daily, May 25, 2006)

Kazakhstan began oil deliveries to China via its new pipeline on May 25. This marked the first time for imported oil to be directly pipelined into China. Completed in November 2005 at a cost of US\$700 million, the 962.2-km km oil pipeline starts at Atasu Kazakhstan and terminates at

Alashanku, China's Xinjiang Uygur Autonomous Region Xinjiang. It is estimated that the figure will increase by 300 percent to 4.75 million tons this year and will increase by 60 percent to around 8 million tons in 2007.

2. Intelligence Assessment

The Transformation of the U.S.-Japan Alliance: American Perspectives on the Final Report

Given the “new security environment” following the 9/11 terrorist attacks, Tokyo and Washington are transforming their security relationship into a global alliance. At the May 1 Security Consultative Committee (SCC) meeting (known as the “2+2” meeting), both governments issued the final report of their three-year long strategic talks, titled “United States-Japan Roadmap for Realignment Implementation,” and set forth the realignment plan of U.S. forces in Japan. This plan, setting target dates, include the Futenma Air Station (FAS) replacement facility; 8,000 Marine personnel relocation from Okinawa to Guam; transformation of U.S. Army HQ in Camp Zama; collocation of U.S.-Japan army and air command posts in Zama and Yokota; an integrated joint operations coordination center at Yokota; and carrier air wing relocation from Atsugi to Iwakuni. The media pays attention to cost sharing of the realignment, which might mislead the public regarding the significance of the alliance transformation process. The below is a review of the process and its analysis, based on hearings with U.S. defense circles, with an eye on U.S. strategy behind it.

1. U.S.-Japan Defense Policy Review Initiative (DPRI)*

It goes without saying that the September 11 terrorist attacks led to the U.S.-Japan strategic talks. Given the emergence of the “new threats,” the G.W. Bush administration pays most attention to the stability of the “arc of instability” spreading from Middle East to East Asia, where the United States has fewer military bases or facilities and has launched the transformation of U.S. forces on a global scale. In order to project forces into this “arc of instability” from the east and west, Washington planed to transform the U.S. Pacific and European Commands into more flexible organizations with light and compact land troops, state-of-the-art naval and air forces, and enhanced special forces. In short, Washington was establishing a post-Cold War global posture. Accordingly, Bush administration announced a large reduction of U.S. forces in South Korea, but sounded out the Japanese government on a possible relocation of the U.S. Army 1st Corps Headquarters from the state of Washington to Camp Zama in Kanagawa prefecture. This indicated Washington placed higher value on U.S. bases in Japan, which is politically stable and has sophisticated infrastructure.

Also in response to the September 11, Tokyo was expanding the roles of Self-Defense Forces (SDF). Tokyo dispatched destroyers to Indian Oceans as part of global efforts to counter terrorism. Tokyo also sent Self-Defense Forces to Iraq in January 2004. The December 2004

* The Japanese government does not use the term DPRI officially.

National Defense Program Guidelines place an emphasis on “efforts to improve the international security environment,” as the main pillar of Japan’s defense policy, and its own defense efforts to counter “new threats and diverse contingencies such as ballistic missile attacks, attacks by guerrilla and special forces, and invasion of remote islands.”

Washington called on Tokyo to launch a Defense Policy Review Initiative (DPRI) to coordinate the transformation of U.S. global forces and the growing roles of SDF. However, the base problems, especially Futenma replacement, got in the way. The 1996 SACO (Special Action Committee on Okinawa) final report set forth the return of FAS, but its replacement plan to build a sea-based facility off Cape Henoko met strong oppositions from various sides. Koizumi administration was cautious about this issue. The turning point was the September 2004 Bush-Koizumi summit. Prime Minister Junichiro Koizumi then mentioned possible relocations of U.S. bases in Okinawa to the mainland and agreed with President George W. Bush on a pragmatic effort to reduce the burdens of host communities while maintaining deterrence.

The series of bilateral talks was different from the past talks in setting a shared philosophy as the first step. In October 2004, Deputy Secretary of State Richard Armitage said that Washington and Tokyo had agreed to make a fresh start by returning to strategic rationale of the alliance transformation. Accordingly, at the February 2005 “2+2” meeting, both governments set forth regional and global “common strategic objectives” such as the denuclearization of North Korea and engagement with China, “peaceful resolution” of Taiwan problem as well as nonproliferation, counter terrorism and defense of sea lines of communication. In order to pursue these objectives, the two governments discussed a future vision of the “roles, missions, and capabilities (RMC)” of Japanese Self-Defense Forces (JSDF) and U.S. armed forces, as well as the realignment of the U.S. force structure in Japan.

Political leadership added momentum to the DPRI talks. In May 2005, former Defense Minister Fukushima Nukaga (who was to become defense minister in October 2005 again) led a multiparty delegation of Diet members to Washington, D.C. and exchanged views with Defense Secretary Donald Rumsfeld and Deputy Under Secretary Richard Lawless regarding a possible revision of the established Futenma replacement plan. The Japanese side proposed to separate Futenma’s three functions of heliport, air refueling and emergency air station, and relocate the last two to somewhere in the main land while maintaining the first one somewhere in Okinawa. The U.S. side saw it as a possible alternative. Thus, under the political leadership, Washington and Tokyo strengthened their efforts to solve the Futenma problem. In June, Japanese and U.S. defense leaders agreed to issue a DPRI interim report as soon as possible.

The DPRI interim report was interrupted by the “postal reform dissolution” of the House of Representatives as well as the Futenma problem. But the interim report, “U.S.-Japan Alliance: Transformation and Realignment for the Future” brought about substantial results by setting

forth RMC. Washington and Tokyo examined RMC in “[d]efense of Japan and responses to situations in areas surrounding Japan” and “[e]fforts to improve the international security environment.” Both governments also pointed out 15 specific areas of cooperation “to be improved” such as air defense, missile defense, counter-terrorism, and intelligence, surveillance and reconnaissance operations.*

The interim report also set forth a realignment plan of U.S. force structure in Japan. With regard to Futenma relocation, Prime Minister’s Office and Japan Defense Agency (JDA) placed an emphasis on its feasibility and their consistent efforts achieved the establishment of FAS replacement facility on the shoreline of Camp Schwab (Cape Henoko of Nago city in Okinawa). The report also confirmed specifically the collocation of U.S.-Japan Headquarters at Camp Zama and Yokota Air Base, the transfer of 7,000 Marines from Okinawa to Guam, the transfer of carrier air wing from Atsugi to Iwakuni. But virtually all communities that were to be affected by the plan opposed it.

The final report was due at the end of March 2006, but, again, it was interrupted. Consultations between Tokyo and host communities did not go smoothly. In March, the rumor had it that the Camp Schwab “shoreline plan” would be revised, but Prime Minister Koizumi denied it. Iwakuni City, the candidate site for carrier air wing replacement, held a referendum in March and more than 80 percent of the voters opposed to the air wing transfer, although it was not legally binding. As for Futenma replacement, the mayor of Nago accepted Defense Agency’s brainstorm plan to align two runways in a "V"-shape so that U.S. aircraft can avoid flying over neighboring inhabited areas, a move to solve the Futenma problem. Consultations with other host communities, excluding Iwakuni, also finished.

Meanwhile, DPRI talks continued and another problem of cost sharing came to the surface. Washington was asking Tokyo to cover 75 % of the relocation cost of 8,000 Marines and 9,000 of their families to Guam. Washington estimated the total cost at \$10 billion. The gap between Washington and Tokyo was not lessened, and Defense Minister Nukaga went straight to Defense

* Identified areas of cooperation to improve (October 29, 2005 report):

- air defense
- ballistic missile defense
- counter-proliferation operations
- counter-terrorism
- minesweeping, maritime interdiction, maintenance of maritime security
- search and rescue operations
- intelligence, surveillance and reconnaissance operations
- humanitarian relief operations
- reconstruction assistance operations
- peacekeeping operations and capacity building for other nations
- protection of critical infrastructure
- response to attacks by WMD, including disposal and decontamination of WMD
- mutual logistics support activity (supply, maintenance, and transportation)
- NEO support activities (transportation, use of facilities, medical support)
- Use of facilities, airspace, and frequency bands

Secretary Rumsfeld. The direct negotiation resulted in Japanese obligation of 60 % (\$6.9 billion).

Despite the perception gaps between Washington and Tokyo as well as between Tokyo and local communities, the final report was issued on May 1. It included another realignment plans such as the relocation of training conducted from Kadena, Misawa and Iwakuni Air Stations as well as the study of possible civilian-military dual-use of Yokota Air Base. However, Deputy Under Secretary of Defense Lawless estimated the total realignment cost at \$26 billion in a press conference on April 25 (<http://www.defenselink.mil/transcripts/2006/tr20060425-12886.html>). Then, the realignment cost, rather than the strategic implications of the final report, received almost exclusive attention from Japanese media.

2. American Perspectives on the DPRI and Key Challenges

The following section will analyze the DPRI process, focusing on the U.S. strategy (the maintenance of deterrence) and the realignment of U.S. forces in Japan (the reduction of burdens).

The “arc of instability” contains the oil rich Middle East region and the rapidly growing economies in Southeast Asia as well as North Korea, a virtual nuclear power with missile developments, and China, an emerging power with rapid military buildup. The arc also includes vital sea-lanes from Middle East to the East China Sea via the Straits of Malacca, which face disputes over territory and seabed resources as well as piracy. The stability of the “arc of instability” is essential for Japan as a trading nation. Moreover, it is an international responsibility for Japan, the second largest economy in the world, to contribute to its stability. Through the DPRI process, Washington and Tokyo acknowledged their commitment to the stability and tried to build a system for cooperation.

From U.S. strategic point of view, Guam has become a strategic bastion in addition to Okinawa, Diego Garcia, and Europe. U.S. global strategy is attaching importance to Guam, located some 3,000 miles west of Hawaii, as well as to Okinawa and other U.S bases in Japan in terms of power projection into the “arc of instability.” Washington and Tokyo will be able to make a “joint investment” in Guam by sharing the cost of Marines relocation from Okinawa to Guam. Training opportunities for U.S. and Japanese forces in Guam might be also envisioned. The relocation of Marines in Okinawa to Guam might be based on a tacit agreement that Japan would reinforce its logistical support activities. Armament cooperation such as developing fast lift capabilities might be also required.

In addition, while not included in the final report, it is a strategically important decision to replace USS Kitty Hawk with a nuclear-powered aircraft carrier after 2008. The U.S. Navy has forward deployed its carriers in Yokosuka since 1973, but it will be the first time to deploy a Nimitz-class nuclear carrier, USS George Washington. The carrier deployment at Yokosuka has

enhanced the credibility of U.S. commitment to the region and the carriers have played the central role of deterring hostilities. The host community is anxious about the safety of nuclear reactor, but the U.S. Navy has made firm commitments to its safety. The deployment of the advanced nuclear carrier means that Seventh Fleet's deterrence will be strengthened and maintained. To maintain the deterrence of the Seventh Fleet, it is important to implement the relocation of carrier air wing to Iwakuni and to find a satisfactory facility for night landing practice.

The DPRI was a response to traditional threats as well as "new threats." The rise of China, in addition to North Korean threat, is the main theme of the DPRI. Through the DPRI process, Washington and Tokyo acknowledged their common interest in encouraging the "peaceful rise of China." However, at the May 1 "2+2" meeting, Washington and Tokyo implicitly called for greater transparency on China's military buildup. The transformation of the U.S.-Japan alliance was partially designed for "hedge strategy" toward China.

Therefore, it was important that Washington and Tokyo called for measures to the "peaceful resolution" of the Taiwan problem as one of their "common strategic objectives." It is reported that Washington strongly demanded the insertion of this statement. The Washington Post, followed by other U.S. and European media, reported that Tokyo decided to take firmer policy toward Beijing and to act with Washington. Beijing has tried to estrange Washington and Tokyo using historical issues.* But, interestingly enough, Beijing raised an objection to the alliance transformation process only when Washington and Tokyo mentioned Taiwan in the "common strategic objectives" (Michael Green, former NSC Senior Director for Asia).

As for the realignment, Washington attaches significance on greater interoperability resulted from the collocation of U.S.-Japan Headquarters and the joint use of bases in Japan. The U.S. Army 1st Corps Headquarters to be transferred to Camp Zama will collaborate with the headquarters of the Ground SDF Central Readiness Force to be placed at Camp Zama. The new U.S. Army Corps Headquarters would assume a joint command task in an emergency in the Asia-Pacific region, but if the situation infringes on Article 6 of the U.S.-Japan Security Treaty (the "Far East clause"), they will be deployed outside Japan to assume command. At Yokota, where the headquarters of U.S. Forces, Japan, has been located, in addition to the collocation of U.S. 5th Air Force Headquarters and ASDF Air Defense Command Headquarters, an integrated joint operations coordination center will be established to share air defense and ballistic missile data gained by ASDF and X-Ban radar system to be deployed in Aomori prefecture. In addition to naval headquarters which have been collocated at Yokosuka for years, tri-service headquarters of U.S.-Japan will be gathered in the areas around Tokyo. Also, training relocation program is designed to use SDF bases for joint exercises.

* "Japan to Join U.S. Policy on Taiwan: Growth of China Seen Behind Shift," The Washington Post, (February 18, 2005), A 01.

The realignment on Okinawa, especially the Futenma replacement and the relocation of Marine Corps Command to Guam, carries political implication in terms of burden reduction, while its strategic implications are less. The final report not only set a target date for each realignment initiative but also carries a strong message that without the implementation of Futenma replacement and Japanese financial contributions to it, the United States will not return lands nor relocate the Marines to Guam. In short, these are a package plan which needs to be resolved all in all. But the realignment package was basically in line with Japanese request, and Washington regards it Japan's responsibility to finance the package.

During the DPRI process, there seems to be a perception gap between Washington and Tokyo. The term DPRI indicates that the former paid much attention to strengthened deterrence and talked about strategy, while the latter had to pay much attention to reduced burdens of local communities as well. For Washington, the final report was merely the conclusion of the realignment. Washington is likely to "return" to RMC, while not necessarily willing to revise the Guidelines for Japan-U.S. Defense Cooperation as a priority. It seems that Washington is interested in fulfilling the 15 areas of cooperation set forth in the interim report even if Japan sticks to its current ban on collective self-defense. Possible U.S.-Japan bilateral cooperation will include the establishment of world-wide strategic logistics support system, further intelligence sharing, and building capacities of states surrounding the "ark of instability."

One of the key challenged for Washington is to sustain Japanese political commitment for alliance transformation. The Japanese Cabinet approved the "basic policy for U.S. bases realignment," but, out of consideration to local communities, it did not specify the Futenma replacement site. Prime Minister Koizumi has announced his will not to propose a bill to finance the realignment during the current Diet session. In short, there is no political backing. In order to implement the plan by the deadlines, the Japanese side will be required accountability in the Diet as well as more sensitive coordination within the government and with local communities.

Commentary

Figures of Piracy and Armed Robbery from January 1 to March 31, 2006

On May 3, 2006, the International Maritime Bureau (IMB) Piracy Reporting Centre in Kuala Lumpur released its quarterly report during January 1- March 31, 2006 on "Piracy and Armed Robbery against Ships." The IMB defines "Piracy and Armed Robbery against Ships" as "An act of boarding or attempting to board any ship with the apparent intent to commit theft or any other crime and with the apparent intent or capability to use force in the furtherance of that act". Here's the summary of the report:

Figures of Piracy and Armed Robbery in the first quarter of 2006

(With reference to the Quarterly Report "PIRACY AND ARMED ROBBERY AGAINST SHIPS" by the ICC International Maritime Bureau)

1. Locations of ACTUAL and ATTEMPTED attacks

The number of actual and attempted piracy or armed robbery attacks reported in the first quarter of 2006 totaled 61. Out of the total 61 attacks, 44 were accomplished cases: four were hijacking and 40 were attempts to board ships. On the other hand, out of the total 61 attacks, 17 were attempted attacks: 3 were cases using guns and 14 were attempts to board ships. While the total cases increased from the 56 on the same period last year, there were considerable decline from 103 in 2003 and 79 in 2004, the former marking the highest number of attacks in the past 10 years.

With regard to location, 44 out of the total 61 cases occurred in five waters. In Indonesian

waters the record shows 19 cases, the highest number of attacks. In declining order of frequency, there were nine cases in Bangladesh, seven cases in Gulf of Aden and Red Sea, five cases in Somalia and four cases in Nigeria.

These figures show that occurrences in the Indonesian archipelagic waters mark the highest piracy or armed robbery incidents in Asian region. The statistics show that this trend has remained steady for 10 years. The Indonesian archipelagic waters are still regarded as the most dangerous in the world. Meantime, no piracy or armed robbery attack was reported in the Malacca Straits, which is a significant decrease from the same period of 2004 with eight cases, and 2005 with four cases respectively. Three cases were reported in the Tioman islands, east coast of Malaysia. Attacks in the Singapore Straits declined to one from six cases in 2004 and two cases in 2005. There was one recorded attack off Vietnam, which is a decrease from each three cases in 2004 and 2005.

Piracy or armed robbery has been increasing off the coast of Bangladesh, the Bay of Bengal. The number of the attacks in the region from 2000 to 2005 for each first quarter were four, eight, four, nine, eight, six respectively. Five attacks were reported in Somalia in the first quarter of 2005 and three in the same period of 2004. Similarly, attacks in the Gulf of Aden and Red Sea doubled from each three cases in 2004 and 2005. These figures show that the "Horn of Africa" waters and beyond have become more dangerous than before.

2. Characteristics

According to the quarterly report, out of 44 accomplished cases in the first quarter of 2006, attacks on ships raided while berthed numbered two, attacks while at anchor were 30 and attacks during steaming were 11. Plus, there was one unstated case. On the other hand, out of total 17 attempted attacks, one attack was made during at anchor and 16 attacks during streaming. There were two ports that marked more than three-time attacks during the first quarter of 2006: Chittagong, Banglades with nine attacks, remaining the most dangerous port in the world; and Jakarta-Tg. Priok, Indonesia with four attacks.

About human suffering caused by piracy or armed robbery, the total number of crew being taken into hostage during the first quarter of 2006 were 63, which was on the decrease from 2004 with 82 but doubled from last year's 31. Kidnapping and ransom demanding cases have also been on the rise up to 13 from 10 cases over the same period of a year earlier. These kidnapping and ransom demanding cases have not been reported before 2005. While one hostage was killed this time – an increase from zero case in the previous year, murdered case has significantly decreased compared to 2004 with 22. As illustrated in the table below, no significant changes have been made for 10 years as for the types of arms used during attacks.

Locations of actual and attempted attacks, January-March from 2000 to 2006

Locations	2000	2001	2002	2003	2004	2005	2006
Indonesia	19	23	22	28	21	16	19
Malacca Straits	7	9	4	3	8	4	0
Singapore Straits	0	2	0	0	6	2	1
Vietnam	1	0	1	4	3	3	1
Bangladesh	4	8	4	9	8	6	9
Red Sea/Gulf of Aden	0	3	6	6	3	3	7
Somalia	2	0	3	2	0	3	5

(Note: The above table is depicted from Table 1, p.5 from the Quarterly Report "PIRACY AND ARMED ROBBERY AGAINST SHIPS" by ICC International Maritime Bureau)

Types of violence to crew and passengers, January-March from 2000 to 2006

Types	2000	2001	2002	2003	2004	2005	2006
Taken hostage	23	43	48	78	82	31	63
Kidnap/Ransom	0	0	0	0	0	10	13
Crew killed	0	0	2	4	22	0	1
Missing	21	0	21	24	15	0	0
Total for three months*	68	60	85	145	170	48	87

(Note: Depicted from Table 8, p.8 of the Quarterly Report "PIRACY AND ARMED ROBBERY AGAINST SHIPS" by ICC International Maritime Bureau)

* Some items are excluded from the above table. Hence, the total figures do not add up.

Types of arms used during attacks, January-March from 2000 to 2006

Types	2000	2001	2002	2003	2004	2005	2006
Guns	10	8	17	22	25	14	13
Knives	20	20	31	39	23	20	17
Other weapons	2	7	8	12	6	5	4
Not stated	24	33	31	30	25	17	27
Total for three months	56	68	87	103	79	56	61

(Note: Depicted from Table 6, p.8 of the Quarterly Report "PIRACY AND ARMED ROBBERY AGAINST SHIPS" by ICC International Maritime Bureau)

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