

# OPRF MARINT Monthly Report

## August 2006



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

Each resource is referenced with bracket below each title and is displayed as link USL on the last page of this report.

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## Introduction

**Law and order** : London insurer Lloyd's has dropped the Malacca Straits from its list of war-risk areas on August 7, a year after it declared the straits as a dangerous area, saying there had been a "significant improvement" in security of the straits. However, Lloyd's said ships calling at ports in northeast Sumatra would still be subject to war-risk insurance premiums. (See p.16, Intelligence Assessment "Lifting of the Malacca Straits from Lloyd's War-Risk List" for more details)

**Military security** : Japan's Defense Agency released its new Defense White Paper on August 1. Regarding security environment surrounding Japan, the White Paper says that, "Today's security environment is characterized by diverse and complex threats and it is becoming increasingly difficult to predict when and where these threats will emerge."

Tempest Express 10 – command post exercise (CPX), and Khaan Quest IV – field training military exercise (FTX), were held from August 11 to 25 in Mongolia. The two exercises are the first of series of Global Peace Operations Initiative (GPOI) multinational capstone event which were proposed by the U.S. Department of State and agreed by the Secretary of Defense.

U.S. Navy's program manager for Aegis ballistic missile defense, Rear Adm. Alan Hicks said on August 16 that the U.S. will double the number of its ships, which are capable of shooting down enemy ballistic missiles, to six by the end of 2006.

An Indian journalist, Sudha Ramachandran contributed an article titled "India's foray into Central Asia" to Asia Times Online on August 12, regarding the strategic significance on the construction of the Indian military base in Tajikistan. This matter is taken up in detail in "From the Overseas Arguments". (See p.10, From the Overseas Arguments, "Strategic Significance of an Indian Air Base in Tajikistan")

The U.S. broadcaster ABC News reported on August 17 that there were new moves suggesting that North Korea might be preparing for an underground nuclear test. (See p.23, Intelligence Assessment, "2.2 The Alleged North Korean Nuclear Test: News Coverage and Reactions from the Countries Concerned" for details)

**Diplomacy and International Relations** : On August 2, Taiwan President Chen Shui-bian said that he wanted a Formosa Foundation – a U.S.-based Taiwan foundation – to talk the U.S. into changing its longstanding "one China" policy to "one China, one Taiwan" policy in a statement addressed to the foundation.

Japan's Prime Minister Junichiro Koizumi concluded his four-day visit to Central Asia on August 31. During his Kazakhstan visit on August 28-29, he met with President of Kazakhstan, Nursultan Nazarbayev and signed a Memorandum of Understanding (MOU) between the governments of Kazakhstan and Japan on promotion of cooperation in the peaceful use of atomic energy. Then, Koizumi moved to Uzbekistan for his two-day visit on August 29. He held talks with

Uzbek President, Islam Karimov on energy and uranium deals and both sides issued a joint press statement, confirming further advancement of Japan-Uzbek relations.

**Resources, Environment and Others :** A Philippine tanker delivering 2 million liters of industrial fuel sank in a storm on August 11 off the coast of Guimaras Island, about 470 km south of Manila and between Panay and Negros Islands. The oil spill from the tanker has spread to surrounding waters, causing tremendous damage to fishing and tourism industry. This marked the Philippines' worst environment disaster with more than 200,000 liters of industrial oil has leaked from the tanker.

# 1. Intelligence Bulletin

## 1.1 Law and order

### **August 2 "Somali pirates are on the decline while illegal fishing and dumping are on the rise" (Reuters, August 2, 2006)**

Andrew Mwangura, coordinator of the Kenya-based Seafarers Assistance Programme said that several piracy attempts have been made off the Horn of Africa since June, but there have been no successful attacks so far, thanks to the enhancement of patrol activities by foreign navy troops and the anti-piracy stance of Islamist rulers who newly seized power in Somalia. Coalition Task Force 150, comprising of the multinational naval force has beefed up patrol activities off Somalia, serving as a strong deterrent to pirates. On the other hand, the Islamists, who have clarified their commitment to combat piracy and have declared war against sea robbers, launched patrol activities of their own outside key facilities such as El Maan, port north of the capital.

Mwangura said that the Somali militia, at first, justified their acts as they protected the waters from illegal entry by ships from countries such as Korea, Italy, Spain and Thailand, and termed themselves as the "Somali Coastguards" or the "National Volunteer Coastguards". But then, they demanded large ransoms to release ships and cargos. There are some 500 illegal fishing boats in Somali waters on a steady basis. Fish catches, mainly tuna, by such poachers amount to US\$90 million a year. Toxic chemicals and industrial wastes are also illegally dumped there. "To stop piracy in Somalia, you have to stop illegal fishing first," said Mwangura. "The Islamists cannot stop this, only the international community."

### **August 3 "Australia to lease a vessel as a floating detention center" (The Australian, August 3, 2006)**

Australian Customs plans to lease a civilian vessel for the use of a floating detention center for illegal fishermen and asylum-seekers caught in Australian waters to hold them at sea for up to a month, as Australian patrols vessels must make long voyages returning to their port after intercepting each illegal boat, especially in northern waters. The ship, which will be outfitted with large 12.7 mm deck-mounted machineguns and small inflatable dinghies, will cost A\$10 million a year and will be converted to hold up to 30 detainees.

### **August 7 "Lloyd's drops the Malacca Strait from its war-risk list" (Financial Times, August 8, 2006)**

London insurer Lloyd's has dropped the Malacca Straits from its list of war-risk areas on August 7, a year after it declared the straits as a dangerous area, saying there had been a "significant improvement" in security of the straits. However, Lloyd's said ships calling at ports in northeast Sumatra would still be subject to war-risk insurance premiums.

(See p.16, Intelligence Assessment "Lifting of the Malacca Straits from Lloyd's War-Risk List" for

more details)

**August 15 "Rand releases a report: nuclear blast at port would be devastating" (The Associated Press, August 16, 2006)**

The U.S.-based think tank, Rand Corporation released a report, titled "Considering the Effects of a Catastrophic Terrorist Attack" on August 15. The report analyzes the possible damages caused by a terrorist attack at the port of Long Beach. An explosion of a 10-kiloton nuclear bomb in a shipping container unloaded to a pier of Long Beach could kill 60,000 people immediately, make more than 150,000 people radioactive and cause 10 times the economic loss of the September 11 terrorist attacks. In addition to these human sufferings, such an explosion could destroy the infrastructure and ships at the ports of Long Beach and Los Angeles, both of which handle about one-third of the U.S. imports. It can also damage refineries around port areas. The ports of Long Beach and Los Angeles have beefed up security by receiving the second and third-largest security grants respectively from the U.S. Department of Homeland Security.

Considering the Effects of a Catastrophic Terrorist Attack:

[http://www.rand.org/pubs/technical\\_reports/2006/RAND\\_TR391.pdf](http://www.rand.org/pubs/technical_reports/2006/RAND_TR391.pdf)

**August 16 "Korea Coast Guard steps up patrols in the disputed Sea of Japan" (The Korea Herald, August 17, 2006)**

The national maritime police agency of Korea said on August 16 that it will reinforce its patrols in the Sea of Japan (claimed as the East Sea by South Korea) by providing more warships, fixed-wing aircraft and helicopters to handle any Japanese movements. The Coast Guard plans to purchase eight warships and 11 fixed-wing aircraft by 2010.

**August 21 "Singapore carries out major inter-agency maritime security exercise, Exercise APEX 06" (MINDEF Singapore, August 29, 2006)**

Singapore's Defense Ministry announced on August 29 that the country is holding a major inter-agency maritime security exercise, code-named Exercise APEX 06, which started on August 21 and will end on September 1. Led by the Republic of Singapore Navy's (RSN) Coastal Command (COSCOM), the annual exercise involves the Police Coast Guard (PCG), Maritime Port Authority (MPA), and the Immigration and Checkpoints Authority (ICA). Some 1,600 personnel from these agencies including 300 servicemen, the RSN's mine countermeasures vessels, Fokker 50 maritime patrol aircraft, along with boats from PCG, ICA and MPA are participating in the exercise. Exercise APEX 06, the fifth and largest in the series, is part of a continuing effort to increase interagency cooperation and interoperability to enhance the security of shipping in Singapore's territorial waters, as well as to protect ports, key marine infrastructures and vital offshore facilities from terrorist threats.

**August 24 "China to strengthen maritime rescue system" (People's Daily Online, August 25, 2006)**

At a press conference on August 24, China Rescue and Salvage Bureau announced its 11<sup>th</sup> Five Year plan (2006-10) with an aim to strengthen sea rescue system. The new system, which will be operational by 2010, will enable rescue vessels to reach any sea areas within 50 nautical miles (92.6 kilometers) of the coast in two and a half hours, reducing the reacting time by an hour from now. Helicopters will be able to hold search and rescue operations at night, with expanding the field of search from 110 to 260 nautical miles (204 to 482 kilometers). Also rescue vessels will be able to salvage 50,000-ton ships. The plan includes purchase of new rescue vessels to build a fleet of 56 rescue tugboats with different sizes and functions.

**August 24 "Canberra offers Manila to train troops in southern Philippine to combat terrorism" (Reuters, August 26, 2006)**

Australian ambassador to the Philippines said that since 2002, Australia and the Philippines have been holding informal talks on signing a status of forces agreement, allowing Australian troops to train with Philippine troops in the southern Philippines where is a base for rebels. The ambassador said the two countries are expected to finalize the pact in two months and to ratify it by June 2007. Canberra, hoping to prevent militants from using the southern Philippines as their bases, already conducts annual training for about 60 Philippine soldiers in Australia. Canberra, after the U.S., is the second largest defense and counterterrorism assistance provider at A\$13.5 million. Canberra also donated three flat-bottomed river boats to Manila to navigate the southern marshy areas like Mindanao.

## **1.2 Military security**

**August 1 "Defense of Japan releases 2006 White Paper" (Japan Defense Agency HP, August 2, 2006)**

Japan's Defense Agency released its new Defense White Paper on August 1. Regarding security environment surrounding Japan, the White Paper says as below: (excerpt from "Defense of Japan 2006 White Paper")

"Today's security environment is characterized by diverse and complex threats and it is becoming increasingly difficult to predict when and where these threats will emerge.

Security of a country is closely related to regional and global security and it is becoming more important for countries to cooperate together for the stability of the international community.

In the Asia-Pacific region, there still remain inter-state and regional confrontations although the possibility of a full-scale invasion to Japan is declining. Security concepts and threat perceptions vary by country, and many countries in the region have been expanding and modernizing their military capabilities against the backdrop of economic growth.

The North Korea's military movements, including the development, deployment and proliferation of weapons of mass destruction and ballistic missiles are increasing tension in the Korean Peninsula and are considered as an unstable factor that seriously threatens the security of the entire East Asian region. The launching of ballistic missiles by the North Korea in July 2006 was a cause of grave concerns.

China recorded a two-digit growth rate in its initial defense budget for 18 consecutive years. China seems to continue to modernize its military power and we need to remain attentive to its future course."

Defense of Japan 2006 White Paper: [http://www.jda.go.jp/e/index\\_.htm](http://www.jda.go.jp/e/index_.htm)

### **August 8 "India becomes a maritime power, Navy chief says" (IANS, August 9, 2006)**

In an interview with the Indian armed forces monthly magazine on August 8, Indian Navy chief Admiral Arun Prakash said as follows: (1) Indian Navy would become a fully-balanced, technologically fighting fit maritime force within the next decade. No country can prevent India from becoming a maritime power. (2) Although India's maritime interests are all over the world, any incidents happening in waters between the east coast of Africa and the Malacca Straits are of immediate concern to India. It is the Indian Navy's task to know what is happening in the waters. (3) But the Indian Navy is not Pakistan or China-oriented but looks "beyond". All of the Indian Navy's maritime strategies, plans and growth take the country's economic interests and military threats into consideration. The Indian Navy's primary concern is to safeguard all the vital interests of the country, as well as to eye the bigger role of India in world affairs in the 21<sup>st</sup> century.

### **August 9 "Vietnam, Thailand to increase naval cooperation" (VNA, August 10, 2006)**

Vietnamese Minister of Defense Quang Thanh had talks with his Thai counterpart, the Commander-in-Chief of the Royal Thai Navy, Admiral Satirapan Keyanon in Hanoi on August 9. Thanh said that increased joint sea patrols and prompt information exchanges between the navies of Vietnam and Thailand over recent years have helped maintain common security and create favorable conditions for the fishing industries between the two countries. Keyanon also met with the Commander-in-Chief of the Vietnam People's Navy Vice Admiral Nguyen Van Hien. They agreed to further increase joint sea patrol activities and talked about matters of common



concern for both regional and international peace, stability and prosperity.

### **August 10 "Pakistan President stresses defense deterrence" (The Dawn, August 11, 2006)**

At the launching ceremony of the indigenously-built Agosta 90-B submarine on August 10, Pakistan's President Pervez Musharraf said that his country follows a defensive deterrence strategy and does not have offensive designs against anyone. He said a defensive deterrence means an "offensive defense deterrence", citing the Agosta, as well as the main battle tank Al-Khalid, the support tank Al-Zarrar and the Pakistan Air Force JF-17, as the physical manifestations of the indigenized products in line with such an offensive defense deterrence.

### **August 11 "Multilateral joint exercise, Khaan Quest is kicked off" (Khaan Quest HP, August, 2006)**

Tempest Express 10 – command post exercise (CPX), and Khaan Quest IV – field training military exercise (FTX), started on August 11 in Mongolia. The two exercises share a common peace operations scenario, and are the first of series of Global Peace Operations Initiative (GPOI) multinational capstone event which were proposed by the U.S. Department of State and agreed by the Secretary of Defense.

Tempest Express 10, which is scheduled from August 11 to 18 in Ulaanbaatar, Mongolia, will be focused on standardized U.N. procedures in the execution of a U.N. mandate. The exercise involves about 100 participants – representatives from Mongolia, Australia, Bangladesh, Brunei, Canada, Fiji, France, Germany, India, Indonesia, Italy, Japan, Korea, Malaysia, Nepal, Philippines, Singapore, Sri Lanka, Thailand, Tonga, the U.K., and the U.S.

Khaan Quest IV is scheduled from August 11 to 25 at Mongolia's Five Hills Training Center. The FTX will be focused on the most common U.N. peace keeping operations tactics, techniques and procedures, following U.N. Standards. 1,027 participants will involve the exercise with seven countries: Mongolia, Bangladesh, Fiji, India, Thailand, Tonga and the U.S. Also, a U.N. Training Assistance Team and military trainers from Canada, Korea and the U.S. will participate in the exercise. Furthermore, Khaan Quest IV and Tempest Express 10 will see observers from China, Japan, Italy, Korea, Thailand, Russia and the U.K.

Khaan Quest HP: <https://www2.apan-info.net/kq/index.aspx?ct=23&cp=68>

### **August 16 "U.S. to double Aegis ships to six in Pacific" (Reuters, August 16, 2006)**

U.S. Navy's program manager for Aegis ballistic missile defense, Rear Adm. Alan Hicks told reporters on August 16 that the U.S. will double the number of its ships, which are capable of shooting down enemy ballistic missiles, to six by the end of 2006. Over the next several years, ship-based interceptor missiles will be deployed on 18 Aegis cruisers and destroyers. Hicks said the six ships due to be deployed in the Pacific will carry a specialized Lockheed Martin-built Aegis combat system and Raytheon-built Standard Missile SM-3 interceptors, both of which will be able

to defend against short-and medium-range ballistic missiles as well as against any threats to themselves. Long-range intercontinental missiles travel faster than the current generation of ship-based interceptor missiles, with about 6,000 miles an hour. Therefore, currently Japan and the U.S. are developing jointly an advanced model, SM-3 Block 2 to handle the long-range threat, which will be deployed by 2015.

**August 21 "Chinese naval ships sail to visit U.S., Canada and Philippines" (PLA Daily, August 22, 2006)**

A Chinese naval ship formation led by deputy commander of the North China Sea Fleet of the PLA navy, set sail from the Qingdao Harbor on August 21 and embarked on a voyage to four ports in the U.S., Canada and the Philippines. The naval ship formation, comprising of a missile destroyer and a comprehensive supply ship, plans to conduct a joint maritime search and rescue exercise with the U.S. Navy for the first time during this voyage.

**August 21 "Korea, U.S. launch joint military drills" (Korea Herald, August 21, 2006)**

U.S. and Korean militaries kicked off their joint military exercises, dubbed "Ulchi Focus Lens" on August 21. The annual exercise, which has been held since 1975, will last until September 1. The Combined Forces Command has informed North Korea of the exercise in July. But North Korea has condemned the joint exercise as a rehearsal for an invasion of the North. Some analysts say Pyongyang may use the exercise of this year as an excuse to promote preparations for a nuclear test. Ulchi Focus Lens is a command post exercise (CPX) with computerized command and control exercise.

**August 24 "China, Kazakhstan to conduct anti-terror exercise" (People's Daily, August 22, 2006)**

China and Kazakhstan will conduct their first joint antiterrorist exercise from August 24 to 26, aiming at increasing cooperation of the two countries' law enforcement officials. The exercise Tianshan I will be held in Southeast Kazakhstan's Almaty Province and China's Xinjiang Uygur Autonomous Region. The exercise will include observers from member states of the Shanghai Cooperation Organization (SCO).

**August 24 "Anti-terror exercise PANAMEX 2006 begins off Panama coast" (Reuters, August 25, 2006)**

U.S. Southern Command-led annual exercise "PANAMEX 2006", designed to protect the country's vital canal from terror attacks will start on August 25 off Panama's coast, according to the official of U.S. Southern Command in Panama City. Eighteen nations will participate in the one-week exercise. Panama's government proposed an expansion of the waterways with total cost of US\$5.25 billion. The project will be put to a national referendum on October 22. (Refer to p.20 in the April 2006 edition of the monthly report)

**August 29 "Indonesia, U.S. sign TOR to boost defense cooperation" (Antara News, August 29, 2006)**

On August 29, the Indonesian Defense Forces and the U.S. Pacific Command signed a Terms of Reference (TOR) to increase defense cooperation between the two countries. The TOR document stipulates the objectives, organization, structure and responsibility of each working group, including the Intelligence Working Group (IWG), Training Events Working Group (TEWG), Logistics and Security Assistance Working Group (LSAWG) and Education and Specific Program Working Group (ESPWG).

**August 29 "Taiwan Defense Ministry releases 2006 National Defense Report" (The China Post, August 30, 2006)**

Taiwan Defense Ministry released the 2006 National Defense Report on August 29. Regarding the recent military situation around the Taiwan Strait, the report elaborates as follows:

(1) Taiwan has detected large numbers of Chinese military aircraft and frigates crossing into waters of the Taiwan Strait, or its exclusive economic zones (EEZ). It is presumed that the Chinese Navy has been increasing its intelligence-gathering activities in the East China Sea in order to prevent the U.S. or Japanese intervention in the event of a military conflict in the Taiwan Strait. (2) China had intensified military activities since Taiwan's first presidential election in 1996. Chinese military aircraft had crossed the median line of the Taiwan Strait separating Taiwan from China 1,100 times in 1999, 1,200 times in 2000 and 1,500 times in 2001. Although the frequency dropped to 1,300 in 2002 and to 940 in 2004, it increased again to 1,700 in 2005. (3) Chinese frigates have often appeared in the Taiwan Strait to gather sea and air information and test the response time of Taiwan Navy and Air Force.

**August 29 "USS Shiloh arrives in Yokosuka" (Stars and Stripes, August 31, 2006)**

The USS Shiloh, an Aegis-class cruiser arrived at a naval base in Yokosuka, Kanagawa prefecture on August 29. The USS Shiloh, equipped with Standard Missile-3 (SM-3) interceptors systems, can track and intercept ballistic missiles. The Shiloh will replace the USS Chancellorsville as part of a routine rotation in the forward-deployed naval forces outside the United States. The U.S. Navy plans to equip ships with the long-range surveillance and tracking capability and SM-3 interceptors. The Shiloh is one of three cruisers with the capability. Three destroyers are expected to be upgraded in 2006, including the USS Curtis Wilbur and USS Stethem, both from Yokosuka.

## ✍️ From the Overseas Arguments ✍️

### Strategic Significance of an Indian Air Base in Tajikistan

An Indian journalist, Sudha Ramachandran contributed an article titled “India’s foray into Central Asia” to Asia Times Online on August 12. He discussed the strategic significance on the construction of the Indian military base in Tajikistan as follows:

1. In India-Tajik cooperative ties, what is less visible but more important is an air base under construction at Ayni near Dushanbe, the capital of Tajikistan. The air base is expected to be completed in September and be operational by the end of 2006. India is constructing three hangers at Ayni air base, two of which will be used by India to station 12 of MiG-29 fighter-bombers. The third hanger will be used by the Tajik air force. Under a 2002 Defense Cooperation Agreement, the Indian Air Force (IAF) stations trainer aircraft there and has trained the Tajik Air Force. Officially, neither India nor Tajikistan admits to the Indian air base at Ayni. India maintains that it is only renovating the base. It was only April 2006 that media speculated about the India’s base at Ayni becoming operational by the end of 2006. (Refer to p. 10 in the April 2006 edition of the monthly report)
2. India’s military buildup in the region is said to have been promoted by its need for countering Pakistan, but there is more to the Ayni base than it. India can project its power in Central Asia from the base, which proves that India, without being content with a geostrategic role in South Asia, extends its ambitions outside the region.
3. India’s entering into Central Asia is also prompted by its interests in the region’s vast natural gas reserves. India is one of the players in the “New Great Game” – a competition for the region’s resources among big powers. It’s not surprising that India’s “forward policy” has provoked concerns of Pakistan and China. Pakistan believes India’s Ayni air base as its attempt to “encircle Pakistan”. China has strengthened its cooperative ties with Tajikistan aiming to counter India’s growing profile in Central Asia. But China’s real focus is to counter the growing U.S. presence in the region. Nonetheless, there is no doubt that India is a factor affecting China’s motivation.
4. India has come under pressure over Ayni air base from Russia. While economic consideration might have been one of the reasons for India’s consent to joint maintenance of the base, it seems to be the result of the pressure from Russia.
5. On the other hand, India’s new friend, the U.S. is not really concerned about India’s entering into Central Asia, as it sees India’s growing presence serving as a deterrence to Russian and Chinese influence in the region.
6. India has become the fourth major power having a base in Central Asia, after Russia, the U.S. and Germany. India announced that with the air base at Ayni, it is a strong contestant in Central Asia’s “great base race”, and demonstrated that it has interests beyond its immediate neighboring countries, as a not-insignificant player in the “New Great Game”

in Central Asia.

The whole article of “India’s foray into Central Asia” (Asia Times Online, August 12, 2006):

[http://www.atimes.com/atimes/South\\_Asia/HH12Df01.html](http://www.atimes.com/atimes/South_Asia/HH12Df01.html)

### **1.3 Diplomacy and International Relations**

#### **August 2 "President Chen wants U.S. to change its One-China Policy" (The China Post, August 3, 2006)**

On August 2, Taiwan President Chen Shui-bian said that he wanted a Formosa Foundation – a U.S.-based Taiwan foundation – to talk the U.S. into changing its longstanding “one China” policy to “one China, one Taiwan” policy in a statement addressed to the foundation. In remarks to a group of goodwill ambassadors to be sent to the U.S. by the foundation, Chen said “I believe that where there is a will, there is a way. Current developments show there is a great distance from our ideals and this goal but if everyone upholds this and does not give up...there will be a day then we are successful.” This year’s goodwill ambassadors visited 40 U.S. states and met with 159 congressman and congressional aides for performing lobbying activities. The foundation aims to strengthen U.S.-Taiwan ties.

#### **August 3 "U.S. sees progress in cooperation with China, Deputy Assistant says" (The Star Online, August 4, 2006)**

Thomas Christensen, new Deputy Assistant Secretary for East Asian and Pacific Affairs made remarks at the U.S.-China Economic and Security Review Commission on August 3. He said that the results of the U.S. efforts to encourage China to become a responsible stakeholder are good. The U.S. is concerned about China’s military modernization, but to some extent, it is a natural consequence of China’s expanding economy and influence, he said.

Statement by Thomas J. Christensen:

[http://www.uscc.gov/hearings/2006hearings/written\\_testimonies/06\\_08\\_3\\_4wrts/06\\_08\\_3\\_4\\_christensen\\_thomas\\_statement.pdf](http://www.uscc.gov/hearings/2006hearings/written_testimonies/06_08_3_4wrts/06_08_3_4_christensen_thomas_statement.pdf)

#### **August 10 "Thailand and Cambodia fail to reach settlement on demarcation of overlapping land and sea boundaries" (ThaisNews.Com, August 11, 2006)**

Thai Prime Minister Thaksin Shinawatra who made an official visit to Cambodia on August 10 said Thailand and Cambodia have not reached a settlement on demarcation of their overlapping sea boundaries but agreed to conduct a joint survey on offshore oil or natural gas reserves. About land border issue, the two countries agreed to register residents living in overlapping Thai-Cambodia border areas before demarcation begins. Both sides will also prohibit new construction projects within a one-kilometer radius from the common borderline.

#### **August 28 "Koizumi sets off for Central Asia" (The Ministry of Foreign Affairs of Japan HP, August 31, 2006)**

Japan’s Prime Minister Junichiro Koizumi concluded his four-day visit to Central Asia on August 31. During his Kazakhstan visit on August 28-29, he met with President of Kazakhstan,

Nursultan Nazarbayev and signed a Memorandum of Understanding (MOU) between the governments of Kazakhstan and Japan on promotion of cooperation in the peaceful use of atomic energy. In a joint statement issued after the talk, both leaders confirmed that the cooperation in the following fields between the two countries will help open a strategic landscape: (1) trade and economic areas; (2) energy, transportation, science and technology, information-communication and finance fields; and (3) the fields of exploration, development and process of oil, uranium and other natural resources. They further agreed on enhancing cooperation in exploration, development and process of uranium under the MOU on peaceful use of nuclear power.

Then, Koizumi moved to Uzbekistan on the 29<sup>th</sup>. During his two-day visit, he held talks with Uzbek President, Islam Karimov. Both sides issued a joint press statement, confirming further advancement of Japan-Uzbek relations. Furthermore, both sides agreed to facilitate information exchange and exchange of views on development and deals of uranium.

The Ministry of Foreign Affairs of Japan:

<http://www.mofa.go.jp/announce/event/2006/8/0817.html>

## **1.4 Resources, Environment and Others**

### **August 11 "Philippine tanker's oil spill threatens fishing grounds" (Various Sources, August 12-31, 2006)**

A Philippine tanker delivering 2 million liters of industrial fuel sank in a storm on August 11 off the coast of Guimaras Island, about 470 km south of Manila and between Panay and Negros Islands. The oil spill from the tanker has spread to surrounding waters, causing tremendous damage to fishing and tourism industry.

On the 25<sup>th</sup>, President Arroyo declared that the oil spill is a national calamity as the slick spread rapidly and threatened some of the country's rich fishing grounds. She urged concerned parties to hasten the cleanup and to attend to environmental and health issues.

This marked the Philippines' worst environment disaster with more than 200,000 liters of industrial oil has leaked from the tanker. Experts from the Japanese and U.S. Coast Guards joined Philippine disaster officials on the 23<sup>rd</sup> to assess the damage to the region. A Japanese salvage ship with state-of-the-art equipment arrived in the central Philippine city of Iloilo on the 30<sup>th</sup>. The Department of Environment and Natural Resources announced on the following day that the wreck of the tanker sits in 640 meters of water. The Japanese salvage ship will conduct a survey underwater, by sending a remote-controlled submarine, to find out how the tanker is lying on the seabed and whether remaining oil in its hull is leaking. Based on the survey results, Philippine Coast Guard will decide whether to siphon the oil or lift the ship entirely with the remaining fuel. Another option is to bury the tanker completely using cement or sediment, although it costs too much to implement. "We expect the cleanup to take more than six months,"

Philippine Coast Guard chief, Vice Adm. Arthur Gosingan said.

**August 14 "Japanese tanker spilled oil in East Indian Ocean" (AFP, August 15, 2006)**

A Japanese tanker, Bright Artemis (146,463-ton) has spilled 4,500-ton of crude oil around 300 kilometers west of India's Great Nicobar island, following a collision with a Singaporean ship, according to the tanker's owner, Mitsui O.S.K. Line. The oil spill occurred after the Bright Artemis collided with a Singapore-flagged cargo vessel which was on fire and requesting help. When the Japanese tanker tried to rescue the crew on the vessel, the two ships accidentally collided due to strong winds and high waves. The force of the collision ripped through the tanker's starboard quarter and made a hole, causing the 4,500-ton oil spill in the Indian Ocean. A spokesman for Mitsui said, "Damage to coastlines is expected to be limited as the spilled crude oil was categorized as light oil, which tends to evaporate." The Bright Artemis resumed navigation without doing any specific measures to clean up the leakage as there was no fear of further oil leakage.

**August 16 "India to invest US\$1bn on oil and mining development in Ivory Coast" (Kenya London News, August 16, 2006)**

India plans to invest US\$1 billion in development of oil and mining projects in Ivory Coast. Due to growing need for raw materials and energy in order to feed its expanding energy, India hopes to utilize the region's vast oil wealth by accessing the shoreline of the Gulf of Guinea. Oil production in Ivory Coast is more than 60,000 barrels per day. India's Oil and Natural Gas Commission is now drilling offshore block in the region with US\$12 million investment.

**August 28 "China, Singapore and Norway sign MOU on maritime research development" (Xinhua, August 28, 2006)**

On August 28, China, Singapore and Norway signed a Memorandum of Understanding (MOU) on maritime research development, education and training in Singapore. The three countries believe the agreement will further enhance cooperation in maritime and shipping research, and will also allow for joint planning and exchange projects.

**August 29 "China to invest US\$5bn on oil projects in Venezuela" (China Daily, August 29, 2006)**

Venezuelan oil minister Rafael Ramirez said on August 29 that China plans to invest US\$5 billion in oil exploration and production capacity in Venezuela. Venezuelan President Hugo Chavez said that his country plans to increase its oil export to China to 500,000 barrels of oil per day within five years.

**August 31 "China's shipbuilding industry grows rapidly" (Xinhua, August 31, 2006)**

China's National Development and Reform Commission (NDRC) said on August 31 that



China's shipbuilding industry continues to grow rapidly as they received new orders a total of 16.08 million deadweight tons in the first half of 2006, rising 113% from the same period last year. The NDRC said shipbuilders hold total orders of 50.92 million deadweight ton in the first half of 2006 with a rise of 43%, which accounts for 20% of the global market share.

## **2. Intelligence Assessment**

### **2.1 Lifting of the Malacca Straits from Lloyd's War-Risk List**

The Lloyd's Market Association's Joint War Committee (JWC) said on August 7 that it has decided to remove the Malacca Straits from its list of 20 risky areas for shipping prone to war, strikes, terrorism and related perils, a year after declaring the Straits a dangerous area in July 2005.

The activities to secure the Malacca Straits carried out by the surrounding countries, such as three littoral states (Indonesia, Malaysia and Singapore) and Thailand, as well as beneficiaries outside the region like Japan and the U.S., have been taken up in the OPRF monthly report each time the information was obtained. Below is a general overview of the situation in the Malacca Straits over the past one year and a review of future tasks on security measures in the region.

#### **1. Removal of the Straits from the List of War Risk Areas**

London insurer Lloyd's dropped the Malacca Straits from its list of war-risk areas on August 7, a year after declaring the Straits a dangerous area, saying there had been a "significant improvement" in security of the Straits. However, Lloyd's said ships visiting north-east ports on the Indonesian island of Sumatra will have to continue to pay additional war-risk insurance premiums (although transit will be excluded). Lloyd's said the decision by the JWC was made following efforts by the three littoral states to decrease the threat in the Straits. Lloyd's said in a statement, "The committee is now of the opinion that the evidence has shown that not only has the situation improved within the area, but the measures are long-term." Malaysia had urged the JWC to remove the Straits from the list since the inclusion on that list of dangerous waterways in July 2005. For example, at the Second Meeting of the Head of Coast Guard Agencies Asia on March 21-22, Malaysian Deputy Prime Minister Najib Razak said that Malaysia hoped the international insurance companies would reconsider their decision to designate the Malacca Straits as a dangerous zone. Najib also said the statistics did not reflect the fact and the area was safe from any global terrorism. "All these while the only incidents are sea robbery and piracy. There is no evidence to suggest that the incidents are connected to regional or global terrorism," he said. (Bernama, March 21, 2006)

On June 15, Noel Choong, head of the Kuala Lumpur-based Piracy Reporting Center of the International Maritime Bureau (IMB) said that Lloyd's should drop the Malacca Straits from its list because the Straits was no longer a piracy hotspot due to strengthening of patrols by the three littoral states. "The numbers have dropped very sharply. There are no justification unless Lloyd's have some other information that we are not aware of," he said. (Bernama, June 15, 2006)

However, there are difference in perspective between the JWC and the three littoral states regarding security in the Malacca Straits. Jeffrey Chen, Adjunct Fellow, Centre for Maritime Policy University of Wollongong, Australia, said while the JWC measures the security in the Straits from the business angle, the littoral states assess the security in the Straits from the view of political sovereignty. Accordingly, the fact the JWC classified the Straits as a war risk zone was a “slap in the face” to the littoral states. Although the JWC acknowledges and welcomes the prospective efforts of the littoral states, it says what is important is outcome and consequences and such efforts need to continue in order to achieve those efforts. Chen did not foresee the JWC delisting the Straits for some time in the future, as there were clear differences in views of the security in the Straits between the JWC and the littoral states. Chen had noted if the security in the Malacca Straits could be further increased by efforts of the littoral states and the international society, it would become increasingly difficult for the JWC to give any arguable reason for continuing to designate the Straits as a war risk zone. (Singapore Institute of International Affairs, March 7, 2006)

Given that Lloyd’s had insisted on retaining the Malacca Straits on its war and terrorism list until it made sure the safety in the waters was a long-term trend, this removal seems striking as a surprise decision in the current situation where several pirate attacks were reported off the coast of Indonesia’s Aceh province in July (although north-east ports on the Indonesian island of Sumatra remain on the list). In fact, in July – immediately before Lloyd’s decided to remove the Straits from its list – the above-mentioned Noel Choong expressed concern about these recent piracy acts, saying he did not know whether their nature was of a one-time incident or heralded other attacks in the Straits. He also said “We are still monitoring. But we urge ships to keep a strict piracy watch.”

Nonetheless, as a matter of course, the move of Lloyd’s to delist the Straits from war-risk areas was welcomed by Malaysia. “I have long fought for this because there was no basis for the war-risk rating and piracy incidents have been greatly reduced, especially on the Malaysian side of the straits,” Najib said on August 8. (Bernama, August 8, 2006)

Malaysian Foreign Affairs Minister, Datuk Seri Syed Hamid also said, “We did not merely issue statements. We come up with action plans to convince Lloyd’s that the straits is safe.” He added that Lloyd’s had apparently been confused by incorrect reporting of terrorism and piracy activities taking place in the Straits. (Bernama, August 8, 2006)

## **2. Efforts at Safety Measures by the Three Littoral States, Thailand and Beneficiary Countries**

The table below shows the statistics of the IMB about the number of piracy or armed robbery attacks in the Malacca Straits over the past 18 months (including attempted attacks). The Malacca Straits has shown an improved situation with a total of 12 attacks in 2005, as compared

to 38 in 2004. The highest number of attacks in the past decade was 75 cases in 2000, followed by less than half that in 2004. As Najib pointed out, the statistics do not show any danger signs around the Straits.

The Number of Piracy or Armed Robbery Actual and Attempted Attacks in the Malacca Straits over the Past 18 Months

Year	2005												2006						
	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7
Actual Attacks	0	1	3	0	0	2	0	0	0	0	0	1	0	0	0	2	0	0	3
Attempted Attacks	0	0	0	0	1	1	1	1	0	1	0	0	0	0	0	1	0	0	1

Source: ICC International Maritime Bureau, PIRACY AND ARMED ROBBERY AGAINST SHIPS, Annual Report, 1 January-31 December 2005, pp.33-34, p.61, and Semiannual Report, 1 January-30 June 2006, p.22, p.36. Data of July 2006 are based on press reports.

As shown in such data, the current situation facing the Malacca Straits is the results of efforts to ensure safety led by the three littoral states. Movements over the Straits, including such efforts by the surrounding countries, have been examined in the OPRF monthly report. Below is a compilation in sequential order of events in the Malacca Straits since July 2005.

One of the significant events in the region in August 2005 was the holding of the Fourth Tripartite Foreign Ministerial Meeting by the three littoral states in Batam on August 1-2. Concurrently, the Chiefs of Defense Forces of Malaysia, Indonesia, Singapore and Thailand Informal Meeting (CDF-MIST) was held in Kuala Lumpur. At the Tripartite Ministerial Meeting, the ministers expressed regret over Lloyd's decision to include the Straits into its list of war risk areas without prior consultation and reconfirmed the sovereignty and sovereign rights of the three littoral states over the Malacca Straits. They also clarified the three littoral states bear a primary responsibility over the safety of navigation, environment protection and maritime security in the Straits. At a press briefing after the meeting, the ministers urged the JWC to reconsider its risk assessment. On the other hand, at the CDF-MIST Informal Meeting, each military commander agreed to establish two working groups to materialize the concepts of maritime security on the Trilateral Coordinated Patrols, codenamed MALSINDO frame work and the "Eye in the Sky" initiative over the Straits.

The three littoral states and Thailand started their joint air patrols, "Eye in the Sky" over the Malacca Straits from September 13, 2005. Based in Subang, Kuala Lumpur, the planes from all four countries operate in rotation twice a week, having top staff members aboard.

A two-day meeting on the Malacca Straits, named "Enhancing Safety, Security and Environment Protection" concluded on September 8, 2005 at Jakarta, with the release of "Jakarta

Statement". The statement reiterates the importance of increasing maritime security and protecting the environment of the Malacca Straits based on the principle of respect for national sovereignty, maintenance of the territorial integrity and the jurisdiction of the three littoral states under the U.N. Convention on the Law of the Sea (UNCLOS). Taking this occasion, the three littoral states and the International Maritime Organization (IMO) signed a Memorandum of Understanding (MOU) on the Marine Electronic Highway (MEH), which will focus on monitoring ships passing through the waterway, supervising the environment and enhancing security in the Malacca Straits.

On October 10, 2005, Malaysia set up the Malaysia Maritime Enforcement Agency (MMEA), comprising of 500 personnel and 72 vessels, to conduct limited patrols in only certain stretches of the Malacca Straits.

On November 30, 2005, the MMEA started its patrol activities with three vessels, Najib said. The MMEA, based at Lumut Naval Base in Malaysia's northern Perak state, is the first integrated organization in the country managing maritime security and is expected to expand its operations to other territorial waters of the country.

Singapore shipowners association, the Singapore Maritime Foundation (SMF), asked the JWC to remove the Malacca Straits from its list of war risk zones in December 2005. The SMF sought the abolition of extra insurance fees in the amount of US\$5,000 per trip, as the risk of terrorism in the Straits has decreased.

On January 31, 2006, the IMB Piracy Centre in Kuala Lumpur released its 2005 annual report on "Piracy and Armed Robbery against Ships" during January 1-December 31, 2005. According to the report, attacks in the Malacca Straits fell from 38 in 2004 to 12 in 2005, marking a considerable decline compared to the previous years.

Commander of U.S. Pacific Command, Admiral William Fallon expressed his intention to assist antiterrorism and anti-piracy measures in the Malacca Straits at a press conference in Kuala Lumpur on February 26, 2006. Fallon said the details of the cooperation would be examined after the three littoral states sign a pact outlining Standard Operating Procedures (SOP) in coming April.

The MMEA was formally established on March 21, 2006, with a review of ships and troops by Najib. Concurrently, a two-day meeting, titled the "Second Meeting of Head of Coast Guard Agencies" was held in March 21-22 in Malaysia. At the meeting, Najib called on the international insurers, Lloyd's to reconsider its decision to classify the Straits as a war zone.

A signing ceremony of Regional Cooperation Agreement on Combating Piracy and Armed

Robbery against Ships in Asia (ReCAAP) Information Network System (IFN) was held on April 20, 2006 in Singapore. An important element of the ReCAAP Agreement is to establish the ReCAAP Information Sharing Center (ISC) as an independent international organization. The ISC is the first of institutionalized organization in the form of a standing body with permanent member of staff (13-15 members including representatives from each country) to cooperate in combating piracy among each government of the region. The ISC, to be hosted in Singapore, will facilitate information-sharing to improve response by member nations, analyze and prepare reports on the piracy and armed robbery attacks in the Asian region, and support capacity-building efforts in relevant fields.

The three littoral states signed an agreement to set up a Joint Coordinating Committee (JCC) with an aim to oversee air and sea patrols on April 21. The three littoral states also signed the Terms of Reference (TOR) and the SOP, bringing the Malacca Strait Sea Patrol (MSSP) and Eyes in the Sky (EiS) operations under one umbrella.

On May 3, 2006, the IMB Piracy Centre in Kuala Lumpur released its quarterly report on "Piracy and Armed Robbery against Ships" during January 1-March 31, 2006. No piracy or armed robbery was reported in the Malacca Straits, showing a significant decreasing trend from the same period of 2004 with eight cases, and 2005 with four cases, respectively.

A presentation ceremony for a training ship, donated by the Nippon Foundation to the MMEA was held at Port Klang, Malaysia on June 1, 2006. "Nothing comes free in this world. Therefore Malaysia has always advocated sharing the responsibility of keeping the straits safe. But the primary responsibility still lies with the littoral states," Najib said at the ceremony. "I am glad that Japan is the first country to lend a hand. I hope that this will be a signal to the international community for us to work together and share the burden." (New Straits Times Online, June 2, 2006)

Furthermore, Japan has decided to use ODA to provide Indonesia with three patrol boats on June 13, as an exception to Japan's "Three Principles on Arms Exports."

Singapore's foreign affairs ministry announced on June 21 now that the tenth country has deposited its instrument of ratification, the ReCAAP is to enter into force September 4, 2006. Under the pact, each participating country will share information through the ISC which is based in Singapore. Singapore government will host the first meeting of the council toward the end of 2006.

On the other hand, again there have been mounting concerns about the worsening security situation in the Malacca Straits as four piracy attacks have been reported in the waters off the coast of Indonesia's Aceh province in July, 2006.

According to the June 23 IMO press release, the Marine Electronic Highway (MEH) Demonstration Project in the Malacca and Singapore Straits would be launched in July 2006. The objectives of this four-year project are to link shore-based maritime information and communication infrastructure with corresponding navigational and communication facilities loaded on transiting ships, as well as to upgrade maritime services, improve navigational safety and security and to promote maritime environment protection.

### 3. Future Tasks

There are differing opinions over the methods for safety measures of the Malacca Straits among the three littoral states. Singapore has urged the need for assistance from countries outside the region including the U.S., while Malaysia and Indonesia have opposed direct foreign intervention, insisting the Straits can be protected by only the littoral states. For that reason, what remains to be solved is to consider how the extra-regional countries such as the U.S., having expressed its willingness to cooperate in safety measures in the Malacca Straits, and the beneficiary countries of Japan, India, China and South Korea can work together on a permanent basis to ensure the security of the waters. In this regard, with the coming into force of the ReCAAP Agreement on September 4, the ISC, to be hosted by Singapore will serve as the first test of operational efficiency. However, doubts about the effect of the ReCAAP exist as Indonesia and Malaysia have still refused signing.

A hot pursuit issue, which allows one country to pursue criminal suspects into the territorial waters of another country, is also a matter of importance for the three littoral states to prevent maritime crimes such as piracy and terrorism in the waters. Bilateral agreements have been concluded between Indonesia and Singapore, and Indonesia and Malaysia respectively, helping help them conduct such a cross-border pursuit. However, Singapore and Malaysia do not have such an agreement and need to get permission before entering each other's waters. Malaysia's Chief of Defense Force, Admiral Sri Mohammed Anwar said at the moment the hot pursuit issue is dealt with between the two countries by a bilateral approach.

Although Lloyd's has removed the Malacca Straits from its list of vulnerable areas, it cannot rule out the possibility that piracy acts occur again in the waters. Besides, Lloyd's said ships calling at ports in northeast Sumatra would still be subject to war-risk insurance premiums. In fact, four piracy attacks have been reported in the waters off the coast of Indonesia's Aceh province in July 2006. Of these attacks, Indonesian Navy has arrested three former separatist rebels of the Free Aceh Movement (GAM) for their piracy against tsunami aid ships destined to do damage restoration in the northern Aceh province. Because they use weapons such as rifles and grenade launchers as in the case of the piracy off Somalia, the remnants of the GAM becoming pirate-like are of concern. Conforming to the cease-fire agreement signed in Helsinki in August 2005, the final disarmament of the GAM and withdrawal of Indonesian armed forces were conducted in January 2006. Unlike the situation in Somalia, a potent central government exists

in Indonesia. Indonesian authorities expressed intent to continue to investigate how many weapons have remained in the hands of the GAM remnants.

Another problem for Indonesia with piracy and armed robbery is the fact that in addition to poverty and joblessness, corruption of Indonesian authorities like local police creates hotbeds of piracy. According to Mak Joon Num, an analyst at the Institute of Southeast Asian Studies, rogue elements of Indonesian enforcement agencies including the Indonesian Navy are involved in piracy acts in the Malacca Straits, but authorities are turning a blind eye to the problem. "The problem for piracy is land-based. It can only be solved by tackling issues in Indonesia such as corruption," Mak said. (The Jakarta Post, August 6, 2006)

The widespread archipelagic country Indonesia, having recorded the highest number of piracy incidents in the world for 10 years, appears to have a limited ability to conduct all-out patrols over the entire archipelago. A Malaysian maritime expert pointed out that soaring fuel prices may limit Indonesia from carrying out maritime patrols frequently along its vast coastal waters (AFX News Limited, July 25, 2006). In this regard, the holding of the India-Indonesia annual joint exercise in the Andaman Sea, near the entrance to the Malacca Straits, is strategically significant. India has expressed intention to positively cooperate in efforts toward the safety measures of the Malacca Straits.

Besides, in Indonesia, there are various agencies responsible for law enforcement in the sea. The government has established the Coordinating Agency for Sea Security (Bakorkamla), but it has poorly fulfilled the role as a coordinating agency. To remedy the current situation, Dirhamsyah, a researcher at the Research Center for Oceanography, Indonesian Institute of Science (LIPI) suggests the establishment of its own coast guard. (See p. 10 in the July 2006 edition of the monthly report)

How Indonesia will enhance its sea patrol ability is an important factor in ensuring the safety of the Malacca Straits and waters across Southeast Asia. In this respect, it can be said that Japan has made an important contribution to Indonesia by providing three patrol boats which are allowed to be used only for limited purpose such as anti-terrorism and anti-piracy efforts. The U.S. has resumed military cooperation with Indonesia since November 2005, which might prod Washington to provide usable secondhand vessels to Jakarta.



## 2.2 The Alleged North Korean Nuclear Test: News Coverage and Reactions from the Countries Concerned

The U.S. broadcaster ABC News reported on August 17 that there were new moves suggesting that North Korea might be preparing for an underground nuclear test. This information currently seems to be unconfirmed. However, if the test is conducted, nuclear warheads might be loaded on No-dong or Taepo-dong I missiles, which cover the whole of Japan in their range. Such a situation would pose a direct and serious threat to the security of Japan. Below is a summary of the ABC News report with some commentaries.

### 1. Report on Nuclear Test Preparation and South Korean views

(1) On August 17, ABC News reported as follows:

- (a) A U.S. State Department official said that there was a new move that could suggest that North Korea was preparing for an underground nuclear test and that the intelligence community agreed that “a test is a real possibility;
- (b) A senior military officer said that a U.S. intelligence agency observed some suspicious vehicle activity outside P'unggye-yok, a suspected test site in the northeast part of North Korea \*(Punggye-ri, Gilju County, North Hamgyeong Province, according to South Korean Yonhap News Agency). The activity included the unloading of large reels of cable outside the facility. Cables can be used to connect an underground test site to outside observation equipment. The intelligence was brought to the White House; and
- (c) U.S. officials stressed that the intelligence was not conclusive. One analyst said that the intelligence community agrees that there is a 50-50 chance that North Korea will conduct a nuclear test by the end of the year.

(2) On the 18<sup>th</sup>, a South Korean senior official confirmed the accuracy of the ABC News coverage on the suspicious North Korean moves but reserved judgment on whether the North Korean intention was a preparation for a nuclear test or just a showy demonstration to attract attention. On the 18<sup>th</sup>, Unification Minister Lee Jong-seok stated at the National Assembly that he had heard that there was neither clear indication of nor information on a North Korean nuclear test. On the 24<sup>th</sup>, before the National Assembly's Unification, Foreign Affairs and Trade Committee, Minister Lee expressed his view that the situation was not imminent enough to issue a warning against a test, although preparation for emergency was underway since the logical possibility could not be ruled out.

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\* The underground test site: It is reported that a nuclear training center was established in Punggye-ri, Gilju County, North Hamgyeong Province with the Soviet support at the end of 1950s and that tunnel construction has been underway since the 1990s. It is said that in August 2003, the intelligence agents from the U.S. Departments of Defense, State and Energy studied the site and concluded that there was no sufficient evidence indicating that it was a underground nuclear test site, although this possibility remains. Some say that there has been a difference in the evaluation of the study among the intelligence community.

On the 28<sup>th</sup>, it was reported that Kim Seung-gyu, Director, the National Intelligence Service, stated at a closed National Assembly's National Intelligence Committee session the following:

- (a) There is no doubt that North Korea has technical capabilities for a nuclear test. It is highly difficult to predict a nuclear test if it is conducted covertly at a military or mining tunnel;
- (b) The test facilities are always ready and waiting;
- (c) It is difficult to conclude that the cable-like object which has been identified at Punggye-ri, Gilju County, North Hamgyeong Province has anything to do with the alleged nuclear test preparation;
- (d) There are no direct signs or activities – such as the establishment of various observation instruments or facilities, the blockade of surrounding roads, and the blocking of a tunnel – which indicate a nuclear test;
- (e) There is a 50-50 chance of a North Korean nuclear test occurring; and
- (f) A test is possible whenever General Secretary Kim Jong-il decides to do it. North Korea might conduct a nuclear test if China and Russia stop their aid to North Korea.

## **2. Evaluating the Nuclear Test Possibility and Analyzing North Korean Intention and Capabilities**

Wrapping up U.S. and South Korean officials' remarks, the ABC News report on the alleged North Korean nuclear test preparation is true, and this intelligence should be shared by Japan and South Korea in varying degrees. It is difficult to judge if this is preparation for a nuclear test, activities for supplying electricity to a tunnel, or political demonstration to invite the United States to bilateral talks. Even if North Korea is preparing for a nuclear test, the situation does not seem imminent as the South Korean Intelligence Service Director stated at the National Assembly on the 28<sup>th</sup>.

Nuclear tests are conducted in a cave or a pit. In any case, it is possible to detect various activities for a nuclear test with long-term intelligence satellite observation at this time. But it is difficult to interpret whether the intention of Pyongyang is test preparation or pretence. In fact, U.S. intelligence agencies failed to predict underground nuclear tests by India and Pakistan in 1998.

As for North Korean technological capabilities for nuclear tests, the September issue of South Korean journal of the Monthly Chosen, released August 18, for example, carried a story based on the remarks of an exiled former North Korean senior official that North Korea had collected data on nuclear bomb production. The former official stated that (a) there was a long-term cooperation between North Korea and Pakistan under which North Korea developed missile technologies and Pakistan developed nuclear programs, sharing information with each other; (b) North Korea brought its plutonium into Pakistan and conducted joint nuclear tests that successfully gave North Korea data necessary for producing nuclear weapons; and (c) he did not know if North Korea brought plutonium material or completed nuclear weapons. It is said that Pakistan

conducted six uranium nuclear tests in May, 1998. The U.S. Los Alamos National Laboratory pointed out that a slight amount of plutonium was detected in the air after the last test on May 30. In 2004, the New York Times and Los Angeles Times reported on the alleged North Korea-Pakistan joint nuclear test.

### **3. Responses from Countries Concerned**

(1) Given the ABC News report, the White House spokesman, on the 17<sup>th</sup>, stated that a North Korean nuclear test would be a provocative action which would invite unanimous criticism from the international community. He added that the United States would urge countries such as China to influence North Korea to stop provocative actions and cautioned North Korea against proceeding with the alleged nuclear test. On the 18<sup>th</sup>, U.S. President George W. Bush stated at the press conference at Camp David that he had no comment on classified information, but if the test was conducted, North Korea would thereby demonstrate that it posed a threat to its neighboring countries. He added that friends and countries at the Six-Party Talks would act to eliminate the threat and highlighted the necessity of cooperation among the neighboring countries such as urging North Korea to return to the Six-Party Talks.

(2) On the 21<sup>st</sup>, Chinese Assistant Foreign Minister Cui Tiankai told Takako Doi, honorary chairperson of the Social Democratic Party of Japan, that China opposed North Korean nuclear development, including the test process, and issued a strong warning against North Korean behavior, saying that China would not cooperate with North Korea if it conducted a test.

(3) South Korean Foreign Minister Ban Ki-moon stated at an August 25 press conference that the event of North Korea conducting a nuclear test would pose a grave threat to the security and stability of the Korean Peninsula and in Northeast Asia and impact the South Korean economy. He continued that such a test – which would have a worse influence than missile test firing – would be a serious problem which might rock the foundation of the global regime on non-proliferation of weapons of mass destruction. He also stated that Seoul was considering appropriate countermeasures.

(4) Japanese Chief Cabinet Secretary Shinzo Abe also gave a strong warning about North Korea. Abe stated on the 25<sup>th</sup> that a test was conducted (by North Korea) would pose an unacceptable serious threat to the peace and security of Japan, Northeast Asia and the international community. He emphasized that the North Korean nuclear problem should be solved peacefully at the Six-Party Talks.

### **4. What if North Korea Conducts a Test?**

Should North Korea conduct a nuclear test, it would become the eighth such country in the world. If the test is successful, North Korea would declare itself a nuclear power. Therefore, a nuclear test is more provocative than the missile firing on July 5. North Korea might consider

acceptance as a nuclear power by the international community to be a last resort for national survival. Right after the U.N. resolution condemning its missile firing, North Korea declared that it would strengthen deterrence as a self-defense strategy. It can be said that North Korea is staking everything on the survival of the Kim Jong-il regime by preparing for a nuclear test as ultimate brinkmanship riskier than missile firing.

The U.S. government's prompt reaction to the source-unidentified ABC News report aimed to stop the ongoing preparation for a North Korean nuclear test. A test means a clear challenge to the Six-Party Talks members as well as the failure of Bush administration's policy of denuclearization of the Korean Peninsula. Especially given the troubled situation in Middle East, it seems that the Bush administration intends to prevent North Korean nuclear test at any cost. Beijing, Seoul and Tokyo all regard the nuclear test, if conducted, as a grave threat to the peace and security of the Korean Peninsula and Northeast Asia and began to collectively call on North Korea to stop the test. However, given the chilled Pyongyang-Beijing relations after the July missile firing, there is concern that Pyongyang might not heed Beijing.

If North Korea conducts a test, Washington has several possible responses: (a) give silent recognition to North Korea as a nuclear power; (b) request a U.N. sanction resolution and try to strengthen the efforts to isolate and press North Korea by sea blockade in cooperation with friends and allies; or (c) press Beijing to join the blockade to improve its effectiveness. According to the ABC News report, a U.S. official, asked about possible U.S. reactions to a North Korean nuclear test, said, "We would try to hermetically seal the hermit kingdom," and referred to possible sanctions to break off North Korean ties to the world and to enforce a naval blockade.

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Viet Nam News Agency (VNA)	<a href="http://www.vnagency.com.vn/Home/tabid/117/Default.aspx">http://www.vnagency.com.vn/Home/tabid/117/Default.aspx</a>
Xinhua	<a href="http://www.xinhuanet.com/english/">http://www.xinhuanet.com/english/</a>

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