

OPRF MARINT Monthly Report

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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.

Publisher: Masahiro Akiyama

Staff writers:

Kazumine Akimoto, Tsutomu Inuzuka, Takehisa Imaizumi,

Hideshi Ueno, Naoko Okamoto, Tetsuo Kotani

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Introduction

Law and order : A UAE-flagged ship hijacked by pirates off the Somali coast on November 2 was freed on the 8th after a fierce gun battle. This has been the first outstanding results by the Union of Islamic Courts since they started pirate hunting operation in Somalia's Indian Ocean.

Seven ASEAN countries of Malaysia, Myanmar, Singapore, Cambodia, Brunei, Vietnam and Indonesia, launched a three-day joint search-and-rescue exercise, "SAREX" on the 13th in Malaysia, aiming at ensuring all search-and-rescue (SAR) agencies can coordinate and help each other in an emergency.

On the 16th, the three littoral states (Indonesia, Singapore and Malaysia) have agreed to establish a Malacca Strait Patrol Information System to improve the efficiency of patrol operations in the waterway.

The ReCAAP Information Sharing Centre (ISC) was officially launched on the 29th in Singapore. Singapore's Ministry of Transport announced that the headquarters agreement, establishing the ISC as an independent and international body was signed by Singapore's Minister for Transport and Second Minister for Foreign Affairs, Raymond Lim and Mr. Yoshiaki Ito of the Permanent Mission of Japan to the United Nations, who was selected as first executive director of the ReCAAP ISC.

Military security : China's largest air show, the Airshow China 2006 was held in Zhuhai from October 31. Alexander Denisov, head of Russia's delegation at the air show said that China intends to purchase Su-33 Naval Flanker ship-borne fighters from Russia, but negotiations are still in the preliminary stage.

On the 2nd, Taiwan commissioned two Kidd-class destroyers, "Keelung" and "Suao" delivered from the U.S. in December 2005. Another two Kidd-class destroyers, the "Makung" and the "Tsoyin" has already arrived in Taiwan on October 25.

Commander of U.S. Pacific Fleet Adm. Gary Roughead arrived in Beijing on the 11th, making his first China visit since taking his post.

According to the commodore of the Directorate of Naval Design (DND), Indian navy has begun the construction of its first indigenous aircraft carrier that will be commissioned by 2012. Three stealth frigates and 27 other warships are also constructed at different shipyards across the country.

Indonesian Defense Minister Juwono Sudarsono said on the 16th that the government has decided to purchase combat equipment including aircraft and submarines from Russia using export credit of US\$1 billion.

The navies of the U.S. and China conducted their joint search-and-rescue exercise, "SAREX" in the South China Sea on the 19th. The exercise is a continuation of a September joint exercise held off Hawaii.

A Chinese Song-class attack submarine surfaced within five nautical miles of the USS Kitty

Hawk in deep waters of Okinawa on October 26. This month's Commentary will examine the details of the incident based on news reports from the Washington Times.

Diplomacy and International Relations : The Beijing Summit of Forum on China-Africa Cooperation (FOCAC) was convened on November 4-5 in Beijing. Out of 53 African countries, 48 forging official ties with China took part in the forum.

The South Korean government announced on the 13th that at the moment, the country would not participate in US-led Proliferation Security Initiative (PSI) to prevent the spread of weapons of mass destruction from North Korea.

The 14th APEC Economic Leaders' Meeting was held in Hanoi, Vietnam on November 18-19. On the sidelines of the 14th APEC summit meeting, U.S. President Bush stopped by Singapore on the 16th and gave his speech on wide range issues facing Asia. This month's Intelligence Assessment will examine how the U.S. handles Asia diplomacy based on his speech in Singapore. (See p.21, "2.1 The U.S. President Bush's Asian Tour")

Another feather story of this month's Intelligence Assessment is Chinese President's official visit to India on the 21st. Chinese President Hu Jintao had talks with his Indian counterpart, Manmohan Singh during his stay in India. (See p.25, "2.2 Strategic Partnership between China and India")

Shipping, Resources, Environment and Others : An Indian B. Raman, Director of Institute For Topical Studies, an Indian think tank, wrote an article about the port of Gwadar, identified as the first pearl of Beijing's "string of pearls" strategy.

With regard to the Grand Inter-Oceanic Nicaragua Canal (a plan to construct a US 20\$ billion canal) announced by Nicaraguan President Enrique Bolanos in October, London insurer Lloyd's List noted that while its construction would shorten the water distance between New York and San Francisco by nearly 800 kilometers compared to the Panama Canal, there wouldn't be enough demand for the two canals in the region. Lloyd's also pointed out that there are several drawbacks to the project.

As India is becoming a maritime power, the Indian government has embarked on its ambitious plan to build two up-to-date ship building yards in the country at a cost of Rs5,000 crore each.

Russia's head of the Federal Agency for Nuclear Power, Sergei Kiriyyenko said on the 28th that the country has dismantled 145 out of 197 Soviet-era decommissioned nuclear submarines. The chief said the dismantling of all decommissioned nuclear submarines will be completed by 2010.

1. Intelligence Bulletin

1.1 Law and order

November 2 "U.S. praises the three littoral states for anti-piracy steps" (The Star Online, November 3, 2006)

The head of the U.S. Navy, Adm. Michael G. Mullen said on the sidelines of the Western Pacific Naval Symposium on November 2, "We've seen for instance the joint partnership of Singapore, Indonesia and Malaysia have a pretty big impact within the last year on piracy. The number of incidents have gone down dramatically." Mullen also said it is of vital national interests to the U.S., as well as many user countries. Adm. Gary Roughead, U.S. Pacific Fleet commander, said using sensors and tracking systems to monitor ships made it the success of the littoral countries to beat back piracy. Both Mullen and Roughead said each country's ability to keep track of small boats would be the key to international efforts to promote maritime security. The International Maritime Organization (IMO) requires all ships more than 300 tons to equip beacons identifying themselves to other ships. But this rule is not applied to smaller ships, heightening concern that terrorists would use the loophole to make attacks. In fact, pirates in the Malacca Straits use small boats. Roughead wants to require all boats to have beacons. Singapore recently started to require all ships registered there to equip beacons.

November 7 "Australian Customs consider the use of mini-submarines for ship inspection" (The Australian, November 7, 2006)

According to the Australian news agency on November 7, as part of moves to increase security at the country's ports, the Australian Customs Service plans to use five mini-submarines for the purpose of inspecting the hulls of ships for drugs and weapons or bombs that could be used by terrorists. The mini-submarines will be controlled by Customs officers on land or on small boats and will send images of a ship's hull under surveillance to 50 meters of water. They will be used at ports in Sydney, Melbourne, Brisbane, Fremantle and Dampier (Western Australia). The moves are triggered by a multimillion-dollar drug bust last month where cocaine smugglers attached purpose-built metal pods to the hulls of two ships. Authorities believe criminal syndicates will more and more target commercial vessels to traffic drugs and weapons using this type of technique. Similar remote-controlled submarines systems are already used at ports in the U.K. and the Netherlands. The system will be primarily used to detect organized criminal drug networks, and will be also used as part of measures to boost the country's maritime security capability to counter terrorism. Australian Federal Transport Minister Warren Truss has already started screening port workers and has introduced a system to issue security identification cards to the country's 130,000 maritime workers by January 2007.

November 7 "Pirate attack German cargo ship" (AFP, November 7, 2006)

The head of the International Maritime Bureau's (IMB) Piracy Reporting Centre, Noel Choong said that a German cargo ship, the Agnes Scan was attacked by pirates in the Malacca Straits but prompt action by the captain blocked their boarding. The pirates in a 12 meters wooden boat approached the German ship on November 5. Choong said the ship's captain sounded the alarm and immediately conducted a zig-zag maneuver to prevent the pirates from boarding.

November 8 "Somali Islamists free hijacked UAE ship after gunbattle" (AFP, November 8, and allAfrican.com, November 8, 2006)

A UAE-flagged ship, 2,285-tonne MV Veesham I hijacked by pirates off the Somali coast on November 2 was freed on the 8th after a fierce gunbattle, according to the Seafarers' Assistance Program in the Kenyan port of Mombasa, Andrew Mwangura. All 14 crew including Indians, Sri Lankans, Pakistanis and Eritrean were unharmed. The ship had been chartered to ship charcoal from Somali port of El-Maan to Dubai, but was captured by pirates near Adale, 95 kilometers northeast of Mogadishu on the 2nd. The pirates demanded a one-million-dollar ransom. The ship was freed in Indian Ocean waters about 400 kilometers north of the capital. This hijacking have again raised fears of a resurgence in piracy in Somali waters after a several months lull due to anti-piracy efforts in the waters by the Islamists. (There were eight attacks in the Somali waters in the first three quarters of 2006.) The hijack took place just one day after 10 Somali pirates were sentenced seven years in prison by a Kenyan court.

In a press conference, a leader of Somalia's Union of Islamic Courts that seizes most of central and southern Somalia including the capital Mogadishu, said the ship was rescued by the marines of the Islamic Courts. After fierce gun battle, the forces stormed into the ship and rescued crew member, capturing eight pirates armed with automatic weapons. The Islamic Courts judiciary blamed the federal government for being involved in the hijacking, saying Somali parliamentarian's two ships shot four fast boats onboard about 40 heavily armed Islamic forces. This has been the first outstanding results by the Union of Islamic Courts since they started pirate hunting operation in Somalia's Indian Ocean.

November 13 "Seven ASEAN countries conduct search-and-rescue exercise" (BERNAMA, November 14, 2006)

Seven ASEAN countries, namely Malaysia, Myanmar, Singapore, Cambodia, Brunei, Vietnam and Indonesia, launched a three-day joint search-and-rescue exercise, "SAREX" on November 13 in Malaysia. ASEAN countries signed an agreement to carry out the SAREX in 1972. The Asean Air Transport Working Group (ATWG) has also decided to conduct SAREX annually in rotation. The exercise aims at ensuring that all search-and-rescue (SAR) agencies can coordinate and help each other in an emergency.

November 13 "Brunei Marine police conduct patrols" (BruDirect.com, November 14, 2006)

Brunei Marine police conduct patrols fifth to sixth a month to prevent the nation from illegal entries, smuggling of prohibited goods, illegal fishing activities and intrusion of foreign ships for fishing. Marine police also conduct daytime and nighttime sea patrols in areas near the offshore oil rig.

November 15 "Indonesian Navy Chief praises patrols by the three littoral states" (Antara News, November 16, 2006)

Indonesian Navy Chief of Staff Admiral Slamet Soebijanto said at a ceremony to commemorate the 61st anniversary of the Indonesian Marine Corps that the maritime crime rate in the Malacca Straits had been on the decline significantly due to the coordinated joint patrol operation by the three littoral states of Malaysia, Singapore and Indonesia. He said the international community would have to admit the effectiveness of cooperation of the three littoral states. "Therefore," he continued, "there is no need for other military powers to be present in the waterway because security maintenance in one of the world's busiest shipping lanes is the duty of the three littoral states."

November 16 "Three littoral states agreed on Malacca Strait Patrol Information System" (Antara News, November 16, 2006)

On November 16, the three littoral states of Indonesia, Singapore and Malaysia have agreed to establish a Malacca Strait Patrol Information System to improve the efficiency of patrol operations in the waterway. Assistant to the Indonesian army's chief of general staff, Major General Bambang Darmono said under the system, each country will be able to exchange any information that occurs along the straits. Darmono attended a "Malacca Strait Patrol Meeting" in Singapore the previous week. He said although the memorandum of understanding (MOU) on the agreement would be signed in 2007, implementation of the system would start soon.

November 16 "Australia, Indonesia to conduct joint patrol operation to stamp out illegal fishing" (ABC News Online, November 16, 2006)

Australian Federal Fisheries Minister, Eric Abetz had talks with his Indonesian counterpart, Freddy Numberi in Brisbane on November 16. They agreed to conduct joint patrol operation by the navies to prevent illegal fishing in Australia's northern waters. They also agreed to take eight new measures to handle illegal fishing, including a review of penalties.

November 21 "Philippines, Indonesia agree to boost border patrol cooperation" (The Philippine Star, November 22, 2006)

On November 21, the Philippines and Indonesia agreed to beef up border patrols at the vast sea lanes between the two countries. The declaration of the agreement was made at the 25th Philippine-Indonesia Border Committee Chairman's Conference held in Manado, northern part of

the Sulawesi island, Indonesia. Both countries agreed to discuss six agenda, including the setup of a joint working group tasked to codify and compile the reports and agreements made by both sides since the past 13th to the 24th border committee meeting. Both countries also agreed to conduct at least four coordinated patrol activities annually, one of which would be conducted during the meetings of the chairmen. The two countries agreed to exchange information on terrorism issues. In the meanwhile, the Philippines started a 10-day annual joint border exercise with Malaysia on the 21st, in a bid to strengthen their capability to handle the threat of terrorism.

November 24 "Japan, India hold joint exercise" (Cybernoon, November 25, 2006)

Japanese and Indian Coast Guards held their 7th joint exercise, "Sahyog-Kaijin" in Mumbai on the 24th, with participation of Japan Coast Guard (JCG) Ship Shikishima. Vice Admiral J. F. Contractor, Director General of Indian Coast Guard (ICG), and Hiroki Ishikawa, Commandant, JCG, witnessed the operations. Ishikawa said JCG would invite ICG to Japan in 2007. According to Japan Coast Guard HP, Shikishima conducted an exercise with a Japanese-flagged LNG tanker in the Indian Ocean on the 28th, aimed at enhancing cooperation between government and the private sector.

November 29 "Establishment of ReCAAP" (Ministry of Transport, Singapore, HP, and other sources)

The ReCAAP Information Sharing Centre (ISC) was officially launched on November 29 in Singapore. (As for the outline of the ReCAAP, refer to p.17, Chapter 2. Intelligence Assessment of the September 2006 edition of the monthly report.) Singapore's Ministry of Transport announced that the headquarters agreement, establishing the ISC as an independent and international body was signed by Singapore's Minister for Transport and Second Minister for Foreign Affairs, Raymond Lim and Japanese Permanent Mission to the United Nations, Yoshiaki Ito. Ito was unanimously selected as first executive director of the ReCAAP ISC by the Governing Council during its first meeting held in Singapore from November 28-20. Composed of representative from each Contracting Party, the Governing Council will meet every year and will oversee operations of the ReCAAP ISC. The expenses of the operation will be mostly funded from the Contracting Parties on a voluntary basis. Singapore, the host of the ISC, has funded the full amount of start-up costs of the ISC and committed to contributing its annual operational costs. (Ministry of Transport, Singapore: <http://www.mot.gov.sg/>)

Among the three littoral states, Malaysia and Indonesia have yet to ratify the agreement. Lim said that both countries recognized regional cooperation was important to conduct anti-piracy measures effectively, as the three littoral states have signed an agreement on sharing information in August 2005. "We look forward to them coming on board when they are ready to do so," he said. (Channel NewsAsia, November 29, 2006)

Noel Choong, head of the Piracy Reporting Center of the International. Maritime Bureau has repeatedly expressed his support to the ISC. On the other hand, he pointed out that even where government agencies may not announce its reports out of diplomatic considerations, a

transparent organization, IMB is prepared to broadcast them. (The Straits Times (Singapore), November 23, 2006)

The Ministry of Foreign Affairs of Japan issued a press release on the inauguration of the ReCAAP on November 28, saying as follows: (1) As a personnel contribution to the ISC, Japan dispatches Takanori Matsumoto, an ex-Japan Coast Guard official, Second Secretary of the Japanese Embassy in Singapore as assistant executive director (in charge of programs), as well as Ito: (2) As financial support, Japan will contribute 12.96 million yen (196,000 Singapore dollars) to the ISC for the operating costs and the dispatching costs of the Japanese officials: and (3) Japan will keep such personnel and financial contributions to the ISC, as well as proactively tackling anti-piracy measures through the ReCAAP.

Press Release of the Ministry of Foreign Affairs of Japan:

<http://www.mofa.go.jp/announce/announce/2006/11/1128-3.html>

Overview of the Information Network (IFN) System

According to a fact sheet on the ReCAAP issued by Singapore's Ministry of Transport, the IFN System is a 24-hour, secure web-based information system supporting the ISC in collecting, organizing, analyzing and sharing of piracy and armed robbery information among ReCAAP member states. The IFN links up the ISC located in Singapore with the Focal Points of ReCAAP member states, helping disseminate and exchange information among them. In cases where a piracy or sea robbery incident occurs, the victim submits reports to the nearest Focal Point, which will respond to the incident and submit its report to the ISC through the IFN. The ISC will also be able to communicate with this Focal Point and other Focal Points through the IFN, as well as giving alerts to other Focal Points. The shipping industry can have access to information on incidents through the ISC website.

The Fact Sheet:

[http://app.mot.gov.sg/data/ReCAAP%20factsheet%20Studies_Nov06_%20\[FINAL\]as%20of%20281106.pdf](http://app.mot.gov.sg/data/ReCAAP%20factsheet%20Studies_Nov06_%20[FINAL]as%20of%20281106.pdf)

The ISC website: <http://www.recaap.org/publish/recaap/index.html>

1.2 Military security

November 1 "China intends to buy Su-33 fighters from Russia" (RIA Novosti, November 1, 2006)

China's largest air show, the Airshow China 2006 was held in Zhuhai from October 31. Alexander Denisov, head of Russia's delegation at the air show said that China intends to purchase Su-33 Naval Flanker ship-borne fighters from Russia, but negotiations are still in the preliminary stage. Denisov also said Russia is prepared to provide all weapons and hardware that its domestic enterprises are developing, and will negotiate if China wishes. Russia is ready to

provide support to China in designing an aircraft carrier if asked. However, Chinese military have repeatedly denied the country's plan to construct an aircraft carrier.

November 1 "Taiwan commissions two Kidd-Class Destroyers" (The Central News Agency, November 1, 2006)

On November 2, Taiwan commissioned two Kidd-class destroyers, "Keelung" and "Suao" delivered from the U.S. in December 2005. Another two Kidd-class destroyers, the "Makung" and the "Tsoyin" has already arrived in Taiwan on October 25. According to the Republic of China (ROC) Navy source, the four Kidd-class destroyers equipped with advanced missiles, three-dimensional radar, superb air-defense, anti-submarine and battlefield management capabilities will form the backbone of the Navy's fleet. (It is believed that they are almost on par with the U.S. Arleigh Burke class of guided missile destroyers.)

The Kidd-class ships were built in the late 1970s for Iran. But they were mothballed after the cancellation of the deal. Taiwan purchased the four destroyers for NT\$24 billion from the U.S. in 2003.

November 2 "PLA Navy's first stealth warship joins exercise" (Xinhua, November 3, 2006)

The Chinese People's Liberation Army (PLA) Navy said the country's first warship with stealth technology participated in recent off-shore PLA exercise as the flagship. The stealth destroyer, independently designed and built by China and capable of accomplishing long-distance missions, is regarded as a breakthrough in China's warship building sector. China launched the construction of the stealth destroyer in late 2000 and newly developed over 30 % of the equipment on the destroyer. A 9,000-mile voyage of the new destroyer was made before handed over to the Navy and over 300 problems were found and rectified. (This report didn't refer to her name.)

November 7 "Chinese Navy fleet returns home after visiting U.S., Canada, Philippines visits" (Xinhua, November 8, 2006)

On November 7, a fleet of the Chinese People's Liberation Army (PLA) Navy ended a 79-day voyage and returned to a port of Qingdao, China, after visiting the U.S., Canada and the Philippines. The fleet, consisting of the missile destroyer "Qingdao" and the depot ship "Lake Hongze", left the port of Qingdao on August 21.

November 9 "U.S., Japan kick off largest bilateral exercise" (Navy NewsStand, November 13, 2006)

The U.S. Navy and Japanese Maritime Self-Defense Force (JMSDF) launched their largest bilateral exercise, the 18th ANNUALEX, on November 9 in waters and airspace around Japan. The one-week exercise involved about 8,500 U.S. personnel, USS Kitty Hawk, guided-missile cruiser USS Cowpens and guided-missile destroyer USS Shiloh and submarines as well as about 90 JMSDF ships and 130 aircraft.

November 11 "U.S. Pacific Fleet Commander visits China" (Military.com, November 14, 2006)

Commander of U.S. Pacific Fleet Adm. Gary Roughead arrived in Beijing on November 11, which made his first China visit since taking his post. During his one-week stay in China, Roughhead said, "Enhancing our navy-to-navy relationships is especially important so we can cooperate in our many areas of mutual interest. Through routine dialogue and exercise, our navies can improve the ability to coordinate naval operations in missions such as maritime security, search and rescue, and humanitarian relief."

November 14 "Indian Navy construct 31 new warships" (Hindustan Times, November 14, 2006)

The Directorate of Naval Design (DND), Commodore KN Vaidyanathan told a media on November 14 about its naval plan as follows:

(1) Indian navy has begun the construction of its first indigenous aircraft carrier that will be commissioned by 2012. Three stealth frigates and 27 other warships are also constructed at different shipyards across the country. (2) The largest indigenous-built warship, 37,500-tonne aircraft carrier will carry a mix of 30 combat jets and helicopters. The design of the carrier was a technological challenge that the navy never faced before, with involving complexities in structural design, propulsion system and aviation facilities. (3) The 4,900-tonne Shivalik class stealth frigates, incorporating a technology available to a very few navies in the world, mark a watershed in the design history of the navy. The frigates are due for delivery around 2008-2009. (4) Among the 27 other ships are 2,500-tonne anti-submarine warfare (ASW) corvettes, 6,640-tonne Kolkata class destroyers with stealth technology, fast attack craft and seaward defense boats. These vessels are scheduled for delivery in 2008-2012. (5) The 6,500-tonne Delhi class guided missile destroyer was the largest warship build in India till the indigenous aircraft carrier. Three Delhi class destroyers have already been built, forming the Indian navy's main strike force.

November 16 "RI to buy aircraft and submarines from Russia" (Antara News, November 16, 2006)

Indonesian Defense Minister Juwono Sudarsono said on November 16 that the government has decided to purchase combat equipment including aircraft and submarines from Russia using export credit of US\$1 billion. The combat equipment to be purchased in 2007-2010 will include six Sukhoi aircraft, two submarines and nine helicopters. The minister said "Politically, this will give us more space so that we will not depend on the United States when one day the superpower may impose an embargo again." He also said the purchase of Russian combat equipment does not require permission from the U.S. There has been no objection from the U.S. either, he said.

November 19 "U.S., China hold joint search-and-rescue exercise" (Navy News Stand, November 21, 2006)

The navies of the U.S. and China conducted their joint search-and-rescue exercise, "SAREX" in

the South China Sea on November 19. The exercise is a continuation of a September joint exercise held off Hawaii. The exercise involved USS Juneau and USS Fitzgerald, Chinese guided missile destroyer Zhanjiang, as well as fixed wing aircraft and helicopters from both the U.S. and China. The exercise commenced just after sunrise when a simulated distress call was sent to Zhanjiang from Chinese replenishment ship, Dongtinghu (AOE 883). Then Zhanjiang asked Juneau help for search and rescue, and their joint mission was accomplished. A Y-7 Coke of the People's Liberation Army Navy and a P-3 Orion from the U.S. navy supported the search-and-rescue operation.

November 20 "RMN faces shortage of assets and personnel" (The Star Online, November 21, 2006)

The Royal Malaysian Navy (RMN)'s new navy chief Laksamana Datuk Ramlan Mohamed Ali said on November 20 that the navy is facing a shortage of ships and personnel due to dispatching its assets and personnel to the Malaysian Maritime Enforcement Agency (MMEA) established in November 2005. The navy handed over 17 ships and 1,300 personnel to the MMEA when it was started. As a result, the navy has to reduce sea training due to the shortage of vessels.

November 29 "Japan, China hold defense and security talks" (Xinhua, November 29, 2006)

The 7th Sino-Japan defense and security talks were held between Chinese People's Liberation Army Assistant to the Chief of General Staff, Zhang Qinsheng and Japanese Defense Agency Vice Minister Takemasa Moriya in Tokyo on November 29. The two sides exchanged ideas on the international regional security situation, national defense policies and so on. The two sides also agreed to promote dialogues and mutual exchanges.

Commentary

Chinese Submarine Stalks U.S. Aircraft Carrier

1. Developments of the Incident

A Chinese submarine approached a U.S. navy aircraft carrier in the Pacific in October. The Washington Times newspaper from November 11 to 14 reported the details of the incident as follows:

- (1) The Chinese Song-class attack submarine surfaced within five nautical miles of the carrier group, USS Kitty Hawk, in the deep waters of Okinawa on October 26. The submarine is equipped with wake-homing torpedos and anti-ship cruise missiles. The U.S. Navy official said that an aircraft carrier battle group couldn't detect the Chinese submarine that surfaced near the Kitty Hawk. The Chinese submarine was spotted by carrier-based aircraft that was conducting routine surveillance. The Kitty Hawk was not engaged in anti-submarine warfare exercises at that time and therefore did not conduct active patrols. Accordingly, submarine defenses for the carriers and its accompanying warships will be inspected.
- (2) The Navy official said it is unusual for Chinese submarines to operate in such deep waters, but the incident was not like the collision a U.S. EP-3 surveillance aircraft and Chinese F-8 jet in April 2001, which suspended military ties between the U.S. and China. The official said, "We were operating in the international waters, and they were operating in international waters. From that standpoint, nobody was endangering anybody. Nobody felt threatened."
- (3) However, another defense official said the encounter was a provocative act by the

Chinese military, putting a high priority on practicing anti-aircraft-carrier operations against a U.S. aircraft carrier battle group in preparation for a possible conflict over Taiwan in the future. The defense official said that their China analysts appeared to be surprised that China would shadow a U.S. carrier as far from China as Okinawa, and that it revealed China continues its development into a blue-water navy. A former Senate Foreign Relations Committee staff specialist on China, William Tripplett, said, "China's tracking of the Kitty Hawk, undetected by U.S. Navy anti-submarine warfare assets, is a shocking development."

The commander of U.S. Pacific Command, Adm. William Fallon, confirmed the Chinese submarine incident on November 14 during his visit to Kuala Lumpur, and said it could have "escalated into unforeseen incident." (The Associated Press, November 14, 2006)

According to the Washington Times on the 15th, Adm. William Fallon implied that the incident would help prompt military ties between the U.S. and China, saying, "It illustrates the primary reason why we are trying to push to have better military-to-military relationships with China." In fact, a spokeswoman of the Foreign Ministry of China said that as far as it knows, the report from the Washington Times did not match the facts. "China and U.S. military relations enjoy good momentum in the development of ties." She said that they believe the Commander of U.S. Pacific Fleet Adm. Gary Roughead's visit and

other senior U.S. military leaders' visits to China would promote mutual trust, understanding and promote the development of bilateral military relations. A spokesman for the U.S. Department of Defense also said the Chinese submarine was not considered a threat after he confirmed the incident. (Channel NewsAsia, November 16, 2006)

On the other hand, Chief of Naval Operations Adm. Mike Mullen said, "We don't consider the Chinese the enemy, and there are none of us who believe that Chinese submarine was a threat, and there are some issues certainly with understanding how they operate and that they were doing and those are operational matters that I certainly won't talk about publicly." (Stars and Stripes, November 17, 2006)

Adm. Roughead also said on the 17th that during his visit to China after the encounter incident, Chinese military officials he met told him the submarine was in international waters, indicating that it did not violate any territorial rights. (The Associated Press, November 17, 2006)

2. Chinese Submarine Forces and Its Position in the Chinese Naval Strategy

The incident where a Chinese submarine surfaced close to a U.S. carrier group highlighted the conflicting posture between the U.S. and China in East Asia. Below is the current state of Chinese submarine forces and their position of the Chinese naval strategy compiled from several sources.

According to the "Annual Report to Congress: Military Power of the People's Republic of China 2006" released by the U.S. Defense Department,

the focus of Chinese military buildup is to prepare for the potential conflict in the Taiwan Strait, including the possible U.S. intervention in the near term. The report says China has deployed naval forces to oppose Taiwan: 75 major surface combatants (an increase from last year's 64), about 55 attack submarines (same as last year's), about 50 medium and heavy amphibious lift vessels (an increase over 40 from last year's) and about 45 coastal missile patrol craft. Two-thirds of them are deployed in the South Sea Fleet and the West Sea Fleet. The indigenous Song-class diesel electric submarine that has come to an issue this time is currently in serial production. It is designed to carry the anti-ship cruise missile YJ-82. China launched a new Yuan-class diesel submarine in 2004. Beijing's next-generation nuclear attack submarine, the Shang-class (type 093) SSN is being deployed now. Others include Han-class nuclear attack submarines (type 091), Kilo-class conventional submarines purchased from Russia, and Ming-class conventional submarines.

On March 16, 2006, Cortez A. Cooper III Director of East Asia Studies, Hicks and Associates, Inc., provided testimony on the movements of Chinese military modernization as follows:

- (1) China has built up its naval power aiming at a sea denial force rather than sea control. China weighs heavily on upgrading modern destroyers, submarines, cruise missiles and maritime strike aircraft to deter and prevent its enemy from operating for a certain period in an important sea lane or maritime of its maneuver zone.
- (2) China is believed to have the capacity by 2008 to carry out short-term sea denial operations out to about 400 nautical miles from its

coastline. It is also believed to have the capacity by 2010 to conduct operations that are sustainable for a few weeks.

- (3) One of China's major sea denial forces is its submarine forces. The Chinese military is believed to acquire 28 state-of-the-art submarines by the end of this year. In addition, the military owns as many old-type submarines as new ones. These submarine forces of China will make U.S. anti-submarine operations in the Pacific Ocean considerably difficult in the future.

(http://www.uscc.gov/hearings/2006hearings/written_testimonies/06_03_16_17wrts/06_03_16_17_cooper.php)

An article from Naval War College Review, titled "China's Aircraft Carrier Ambitions: Seeking Truth from Rumors," written jointly by Ian Storey and You Ji in 2004, says as China's focus has shifted from the East China Sea to the Taiwan Strait since the late 1990s, the country seems to have lost its urgency to acquire aircraft carriers. Instead, there is growing need for increasing war power capable of attacking U.S. aircraft carriers. At the same time, proponents of a "revolution in military affairs" (RMA) gaining influence within the Chinese armed forces pointed out that aircraft carriers are vulnerable to precision-guided missiles, submarines and mines. (They believe that modern warfare has made aircraft carrier "floating coffins.") The RMA believers insist that China should exploit technological advances to counter the U.S. Navy in a cross-strait conflict, saying that China's acquisition of Kilo-class submarines and Sovremenny-class destroyers from Russia is part of such strategy.

(Naval War College Review, Winter 2004, Vol. L VII, No. 1, pp.87-88)

The U.S. Defense Department also pointed out in its 2005 edition of the annual report that it did not seem China had broadened its concept of operations for anti-access and sea denial to encompass sea control in waters beyond Taiwan and its periphery. If China had shifted to a broader "sea control" strategy, clear signs such as the development of aircraft carriers would have been apparent.

From these viewpoints, it is believed that China's increasing submarine forces will have a significant impact on the aircraft-carrier-led U.S. naval operation of power projection from sea. In November 2004, a Chinese Han-nuclear submarine encroached on Japanese territorial waters near Ishigaki Islands of Japan, causing a diplomatic problem between Japan and China. From now on, both Japan and the U.S. will have to keep a closer watch than ever on the moves of Chinese submarines in the East China waters.

1.3 Diplomacy and International Relations

November 4 "China holds Beijing Summit on China-Africa Cooperation" (Xinhua, November 5, 2006)

The Beijing Summit of Forum on China-Africa Cooperation (FOCAC) was convened on November 4-5 in Beijing. Out of 53 African countries, 48 countries forging official ties with China took part in the forum. The summit adopted a declaration to establish “a new type of strategic partnership,” featuring political equality and mutual trust, economic win-win cooperation and cultural exchange between China and African countries. The leaders pledged themselves to promote high-level visits, trade cooperation and cultural exchanges and strengthening cooperation in international affairs. On the 4th, Chinese President Hu Jintao announced a package of aid and assistance measures to Africa including US\$3 billion of preferential loans over the next three years as well as the exemption of debt owed by poor African countries. The following day, Chinese Premier Wen Jiabao proposed that China and African countries should expand their cooperative ties and increase their trade volume up to \$100 billion by 2010. This figure will be more than double the previous year level of approximately \$39.7 billion. In the first nine months of 2006, China and Africa trade surged to \$40.6 billion, rising 42% year-on-year. At the forum, 14 agreements, which worth \$1.9 billion in total were concluded between Chinese enterprises and African governments and companies. The agreements cover operation in infrastructure facilities, communications, technology and equipment, energy and resources development, finance and insurance.

In addition to the declaration, the forum also adopted an action plan drawing up a road map toward China-Africa cooperation in politics, economy, international affairs and social development over the next three years.

Declaration of the Beijing Summit of the Forum on China-Africa Cooperation (Draft):

http://english.focacsummit.org/2006-11/16/content_6586.htm

Action plan adopted at China-Africa summit, mapping cooperation course:

http://english.focacsummit.org/2006-11/05/content_5167.htm

November 13 "S. Korea decided not to joint U.S.-led Nonproliferation Initiative" (NHK Online, November 13, 2006)

The South Korean government announced on November 13 that at the moment the country would not participate in US-led Proliferation Security Initiative (PSI) to prevent the spread of weapons of mass destruction from North Korea. The government said it would decide to conduct inspections of cargoes to and from North Korea in its own way based on an agreement with North Korea (Refer to the October 2006 edition of the monthly report for the details of the agreement). The government also said that the country supports the purpose and principles of the PSI, but it must take the unique situation on the Korean Peninsula into consideration.

November 18 "14th APEC Summit opens on November 18" (The Ministry of Foreign Affairs of Japan, November 20, 2006)

The 14th APEC Economic Leaders' Meeting was held in Hanoi, Vietnam on November 18-19. Leaders from each country discussed issues under the theme of "Towards a Dynamic Community for Sustainable Development and Prosperity." In the Hanoi Declaration adopted after the summit, the leaders pledged to continuously work towards a harmonious and dynamic Asia-Pacific community, as well as agreed to make efforts to achieve APEC goals of trade and investment.

As for the North Korean nuclear issue, the summit adopted the Statement on DPRK' Nuclear Testing. In the statement, leaders expressed their commitment to peace and security on the Korean Peninsula and in Northeast Asia, and their resolve toward a peaceful resolution of the North Korea nuclear issue. The leaders also expressed strong concern over the missile launches on July 4-5 and the nuclear test conducted on October 9, posing a clear threat to their shared interest of peace and security and their shared goal of achieving a nuclear weapons-free Korean Peninsula. Therefore, they emphasized the need for full implementation of Security Council Resolutions No. 1695 and 1718.

APEC 2006 Vietnam: <http://www.mofa.go.jp/policy/economy/apec/2006/index.html>

Hanoi Declaration: <http://www.mofa.go.jp/policy/economy/apec/2006/declaration.pdf>

Statement on DPRK' Nuclear Testing:

http://www.mofa.go.jp/policy/economy/apec/2006/n_korea.html

1.4 Shipping, Resources, Environment and Others

November 1 "The Current Situation of the Port of GWADAR, Pakistan" (South Asia Analysis Group, November 1, 2006)

B. Raman, Director of Institute For Topical Studies, an Indian think tank, wrote an article titled "GWADAR: Will Hu or Will Hu Not." In the article, he said Pakistani authorities were keen that Chinese President, Hu Jintao should officially visit the Gwadar port which is now constructed under financial aid from Chinese government. (As it turned out, he did not stop by the port during his four-day visit to Pakistan from November 23 to 26.) About the current situation of the port of Gwadar, he stated as follows:

- (1) Pakistani officials said the port is not yet ready for being commissioned. The port is under construction in two phases. In the first phase, the port of Gwadar which was originally the fishing harbour is being converted into an international port dealing with the external trade of Pakistan, Afghanistan the Central Asia Republics and the Xinjiang region of China.
- (2) The first phase is already completed by China in April 2004 and handed over to Pakistan, but the port is not yet ready to be commissioned. This is because the support infrastructure of the port where Pakistani authorities are responsible for has not been completed yet. The support

infrastructure includes roads, housing for workers in the port, and the port channel. Currently, the infrastructure has been completed 70% and the remaining 30% is expected to be completed by the end of this year.

- (3) The Pakistani authorities have yet to decide who will operate the port. At first, it was believed that a Dubai company would get a contract, but China is reported to hope the contract to be given to one of the Chinese bidders of Singapore or Hong Kong.
- (4) Many challenges still exist there. One of them is the commitment by China to undertaking the construction of the second phase for creating a naval base for the Pakistani and Chinese navies by 2010.
- (5) Pakistani President Musharraf is eager to expand Sino-Pakistani cooperation in Gwadar and hopes to construct a mega petro-chemical complex there and a railway and an oil and gas pipeline linking Gwadar and Xinjiang, China.

(The port of Gwadar is identified as the first pearl of Beijing's "string of pearls" strategy aiming to project Chinese power overseas and protect China's SLOC for energy security. As for more detailed information about the "string of pearls" strategy, refer to the March 2006 edition of the monthly report.)

November 7 "Several drawbacks of Nicaragua Canal plan" (Lloyds List, November 7, 2006)

In October, Nicaraguan President Enrique Bolanos announced the country's plan to construct a US 20\$ billion canal, named a Grand Inter-Oceanic Nicaragua Canal. (See the October 2006 edition of the monthly report.) Its construction will shorten the water distance between New York and San Francisco by nearly 800 kilometers compared to the Panama Canal. But London insurer Lloyd's List noted that there wouldn't be enough demand for the two canals in the region. In addition, Lloyd's pointed out several drawbacks to the project as follows:

- (1) The project is estimated at US\$20 billion in total, equivalent to two-decade of the country's GDP. Japanese and Chinese financing is expected, as the external funding will be needed. A Nicaraguan media reported Russia has also shown interest in financing. But the fact that Nicaraguan leftist Daniel Ortega of the Sandinista National Liberation Front (FSLN) won a November election may give foreign investors the jitters. (Ortega is expected to inaugurate in January 2007.)
- (2) There are several technical problems. The route of the Nicaragua canal will take ships in a series of giant locks (32 metres) up to the Latin America's second largest lake, Lake Nicaragua. From there it will utilize the Escondido river, which ultimately reaches the Caribbean at the Bluefields port. It will also have to negotiate Mt Momotombo, an active volcano.
- (3) There are also environmental problems. Environmental campaigners believe the Nicaraguan canal project will have a serious impact on environment. They have suggested a landbridge 380km across the country. Although this idea has gained little attention from the maritime industry with the extra costs involved in unloading containers, it has advantage of being

cheaper and quicker to get up and running. At the moment, there are two projects under consideration. One is to put in a combined rail link, oil pipeline and fiber optic cable between Atlantic and Pacific ports at a cost of \$3.5 billion. Europe, China, South Korea, the U.S. and Japan are believed to show interest in the scheme. The other is to build a six-lane highway within five years with \$6 billion budget, which includes the cost of building ports at either end.

November 10 "India to build two up-to-date ship building yards" (The Times of India, November 10, 2006)

As India is becoming a maritime power, the Indian government has embarked on its ambitious plan to build two up-to-date ship building yards in the country at a cost of Rs5,000 crore each. Shipping Minister TR Baalu said the ship building yards would be built one each in east and west coast of the country. The yards would have the capacity to construct large container ships and tankers up to 300,000-tonne. The Minister had visited South Korea to study some of the large ship building yards in the country, including Hyundai shipyard.

November 17 "India develops mathematical model to detect oil spill" (The Times of India, November 17, 2006)

Indian Coast Guard and marine biologists, scientists at the Directorate of Integrated Coastal Marine Area Management Project in Chennai have developed a mathematical model enabling to detect offshore oil spills based on satellite monitoring. The Oil Spill Trajectory Model will detect an oil spill and monitor it constantly from space. The model will predict the spill's path and the shoreline that would be affected based on data such as type of oil spilled, location, water depth, wind speed, wind direction and sea current and tide condition. After detecting an oil spill, Coast Guard Surveillance Ships, Indian Navy Vessels, or Maritime Rescue Center will inform the Indian National Center for Ocean Information Services (INCOIS) of the location and quantity of the spill. Using the model, the INCOIS will predict a likely path to be taken by the spill and shoreline to be affected, which will be sent to Coast Guard, concerned port authority, state government, MHA and the State Pollution Control Board. The prediction of the path and affected areas will be updated every three hours.

November 28 "Russia scraps 145 out of 197 decommissioned nuclear submarines" (RIA Novosti, November 28, 2006)

Russia's head of the Federal Agency for Nuclear Power, Sergei Kiriyeenko said on November 28 that the country has dismantled 145 out of 197 Soviet-era decommissioned nuclear submarines. Russia has signed cooperation agreements on the disposal of decommissioned nuclear submarines with the U.S., the U.K., Canada, Japan, Italy and Norway. The disposal will cost US\$2 billion in total. \$850 million have been allocated as of 2005. The disposal of another 17 is under way, and 32 are prepared to be scrapped. Spent nuclear fuel is removed from the submarine's reactors and sent to storage during the dismantling process. The hull is cut into three parts and the bow and stern are removed and tore down. The chief said the dismantling of all decommissioned nuclear

submarines will be completed by 2010.

2. Intelligence Assessment

2.1 The U.S. President Bush's Asian Tour

The U.S. President George W. Bush made an Asian tour from November 14 to 22 to attend the 14th Asia-Pacific Economic Cooperation (APEC) Leaders' Meeting on the 16th in Hanoi, Vietnam, his first trip to Asia since the defeat of Republicans in the recent midterm election. On the sidelines of the APEC meeting, he held talks with his Chinese and Japanese counterparts respectively. He also stopped by Singapore and Indonesia during his Asian tour. In Singapore on the 16th, he gave a speech on a wide range of issues facing Asia.* This time his Asian tour drew a lot of international attention how the defeat of Republicans would affect the U.S. diplomacy and the North Korean nuclear issue. This chapter will examine the U.S.-Asia diplomacy mainly from his remarks made in the Singapore speech.

1. Overall Characteristic of Bush's Remarks

In his speech in Singapore, he reiterated the importance of the practice of democratization as a universal value, citing the pledge of his second-term diplomacy, the "expansion toward world freedom." But in the speech, Bush only emphasized the long-term merits of democratization. In a speech on his Asian policies held in Kyoto in November 2005, he had called on China to meet its citizens' legitimate demands for freedom and openness as a condition of becoming a modern state. This time he did not mention Chinese democratization. He seemed to avoid any remarks that could worsen relation with China, given the fact that the U.S. needs support from China with regard to the North Korean and the Iranian nuclear issues. In view of the current situation surrounding Bush, such as being caught up in the Iraq issue, loss to Democrats in the midterm election, and the fact that his term will expire in two years, it appears that Bush has no choice but to shift in his axis of cooperation toward countries concerned like China from taking demanding attitudes, as well as to narrow down his focus to more feasible areas towards increased freedom and the realization of democratization.

2. U.S. Attaching a Great Importance to APEC

In the Singapore speech, Bush firmly said that he could see a bright future in the Asian society by the expansion of freedom and opportunity in each country, expressing his acknowledgement that the Asia-Pacific region is the most vital area in the world. Then he reiterated his commitment to cooperating with the regional countries to tackle matters the region is facing. He pledged to keep engaging in (1) achieving further liberalization and facilitation of trade and investment; (2) strengthening energy security such as development of alternative energy; (3) measures against infectious disease such as SARS and HIV/AIDS; and (4) measures against

* Bush's speech at National University of Singapore
<http://www.whitehouse.gov/news/releases/2006/11/print/20061116-1.html>

poverty and natural disasters.

Behind these remarks is the fact that Bush is strongly aware the APEC is the only international place for the U.S. to act as an influential player in Asia. Bush said he wants to strengthen APEC rules as a place of exchange of opinions and decision-making, saying, "We will do our part to help APEC become a stronger organization that serves as an engine for economic growth and opportunity throughout the region." He added that he believed the idea from some APEC members of a free trade agreement for the entire APEC region, or Free Trade Area of the Asia-Pacific (FTAAP) initiative, deserves serious consideration. This is the first time the President referred to U.S. support for the FTAAP initiative, which is believed that he is trying to express his clear intention to place a high value on Asia, as well as to recover from being left behind from the FTA competition in the region. Behind this background, he is concerned that frameworks without the U.S., like the East Asia summit meeting, have been formed in the region as a result of a rise of China while the U.S. was stuck in the Iraq issue.

In a speech at APEC meeting in Hanoi, Chinese President Hu Jintao expressed his goals of creating a harmonized big family in the Asia-Pacific region. The President did not directly touch on the FTAAP initiative for which Bush has already expressed his support. Throughout his speech, Hu clarified the Chinese position to lead the regional integration, while avoiding conflicts with the U.S.

On the other hand, some Asian leaders reportedly welcome the U.S. positive involvement in the region, reflecting a sense of vigilance against China which has increased its power in Asia. But at the same time, the leaders only half believe in the pledge made by Bush who lost his centripetal force in the domestic politics after the defeat of the midterm election. Some Asian leaders reportedly take a sober look at his attitude because it is believed there is a long way to go before the U.S. regains its influence in Asia.

3. Response to North Korea

During his speech in Singapore, Bush spent a lot of time talking about the North Korean issue, pointing out that in the region, the most immediate threat of proliferation comes from North Korea. He expressed the clear stance of the U.S. that the transfer of nuclear weapons or materiel by North Korea to states or non-state entities would be considered a grave threat to the U.S., and the country would hold North Korea fully accountable for the consequences of such action. He made clear the U.S. position that it would not tolerate the nuclear proliferation by North Korea. Furthermore, Bush insisted that the Asian countries should play an especially vital role in sending Pyongyang the message that the proliferation of nuclear technology to hostile regimes or terrorist networks cannot be tolerated whatsoever for peace purposes. He stressed the need for the implementation of U.N. sanctions, standing firmly against the communist regime armed with nuclear weapons.

Bush also welcomed North Korea's recent consent to come back to the table and re-start the six-party talks. Ultimately, the success of these talks depends on the regime in North Korea, he said. Accordingly, Pyongyang must show its seriousness by taking concrete and effective steps to implement its agreement to give up its nuclear weapons and weapons programs. He called for North Korea to present concrete evidence to verify that it abandons nuclear weapons and nuclear development programs in accordance with the Joint Statement of the Fourth Round of the Six-Party Talks issued in September 2005.

4. U.S.-China Summit

On the sidelines of the 14th APEC summit meeting, Bush held talks with his Chinese and Japanese counterparts respectively. About the North Korea nuclear issues, the two leaders in the Sino-U.S. meeting held on the 19th, agreed on proceeding to the next step (i.e. the implementation of the September 2005 Joint Statement) toward the full implementation of the U.N. Security Council resolutions. They also reaffirmed the increase of Sino-U.S. cooperation toward the resumption of the six-party talks. The President Bush said the abandonment of nuclear weapons by North Korea would bring into reality the official pronouncement of the end of the Korean War. Bush urged Pyongyang to soften its stance by showing the communist regime the biggest possible reward which is believed to suggest the conclusion of a peace accord while he maintains sanctions against Pyongyang. On the other hand, Chinese President Hu Jintao said that his country would faithfully implement the U.N. Security Council resolutions and proactively fulfill its own role in the six-party talks. Hu told Bush that the parties concerned should seek to solve the issue with wisdom and patience to realize the denuclearization of the Korean Peninsula as soon as possible. At the same time, Hu persuaded Bush to be more flexible on matters such as direct talks between Washington and Pyongyang and a financial sanction issue. After the meeting, a Chinese official who presented in the talks implied that the U.S. and China failed to narrow the gap between them on the North Korea nuclear issues. But he declined to elaborate on details, only stating that the U.S. understood the idea that China and the two countries are in a different position each other.

Although a statement of the North Korea nuclear issues was read by the chairman of the two-day summit, Vietnamese President Nguyen Minh Triet, a written statement was not issued. The non-binding chairman's statement came after a tug of war between the U.S. and China. At first, the U.S. called for the documentation of a special statement but later it made concession to China who insisted not on provoking Pyongyang before upcoming six-party talks. It implies the heightened expectations for the host to the six-party talks, China, as well as its rising influence in the region. In other words, it can be said that China bears a grave responsibility in the North Korean issues.

At the meeting, Hu praised Bush as a great leader who contributed to develop the healthy and stable U.S.-Sino relationship. Furthermore, Hu mentioned the need for strengthening cooperation

with the regional countries for peace and stability of the Asia-Pacific region. He also said China and the U.S., as stakeholders should develop their constructive and cooperative relationships. For China, to cooperate with the U.S. is consistent with its long-term strategy for extending its influence to the region, with protecting stability and development of the country. It appears that Hu tried to deepen confidence and cooperative relationship with Bush by making such remarks.

5. U.S.-Japan Summit

In the Singapore speech, Bush touched on the missile defense system (MDS) developed jointly by the U.S. and Japan. He said that it would help protect the U.S., Japan and neighboring countries from threats or destruction from rogue states, implying the main purpose of the development of the MDS is to handle threats from North Korea. At the meeting with China, Bush also said that he would welcome any improvements in the Japan-China relations.

In the U.S.-Japan meeting held on the 18th, Bush and Japanese Prime Minister Shinzo Abe reaffirmed that the further development of U.S.-Japan alliance based on universal values such as freedom and democracy would contribute to peace and stability not only of the U.S. and Japan but also of the region and the world. Prime Minister Abe said that the U.S. presence in Asia is vital not just for its security, but also in the area of economy, and that Japan wants to consider the FTAAP initiative, as one of the multilayered approaches.

6. Evaluation of Bush's Asian Trip

Kurt Campbell, the Senior Vice President of the Center for Strategic and International Studies (CSIS) noted that Asian friends of Bush would keep their eyes on behaviors or remarks made by him or surrounding him about whether the Bush administration has become weak or how his engagement in his Asian policies would change in the future. During his Asian tour, several Asian leaders reportedly asked Bush whether the U.S. policies to ward Asia would change after the defeat of the midterm election. According to U.S. National Security Adviser to the president Stephen Hadley, Bush responded to every question that he had an unbending determination to continue to pursue his policy in accordance with the present line.

Michael Green, former Senior Director for Asian Affairs at the National Security Council (NSC) said this demonstrates the loss of Republican power in the Congress does not affect the President's foreign policy.

It is believed that during his Asian visit, Bush's diplomacy has changed compared to before. This time, during a meeting with Asian leaders, he spared enough time to talk with each leader to try to understand the situations of each country. Behind the move, amid the weakening of its power base within the country, the U.S. aims to restore confidence for countries concerned like China by shifting from a hard-line stance to a soft-line approach in external affairs, while giving an ear to their claims. At the same time, during the Asian trip, Bush must have felt a bigger

Chinese presence in the region than before.

2.2 Strategic Partnership between China and India

Chinese President Hu Jintao paid an official visit to India after the APRC summit meeting, as the head of state, for the first time in ten years. President Ho had talks with India's Prime Minister Singh at New Delhi on the 21st of November, when China and India signed a wide range of joint declaration, which included cooperation between them with regard to India's nuclear peaceful-use development project. Having one third of the world population and rising rapidly as the superpowers of the 21st century, while the two gigantic countries' strong relationship has resulted in producing a core of new power in Asia, attracting international community with such global issues as economy, resources, energy, and environment, such a strong relationship entertains a strong fear toward intensifying competition to acquire resources. Strengthening of Chinese and Indian relations is regarded as Chinese diplomatic strategy intended to heighten its initiative (leadership) in Asia. Because this is likely to influence the U.S. world strategy, Chinese movement will have to be watched.

1. Promotion of Global Scale Strategic Relationship

Of President Hu's visit to India, the Xinhua News Agency conveyed the words of the Chinese Ambassador in India that the biggest objective of the epochal event is to strengthen the two countries' strategic partnership. Both countries had declared a strategic partnership oriented towards peace and development when Prime Minister Wen visited India in April 2005. Mr. Kan, Chinese foreign ministry's deputy spokesman, emphasized that the significance of President Hu's visit was to affix the direction of development of the strategic partnership framed in 2005 and to voice to home and abroad that his visit was a signal that the development of China and India is likely to accelerate peace and stability as well as further development of the world. After the talks with Premier Singh, President Hu mentioned that advancement of friendship of both great countries now developing has a global scale meaning for the peace of both Asia and the world, and he hoped for continued wide range and sustainable cooperation with India. These words clarified the intention to promote a global scale strategic cooperative relationship and that the tone of cooperation between India and China is not merely temporal rhetoric.

For India, on the other hand, normalization of relations with China is one of such important agendas besides her own country's development as accomplishment of her entry into the family of international powers, together with improvement of confronting India-Pakistan relationship and her pursuance of a permanent seat of the United Nations Security Council. Therefore, Prime Minister Singh went along with Hu saying that cooperation with China for India, who is achieving the most rapid economic development in the world, is globally important beyond the bilateral relationship, but he clearly expressed that economic cooperation should be prioritized.

This shows a shade of difference in expressions from that of China.

2. Joint Declaration Celebrating Strategic Relationship

In the joint statement, an expression that the two countries are not competitors but partners was contained as their common recognition, making clear the developing direction of strategic cooperative relations. One specific instance is the agreement for both to have regular summit meetings. As to the nuclear energy issue, responding to Prime Minister Singh's hope for cooperation the two leaders agreed upon promoting cooperation in the area of nuclear energy bilaterally and in multilateral form, President Hu, being conscious of the U.S.-India rapprochement along with the agreement on the U.S.-India nuclear cooperation of March 2006, expressed his cooperation with India for nuclear development as the head of state for the first time after the Indian nuclear test in 1998. No detailed explanation was made from the two leaders about the contents of cooperation because of possible linkage to China-Pakistan nuclear cooperation. Although they agreed on having dialogues bilaterally and in the international stage towards the objective of nuclear non-proliferation, this cooperative stance in the nuclear area between the two countries is feared because it might further weaken the NPT scheme.

As for the economic aspect, in the declaration, China and India agreed to endeavor to raise the annual volume of their bilateral trade to 40 million U.S. dollars by 2010, twice the current volume. The declaration contains also defense cooperation including promotion of cooperation of such as confidence building and counter-terrorism measures within the framework of the international community, and sound cooperation for development of space technology. The two sides signed 13 agreements and appealed their closer relationships. The agreements include deepening mutually beneficial cooperation in a wide range of areas covering investment protection, finance, trade, energy, information, science and technology and agriculture, and opening mutually new Consulates General.

3. Shading Part of the Strategic Partnership

(1) In addition to the fact that India, since its defeat by China in border armed conflicts in 1962, had been in antagonistic relations with China until the 1990s, there is still a firmly rooted wariness on the Indian side against China with regard to aspects of security and military because both countries engaged in a round of mutual criticism around India's emphasis on the Chinese threat for the reason why India had to come to carry out the nuclear test in 1998. Particularly, India fears deeply that China is intending to containing India and aiming to defend its sea-lanes in the Indian Ocean when China transports to its country the resources obtained in the Middle East and Africa from the facts that China provides assistance for resources and energy development to such countries as Indian's neighbors, Pakistan, Bangladesh and Myanmar, especially its cooperation with those countries for military and port and harbor improvement. Of the current China-India relations, as the AFP is reporting an Indian security issue expert's view that despite development on the surface there still

exists fears and caution in India. India's wariness against China is not eradicated at all. Both political and economic mutual trust are key for the normalization of the two countries' relationship, which is a long way away.

- (2) Of the pending border problems for both countries, no notable progress was made. The declaration only expressed that trans-border cooperation was located as the most important agenda for strengthening mutual economic exchanges, and both countries would pursue an early and yet peaceful solution in an acceptable form for both through accelerating the negotiations by special representatives from both sides. The matters of Arunachal Pradesh State, the northeastern part of India, and the northern Kashmir being under the actual control of China were not touched on. The consultations between special envoys appointed by the leaders of the two countries in 2003 concerning the border issue had been held eight times, and the Chinese foreign ministry said that the negotiations had entered specific consultations towards solution. However, on the 14th Chinese Ambassador to India Sun Yuxi said in a televised interview that the northeast Indian state of Arunachal Pradesh was part of Chinese territory to invite a strong repulsion from India. Therefore, it seems that priority was only placed on affirmation of common will of the two leaders to aim at solving the border problems at the summit.
- (3) The Indian government is taking a cautious attitude toward open-door of Chinese enterprises in the areas related to national security such as infrastructure improvement of electronic communications as well as airport and port facilities. China, on the other hand, becomes increasingly dissatisfied with the stagnation with which Chinese industrial advance into India and India's acceptance of its investment stay at a low level. For the early conclusion of FTA in which China has a strong interest, India remains wary because unlimited inflow to India of cheap Chinese products such as textile goods, auto parts, consumer electrical appliances, and agricultural products might cause the Indian industries to be devastated. At present, India is cautious in taking the position that the FTA conclusion is not an appropriate course of action. Neither in the summit meeting nor in the joint declaration was this touched upon.
- (4) India also holds a border problem in the Kashmir region with Pakistan being confronted vigorously with issues such as terrorism. China, on the other hand, had declared a strategic partnership with Pakistan, and inflamed India's distrust through the agreement between China and Pakistan that the two countries would proceed with the cooperation for peaceful use of nuclear power when Pakistani President Musharakh visited China in February 2006, resulting into arranging a strategic position to discourage India. Aware of this reality, President Hu, at his address in New Delhi on the 22nd, expressed an attempt to erase India's deep-rooted wariness of China and Pakistan, saying that China welcomes and supports improvement of relations between India and Pakistan. Nevertheless, China does not neglect relations with Pakistan. Following his visit to India, President Hu visited Pakistan on the 24th

and pledged there to congratulate the 55th anniversary of the establishment of the two countries' diplomatic relationship that the government and the people of China should remember the traditional friendship with Pakistan. During Hu's visit the two countries signed the free trade agreement. This is the second free trade accord after Chile for China. Pakistan, for its part, awarded President Hu the highest decoration of Pakistan bestows upon civilians.

It should be closely watched from now on what influence will be brought onto the situation of South Asia by China, who has been so far thought to be the country with wholehearted cooperation with Pakistan, and now through the President's visit to India, began showing that it regards India highly as a strategic partner, and therefore, it intends to contribute to the stability of the southwest of Asia as a friend common to both India and Pakistan.

4. Influence on the World Given by the Strengthening China-India Relationship

In the current Summit, both India and China even though the delicate political agenda including the border demarcation and relations with Pakistan were put off, sought a means to produce international environment advantageous to each country with a catchphrase of strengthening of strategic partnership by mutually beneficial cooperation. However, the development of their relations in the condition of diplomatic and security areas being left out naturally has a certain restrictions. Especially it must be noted to what degree India will deepen its relations with China in the future.

From the perspective of China, U.S. President Bush's visit to India in March 2006 and the agreement on the nuclear cooperation between the United States and India, and strong relations with India from the perception of the U.S. world strategy seems to suggest an anticipation of the two countries to curb China. Likewise, China keeps in mind Japanese Prime Minister Abe's proposal of strategic dialogue among Japan, U.S. and Australia, and the move to strengthen Japan-India relationships as instanced by scheduling of Indian Prime Minister Singh's visit to Japan in December. Being conscious of the move of the U.S. and Japan around India, it wedges the U.S.-India and Japan-India relationships by using both the Indian and Chinese common stake as a lever, and with the background of greatly rising economic power, China gives an impression that it attempts to strengthen taking the initiative in Asia. With that background from one superpower to a multipolar reality, it is furtively observed that China desires to end the sole U.S. dominance and show its diplomatic posture aimed at multipolarization of the world that China insists on.

In this regard, it is noted that from an actual scene of the APEC in Hanoi, Roger Cohen, international affairs analyst, alludes to "the emergence of a new bipolar world whose centers are Washington and Beijing," *International Herald Tribune*, November 22, 2006.

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Cybernoon	http://www.cybernoon.com/default2.asp
Hindustan Times	http://www.hindustantimes.com/news/7446_0,00050002.htm
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NHK Online	http://www.nhk.or.jp/daily/english/index.html
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Ocean Policy Research Foundation

3F, Kaiyo Senpaku Bldg., 15-16 Toranomom 1-Chome, Minato-ku, Tokyo 105-0001, Japan
TEL.81-3-3502-1828 FAX.81-3-3502-2033

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