

# OPRF MARINT Monthly Report

## October 2005



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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

One of the main topics regarding law and order in October 2005 is ongoing efforts by three littoral states (Indonesia, Malaysia and the Philippines) against terrorism in the Malacca Straits. An expert notably commented that the intricate maritime borders of the three littoral states make the eradication of terror groups like Jamaah Islamiyah virtually impossible. Malaysia will set up the Malaysia Maritime Enforcement Agency (MMEA) to launch limited patrols in only certain stretches of the Straits from November 30, involving 500 staff members and 72 vessels.

With regards to military issues, the first-ever joint military exercise between the US and India is one of the highest profile events this month. The Indian navy will also carry out joint exercises respectively with Singapore, Mongolia and Uzbekistan from October to November. On the other end of the continuum of military cooperation, there has been a large movement decided for the US forces in Japan. Washington informed Tokyo that the Yokosuka-based conventional aircraft carrier Kitty Hawk would be replaced with a Nimitz-class nuclear-powered carrier in 2008 (the name of the carrier is not yet determined). In addition, the two countries published their interim report about the realignment of US forces in Japan, titled “U.S.-Japan Alliance: Transformation and Realignment for the Future”.

As for the area of diplomatic relations, Singapore Prime Minister Lee Hsien Loong made a speech at the Central Party School in north-western Beijing. He termed China’s rise “the single biggest event of our age” and in need of major adjustment in the international order.

About the area of resources and environment, there were two of interesting editorials about China’s ongoing energy policy.

Briefs of each of the above are compiled in Chapter 1 “Intelligence Bulletin”.

This month’s Chapter 2 “Intelligence Assessment” consists of two topics: The US defense secretary Donald Rumsfeld’s visit to China, and the Indian navy’s movement around the Andaman Sea areas.



# 1. Intelligence Bulletin

## 1.1 Law and order

### October 3 "Suicide bombers attacked Bali, killed 26" (Asahi Shimbun)

There were two suicide bombing attacks at crowded restaurants in a resort area of Bali, Indonesia on October 1 evening, killing 26 people and wounding 122. The following day Indonesian President Susilo Bambang Yudhoyono announced that three suicide bombers were believed to be responsible for the incident.

### October 4 "Intricate maritime borders make eradication of terrorists impossible in Southeast Asia" (AFP)

Some local analysts see the intricate maritime borders of the three littoral states (Indonesia, Malaysia and the Philippines) make the eradication of terror groups like Jamaah Islamiyah virtually impossible. They say every day thousands of people come and go the area between northern Indonesia and the southern Philippines island of Mindanao, and the area between the Malaysian state of Sabah, the Sulu archipelagic waters and Mindanao. It is estimated as many as 40,000 Indonesian live in Midanao. The officials of Indoensia, Malaysia and the Philippines say it is almost impossible to block the flow of people and weapons. Especially there is a concern about the Philippines' maritime security because it lags behind its naighboring countries.

### October 6 "The US president's comment: fight against terrorism is same as fight against communism in the Cold War" (The White House)

In a speech at National Endowment for Democracy on October 6, the US President George W. Bush reiterated the importance of fighting the Islamic radicals with a comprehensive strategy, saying the biggest challenge in the 21<sup>st</sup> century is the murderous ideology of those radicals, and in many ways this is similar to the fight with communism in the Cold War years. About the strategy, Bush said "First, we're determined to prevent the attacks of terrorist networks before they occur. Second, we're determined to deny weapons of mass destruction to outlaw regimes, and to their terrorist allies who would use them without hesitation. Third, we're determined to deny radical groups the support and sanctuary of outlaw regimes. Fourth, we're determined to deny the militants control of any nation, which they would use as a home base and a launching pad for terror. The fifth element of our strategy in the war on terror is to deny the militants future recruits by replacing hatred and resentment with democracy and hope across the broader Middle East."

### October 10 "Australia conducts a counterterrorist exercise in Port Philip Bay" (Australia Department of Defence)

Defense Ministry of Australia announced that the army launched a maritime counterterrorist

exercise in Melbourne's Port Philip Bay on October 10. The army conducted "Exercise Mars Anchor" from October 10 to 16 and "Exercise Mercury 05" from October 17 to 21. "Exercise Mars Anchor" is a part of an ongoing Australian Defense Force requirement to maintain skills for conducting counterterrorist operations. On the other hand, "Exercise Mercury 05" is coordinated by the Federal Attorney General's Department and will involve Ministry of Defense, some Federal and State/Territory Departments.

### **October 10 "Malaysia creates new agency to protect the Malacca Straits" (Reuters, New Straits Times)**

Malaysia established the "Malaysian Maritime Enforcement Agency" (MMEA) on October 10 aimed at strengthening maritime security in the Malacca Straits. The MMEA will start limited patrols in only certain stretches of the straits from November 30, with 500 staff members and 72 vessels mainly from the navy and the police. Over the next few years, the number of staff members will be raised up to about 4,000 and the number of vessels/helicopters will be increased. So far 11 government agencies have been responsible for enforcing maritime laws in Malaysia, however, overlapping responsibilities, misunderstandings over jurisdictions or insufficient coordination between agencies have caused slow responses to maritime threats. Malaysian Deputy Prime Minister Datuk Seri Najib Razak said a sectoral-basis approach was not appropriate any longer to maritime security and now it was time to set up a single organization with a strong power in maritime enforcement. The long-awaited establishment of the MMEA will become a major turning point in maritime security.

### **October 12 "Australia to send experts to Indonesia for terror law revisions" (The Australian)**

Australian Foreign Minister Alexander Downer said on October 12 that his country would send expert teams to Indonesia to support its counterterrorism law revisions. Australia has asked Indonesia for reviewing laws that charge those who conspire or consort with terrorists. He said the expert groups from both countries are expected to hold talks soon in Indonesia on the revision of the counterterrorism laws.

### **October 17 "Australian Defense Minister to talk about counterterrorism with the Philippines" (Australia Department of Defence)**

Australian Defense Minister Robert Hill visited the Philippines on October 17 to discuss a counterterrorism matter. He met with the Philippine Commander of Southern Command, the Commander of the US Special Forces group at Headquarters Joint Special Operations Task Force, and Mayor of Zamboanga in order to discuss how Australia could support the southern Philippines. The Howard Administration doubled its counterterrorism assistance to the Philippines up to US\$10 million last year and considers a new way to support the borders and waterways of the Philippines as part of international antiterrorism measures. Senator Hill said there have been mounting concerns that Jemaah Islamiyah would use Mindanao as a base to

develop coordination with Abu Sayyaf, and the island would become a sanctuary for terrorists. Particularly concerned is Jemaah Islamiyah's influx into Mindanao via the northern Indonesia archipelagos. He emphasized the importance of deepening their relationship, saying "The Philippines is an important strategic partner to Australia in the fight against terrorism". Meantime, Hill and President Gloria Arroyo announced on October 18 the two countries would start to negotiate an agreement for a "status of forces" that would allow them to conduct joint exercises in the future. Australia is also expected to provide patrol boats and AP3-C Orion surveillance aircraft for supporting combats with Abu Sayyaf terror group on the southern island of Mindanao, while its special forces will send long-range reconnaissance training to the Philippines special units. Some Australian military explosives experts have already been dispatched to the Philippines for providing assistance.

### **October 23 "The US labels JI as the threat to the Philippines" (AFP)**

The US State Department coordinator for counterterrorism Henry Crumpton urged the Philippine government to enact its counterterrorism legislation so that the police and judiciary can have authorities to engage in cracking down on terrorists. There has been a growing concern the Jemaah Islamiyah extremists could be a threat to the entire region.

### **October 25 "China agreed with Singapore to fight with terror/piracy in the Malacca Straits" (Channel News Asia)**

China and Singapore agreed on October 25 that China will work closely with Singapore and with the regional countries to combat threats of terrorism and piracy in the Malacca Straits. The agreement was reached during Singapore Prime Minister Lee Hsien Loong's visit to Beijing.

### **October 26 "Indian Naval Command warns terror/piracy can be serious threats to Asia-Pacific maritime security" (Web India 123. com)**

India's Southern Naval Command Vice-Admiral S C Bangara, Flag Officer Commanding-in-Chief, warned that piracy has been posing a serious threat in the Asia-Pacific region. His comment was made at the inaugural session of a three-day ASEAN Regional Forum (ARF) workshop on 'Training for Cooperative Maritime Security' held on October 26. He also said in handling such threats, the ARF would play a key role to identify ways and means to promote the multilateral cooperation which was necessary to safeguard the maritime security in the region. About 40 military and civilian personnel joined the workshop, from Malaysia, Japan, Indonesia, China, Canada, the US, Russia, New Zealand, the Philippines, Singapore and India.

### **October 27 "Indonesia rejects foreign presence in the Malacca Straits" (VNA)**

The Indonesian navy's Admiral Slamet Soebijanto said on October 27 that its navy is still against the presence of foreign countries including the US in providing security support in the Malacca Straits. He reiterated its opposition, saying "The Malacca Straits is our own territory. It is we who have to guard it". He stated that Indonesia would continue to conduct joint patrols with Malaysia



and Singapore, and if foreign countries provide assistance to the straits, equipment provision would be sufficient.

### **October 29 "Three bombing attacks in India (Bloomberg, FT.com)**

Three blasts occurred in each different places of New Delhi, killed 59 people on October 29. The Indian officials believe a single terrorist group is responsible for the attacks, though they haven't confirmed the name, location or nature of the group yet. Analysts see the well-known group Laskar-e-Taiba is likely to be the culprit of the incidents. (Laskar-e-Taiba is waging terror activities at Pakistan-side Kashmir region) While some analysts say the terror acts are aimed at fueling antagonism between the two religious groups and hampering the ongoing peace negotiation between Pakistan and India as it occurred during both the Hindu festival of Diwali and the Muslim festival of Eid-ul-Fitr.

## **1.2 Military security**

### **October 3 "India successfully tests surface-to-air missile" (The Dawn)**

India succeeded in testing an Akash surface-to-air missile on October 3 from its base of Orissa province. The missile exactly hit its target during three tests.

### **October 3 "Pakistan and India sign deals on advance notification of missile testing" (International Herald Tribune)**

Indian and Pakistan signed agreements on advance notification of surface-to-surface ballistic missile testing as well as setting up a hotline between their coast guards. Based on the agreements, both countries will have to notify in advance when each of them launches surface-to-surface ballistic missiles. The agreements will constitute a significant step to promote peace between the two adjacent nuclear powers.

### **October 6 "The US and Japanese navies conduct antisubmarine operations off Okinawa coast" (Stars and Stripes)**

The US and Japan conducted an antisubmarine operation from October 3 to 6 off the Okinawa coast, involving a dozen ships from both sides. "The Ship Antisubmarine Readiness and Evaluation Measurement" (SHAREM) is a routine drill conducted once or twice a year to focus on arranging maneuvers for searching foreign submarines by ships, aircraft and submarines from both countries.

### **October 6 "India to hold joint military exercises with the US, Russia" (Khaleej Times)**

India plans to conduct joint military exercises respectively with Russia and the US in October –

November. They will launch the exercises from October 11 and will involve about 900 troops. India will also carry out joint exercises respectively with Singapore, Mongolia and Uzbekistan around the same time. The India-Russia joint exercises, named "Indra" will involve about 900 troops from October 11 to 19. The maneuver will focus on counterinsurgency and anti-terror operations in the urban districts. Russian special commando force, Spetnaz and Indian army counter-insurgency units will hold air-borne anti-terrorist operations using anti-terror infantry arms such as sniper guns, rapid firing machine guns and long distance specialized rockets. This is the first time for the both commando units to conduct such joint exercises. Russian Defense Minister Sergei Ivanov and Indian senior military officials will observe the exercise. Meanwhile, India-US joint exercise will also focus on anti-terror operations. Indian troops that are engaged in counterinsurgency operations in Kashmir and Northeastern states will join the exercise. India also plans to carry out a major exercise "Desert Strike" in November, with involving mechanized units. China will be invited to the exercise as an observer for the first time.

### **October 7 "India to purchase six Scorpene submarines from France" (The Indian EXPRESS)**

On October 6, India signed a contract on purchasing six French Scorpene submarines in the amount of US\$3.5 billion. The submarines are expected to be manufactured under license at the Western shipyards and to be delivered to the Indian navy around 2012 – 2017. The navy plans to hold 24 diesel submarines by 2030. Chief Admiral Arun Prakash said the navy may have to change their initial plan due to four years delay for purchasing contract.

### **October 12 "Kyrgyzstan allows the US to keep using its base" (The Washington Post)**

On October 11, the US Secretary of State Condoleezza Rice and Kyrgyzstan President Kurmanbek Bakiyev agreed on allowing the US air force to keep using Kyrgyzstan base for supporting the ongoing Afghanistan-mission. Currently about 1,000 troops are stationed to the region. While the US pays between US\$40 million and US\$50 million per year, the Kyrgyzstan government requires additional payment for use of the base.

### **October 15 "The Philippines and the US launch joint military exercises" (Xinhua)**

On October 14, the Philippines and the US troops held an opening ceremony for their two-week joint exercise at the Philippine Marine headquarters at Fort Bonifacio in Taguig in Manila. The exercise is aimed at enhancing interoperability and combat readiness of the troops from the two countries. The exercise will involve about 4,500 troops from the US, all of whom from the bases in Okinawa including marines and navy units, and 700 Philippine marines and air force troops.

### **October 16 "The US Pacific Command urges Taiwan to purchase Patriot anti-missile defense systems" (The Associated Press)**

Admiral William Fallon, head of the US Pacific Command said Taiwan should buy weapons like

Patriot anti-missile defense batteries and mines to protect the country from potential attack from China as it would be more cost-effective method than buying more expensive and high-tech weapons that had been offered by the US four years ago. The Bush Administration offered to sell Taiwan four Kidd-class destroyers, a dozen P-3C Orion antisubmarine planes, eight diesel submarines and some other weapons in 2001. Taiwan already purchased the destroyers, the two of which are scheduled to be placed in commission in December 2005. However, over several months, the legislature has blocked a special budget draft for purchasing submarines, PC-3 Orion antisubmarine planes and three Patriot anti-missile batteries. Fallon said if Taiwan fails to enact the budget bill, it will have an adverse-effect on the military balance in the Taiwan Strait. In response to his comments, Taiwan Ministry of National Defense Spokesman Rear Admiral Liou Chih-Chien said on October 15 that the military considered purchasing the three US arms system and would promptly get in touch with the US Pacific Command to clarify Fallon's remarks.

### **October 17 "Russian-Chinese border guards to hold exercise" (RIA Novosti)**

Border guards of Russia and China carried out an exercise in a maritime territory of Russian Far East on October 17. The drill is aimed at improving coordination and sharing information between the two countries.

### **October 18 "India and Russia to hold Indra-2005 exercise in Bengal Bay" (ITAR-TASS)**

Russia and India launched their joint antiterrorist exercise "Indra-2005" in the Bay of Bengal. From Russian side, three ships including the cruiser Varyag and the two anti-submarine ships, Admiral Panteleyev and Admiral Tributs, joined the exercise. While from Indian side, the destroyer Mumbai, two frigates, Ranjit and Rajput, and a diesel-electric submarine joined.

### **October 18 "The US Defense Secretary Rumsfeld visits China" (US Department of Defense News Transcript)**

The US Secretary of Defense Donald Rumsfeld conducted a three-day visit to China from October 18 to have talks with Chinese President Hu Jintao and Defense Minister Cao Gangchuan. This is the first visit to China in five years for a US Secretary of Defense as well as the first time for Rumsfeld himself since coming to that office. He also met with Cao for the first time. Rumsfeld was allowed to visit 2<sup>nd</sup> Artillery Corps headquarters at Qinghe, running its strategic missile forces. He would be the first US official ever to see the complex. At a press briefing after the meeting with Cao, Rumsfeld pointed out that China's lack of transparency on its defense spending has triggered concerns among its neighbor countries. In response to this, Cao commented as follows: First, it is impossible for China to increase in its defense spending as the country's immediate top priority is to develop the country's economy. Second, this year's defense budget is at the level of US\$30.2 billion, which represents the total amount. Third, however, it is true the budget does not include some development expenditure for certain equipments, such as the funding for manned spaceship.

**October 25 "Indian Coast Guard plans to get boats and aircraft for patrolling" (NewKerala.com)**

The Indian Defense Minister Pranab Mukherjee spoke at the Coast Guard Commanders Conference on October 25 that the Coast Guard plans to acquire new ships and aircraft for patrolling the coastline and continental shelf in order to ward off smuggling in the Arabian Sea and the Bay of Bengal. He also said the Coast Guard has ongoingly built bilateral cooperation with the other littoral states of Coast Guards and Navies in the region. "These strategic partnerships would be vital in evolving a co-ordinated response to the humanitarian cause of search and rescue, anti-piracy and removal of pollution," He said an agreement on establishment of communication links between the Maritime Security Agency of Pakistan and its Coast Guard signed on October 3 would be a momentous step.

**October 28 "China and Vietnam agreed to conduct joint patrols of the Gulf of Tonkin" (DefenseNews.com)**

China and Vietnam agreed to conduct joint patrols of the Gulf of Tonkin in which the both countries have disputed over territory issue for years. No details of the agreement has been revealed yet.

**October 28 "The eighth Asia-Pacific conference was closed" (United Press International)**

The eighth Asia-Pacific Chiefs of Defense Conference (CHOD) was closed on October 27 at the Pearl Harbor HQ of the US Pacific Command, Hawaii. Participants from 22 countries discussed cooperation in maritime security, antiterrorism measures, prevention of proliferation of weapons of mass destruction and the countermeasure of the potential avian flu pandemic under the subject "Shaping Collective Efforts to Counter Transnational Threats". China, Taiwan and Russia didn't join the conference.

**October 28 "The US is to deploy nuclear-powered carrier to Yokosuka" (Embassy of the US in Japan)**

On October 27 Washington informed Tokyo that the Yokosuka-based conventional aircraft carrier Kitty Hawk will be replaced to a Nimitz-class nuclear-powered carrier in 2008. The US military announced that one of nine Nimitz-class nuclear-powered carriers will arrive at the port of Yokosuka in January, 2008 as a replacement of forward-deployed aircraft carrier Kitty Hawk (CV63). Kitty Hawk will return to the US to be decommissioned. The US Ambassador to Japan, J. Thomas Schieffer made the following comments at a press interview on October 28: the US had officially notified the Japanese government that the US Navy would replace the conventional aircraft carrier Kitty Hawk with a Nimitz-class nuclear-powered carrier. The US believes that a nuclear-powered carrier forward deployed in the Western Pacific will considerably contribute to the peace and stability of Japan, the US, and the entire region. Upon the decision, the US government took into consideration anxieties of Japanese citizen about nuclear-powered warship,

and wants to assure that the carrier will be able to be operated safely in Japanese waters. Despite frequent visits to Japan as many as 1,200 times over the past 40 years, the US nuclear-powered warships haven't had any single accident leading to radiation leaks that had significant negative impacts on the environment. Meantime, Rear Admiral Jamie Kelly, Commander of US Naval Forces Japan made a comment that the security environment in the Western Pacific region requires the deployment of more formidable forward-deployment aircraft carriers. The Nimitz-class carrier is capable of acting as a reliable, independent forward-deployment deterrence in peacetime, and a sustainable force in time of emergency. One of the San Diego-based aircraft carriers showed its ability satisfactorily on the tsunami crisis in 2004 in Southeast Asia. The Nimitz-class carrier will enhance the ability of the US Navy's Seventh Fleet to secure regional interests of the US and its allies in the region including sea lanes from the Western Pacific to the Indian Ocean. They are currently under discussion which ship to deploy.

### **October 29 "The US and Japan release their report about realignment of the US base in Japan" (Japan Defense Agency)**

The US and Japan held Security Consultative Committee by foreign and defense ministers of the two countries at the US Defense Department on October 29. The two countries released their interim report, "U.S.-Japan Alliance: Transformation and Realignment for the Future". Both countries committed themselves to conduct the realignment of the US forces in Japan and decided to draw up their specific plans including implementation schedules by March 2006. The details of their commitment are: (1) Strengthening Bilateral and Joint Operational Coordination – Bilateral and joint operations coordination of the US Forces Japan will be created at US Yokota Air Base. The joint use of the center between the US forces and the Self-Defense Forces will promote their consistent consolidation, coordination and interoperability. Japan's Air Defense Command and related units at Fuchu, will be placed together with the headquarters of the US 5th Air Force at Yokota Air Base aimed at intensifying the coordination between Air and Missile Defense Command, as well as sharing related sensor information through the joint operations coordination center. (2) Improvement of U.S. Army Command and Control Capability – The US Army Japan's command structure in Camp Zama will be modernized into a deployable, joint task force-capable headquarters. The establishment of the headquarters of a Ground SDF Central Readiness Force Command focusing on operating units for nation-wide mobile operations and special tasks, will be required at Camp Zama. (3) Regional Realignment of U.S. Marine Forces for Flexible Crisis Response – (a) About the relocation of the Futenma Air Station, the L-shape Futenma alternative facility will be located to the shoreline areas of Camp Schwab and adjacent areas Oura Bay. (b) The KC-130's that was to be relocated to Iwakuni Air Station from Futenma in SACO final report, preferentially Maritime SDF Kanoya Base is now under consideration as an alternative relocation destination. (c) Regarding Marine units reductions, the headquarters of the III Marine Expeditionary Force (III MEF) will be redeployed to Guam and other places and the rest of Marine units in Okinawa will be reorganized and dismembered into a Marine Expeditionary Brigade (MEB). The transfer of about 7,000 Marine officers and dependent family

members outside of Okinawa will be also included in the Okinawa realignment.

### **October 29 "The US-made Kidd-Class warships are to be delivered to Taiwan" (Taipei Times)**

Two decommissioned Kidd-class US destroyers left for Taiwan from Port Charleston, South Carolina on October 30. The destroyers, Keelung and Suao are expected to arrive in Taiwan in December. Taiwan government purchased four of the 8,000-ton guided-missile destroyers in the amount of US\$800 million in 2001. The four vessels which are equipped with Harpoon missiles, five-inch guns and air-to-air warfare systems were decommissioned by the US navy in 1998 and are scheduled to go into service continuously for another 20 years. The destroyers will help beef up the capability of the Taiwan navy to deal with China's possible attempt to blockade the island or invade the land.

## **1.3 Diplomacy, International Relations and Security Cooperation**

### **October 21 "Foreign secretary of the Philippines praises Sino-Philippine relations" (Xinhua, The Daily Tribune)**

Foreign Secretary of the Philippines Alberto Romulo gave high praise for developing Sino-Philippine relations and ASEAN-Philippine relations at an international conference with China under the title of "Charting New Directions in a Changing Global Environment" held on October 21-22, with showing his expectations for continuation of such relations with both China and ASEAN. He also said China had invested in natural gas in Indonesia, palm oil in Malaysia, infrastructure in the Philippines and services sector in Singapore, and had committed to support developing the infrastructure for the Brunei-Indonesia-Malaysia-Philippines Early Growth Area (BIMP-EAGA). Some US policymakers are concerned about the close relations between China and the Philippines. In fact, Arroyo is the first Philippine President who visited Beijing – not Washington – at the start of her administration, and both China and the Philippines have developed closer ties so far. However, a spokesman of the Philippines said despite such Sino-Philippine ties, the country has maintained more favorable relationships with the US than ever before. The spokesman also said China has already committed itself to provide the Philippines with supports including economic, health, infrastructure, military hardware and equipment assistance. In addition to the plan of conducting joint military exercises, the two countries plan to implement a joint survey of oil and energy exploration in the South China Sea.

### **October 26 "Prime Minister of Singapore's comment: China's rise as 'the single biggest event of our age' " (The Straits Times)**

Singapore Prime Minister Lee Hsien Loong made speech at the Central Party School in north-western Beijing on October 25. He said China's growing power would have a big impact on

the region and beyond, naming China's rise as "the single biggest event of our age". The following is the contents of the speech: (1) Given the influence China would have, and its rapid transformation, the major adjustment in the international order would be necessary. (2) As China has said its rise had been made in a peaceful way, the country will be required prudent and cautious handling as a major player. (3) China needs to act more positively by adopting international rules and tackling with global problems in existing global and regional systems. In addition, Lee touched on relationships between China and other major players such as the US, Japan and ASEAN nations. (1) Although there are some confrontation aspects between the US and China, both countries have cooperated each other on a broad range of issues and have maintained high-level strategic dialogues. The Bush administration also understands it doesn't serve the interests of the nation in making China an enemy. (2) As for Sino-Japan relation, although the tragic past should not be forgotten, both countries will have to find a way to bring the curtain down on the dark period of 1930 – 1940s and make a new step toward the future. (3) ASEAN neither wants to depend on China one-sidedly, nor wants to be forced to make choices between China and the US, or China and Japan.

## **1.4 Resources and Environment**

### **October 8 "Intensified Sino-US energy competition in Africa" (PINR)**

Sino-US energy competition has been intensified in Africa. Both the US and China are respectively the world's largest and the second largest consumer of energy. There are several points of contention: (1) Africa possesses over eight percent of the world's oil reserves centered with Nigeria, Libya and Republic of Equatorial Guinea, and 75 percent of total oil production concentrates on along Gulf of Guinea. (2) The US now imports 15 percent of its oil supplies from Africa while 22 percent from the Persian Gulf. It is estimated the US will depend on Africa a quarter of its total supplies within the next ten years. (3) China currently imports a quarter of its oil supplies from Algeria, Angola, Chad and Sudan along with Equatorial Guinea, Gabon, and Nigeria. China's energy interests in Chad are particularly important due to the ongoing Chad-Taiwan diplomatic ties. (4) China's diplomatic activities in Africa conflict directly with the US policy in the region as China has provided military supports to Ethiopia, Eritrea, Zimbabwe and Sudan. (5) Sino-US relationship has already become shaky due to several factors such as economic frictions and China's increase in military power, and could be further aggravated in the future as a result of their energy conflicts.

### **October 28 "International cooperation is indispensable for China's energy security" (China Daily)**

In China Daily of October 28, there is an article written by a researcher from the China Institute of International Studies. It stresses the importance of international cooperation to secure China's

energy. Accordingly, China should change its stance and establish new understanding of energy security. The following is the details of the article: (1) Security and energy issue are inseparably related. Resources should not be dominated by one country, but be shared by every nation. It is not until global energy security has been achieved that domestic security is guaranteed. Now the whole world is in the same boat. Each country should make their motto not competition but cooperation in an international energy relationship. (2) Partnerships in energy issues should have multiple layers, which includes global-scale exploration, development of new fields, establishment of a strategic reserve, securing transportation routes, protecting the market, developing recyclable energy-resources, researching resource-saving technology. (3) Geographically, disputed sea-areas can be included as international cooperation targets by adopting a "shelving dispute for common development" policy. Co-development project among China, the Philippines and Vietnam in the South China Sea is a good example of such cases. The purpose of international cooperation is to enjoy mutual-beneficial relations.



## 2. Intelligence Assessment

US Defense Secretary Donald Rumsfeld held talks with Chinese President Hu Jintao and Defense Minister Cao Gangchuan during his three-day visit to China from October 18 to 20. This is the first visit to China in five years for a US Secretary of Defense as well as the first time for Rumsfeld himself since coming to that office. He also visited South Korea, Mongolia, Kazakhstan and Lithuania after his short-trip to China. In this Chapter, firstly we examine the significance of the above-mentioned visit. Secondly, we provide information about the Indian navy's movements in the Andaman Sea, citing a October 19, 2005 article from Asia Times Online and give commentaries on a strategic environment in the waters covering the mouth of the Malacca Straits.

### 2.1 Rumsfeld's three-day trip to Beijing

US Secretary of Defense, Donald Rumsfeld conducted a three-day visit to China from October 18 to 20. The two countries' military relationship has dampened since a US navy EP-3 reconnaissance plane collided with a Chinese F-8 fighter jet over international waters south of China in April 2001. In fact, this is the first time both defense ministers held a top-level meeting since Chinese Defense Minister Cao Gangchuan visited the US in October 2003. It is said that Chinese officials had asked Rumsfeld to visit China since he took office in 2001. (Washington Post, Oct 19, 2005)

American Forces Information Service News Articles (AFIS News) says Rumsfeld arrived at Beijing on October 18. The following day, after a visit to the Central Party School, he held a defense ministers' meeting with Cao. Then he was invited to China's Strategic Rocket Forces headquarters in Beijing and as the first foreign visitor to the Second Artillery Corps headquarters at Qinghe. After his tour of the two training institutions, he had talks with Chinese President Hu Jintao. On October 20, he saw the Academy of Military Science. However, he was not allowed to visit the Western Hills National Military Command Center (often described as China's Pentagon).

On June 4, 2005, at the Asia Security Dialogue (also known as the Shangri-La Dialogue) in Singapore, Rumsfeld had questioned why China had been strengthening its military power, buying weapons from other countries, and keeping its military deployments in spite of the fact that currently no nation threatens China. This time, he urged China to enhance transparency about its military programs and spending. This may have been the true purpose of his three-day visit to China.

Rumsfeld said at the Central Party School that many nations have been concerned over

China's military buildup due to its fast-paced military expansion and lack of transparency. Furthermore, he warned China against its building up "another type of great wall" that would restrict citizens' speech, information and choices. The details of his remarks are: (1) Questions are posed whether China will make the right choices that will benefit the world's interests in peace and stability in the region. History shows both economic and military openness will eventually lead to political openness. (2) It is impossible to isolate people from the world for a long time as information will prevail in Chinese society in the end. When they discover that what they have been taught and made to believe is totally different from the facts of the real world, there can be a dramatically big impact. Based on these remarks, Rumsfeld asked "What kind of future do you envision? What role will you have in helping the Chinese people achieve the political and economic benefits to which they aspire? What future will you help bring for China as a constructive partner in the international system? When the China of tomorrow comes, what will you tell your children and your great grandchildren of the role you played during your lives in helping to build it?" (AFIS News, Oct.19) New York Times on October 19 wrote that his visit to the Central Party School was realized upon request of the US government to get a senior US official's message across to Chinese future leaders.

(As included in the Chapter 1 "Intelligence Bulletin", Singapore Prime Minister Lee Hsien Loong made speech at the same school on October 25, a week after Rumsfeld's visit. He termed China's rise as "the single biggest event of our age" and called for China becoming a major player in regional and global systems.)

At the meeting of the two Defense Ministers on October 19, Rumsfeld pointed out that China's lack of transparency in its defense budget has caused concerns among its neighbor countries about China's real military intentions. In this regard, Cao presented a defense in a joint press briefing after the meeting. First, he claimed that China's top priority today is to develop its economy and therefore it is impossible to increase its defense spending. Second, with the new exchange rate, this year's defense budget is at the level of US\$30.2 billion, which represents the total amount. And third, it is true the budget does not include some development expenditure for certain equipments, such as the funding for manned spaceship. The said defense budget is no more than one-third of what the US estimates as China's military spending per year (US\$90 billion) in "Annual Report to Congress: The Military Power of the People's Republic of China 2005" published by Washington this July.

(<http://www.defenselink.mil/transcripts/2005/tr20051019-secdef4121.html>)

After the meeting with Cao, Rumsfeld visited both headquarters of China's Strategic Rocket Forces and the Second Artillery Corps, which supervises its rocket missiles force. After meeting with each commander, he was briefed on organization and structure of the command. Over the years, the US officials had asked China to allow visiting the headquarters of the Second Artillery Corps. It appears China is willing to be more open about its military by allowing Rumsfeld to set

foot in such facilities as the first foreign visitor, although China denied another US officials' request to permit Rumsfeld to visit the Western Hills military complex outside Beijing (often described as China's Pentagon). (AFIS News, Oct.19, 2005)

On the occasion of visit to the Academy of Military Science on October 20, Rumsfeld expressed concern about China's buildup in strategic assault capability. He said that China had been strengthening its military power by improving its missile forces that are capable of reaching many areas of the world beyond the Pacific region. As a result, many countries wonder what China's real intentions are. Again, he emphasized the importance of enhancing transparency by providing an explanation to neighbor countries about Beijing's intentions and military plans. He cited the quite public manner in which the US has been conducting its military transformation. (AFIS News, Oct. 20)

In these ways, Rumsfeld consistently sought increasing transparency from China during his three-day stay in Beijing. He defined the Sino-US relation as "a complex one, with its share of challenges". In order to keep peace and stability in the Asia-Pacific region, the US will have to maintain and nurture cooperation with China. At the same time, to dispel concerns of neighbor countries, the US will have to establish policies that will put a brake on China's military expansion. In that sense, this visit was ideal timing for Rumsfeld – a first-time visitor to China in the capacity of US Defense Secretary – to let China know the world's concerns over the non-transparent nature of its military policy by conveying his thoughts in person and making speeches at the two schools, the Central Party School and the Academy of Military Science, both of which train future-leaders specializing in government and military respectively. Although no concrete joint statements or memorandums have been signed, both sides agreed on expanding military exchanges that have remained stalemated for years. In a joint conference after the meeting, Rumsfeld and Cao expressed their expectations for deepening Sino-US military exchanges in years to come, saying their talks were "candid, pragmatic and constructive", with a shared understanding on many issues.

## **2.2 Strategic environment in the Andaman Sea**

Over the past three months, we have featured outstanding topics in the Chapter 2 of this monthly report about the Andaman Sea, such as the movement of the Indian navy and a strategic environment. This month, we would also like to introduce an Andaman-related topic, citing an article from Asia Times Online on October 19 titled "India bids to rule the waves". According to the article, the Indian navy plans to set up a Far Eastern Naval Command (FENC) off Port Blair on the Andaman Islands to secure mastery of the sea.

([http://www.atimes.com/atimes/South\\_Asia/GJ19Df03.html](http://www.atimes.com/atimes/South_Asia/GJ19Df03.html))

India has already set up its first joint command, the Joint Andaman and Nicobar Strategic Defense Command in Port Blair, the capital of South Andaman Island. (Asia Times Online, Aug 17, 2005)

The following outlines the new command, FENC:

1. It will consist of a chain of small berthing facilities and three main bases, which will be completed by 2012. The size of FENC will be larger than that of the former US base in the Philippines at Subic Bay. It will spread from Narcondam to Indira Point. Car Nicobar, located between the Andaman and Nicobar Islands will serve as the important base of numerous FENC stations.
2. The frame of the FENC plan goes back to a secret meeting in Washington in 1995 between then US president Bill Clinton and then Indian prime minister P V Narasimha Rao. At that time, the US Defense Department made a formal request to India to open the base, but India did not respond. This time, the US will provide financial aid to FENC because the country considers the base a part of US-led security arrangement in Asia where India is expected to play a key role. The US financial support became clear when Clinton visited India in 2000.
3. FENC will introduce cutting-edge naval electronic warfare systems that will be capable of extending as far as Southeast Asia. The Russian navy will also help start some armament projects. FENC command will include submarines. While there is already a naval ship repair yard at Port Blair for minor warships, FENC will create another shipyard for building and repairing larger vessels.

The background to the Indian navy's FENC plan is China's movements in the Andaman Sea including the Myanmar area. Chinese movements include as follows:

1. According to some Indian naval authorities who are concerned over China's increase in its presence in these waters, Chinese control of Myanmar's ports – Akyab, Cheduba and Bassein – could threaten the Indian navy approach to the Andaman and Nicobar Islands. These naval ports are now under reconstruction by China in order to handle bigger and more sophisticated vessels than the port currently possessed by the Myanmar navy.
2. Many Indian military experts see unless the Indian navy maintains its presence in these waters, there would be a possibility that China could enforce a sea denial on India by using its warships that are stationed in Coco and some other islands leased by Myanmar. (Many Chinese fishermen are seen in the port of Coco Island).
3. The town of One Pagoda Point that is located near the entrance of the Irrawady in Myanmar is becoming China's main military logistic base.

The Andaman Sea is situated in the strategically important location, near the mouth of the Malacca Straits. These series of Chinese movements in the waters are closely linked to its vulnerability, so called "Malacca dilemma". As one of the Malacca Straits detour-routes, China

now envisages its access from Yangon (the Myanmar capital), via Kunming (the capital of Yunnan province of China) by river up to the Irrawady, to the Indian Ocean by land. Another detour-route what currently China seems to have in mind is cutting a canal across the Kra Isthmus in southern Thailand. A committee on the Kra Canal project plans to cut two of 100-km canals with a harbor at each end and a highway running parallel to it. Although the construction is estimated to cost around US\$20 billion to \$25 billion and to take nearly a decade, nothing concrete has started yet. ("China seeks to reduce its dependence on Strait of Malacca," *Jane's Intelligence Review*, May 2005, pp.36-39) If this canal plan is materialized, ships heading for the Kra canal will pass through the channel between the Andaman and Nicobar Islands.

On the other hand, coastal areas in Myanmar and Bangladesh have become arms smuggling routes. This is another reason why the Indian navy thinks a great deal of these waters. Due to the lack of adequate security monitoring systems, these coastlines have become sanctuary area for smugglers. Guns have been flowing out to Naga, armed insurgents in India, the Karens and Kachins, ethnic minorities of northern Myanmar.

These strategic environments in the Andaman Sea reflect a strategic power game so called the "Great Game" in the 21<sup>st</sup> century, which has developed among the US, Russia, China and India in the broad area of "arc of instability", the southern fringe of the Eurasian continent region straddling from the Middle East to Central, Southeast, and Northeast Asia.

Such Chinese and Indian movements in the Andaman Sea have rarely been broadcasted in Japan, however, these waters have played an especially vital role to the security of Japanese sea lanes. As was pointed out in the previous edition of the monthly report (September, 2005), in energy security, both obtaining resources stably and bringing them to home safely are inseparably related. Given that Japan has highly depended oil resources on the Middle East region, we will have to keep our eyes on the environment in the Andaman Seas.

## Links

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