

**By**

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Mr. Chairman [Sen. Craig Thomas, R. WY], thank you for the invitation to speak before the Subcommittee on East Asian and Pacific Affairs on U.S. security policy toward East Asia and the Pacific. . . . I welcome the opportunity for a productive exchange of views on this important topic with the members of the subcommittee.

Peace and stability in East Asia and the Pacific is a fundamental prerequisite for U.S. security. Nearly one-half the world's people live in countries bordering the Asia Pacific region, and over half of all economic activity in the world is conducted there. Four of the world's major powers rub shoulders in northeast Asia, while some of the most strategically important waterways on the globe flow through southeast Asia. The U.S. itself is as much a Pacific nation as an Atlantic one, with the states of Alaska, California, Oregon and Washington bordering on the Pacific ocean, and Hawaii surrounded by it. American citizens in Guam, American Samoa, and the Commonwealth of the Northern Marianas live closer to Asian capitals than to our own; vast numbers of Americans work in the Asia-Pacific region; and an increasingly large number of Americans trace their ancestry back to the Pacific Rim.

For these and many other reasons, the U.S. has remained committed to the security of the Asia-Pacific region and has spent its resources and blood fulfilling that commitment. We have fought against aggression in Asia in three major wars this century. Now, in an effort to preserve stability and deter future conflicts, we maintain a sizable military presence in the region. Today, our roughly 100,000 forward-deployed forces, and our network of mutual security alliances with Australia, Japan, the Philippines, the Republic of Korea, and Thailand remain the bedrock of our regional security policy. We have reaffirmed and solidified all of these key security alliances in recent years, while working to foster cooperative relationships with other countries in the region.

Indeed, contact between the United States services and the armed forces of both treaty allies, and other friendly nations, is a key component of our military strategy in Asia. Military-to-military contacts allow us to better understand our military counterparts throughout the region, and provide a mechanism through which we can work to constructively engage new generations of military leaders. The International Military Education and Training (IMET) program is extremely important in this regard. By exposing young military leaders to American values, and working to foster respect for civilian authority and military professionalism, IMET provides a window through which we can positively influence the development of foreign military institutions. While such engagement can not be expected to guarantee a perfect human rights record on the part of any military force, it, nonetheless, represents an important opportunity to encourage adherence to the rule of law and respect for basic human rights. I firmly believe that these contacts work to advance our fundamental security goals in the region.

Mr. Chairman, the remainder of my testimony this afternoon will be divided into two parts. First, I will give an overview of our key security alliances and relationships in the region.

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Second. I will address four specific challenges confronting U.S. security policy in Asia and the Pacific.

### **Japan**

The U.S.-Japan security treaty remains the foundation of U.S. engagement in Asia. The historic revision last year of the Cold War era Defense Guidelines, and Secretary Albright's signing last week of the amendment to the Acquisition and Cross Servicing Agreement (ACSA), mean that the alliance is stronger, deeper, and broader than at any time in recent history. Japan has worked closely with the United States to address many regional issues, including Cambodia, North Korea, Bosnia, and Afghanistan. Despite the ongoing stresses and strains in the economic dimension of our relationship, it is important to recognize the key role that the US-Japan partnership continues to play in maintaining regional peace and stability.

With respect to specific US-Japan bilateral security issues, we have made progress in implementing some of the recommendations contained in the 1996 Final Report of the Special Action Committee on Okinawa (SACO). Still, the key issue of the relocation of Futenma Marine Corps Air Station remains unresolved. We agree with the Japanese Government that a sea-based facility offers the best alternative to the existing facility at Futenma, and are continuing to consult with the Japanese on this issue. . . .

### **South Korea**

Our alliance with the ROK remains a crucial component of U.S. security policy in the region. The 37,000 U.S. forces in South Korea, in conjunction with a close, cooperative relationship with our South Korean allies, have been the basic foundation of peace on the Korean Peninsula for the better part of the past 50 years. And, as my recent trip to South Korea with Secretary Albright has demonstrated, our friendship with the ROK has never been stronger. This was Secretary Albright's first trip to the ROK following the election and inauguration of President Kim Dae-jung, and, thus, was an opportunity for her to get to know the new administration. I am pleased to report that the Secretary established an excellent rapport with both President Kim and Foreign Minister Park, and conducted extensive, in-depth discussions on the full range of issues. It was clear from these discussions that the U.S. and South Korea see eye-to-eye on North Korea policy, with Foreign Minister Park pledging his country's commitment to the Four Party peace process, and Secretary Albright wholeheartedly endorsing North-South dialogue as an important means of reducing tensions on the peninsula. Foreign Minister Park further reaffirmed South Korea's support for the agreed framework and for KEDO [Korean Peninsula Energy Development Organization], and reviewed efforts to coordinate a humanitarian response to the food needs of the North.

### **Australia, The Philippines and Thailand**

Our relationships with our three other treaty allies in the Asia-Pacific region are similarly in good stead. We reaffirmed our alliance with Australia in 1996, and enjoy cooperative relations with the Australians across a broad spectrum of bilateral, regional, and multilateral issues. Australia is a staunch supporter of a strong U.S. presence in the region, and works closely with us in APEC [Asia-Pacific Economic Cooperation forum], KEDO [Korean Peninsula Energy Development Organization], and the ARF [Association of Southeast Asian Nations (ASEAN) Regional Forum].

The Philippines has been a close friend since its independence in 1946, and continues to be a valued alliance partner. Earlier this year we concluded a Visiting Forces Agreement with the Philippines, which was an important step in strengthening the security relationship between our two countries in the post-bases era. The agreement, once approved by the Philippine Senate,

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establishes the foundation for a resumption of joint military exercises and U.S. ship visits to Philippine ports, and, thus, provides a framework for promoting increased defense cooperation between our two countries.

Thailand is another old friend, and one that has supported our efforts in the region from the Korean War up through the present day. We maintain close military-to-military relations with the Thai, and enjoy access, as needed, to strategic air bases. The Thai have been critical partners in our regional counternarcotics efforts, as well as in efforts as diverse as environmental protection and intellectual property rights enforcement.

### **Regional Security Architecture**

While our forward-deployed forces and our network of mutual security alliances are the cornerstone of our security policy in Asia, President Clinton has also aggressively supported efforts to foster regional peace and security through multilateral mechanisms. Over a relatively short period of time, multilateral organizations have become an important feature of the regional security architecture, as regional fora, including APEC and the ARF, have taken root and flourished. President Clinton's commitment to work with and through these regional fora has given substance to his notion of building a Pacific Community, and will likely be one of the most important and enduring foreign policy innovations of his Administration.

APEC was established in 1989 to promote trade and investment liberalization, and to enhance overall economic cooperation in the region. Insofar as this is a hearing on regional security policy, not economic policy, I will not focus on the importance of APEC, per se. Still, it is worth noting that economic discussion builds confidence and eases tensions, and in that way, APEC contributes to regional security.

The most important multilateral forum for the purposes of our discussion today is the ASEAN Regional Forum (ARF). In 1993, the U.S. joined ASEAN in creating the ARF, the first broadly based consultative body in Asia concerned exclusively with security issues. The regular, institutionalized meetings of the ARF have provided a mechanism through which members can come together to resolve issues before they lead to conflict, and in so doing they have encouraged members to cultivate habits of consultation and cooperation.

Although only in its fifth year, the ARF has already made contributions toward promoting dialogue, encouraging transparency, expanding cooperation, and defusing tensions. Most significant in this regard was perhaps the 1995 ARF meeting held in Brunei. At that meeting, which was held on the heels of the Mischief Reef incident in which China and the Philippines clashed over disputed territorial claims in the South China Sea, then Foreign Minister Qian Qichen responded to ASEAN concerns by declaring that the PRC would pursue a solution to the dispute consistent with the UN Convention on the Law of the Sea. While this declaration did not resolve the conflicting claims—and in fact I will say more about these unresolved disputes later in my testimony—it was nonetheless a turning point in the history of the conflict. The ARF provides a critical mechanism for engaging China and integrating China into the Asia-Pacific region, and thus makes an important contribution to regional and, arguably, global security.

Still, we have a long way to go if we are to see the ARF fulfill its true potential as a regional forum. Engagement in the ARF has focused primarily on confidence-building measures (CBMs), and in this regard, it is worth noting that the Chinese, once reluctant and passive members of the ARF, have made great strides in their efforts to proactively propose CBMs. We hope, however, that the forum will be able to move beyond CBMs toward preventive diplomacy—a proposal that some parties have heretofore resisted. We nonetheless plan to raise the topic at the upcoming ARF meeting in Manila, and hope to make progress in moving the forum forward.

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Mr. Chairman. I'd like now to discuss what I see as the four most important challenges to U.S. security policy in the region.

## **Korea**

The U.S. continues to confront a serious military threat on the Korean Peninsula. Around 1.8 million men are under arms on the peninsula, making it one of the most dangerous places on earth. The Demilitarized Zone, moreover, is not truly demilitarized, as all too frequent incidents habitually remind us. Deterrence, therefore, remains our top priority. Almost 37,000 U.S. troops, and a rock-solid alliance with the Republic of Korea, have successfully deterred North Korean aggression for almost half a century and will continue to be the linchpin of our deterrence strategy.

At the same time, we are working hand-in-hand with the ROK through diplomatic channels to diminish the threat of conflict; first, by reducing tensions through confidence-building measures, and ultimately by working towards the peaceful reunification of the peninsula. A key component of these diplomatic efforts is North-South dialogue, for peace must be achieved primarily by the two parties themselves. The U.S. has consistently supported meaningful, direct contacts between the ROK and the DPRK, and, thus, we are encouraged by the recent reinitiation of bilateral talks in Beijing. We also support the overtures that President Kim Dae-jung has unilaterally made toward the DPRK, including an offer of summit talks and the relaxation of controls on visits to, and trade with, the North.

Complementing bilateral ROK-DPRK dialogue is the Four Party peace process. I have led the U.S. delegations in two plenary sessions of the Four Party peace talks in Geneva, and though progress has been slow, I am hopeful that talks will resume later this year, and that the process will move forward.

A second security issue is the food crisis in the north, which adds an element of uncertainty into an already complicated picture. We simply don't know what a desperate, starving North Korea might do, and in that way the crisis is as much a security threat as a humanitarian one. Aware that deterrence might not hold under these circumstances, and concerned by the suffering of the North Korean people, the U.S. has strongly supported the World Food Program's (WFP's) appeal for 658,000 tons of emergency food assistance. This year alone, the U.S. has pledged 200,000 tons to the WFP, while others, most notably, China, the ROK, and the EU (European Union), have all made significant contributions of food. (In the case of China and the EU, these contributions are not in direct response to the WFP appeal.) We hope, in this context, that Japan will again make a significant contribution, and rejoin the group of nations working to stem the humanitarian crisis.

A third security issue in regard to Korea—nuclear proliferation—is an area in which we have had considerable success. Only a few years ago, we faced the grave threat of an accelerated North Korean nuclear program, jeopardizing both the security of U.S. forces on the peninsula and that of our regional allies. Today, thanks to the agreed framework and the Korean Peninsula Energy Development Organization (KEDO), the North Korean nuclear program is frozen, canning of spent fuel is almost completed, and construction of light water reactors has begun.

But, funding issues remain key, both for the light water reactors and for heavy fuel oil. In the face of serious economic hardship, South Korea has publicly confirmed its intention to fund 70% of the overall cost of light water reaction construction. Japan, despite its own economic difficulties, has also pledged a significant contribution to the project. This is an extraordinary example of burden-sharing in the post-Cold War era, and our allies should be commended for their willingness to work with us to ensure the situation remain diffused.

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As for heavy fuel oil, the U.S. agreed to take the lead in arranging financing, and we are hard at work trying to fulfill that commitment. The problem, as the members of this subcommittee know, is that by the end of 1997 KEDO had accumulated a \$47 million debt from previous funding shortfalls. We appreciate the extra \$10 million that Congress appropriated, contingent upon coming up with the \$37 million needed to eliminate this debt from other sources, and are actively seeking to raise these funds.

## China

If the Korean Peninsula is the most immediately dangerous place in which the U.S. is engaged in the Asia-Pacific, China is clearly the most complex and challenging. Demography alone makes China an important player in the world. But China's remarkable economic achievements, increasing diplomatic prominence, and growing military strength mean that China in the 21<sup>st</sup> century will profoundly shape the very nature of our world. As the members of this subcommittee know, the Clinton Administration's strategy of comprehensive engagement toward China is based on the premise that it is in our interest to work toward the emergence of China as a major power that is stable, open, and non-aggressive; that embraces political pluralism and international rules of conduct; and, that works with us to build a secure international order as well as peace and stability in the Asia-Pacific region. We have made significant, if uneven, progress with the Chinese in all of these areas; and I am optimistic that in the wake of Secretary Albright's trip, and in the run-up to the summit, we will continue to build on the progress achieved in Washington last October, when we agreed with the PRC to move toward a "constructive strategic partnership."

In terms of regional security, engagement with China is paying dividends. Peace in Korea is as fundamental a strategic interest for China as it is for the United States, and the Chinese have played a critical role in working to defuse tensions on the peninsula. China worked with the U.S. to bring North Korea to the negotiating table, and now sits with us at the Four Party talks in the common pursuit of a permanent peace. China chaired the most recent North-South negotiation, which we enthusiastically support, and is aggressively addressing the humanitarian crisis in North Korea through significant, ongoing food and fuel donations.

In a more broad-based sense, China has made great strides in its willingness to engage in regional security dialogues. Whereas, four years ago China was reluctant to deal with its neighbors on a multilateral basis, today China is actively engaged in the ARF, proactively proposing confidence-building measures, and chairing key sessions. Indeed, as mentioned earlier, Beijing publicly announced at the 1995 ARF its intention to ratify the Law of the Sea convention, and committed itself to the peaceful resolution of the South China Sea territorial disputes.

On non-proliferation issues, prolonged engagement by multiple administrations has similarly yielded tangible results. The Chinese have come to recognize that the proliferation of weapons of mass destruction is not in their own interests and have signed on to a number of non-proliferation regimes. China has joined us in the BWC (Biological Weapons Convention), the NPT (Nonproliferation Treaty), the CTBT (Comprehensive Test Ban Treaty), and the CWC (the Chemical Weapons Convention). China has committed to phase out nuclear cooperation with Iran, and to refrain from assisting unsafeguarded nuclear facilities anywhere. It has implemented nationwide nuclear export controls, is in the process of promulgating dual-use nuclear controls, and has joined the Zangger NPT exporters' committee. China no longer exports complete ground-to-ground missiles controlled by the Missile Technology Control Regime (MTCR). Clearly, there has been a positive evolution of China's attitudes and actions vis-a-vis non-proliferation norms, particularly in the nuclear area.

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Still, we recognize that China remains a major producer of nuclear, chemical, and missile-related equipment, materials, and technology. We continue to have concerns about reports of missile equipment and technology transfer to Iran and Pakistan, and we are troubled by the ability of Iran's chemical weapons program to obtain assistance from Chinese entities. We are urging the Chinese to update and strengthen their 1994 commitment to the MTCR guidelines and parameters, to expand the scope of their chemical export controls, and to become increasingly integrated into international nonproliferation regimes.

No analysis of security issues involving China would be complete without a discussion of Taiwan. As we saw in March 1996, cross-Strait tensions can rapidly and dangerously escalate. U.S. policy on PRC-Taiwan relations remains unchanged: the United States continues to support peaceful resolution of the Taiwan question, and believes that cross-Strait dialogue provides the most promising mechanism through which to defuse tensions. In that regard, we are encouraged by signs of a renewed willingness on both sides of the Taiwan Strait to resume their dialogue. Last month, representatives from the PRC's ARATS and Taiwan's SEF, the two "unofficial" organizations which carry out direct contacts between Beijing and Taipei, met in Beijing for two days of talks, marking the first real step toward the resumption of formal cross-Strait dialogue since Beijing suspended the talks in June 1995.

We welcome this new development and firmly believe that improvement in cross-Strait relations will promote peace and stability in the entire region. Any deterioration in Beijing-Taipei relations along the lines of what took place in 1995-1996 would be costly and counterproductive for both sides, and dangerous to the stability of the entire region.

### **Maritime Territorial Disputes**

The third major security issue—and one that doesn't receive enough attention—is the issue of unresolved territorial disputes in the East and South China Seas. In the East China Sea, Korea and Japan both lay claim to Tokdo/Takeshima Island, while Japan, the PRC, and Taiwan each lay claim to the Senkaku/Diaoyutai Islands. Recent tensions over these conflicting claims have led to an outpouring of nationalistic emotion on all sides, which could preface a future clash among our friends and allies if matters are left unresolved.

The disputes in the South China Sea are extraordinarily complex. Numerous islands and reefs, including the Paracel Islands and the Spratley Islands, are the subject of overlapping claims among six disputants—China, Vietnam, Taiwan, the Philippines, Malaysia and Brunei. As the clash between the PRC and the Philippines over Mischief Reef in 1995 clearly demonstrated, these disputes remain a dangerous source of potential conflict in the region. Although the Mischief Reef incident ultimately led to China's commitment to abide by the UN Convention on the Law of the Sea, tensions over conflicting claims persist, and no progress has been achieved toward a diplomatic resolution of the numerous disputed claims. Thus, future conflicts could erupt in the absence of preventive measures to promote resolution to these disputes. In fact, there have been several periods of heightened tensions in these waters in the past six months alone, including Vietnamese patrol boats escorting Chinese research vessels out of disputed waters off the coast of southern Vietnam, and Vietnamese troops garrisoned on Pigeon/Tenant Reef opening fire on a nearby Filipino fishing vessel.

The United States has a clear and abiding interest in a South China Sea free from such conflicts. The South China Sea is a strategic passageway through which oil and other commercial resources flow from the Middle East and southeast Asia to Japan, Korea and China. It is also an operating area for the U.S. Navy and Air Force, and a transit point between military bases in the Pacific and those in the Indian Ocean/Persian Gulf. Freedoms of navigation and open sea lines of communication in these waters, thus, are vital interests for the United States.

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While taking no position on the legal merits of individual claims to sovereignty over the various islands and waters, the United States has consistently supported regional efforts to address the disputes, such as the annual Indonesian-sponsored workshops on managing potential conflict in the South China Sea. Several different conceptual approaches for resolution have been suggested by experts. One approach is to negotiate an agreement that resolves the status of each of the claims. Alternatively, if this is not achievable in the short-term, a different approach would involve shelving sovereignty claims in favor of joint resource development. No country in the region currently possesses the military capacity to impose its claims, and no claimant has yet discovered commercially viable quantities of oil or natural gas. Thus, if the political will to reach a negotiated settlement can be generated, a window of opportunity may exist in which to find a "win-win" solution.

### **Security Implications of the Asian Financial Crisis**

The financial crisis that has rocked the region over the course of the past ten months has broad ramifications for U.S. security policy. The U.S. presence in Asia over the past half-century provided a stable foundation on which the nations of the region achieved unprecedented economic progress. But just as peace and stability enabled economic progress, so too did economic progress reinforce peace and stability. The two, in fact, are intimately linked. And, thus, in the face of an economic crisis which is profoundly affecting the region, the progress that has been made on the security front can no longer be taken for granted.

There is both an external and an internal dimension to the security ramifications of the financial crisis. On the external front, one concern is that North Korea might miscalculate that the South's current economic difficulties make it vulnerable to military action. To address this concern, the United States and the Republic of Korea have taken steps to strengthen deterrence, including focusing on these issues at the 29<sup>th</sup> Security Consultative Meeting-Military Consultative Meeting in Washington last December.

A second external concern is that the economic hardship confronting Thailand, Indonesia, and to a lesser extent Malaysia and the Philippines, could represent a setback to the progress that ASEAN has made in establishing itself as an effective regional forum. ASEAN has credibly evolved into a regional bloc capable of advocating southeast Asian interests with other key regional players, including China and Japan. In recent years, ASEAN has begun to play a significant geopolitical role, and in so doing has emerged as a major force for stability in the region. Its recent record on the geopolitical front is impressive, including leadership on the Paris Peace Accords, in moderating tensions in the South China Sea, in the formation of APEC and the ARF, and in the effort to resolve the crisis in Cambodia. Should key ASEAN members turn inward as they focus on their respective economic problems, or should inter-ASEAN tensions over financial crisis-inspired problems such as refugees and/or economic migrants rise, regional stability could suffer from erosion of ASEAN leadership.

On the internal front is the prospect of domestic instability in countries afflicted by the crisis. Most worrisome in this regard is Indonesia, where social tensions have clearly been on the rise. The vast, ethnically diverse nation of Indonesia is of broad strategic significance for the United States. It is the world's fourth most populous nation, and boasts the world's largest Muslim population; it contains over 13,000 islands which span important sea lanes and airways; and it possesses vast natural resources, including oil and natural gas. Moreover, whereas the Indonesia of yesteryear championed an assertive nationalism that unnerved its smaller neighbors, the Indonesia of recent decades has played a crucial role in fostering regional stability.

As the largest member of ASEAN, and a founder of the ARF, Indonesia has provided key leadership on a vast array of issues, from the search for a solution to the continuing crisis in Cambodia, to the pursuit of resolution to territorial disputes in the South China Sea. Indonesia

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has also become increasingly active in world affairs, contributing to peacekeeping efforts in Bosnia and Angola, supporting non-proliferation efforts such as the CTBT, and joining the quest for stability on the Korean Peninsula by becoming a member of KEDO. Finally, Indonesia has been a key partner in APEC, working closely with the U.S. to foster trade liberalization. Should Indonesia become unstable and turn inward, progress on a whole host of issues would suffer, and ASEAN's effectiveness as a moderate regional forum would be severely undermined.

To avert this undesirable outcome, we have worked closely with Indonesia, the IMF, Japan, and other donor countries to support policy reforms needed for Indonesia's economic recovery. Steadfast implementation of reforms remains the key. In the case of Indonesia, we have pledged over \$50 million in food and medical supplies for a humanitarian aid package, and are negotiating up to \$1 billion in export-import insurance for short-term trade credits.

Even as we have made these efforts on the economic front, we have continued to attach priority to human rights issues. We are deeply concerned by the rising social tensions in Indonesia, and are closely monitoring the escalation of student protests, as well as the disappearance of activists. We have repeatedly raised our concerns at high levels within the Indonesian Government. I personally have raised the issue of disappearances up to the ministerial level in Jakarta, and both Assistant Secretary Shattuck and I have met with the Indonesian ambassador in Washington to express our concerns. We have called on the Indonesian Government to conduct a full investigation into the disappearances of activists and the allegations of torture, and have made clear our expectation that peaceful demonstrations will be allowed to continue. I'm pleased to report that there has been some progress, including the reappearance of several prominent "disappeared" activists and Indonesian Government approval for ICRC visits to [the northwestern Indonesian state of] Aceh [where political unrest challenges government authority].

Mr. Chairman, the past 12 months have brought many challenges to the Asia-Pacific region, including the Asian financial crisis, factional fighting in Cambodia, the worsening of the food crisis in North Korea, and most recently, social unrest in Indonesia. At the same time, the past year has also brought constructive change to Asia, including the smooth transition into the post-Deng Xiaoping era in China; the revision of the US-Japan defense guidelines; the commitment to a "constructive strategic partnership" between the U.S. and China; and the triumphs of the democratic process in South Korea. Our experience in the region over the past four decades has taught us that the best way for us to promote democratic principles, encourage economic growth, deter regional aggression, and secure our own maritime interests, is to be an active presence in the Asia-Pacific region.

During this critical period of transition in Asia, our engagement in the region has never been more important. It will help to determine the kind of region that will emerge from these transitions, and will assure our ability to mobilize support for issues of importance to the United States in the future. I thank the Congress for its support of our engagement in Asia-Pacific, and for this opportunity to lay out the Administration's security policy in the region.