

East Asia Strategy Report

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(FS) AMERICA'S PERMANENT INTEREST IN ASIA-PACIFIC SECURITY
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UNITED STATES
SECURITY STRATEGY
FOR THE EAST ASIA-PACIFIC REGION

February 1995

Department of Defense
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East Asia Strategy Report
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Introduction

Consider East Asia in 1975. The United States was withdrawing from Vietnam, and many observers predicted that widespread instability would follow a broader American withdrawal from the region. Compare these predictions with the stable and prosperous East Asia of 1995. The important reasons that the gloomy predictions proved wrong were American alliances in the region and the continued presence of substantial United States forces. Security is like oxygen: you do not tend to notice it until you begin to lose it. The American security presence has helped provide this "oxygen" for East Asian development.

America's record over the past half century has been one of consistent strength and leadership. Our forward deployed and forward stationed forces in Asia ensured broad regional stability, helped to deter aggression against our allies, and contributed to the tremendous political and economic advances made by nations of the region.

Concerns about American withdrawal heard today were voiced twenty years ago as well, in the years following the Vietnam War. For the security and prosperity of today to be maintained for the next twenty years, the United States must remain engaged in Asia, committed to peace in the region, and dedicated to strengthening alliances and friendships.

History, geography, and demography make the United States an integral part of the region.

The states of Alaska, California, Oregon, and Washington border on the Pacific Ocean, and Hawaii is surrounded by it. American citizens on three Pacific island territories -- Guam, American Samoa, and the Commonwealth of the Northern Marianas -- live closer to Asian capitals than to Washington. The increasing number of Americans who trace their ancestry to the Asia-Pacific -- numbering over seven million -- is yet another indication of America's connection to the nations of the Pacific Rim.

The United States has been the pre-eminent Pacific power since World War II, but our interests in the region date back more than two centuries. When the United States was only a few years old in 1784, a United States trading ship, the Empress of China, inaugurated commercial ties with China. One hundred and three years before the Battle of the Coral Sea, United States Navy ships first visited Australia. The United States negotiated Japan's opening to international trade in the 1850s, and mediated the end of the Russo-Japanese war in 1905. From these beginnings through the Second World War and the Cold War that followed, the United States has served as a key stabilizing factor in the region.

America has pledged its commitment to the security of the Asia-Pacific region and has spent its resources and blood fulfilling that pledge. The United States has sent military forces to major wars against aggression in Asia during this century -- World War II, the Korean War, and the Vietnam War, as well as a number of smaller conflicts. As these experiences have proven, America's interests in the region must be protected and America's commitments will be honored. They also provide a lesson: Asian tensions have the potential

to erupt in conflict, with dire consequences for global security.

The interests at stake during these conflicts continue to compel American attention today. Asia remains an area of uncertainty, tension, and immense concentrations of military power. Many of the largest armies in the world are in East Asia and the Pacific, including those of nuclear weapons states. Three major powers in Asia -- the United States, Russia and China -- are permanent members of the United Nations Security Council.

America clearly has a stake in maintaining the alliance structure in Asia as a foundation of regional stability and a means of promoting American influence on key Asian issues. Asian friends and allies are critical to the success of our global strategy in many respects. Their cooperation is necessary to deter potential threats, counter regional aggression, ensure regional peace, monitor attempts at proliferation of weapons of mass destruction, and help protect sea lines of communication both within the region and from the region to the Indian Ocean and Persian Gulf.

Asia today also has new significance. Its role is vital to the pursuit of a more open international economic system. United States trade with the Asia-Pacific region in 1993 totaled over \$374 billion and accounted for 2.8 million United States jobs. Given Japan's economic and political weight, it is a natural partner in our efforts to fashion a viable post-Cold War regional and international order. The region has also produced other economic successes -- China, Taiwan and Hong Kong, the Republic of Korea, Singapore, Malaysia, Indonesia, and Thailand -- each of whom are key United States trade partners and will play an increasingly important role in the global economy.

The long history of close American cultural, economic, and security ties to the Asia-Pacific region reflect fundamental United States national interests that will only grow in coming years. The United States' role as a force for regional stability remains central and has not diminished.

Our forward deployed forces in Asia, based primarily in the Republic of Korea and Japan have ensured broad regional stability, helped to deter aggression against our allies, and contributed to the tremendous political and economic advances made by nations of the region. Today, this commitment continues through a stable forward-deployed force of about 100,000 United States personnel, backed by the full range of capability at the ready for the United States Pacific Command. Post-Cold War reductions in United States forces in the Asia-Pacific have essentially leveled off. Within this stable force level, capabilities will continue to improve as weaponry and equipment are upgraded.

A continuing United States security presence is viewed by almost every country in the region as a stabilizing force. Allies of the United States can base their defense planning on a reliable American security guarantee. But even beyond the nations with whom the United States has a treaty alliance, the stability brought about by United States military presence provides a sound foundation for economic growth in the Asia-Pacific region, benefiting Asians and Americans alike.

In the post-Cold War era, the United States has begun to share responsibility as well as the benefits of global and regional security with its friends and allies. It will continue to do so as these states grow stronger economically and develop global leadership roles. Japan and the Republic of Korea contribute to regional as well as their own security when they provide generous host-nation support for United States forces. Australia increasingly plays a global role in promoting international security. Australia, Singapore, and many other nations contribute to regional security by providing access for United States military forces. Asian countries also contribute significantly to global peacekeeping and development aid.

The United States does not view this wider responsibility-sharing as a substitute for American leadership or for our overseas United States military presence. Active United States engagement is still essential for mobilizing ad hoc international coalitions on security

and other issues, as the United States did in the Gulf War and as it has done more recently in bringing together key countries in the region to persuade North Korea to shut down a program that could produce nuclear weapons.

United States interests in the region are mutually-reinforcing: security is necessary for economic growth, security and growth make it more likely that human rights will be honored and democracy will emerge, and democratization makes international conflict less likely because democracies are unlikely to fight one another. President Clinton's repeated trips, summits, and meetings with the region's leaders indicate the Administration's recognition of the growing importance of these intertwined American interests in the Asia-Pacific region.

The United States National Security Strategy published in July 1994 is based on enlarging the community of market democracies while deterring and containing a range of threats to our nation, our allies and our interests. Focusing on new threats and new opportunities, its central goals are: to enhance security by maintaining a strong defense capability and promoting cooperative security measures; to open foreign markets and spur global economic growth; and to promote democracy abroad.

In accordance with the National Security Strategy, this document explains United States defense policy toward furthering these goals in the Asia-Pacific region. It builds upon the Strategy's emphasis on maintaining a strong defense capability to enhance United States security and to provide a foundation for regional stability through mutually beneficial security partnerships. As the Strategy states, East Asia is a region of growing importance to American goals: nowhere are the strands of our three-part strategy more intertwined; nowhere is the need for continued engagement more evident. In thinking about the Asia-Pacific region, security comes first, and a committed United States military presence will continue to serve as a bedrock for America's security role in this dynamic area of the world.

The regional security strategy for the Asia-Pacific region emphasizes strengthening the bilateral alliances that have been at the heart of United States strategy for more than forty years. The United States is also committed to contribute to regional security through active participation in new multilateral fora like the ASEAN Regional Forum. Through such multilateral mechanisms the countries of the region seek to develop new cooperative approaches to achieve greater stability and security. Additionally, the Pacific Command sponsors multi-national military activities. The Clinton Administration is open and receptive to these approaches. From our perspective, they will complement, but not supplant, United States bilateral ties in the region.

Within this broad strategic context, the specific security objectives we will pursue include the following:

- work with allies and friends to refocus our security relations on the new post-Cold War challenges;
- strengthen our bilateral partnership with Japan which serves as the basic mechanism through which we work together to promote regional and global security;
- maintain our strong defense commitment to and ties with the Republic of Korea, in order to deter aggression and preserve peace on the Peninsula;
- work closely with our ally Australia to pursue the numerous security objectives our nations share.
- engage China and support its constructive integration into the international community, including participation in global efforts to limit proliferation of weapons of mass destruction and foster transparency in its defense policy and military activities;
- fully implement the Agreed Framework on North Korea's nuclear program while standing ready to respond if North Korea does not meet its obligations or threatens United States allies;
- work with Russia to develop mutually advantageous approaches that enhance

regional
stability;

- contribute to maintaining peace in the Taiwan Strait;
- work with ASEAN and others to explore new "cooperative security" approaches through the ASEAN Regional Forum (ARF);
- encourage creation of a sub-regional security dialogue in Northeast Asia;
- support efforts by countries in the region to strengthen democracy;
- continue to seek the fullest possible accounting of those missing in action from the wars the United States has fought in the region in defense of others;
- prevent the proliferation of weapons of mass destruction;
- work to halt the flow of narcotics.

AMERICA'S PERMANENT INTEREST IN THE SECURITY OF THE ASIA-PACIFIC REGION

United States interests in Asia have been remarkably consistent over the past two centuries:

peace and security; commercial access to the region; freedom of navigation; and the

prevention of the rise of any hegemonic power or coalition. Recent trends, particularly the

increasing economic importance of Asia and the political and security uncertainties in the

region in the wake of the Cold War, have clarified United States' interests in the region.

Recent events have also highlighted the importance of our military presence in Asia to United States operations around the globe.

America's vital national interests are clearly stated in the President's National Security Strategy:

-- to preserve the survival of the United States as a free and independent nation, with its fundamental values intact and its institutions and people secure.

-- to advance a healthy and growing United States economy to ensure opportunity for individual prosperity and a resource base for national endeavors at home and abroad.

-- to promote a stable and secure world, where political and economic freedom, human rights, and democratic institutions flourish.

-- to enhance a system of healthy, cooperative and politically vigorous relations with allies and friendly nations.

United States security objectives and foreign policy are geared toward furthering these mutually reinforcing domestic and international interests.

Since World War II, the United States has been the predominant power in the Asia-Pacific region. During the Cold War, our national security objectives centered on defending American territory as far forward as possible, global containment of the Soviet Union, and protecting friends and allies. Our military strategy, dictated largely by the distances involved in transiting the Pacific Ocean, was to forward station forces to permanent bases, primarily in Japan, Korea and Southeast Asia. We complemented our presence through the development of a range of bilateral security arrangements. This approach continues to be appropriate because the leading states in the Asia-Pacific region have diverse threat perceptions and disparate cultures, histories, political systems, and levels of economic development.

The United States' network of diverse bilateral relationships in the 1990's includes mutual security alliances, a variety of access arrangements, and informal periodic military-to-military exercises and exchanges. These bilateral relationships address numerous security concerns that are often unique to individual nations in the region. Taken as a whole, however, they have formed a strong regional network promoting peace and security. The United States has six security commitments in the Asia-Pacific region, including security treaties with Japan (September 8, 1951), the Republic of Korea (October 1, 1953), Australia (September 1, 1951), the Republic of the Philippines (August 30, 1951), and Thailand (September 8, 1954); and the Compact of Free Association with the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau (signed November 4, 1986). These bilateral commitments remain inviolable, and the end of the Cold War has not

diminished their importance. Moreover, United States interest in developing layers of multilateral ties in the region will not undermine the significance of core bilateral ties.

What Does Asia's New Economic Success Mean for American Interests?

The Asia-Pacific region is currently the most economically dynamic region in the world, and on that basis alone its security would be critical to America's future. The prosperity of Asia is, in part, a result of successful American policies that have underwritten Asian security and have underpinned Asia's economic development. The Pacific Rim today is collectively the United States' largest trading partner. We expect Asia and the Pacific (excluding the United States) to account for about one-third of the world's economic activity at the start of the next century. Asia's prosperous stability is in turn vital to America's economic health and to the world's security.

Asia's recent growth rates have outpaced those of the rest of the world. Indonesia, Korea, Malaysia, Singapore, Thailand, and Taiwan have grown on average over 7 percent for the last five years. China's economy has grown over nine percent per year for the last decade. The People's Republic of China's southern and coastal areas are enjoying a market-oriented manufacturing boom and are increasingly integrated with other economies, particularly Hong Kong, and Taiwan. The Republic of Korea, one of Asia's greatest success stories, has moved from a subsistence economy to advanced manufacturing in a single generation. If high savings rates, strong emphasis on education, pragmatic market-based economic policies and, with few exceptions, relatively stable politics continue to characterize Asia's economies, economic growth is likely to be sustained. Asia's growth has given rise to a middle class and a large new consumer population. Ambitious development plans are creating a huge demand for infrastructure. The People's Republic of China, Taiwan, and Hong Kong, for example, plan to spend over \$500 billion on infrastructure improvements by the year 2000. All of these trends make it certain that Asia will be an increasingly important market for the

United States.

The United States economy will be strengthened through trade and investment opportunities offered by the dynamic Asian economies. The American economy is increasingly dependent on trade; as a share of Gross Domestic Product, merchandise exports have doubled in the last two decades from 5.5 % to 11.6 %. Much of the growth of this sector is attributable to Asia. During the 1970s and 1980s, United States exports to the Asia-Pacific region grew twice as fast as exports to the European Community. American two-way trade with Asia today accounts for more than 36% of total American world trade. On a per capita basis, people in Asian countries import more American goods than do people in European countries. United States exports to the Asia-Pacific region are growing toward a third of worldwide United States merchandise exports.

Asia's international financial role has naturally grown as well; some 40 percent of global bank reserves are now in seven leading East Asian economies, compared with only 17 percent in 1980. Japan, the People's Republic of China, Taiwan, Hong Kong and Singapore together have foreign exchange reserves totaling 270 billion dollars. Our reliance on these and other sources of foreign capital further underscores Asia's growing importance to the United States.

Much of Asia's economic growth has a direct relationship to its security environment. As an example, Asia's demand for oil from outside the region makes the security of access routes imperative. The Asia and Pacific region's (excluding the United States) oil demand of 14.5 million barrels per day in 1992 was larger than that of Europe, making it the second largest oil consuming region after North America. The Persian Gulf now supplies 70% of the region's total oil imports; by the turn of the century, over 90% of imports from outside the Asia-Pacific region are expected to come from the Persian Gulf. United States and Asian interests are clearly served by the maintenance of the sea lines of communication that support worldwide trade in oil and other goods. Growing regional dependence on oil

from the Middle East highlights the importance of America's ability to move forces through the sea lines to support contingencies in the Middle East.

In this context, United States military presence in the region supports many of our broad objectives and those of our allies. It guarantees the security of sea lanes vital to the flow of Middle East oil, serves to deter armed conflict in the region, and promotes regional cooperation. It also denies political or economic control of the Asia-Pacific region by a rival, hostile power or coalition of powers, preventing any such group from having command over the vast resources, enormous wealth, and advanced technology of the Asia-Pacific region. The United States presence also allows developing countries to allocate resources to economic growth and expands markets for United States exports. By helping to preserve peace, expenditures on our continuing defense presence deter conflicts whose costs would be far greater.

In short, the stability and prosperity of the Asia-Pacific region is a matter of vital national interest affecting the well-being of all Americans. Our economic prospects, the promotion of democratic values and human rights, and our traditional security interests all require sustained engagement by the United States in this important region. Maintaining a credible security presence in Asia is vital to the post-Cold War international system now taking shape.

WHAT ARE THE CHALLENGES AND OPPORTUNITIES FACING AMERICA IN ASIA?

Asia is characterized by diversity - ethnic, religious, cultural, linguistic and geographic. Historical animosities remain strong; a sense of cohesion has been lacking. From the first Sino-Japanese war through the Sino-Soviet confrontation, and conflicts in Korea, Vietnam, and Cambodia, there has been a pattern of recurrent confrontation and conflict among the major powers in Asia. While we no longer face a hegemonic Soviet threat in Asia and the Pacific, we still confront a challenging military threat on the Korean peninsula, as well as a complex array of re-emergent tensions.

Many of these challenges derive from the coming transitions in key East

Asian states -- the outcome of which will determine to a large extent the nature of the future East Asian security environment. The social, economic and political transition now occurring in Asia is encouraging but uncertain. Leadership transitions could have a major impact on security and stability of the region. In addition, threats of proliferation of weapons of mass destruction, emerging nationalism amidst long-standing ethnic and national rivalries, and unresolved territorial disputes add to a political landscape of potential instability and conflict. We cannot ignore Asia's long-standing antagonisms; nearly all countries of the region carry memories of distrust and suspicion resulting from historic conflicts.

If the United States does not provide the central, visible, stabilizing force in the Asia and Pacific region, it is quite possible that another nation might -- but not necessarily in a way that meets America's fundamental interests and those of our friends and allies. Insecure nations will build up their armaments. Arms races could in turn foster fear and instability.

If the American presence in Asia were removed, the security of Asia would be imperiled, with consequences for Asia and America alike. Our ability to affect the course of events would be constrained, our markets and our interests would be jeopardized. To benefit from the growth and prosperity of the Asia-Pacific region, the United States must remain fully engaged economically, diplomatically, and militarily.

Our engagement in the region must also take into account changes in the international environment, domestic political and economic realities, and the ability of our allies and friends to share responsibility in shaping a new era and maintaining regional security and prosperity. Our strategy is designed to reflect all these elements.

Careful handling and appropriate policies will determine whether challenges facing Asia create turmoil, instability or conflict on the one hand, or become opportunities to promote stability and ensure peace on the other. The following tour d' horizon describes key sub-regional challenges and opportunities for United States security policy

in Asia today:

Engagement: Modernizing and Strengthening Our Alliances and Friendships Japan

There is no more important bilateral relationship than the one we have with Japan. It is fundamental to both our Pacific security policy and our global strategic objectives. Our security alliance with Japan is the linchpin of United States security policy in Asia. It is seen not just by the United States and Japan, but throughout the region, as a major factor for securing stability in Asia. The President has made clear that our overall relationship with Japan is composed of three pillars -- our security alliance, political cooperation, and economics and trade. We must not allow trade friction to undermine our security alliance, but if public support for the relationship is to be maintained over the long term, progress must continue to be made by both sides in addressing fundamental economic issues.

Japan's new global role involves greater Japanese contribution to regional and global stability. Japan is the world's largest Official Development Assistance provider and has increased its involvement in humanitarian and peacekeeping efforts around the globe, including in Mozambique and Zaire. Japan supports emerging democracies, particularly in Asia. Japan's continuing close cooperation with the United States in a strategic partnership, including generous host nation support arrangements, is conducive to regional peace and stability and supports broad mutual global objectives.

The Republic of Korea

Our security relationship with the Republic of Korea continues to be central to the stability of the Korean Peninsula and Northeast Asia, as it has been for over forty years. The Republic of Korea-United States combined defense structure rests on three strong pillars: the 1953 Mutual Defense Treaty, Combined Forces, and the annual Security Consultative process. The United States also continues to support South-North talks on tension reduction efforts. Until North and South Korea find a peaceful solution to their differences, we remain

committed to the terms of the forty-five year old Armistice Agreement. The Armistice Agreement and its mechanisms must remain until an appropriate agreement supersedes them. Only South and North Korea can resolve the division of Korea, and therefore replacement of the Armistice by an appropriate agreement can come about only through direct dialogue between South and North Korea.

The relationship between the United States and the Republic of Korea is more than a treaty commitment, it is a vital component in our national objective of supporting and promoting democracy. Even after the North Korean threat passes, the United States intends to maintain its strong defense alliance with the Republic of Korea, in the interest of regional security. Australia

The United States and Australia have enjoyed a long tradition of close political-military consultation, cooperation and warm friendship, beginning even before the 1951 ANZUS Treaty. The enduring strength and vitality of the relationship has been sustained through periods of changing international strategic circumstances, demonstrating the depth of our shared interests. In its Defence White Paper published in December 1994, Australia detailed a forward-looking policy for the next fifteen years focusing on the development of a versatile defense force capable of defending Australia, sustaining alliance commitments to the United States and intensifying contributions to regional and global security.

The United States-Australia alliance makes a major contribution to regional stability and facilitates United States military activities and deployments in the region, through providing access to Australian ports, airfields and training facilities, through bilateral and multilateral exercises, and through vigorous programs for intelligence and scientific cooperation. Australia hosts and operates with the United States several joint facilities that make key contributions to United States, regional and global security. Australia shares many key American foreign policy goals, is a major contributor to international peacekeeping and nonproliferation efforts, and is a strong partner in international fora such

as the ASEAN
Regional Forum, Asia Pacific Economic Cooperation (APEC), General Agreement
on Tariffs
and Trade (GATT) and the United Nations. These many practical contributions
make
Australia an invaluable strategic partner; accordingly we will continue to
nourish the
relationship as we approach the next century.
ASEAN Countries

The emergence of the Association of Southeast Asian Nations (ASEAN) as an
increasingly
influential regional actor has been an important positive development. Its
members are
Brunei, Indonesia, Malaysia, the Republic of the Philippines, Singapore and
Thailand. The
United States shares an interest with these ASEAN countries in precluding
Southeast Asia
from becoming an area of strategic competition among regional powers. Two
members of
ASEAN, the Republic of the Philippines and Thailand, are treaty allies of the
United States,
with commensurate security obligations; the other members are long-time
friends. We are
seeking to broaden our network of access and prepositioning arrangements
throughout
Southeast Asia to facilitate bilateral training, exercises, and
interoperability, thereby
enhancing our ability to work with allies and friends in crises.
New Zealand

New Zealand has traditionally adhered to a defense strategy based on
collective security
through participation in the ANZUS Security Treaty of 1951. However, since
1984, New
Zealand has pursued policies, later enacted as legislation, which effectively
prohibit ship
visits under our policy of neither confirming nor denying the presence of
nuclear weapons
aboard specific ships or aircraft or by nuclear-propelled ships. Thus the
United States
suspended security obligations to New Zealand under the provisions of the
ANZUS Alliance
in August 1986.

Since 1994, we have upgraded our political and military contacts. It is our
hope that in the
future New Zealand will take the action necessary to restore its place in the
ANZUS alliance.
We are also interested in helping New Zealand maintain its existing military
equipment and

capability to play a role in regional security. New Zealand's contributions to peacekeeping and humanitarian missions around the world are admirable. It has participated in the UN multinational force during the Persian Gulf war and in UN peacekeeping efforts in Cambodia, the former Yugoslavia, Somalia, and Angola, as well as providing police in Haiti. Pacific Islands

Many nations of the South Pacific Forum sit astride shipping lanes between the United States and our major trading partners in Southeast Asia, Australia and New Zealand. We have economic interests in the region, including access to some of the world's richest fishing grounds. In their first decades of independence, these countries have played an important role in regional and international peacekeeping efforts and have been a persuasive and effective voice in international fora. The United States has specific legal responsibility for the defense of the strategically important United States territories of Guam and American Samoa, the Commonwealth of the Northern Marianas and, under the Compact of Free Association, for the Republic of the Marshall Islands, the Republic of Palau and the Federated States of Micronesia.

The Desirability of Exploring New Multilateral Security Initiatives

A significant new element of this Administration's Asian security policy has been constructive participation in and support for regional security dialogues. As President Clinton said in Korea, "Some in the United States have been reluctant to enter into regional security dialogues in Asia, but I see this as a way to supplement our alliances and forward military presence, not to supplant them. These dialogues can ensure that the end of the Cold War does not provide an opening for regional rivalries, chaos and arms races." Our participation in these dialogues is an important element of our security engagement in the region.

The interest in new multilateral approaches to regional security arose from the uncertainties created by the end of the Cold War and concerns aroused by the United States'

departure

from its bases in the Philippines. At the same time, the increasing economic integration and interdependence of the Asia-Pacific region has given nations a shared interest in preserving the peace that underpins their prosperity. Because relations among the major powers in Asia are more constructive than at any time in the past century, the post Cold War period provides an excellent and unique opportunity to shape a positive and cooperative security environment in the Asia-Pacific region.

Working with ASEAN, the United States has supported the establishment of a new security forum for the region. In 1993, ASEAN proposed and others agreed to create the ASEAN Regional Forum (ARF) as Asia's first broadly based consultative body concerned with security issues. In contrast to Cold War collective defense against a common enemy, the ARF was conceived as an inclusive group not directed against any country. The ARF, which met for the first time in July 1994, includes the ASEAN countries, the United States, Australia, Canada, China, European Union, Japan, the Republic of Korea, Laos, New Zealand, Papua New Guinea, Russia, and Vietnam. Its initial purpose is to provide a forum for consultation on security issues in the Asia-Pacific region.

The United States believes the ARF can play a useful role in conveying governments' intentions, easing tensions, constraining arms races and cultivating habits of consultation and cooperation on security issues. We envision that the ARF will develop over time into an effective region-wide forum for enhancing preventive diplomacy and developing confidence-building measures. We believe that discussion of modest defense transparency measures would be a constructive area for future work. Discussions might include such measures as limited exchanges of defense data, the publication of defense white papers, and submission of information to the UN arms register. Efforts in areas such as disaster relief and peacekeeping could also help establish patterns of cooperation. Furthermore, the ARF presents an opportunity for a non-confrontational discussion of the relevance of democratization for regional security.

Historically, Northeast Asia is the area where great power interests have clashed most sharply. Consequently, the United States believes that the unique long term security challenges in Northeast Asia argue strongly for the creation of a separate sub-regional security dialogue for Northeast Asia. Such a dialogue would be developed in close consultation with our allies, Japan, and the Republic of Korea. To lay the groundwork for establishing such a forum, the United States has participated in a series of mixed government/academic conferences on Northeast Asian security issues with Japan, the Republic of Korea, China and Russia. North Korea has been invited but has participated only in a preparatory session. The pattern of consultations among key countries for many months, which led to the October 1994 Agreed Framework between the United States and North Korea, may help create conditions for establishing a Northeast Asia security dialogue.

These and other multilateral consultations on security issues are elements in the "overlapping plates of armor" for regional security described in the President's July 1993 speech in Seoul. Our other multilateral consultations include ad hoc coordination on the North Korean nuclear issue; policy planning talks with Japan, the Republic of Korea and other allies; and participation in mixed government/academic United States-Japan-Russia trilateral meetings.

Enlargement: Reaching Beyond our Traditional Allies and Friends China

The rapid growth in China's material strength has raised the importance of China in the Asian security equation. China is a nuclear weapons state, a leading regional military power and a global power with a permanent seat on the UN Security Council. Although it still has a low GNP per capita compared to other leading economic powers, it has one of the largest and fastest-growing economies in the world. It is thus essential for peace, stability, and economic growth in the Asia-Pacific region that China is stable and continues to develop friendly relations with its neighbors. The Chinese leadership has asserted that international

peace and stability are prerequisites for China's achieving its economic modernization goals.

In the early 1990s, China has normalized relations with Indonesia, Singapore, Vietnam, and the Republic of Korea, hosted the first-ever visit by Japan's emperor, and agreed to participate actively in multilateral organizations like APEC and the ASEAN Regional Forum (ARF).

China's published defense budget figure has doubled in the past five years, with real growth -- adjusted for inflation -- estimated at about 40 percent. This figure probably does not encompass all of China's defense expenditures. By comparison, American, Japanese and Russian defense spending has either remained level or decreased in the same period. China is investing in modern fighter aircraft, including Russian SU-27s, as well as other new-generation military capabilities. It has expanded its blue-water naval capabilities, and there is persistent speculation that it intends to acquire an aircraft carrier. Much of the Chinese defense budget increase represents growth from a low base, plus China's effort to replace obsolete equipment, adjust doctrine to the new global security environment, and improve the professionalism of its armed forces of 3.2 million. China also continues to conduct underground nuclear tests, as part of its overall strategic weapons modernization program, but has indicated interest in the Comprehensive Test Ban Treaty that may be signed in 1996.

China's military posture and development have a great impact on the expectations and behavior of other states in the region. Although China's leaders insist their military build-up is defensive and commensurate with China's overall economic growth, others in the region cannot be certain of China's intentions, particularly in this period of leadership transition. China's military modernization effort is in an early stage, and its long-term goals are unclear. Moreover, it has territorial disputes with several neighboring states. Absent a better understanding of China's plans, capabilities and intentions, other Asian nations may feel a need to respond to China's growing military power. This will be

particularly true as
China modernizes its strategic forces, naval assets and other forces capable
of power
projection. The United States and China's neighbors would welcome greater
transparency in
China's defense programs, strategy and doctrine.

The United States, for its part, is enhancing its military dialogue with
China in order to
promote better mutual understanding, as well as greater transparency and
trust. This
dialogue is maintained through periodic high level visits, participation in
professional fora,
and functional exchanges. Through the newly established Defense Conversion
Commission,
we hope to facilitate cooperation between Chinese defense enterprises and
American
businesses in civilian production.

Russia

Russia is an Asia-Pacific regional power and an adverse shift in Moscow's
policies would
have an impact on Asia's security. On April 4, 1993, at the Vancouver
meeting between
President Clinton and President Yeltsin, the two presidents "declared their
firm commitment
to a dynamic and effective United States-Russian partnership that strengthens
international
stability." This commitment has great relevance for the Asia-Pacific region.
Russia has
contributed to international efforts toward peace, notably in connection with
Cambodia and
North Korea. Similarly, Russia has worked together with China to de-
militarize their long
contiguous border. Russian officials and scholars participate constructively
in the various
official and semi-official fora to promote regional stability and security.
Russia has a
significant role to play in preventing the emergence of future security
problems in Asia and
the Pacific.

Vietnam

On February 3 , 1994, President Clinton announced the decision to lift the
provisions of the
Trading With The Enemy Act that prohibited Americans from doing business in
Vietnam,
and to expand the official United States presence in Vietnam to the level of
a liaison office.
A year later, the United States and Vietnam opened liaison offices in Hanoi
and Washington.

President Clinton has stated that "the best way to ensure cooperation from Vietnam and to continue getting the information Americans want on POWs and MIAs is to end the trade embargo." Our major policy interest in Vietnam continues to be accounting for United States Service personnel missing in action from the war in Vietnam. Our interest is undiminished in pressing forward on joint field investigations, live-sighting investigations, trilateral work on the Lao Border Cases, the repatriation of remains, and archival research that can shed light on the fates of missing Americans and the disposition of their remains.

At the same time, we remain interested in the protection of human rights in Vietnam, which exercises tight control over "dissidents," and enforces strict rules governing public protest, speech and publication. We also have an interest in addressing narcotics issues with Vietnam.

Vietnam plays an increasingly important role in the region. The Association of Southeast Asian Nations (ASEAN) believes that economic ties will integrate Vietnam, Laos, and Cambodia into the Southeast Asian community of nations. In this coming year, Vietnam may well become a full member of ASEAN. Since 1990, Vietnam has pursued an "open door" foreign policy aimed at increasing access to markets, opening opportunities for international development assistance, and attracting foreign investment.

The Benefits of Implementing the Agreed Framework with North Korea

Since 1993, the United States has worked intensively with the Republic of Korea and Japan to secure North Korea's commitment to halt, and ultimately dismantle, its nuclear program. We have sought to preserve regional peace and stability while also ensuring that the Korean Peninsula remains verifiably free of nuclear weapons. The October 21, 1994 Agreed Framework with the Democratic People's Republic of Korea (DPRK) takes a major step toward achieving those vital goals. At the same time, the agreement secures North Korea's pledge to engage in dialogue with the South. The Agreed Framework also offers the first

opportunity since the end of the Korean War for a significant opening of North Korea's society to positive influences from outside. The Agreed Framework calls for an immediate halt to operations of all elements of the North Korean graphite-moderated nuclear reactor program under a monitored freeze, and begins to bring the DPRK into compliance with its fullscope safeguards obligations. The DPRK is committed, over time, to dismantle its three nuclear reactor complexes, its reprocessing plant, and other related facilities as well as forego any spent fuel reprocessing. These commitments go well beyond the requirements of the Non-Proliferation Treaty (NPT). In return, the DPRK will receive two light-water reactors (LWRs) that generate electricity with far less risk of plutonium diversion. Financing for these reactors will be provided by the Korean Energy Development Organization (KEDO), an international consortium. In addition, the DPRK will be supplied heavy fuel oil to replace the electrical power that would have been generated over the next several years by the graphite-moderated reactors. The new LWR reactors and alternate energy will be provided only if North Korea sustains the freeze and proceeds with the dismantlement timetable laid out in the Agreed Framework.

Key United States objectives are achieved in the Agreed Framework. First, it represents a significant step toward sustaining peace and stability in Northeast Asia by addressing the most prominent security concern of all countries in the region. Second, it ensures that the DPRK will not acquire, through reprocessing, the 25 to 30 kilograms of plutonium now contained in spent fuel rods. North Korea will not be able to exploit the much larger plutonium-producing potential of reactors that it would have brought on-line over the next two years, because of the agreed freeze. Third, it assures that the DPRK's freeze in nuclear activity is verified by the IAEA and will bring the DPRK into full compliance with the Non-Proliferation Treaty (NPT), by resolving the question of its past nuclear activities. Fourth, the Agreed Framework will result in dismantling nuclear facilities that lend themselves to destabilizing proliferation activity. This latter aspect marks

the agreement as going well beyond the requirements of the NPT in ensuring that the DPRK does not develop nuclear weapons.

The Agreed Framework is only the beginning of a long path to complete resolution of the nuclear issue with North Korea. The United States will insist on complete implementation at every stage. The agreement does not preclude recourse to any unilateral or multilateral measures should the DPRK renege on the terms of the agreement. The terms were crafted in a way that does not depend on trust of North Korea's intentions, but on its observable actions. If North Korea breaks the agreement, it knows the consequences will be severe.

It is important to note that stability will remain a concern for the United States even after the agreement is fully implemented, and North Korea reaches broad accommodation with the South on a wide range of differences. North Korea's history of isolation from the rest of Asia has been a source of instability. When that doctrine is discarded, North Korea will find opportunities for mutually beneficial relationships throughout Asia. American interests, however, will continue to focus on security on the Peninsula and throughout the region as a whole. United States forces will continue to underwrite the stability of this region as long as they are welcome.

The Importance of Addressing Long-standing Regional Issues North Korea

North Korea remains a source of unpredictability and potential danger for the region. Its excessive emphasis on military development at the expense of basic economic, political, and social development poses a threat to its neighbors. Even with a badly deteriorating economy and years of poor harvests, North Korea has given priority to its military structure. North Korea continues to expend its national resources to:

- mechanize its huge, offensively postured ground forces;
- expand its already massive artillery formations;

- enhance the world's largest special operations force;
- improve its large ballistic missile arsenal.

North Korea's history of aggression, threats to peace, and exports of missile technology have created a context in which its development of nuclear weapons would be an extremely dangerous threat to security on the Peninsula, in Asia and for global non-proliferation. At the same time, North Korea's conventional military threat to the Republic of Korea has not abated, and requires continued vigilance and commitment of United States forces.

Cambodia

Cambodia is emerging from two decades of war and chaos that followed the Khmer Rouge seizure of power in 1975. Cambodians have demonstrated their commitment to peace and democracy in the face of extraordinary odds and seemingly insurmountable obstacles. They have elected a government, written a constitution, and embarked on the tremendous task of rebuilding the country. Since the formation of its new government, Cambodia has made significant progress toward developing governing institutions, advancing respect for human rights, and establishing a market-oriented economy.

Despite these successes, Cambodia still faces serious reconstruction, development, and security challenges, including a continuing Khmer Rouge insurgency, as well as structural weaknesses in its fledgling democratic institutions. The continued support of the international community, including the United States, is essential for the growth of this emerging democracy. The United States participated in the process aimed at ending the long and tragic conflict in Cambodia and supported the United Nations peacekeeping effort. We intend to provide reconstruction and rehabilitation assistance, and non-lethal humanitarian assistance for the Cambodian military. This will include International Military Education and Training aimed at developing a professional military supportive of fundamental democratic institutions.

Territorial Disputes

Contested claims to islands and territorial waters in the South China Sea are a source of tension in Southeast Asia that could carry serious consequences for regional stability. There are six claimants to parts of the Spratly Islands -- the People's Republic of China, Taiwan, Vietnam, the Philippines, Malaysia and Brunei. All but Brunei maintain a military presence in the contested area, which is believed to be rich in oil deposits. The United States has urged peaceful settlement of South China Sea issues, and strongly opposes the threat or use of military force to assert any nation's claim. The United States takes no position on the legal merits of the competing claims and is willing to assist in the peaceful resolution of the dispute.

Southeast Asian initiatives in recent years have led to encouraging developments on this seemingly intractable dispute and have illustrated the value of ad hoc multilateral approaches to regional security. Indonesia has sponsored a series of unofficial workshops on managing potential conflict in the South China Sea. Participants include private experts, academics, and government officials attending in a non-official capacity from the claimants, as well as observers from several non-claimants. They have agreed that the key to continued progress toward long-term resolution of the Spratlys dispute is to avoid reaching too quickly for a resolution to the competing claims of sovereignty. In addition, some claimants, including China and Vietnam, have been pursuing important bilateral discussions aimed at peacefully addressing issues in the Spratlys.

It is worth noting in this context that the United States regards the high seas as an international commons. Our strategic interest in maintaining the lines of communication linking Southeast Asia, Northeast Asia and the Indian Ocean make it essential that we resist any maritime claims beyond those permitted by the Law of the Sea Convention.

Continued Russian occupation of Japan's Northern Territories is another source of tension in East Asia and stands in the way of a Russo-Japanese peace treaty. The United States recognizes the legitimacy of Japan's claim to the Northern Territories.

Progress in
Japan-Russia negotiations on Northern territories issues would enhance peace
and stability in
Northeast Asia generally and accelerate Russia's long term integration in the
Asia-Pacific
region.
Taiwan

Peace in the Taiwan Strait has been the long-standing goal of our policy
toward Taiwan.
United States arms sales to Taiwan are designed to serve this end. We
welcome the growing
dialogue between Taipei and Beijing and applaud actions on both sides which
increase the
possibility of a peaceful resolution of the situation in the Taiwan Strait.

Combating the Spread and Use of Weapons of Mass Destruction and Missiles

Weapons of mass destruction --- nuclear, biological, and chemical -- along
with their
delivery systems, pose a major threat to our security and that of our allies
and other friendly
nations. Our strategy seeks to stem the proliferation of such weapons and to
develop an
effective capability to deal with these threats. Regional Theater Missile
Defense Systems
have a key role to play in this strategy and are essential to counter long
range ballistic
missile delivery systems in the inventory of many East Asian nations. We
also need to
maintain robust strategic nuclear forces while seeking to implement existing
strategic arms
agreements. Accordingly, the United States is reconfirming the nuclear
umbrella it extends
to our allies in the region, while pursuing bilateral and multilateral talks
to cap, then reduce
weapons of mass destruction.

Levels of cooperation with our nonproliferation efforts by Asian countries
will be among our
most important criteria in judging the nature of our bilateral relations. As
a key part of our
effort to control nuclear proliferation, we seek the indefinite extension of
the
Nonproliferation Treaty (NPT), and its universal application. Achieving a
Comprehensive
Test Ban Treaty as soon as possible, ending the production of fissile
materials for nuclear
weapons purposes, and strengthening the Nuclear Suppliers Group and the
International
Atomic Energy Agency (IAEA) are also important goals. They complement our

comprehensive efforts to discourage the accumulation of fissile materials, to seek to strengthen controls and constraints on those materials and, over time, to reduce world-wide stocks.

To combat missile proliferation the United States urges all countries to adhere to the Missile Technology Control Regime (MTCR) guidelines and seeks prudently to broaden membership of the MTCR. The United States supports the prompt ratification and earliest possible entry-in-force of the Chemical Weapons Convention (CWC) as well as new measures to increase transparency of, and enhance compliance with, the Biological Weapons Convention (BWC). We also support improved export controls for nonproliferation purposes both domestically and multilaterally. The proliferation problem is global, but we must tailor our approaches to specific regional contexts. We are leading international efforts to bring North Korea into compliance with its nonproliferation obligations, including the NPT, IAEA safeguards, and the North-South denuclearization accord. We also seek vigorously to curb North Korean exports of missiles.

The United States and the People's Republic of China signed a joint statement on October 4, 1994, that reaffirmed China's original commitment to the MTCR including the concept of "inherent capability." China also agreed to ban all exports of ground-to-ground MTCR-Class missiles. This commitment goes beyond MTCR requirements in that the MTCR subjects such exports to a "strong presumption of denial" rather than a complete ban. Both sides agreed to hold future in-depth discussions on the MTCR, the United States Government is working toward eventual Chinese membership in the MTCR. China's commitment permitted the United States to lift the sanctions imposed on Chinese entities in 1993.

The United States seeks to prevent countries from acquiring chemical, biological and nuclear weapons and the means to deliver them. However, United States forces and those of our allies in the region must also be prepared to deter, prevent and defend against the use of such weapons. The United States will retain the capacity to respond to those who

might

contemplate the use of weapons of mass destruction, so that the costs of such use will be seen as outweighing the gains. However, to minimize the impact of proliferation of weapons of mass destruction on our interests, we will need the capability not only to deter their use against either ourselves or our allies and friends, but also, where necessary and feasible, to prevent and defend against it. The fielding of Theater Missile Defense (TMD) systems in the region will be a key element of this non-proliferation strategy.

Finally, it is the maintenance of United States security commitments, notably to Japan, and America's force levels in the region, which bolster the sense of security and help forestall possible attempts to build a nuclear weapons capability.

UNITED STATES' FORCE STRUCTURE IN ASIA FOR THE REST OF THE CENTURY

The Rationale for Continued United States Forward Presence in Asia

United States military forward presence in the Asia-Pacific region is an essential element of regional security and America's global military posture. Forward deployed forces in the Pacific ensure a rapid and flexible worldwide crisis response capability; discourage the emergence of a regional hegemon; enhance our ability to influence a wide spectrum of important issues in the region; enable significant economy of force by reducing the number of United States forces required to meet national security objectives; overcome the handicaps of time and distance presented by the vast Pacific Ocean; and demonstrate to our friends, allies and potential enemies alike a tangible indication of the United States' interest in the security of the entire region.

Nothing conveys the same clear message of our security commitment as much as our visible United States military presence, proving we are engaged and consulting closely with our allies and friends, vigilant to protect our shared interests. The United States is trusted in Asia, partly because we send our sons and daughters to stand as guarantors of peace and security in Asia. The United States has the capability, credibility, and even-handedness to

play the "honest broker" among nervous neighbors, historical enemies, and potential antagonists.

After the Cold War, American ground forces forward deployed in Asia were adjusted carefully to retain the capability required to keep the peace in Asia and the Pacific. Our forces in the region were reduced from approximately 135,000 in 1990 to approximately 100,000 in 1994. Adjustments will be made from time to time due to changing security environments, technological advancements, and reorganizations required by changes in overall force structure. Our presence in Asia, however, will remain strong enough to address regional requirements and to enable us to respond to global security contingencies, in the Middle East and elsewhere.

During Operations DESERT SHIELD and DESERT STORM, for example, our force structure in Asia successfully provided deterrence to regional threats in Asia, thus allowing forces in Hawaii, California, and elsewhere to deploy to the Middle East. Our bases also facilitated the coalition's response to the Iraqi invasion of Kuwait. Asian nations provided access to ports, airfields, and maintenance facilities for personnel, ships and aircraft transiting the region enroute to the Middle East. Australia and other allies contributed troops and resources to the coalition effort. The United States alliance with Japan was instrumental in Japan's commitment of minesweepers and billions of dollars to offset the expenses of coalition forces. Korea's support of sealift, in-kind support, and expenses offsets was also very important.

Having United States forces in Asia also promotes democratic development in Asia, by providing a clear, readily observable example of the American military's apolitical role. Our overseas presence helps us forge strong bonds with regional military leaders. Through joint exercises and training programs, they gain exposure to American standards of military professionalism, and we gain insight into, and personal ties with, their societies.

Because of a program of cost sharing with our allies, it is actually less

expensive to the American taxpayer to maintain our forces forward deployed than in the United States. Cost sharing is exactly that. Japan and the Republic of Korea have indicated they will continue to help defray the costs of maintaining American forces in their countries.

The Clinton Administration's Bottom Up Review, the study initiated by Secretary Aspin "to reassess all of our defense concepts, plans, and programs from the ground up," reflected our continuing commitment to Asia. The Review emphasized sustaining robust United States forces overseas; modernization initiatives that include improvements in United States airlift, sealift, and prepositioned assets to improve crisis response; high leverage improvements in the United States' ability to locate and destroy enemy military assets; and more capable battlefield surveillance platforms and advanced munitions that make the early arriving forces more potent.

To support our commitments in East Asia, we will maintain a force structure that requires approximately 100,000 personnel. In Korea, this includes an Army division (consisting of two brigades as well as headquarters and support elements) and a United States Air force combat wing. We are also prepositioning military equipment in South Korea to increase our ability to respond to crises. In light of the continuing conventional capability of North Korea, we have permanently halted a previously planned modest drawdown of our troops from South Korea, and are modernizing the American forces there as well as assisting the Republic of Korea in modernizing its forces. We will continue to provide sufficient forces and support assets to constitute a reliable defense capability in Korea that can deter or halt and defeat a North Korean invasion even if our forces are engaged in a major regional contingency elsewhere in the world. Maintaining our Strong Presence in Japan

United States security policy in Asia and the Pacific relies on access to Japanese bases and Japanese support for United States operations. United States forces in Japan are committed to and prepared for not only the defense of Japan and other nearby United States interests,

but to the preservation of peace and security in the entire Far East region. United States bases in Japan are well-located for rapid deployment to virtually any trouble spot in the region. Given the great distances associated with the Pacific theater, assured access to bases in Japan plays a critical role in our ability to deter and defeat aggression.

In Japan, we will continue to station a Marine Expeditionary Force on Okinawa, and will also continue to forward deploy an aircraft carrier battle group, and an amphibious ready group. We will also retain more than one wing of Air Force combat aircraft in Japan, and the Navy's Seventh Fleet will continue routine patrols of the Western Pacific.

Japan supplies by far the most generous host nation support of any of our allies. Japan also provides a stable, secure environment for our military operations and training. Under a January 1991 agreement and other arrangements, the Government of Japan has assumed an increasing share yearly, and will assume virtually all local labor and utility costs of maintaining our forces by this year. Japan also funds leases for land used by United States forces and incurs indirect costs such as waived land use fees, foregone taxes, tolls, customs, and payments to local communities affected by United States bases. Taken together, these categories represent contributions of a magnitude of more than \$4 billion annually. As part of its host nation support, Japan also funds facilities construction under the Facilities Improvement Program. This contribution is an additional amount of approximately \$1 billion per year.

Gradual defense improvements have made Japan more secure, and significantly enhanced bilateral security in the post-Cold War environment. As a result of a division of roles and missions, in accordance with Japanese Constitutional constraints, Japan has concentrated on defense of the home islands and sea lane defense out to 1000 nautical miles while the United States has assumed responsibility for power projection and nuclear deterrence. This division enhances the operational flexibility of both sides, and provides a practical guide to structuring

and maintaining our forces. Most importantly, however, it contributes to overall regional security. The United States-Japan alliance, while mutually beneficial, has far-reaching benefits extending to the maintenance of peace and stability of the entire international community.

Japanese procurement of major United States weapons systems has also been beneficial to both countries. Japan buys large amounts of military equipment and services from the United States every year. Interoperability of major systems, purchased directly or license built, is a major aspect of the security relationship. The long list of United States equipment in Japan's inventory includes AWACS, Patriot, AEGIS, MLRS, F-15s, P-3, C-130, SH-60 and UH-60 helicopter, and numerous gun, missile, torpedo, and sensor programs.

Shortfalls in the Japanese defensive arsenal continue to exist in sea lane defense -- including airborne early warning and ship-borne anti-air capability. Deficiencies also exist in land based and ship borne anti-missile capability. However, Japan is in the process of purchasing AWACS and adding AEGIS capability to its fleet. We are also exploring with Japan cooperative efforts in Theater Missile Defense.

The FS-X fighter co-development project, which was controversial in its early stages, has potentially profound benefits. These include transfer to the United States of Japanese defense-related technology, royalties for United States companies, and jobs for United States contractors. There will be future opportunities for aircraft modernization and joint development in a number of areas. We are placing greater emphasis on technology-sharing, which we expect to characterize the future of United States-Japan defense procurement cooperation.

Sustaining Deterrence in Korea

The United States and the Republic of Korea would defeat an invasion of the South by North Korea. A war, however, would cause tremendous destruction on both sides of the DMZ,

particularly in and around Seoul, which is the economic, political and cultural center of Korea and only some 26 miles from the Demilitarized Zone. It is therefore important to recognize that the issue in the Republic of Korea (ROK) is not merely winning a war, but more importantly, deterring aggression from North Korea. In this context, our treaty commitment and the presence of United States troops in South Korea help deter any North Korean aggression by making it unmistakably clear that the United States would automatically and immediately be involved in any such conflict.

If we detect signals of an impending attack, we are poised to react decisively. The United States maintains approximately 37,000 military personnel in the Republic of Korea. Their mission is to contribute to deterrence, participate in the defense of the Republic of Korea should deterrence fail, and promote the defensive capabilities of allied forces through combined training. Should deterrence so require, these in-place forces can be promptly augmented.

The morale and spirit of Republic of Korea and United States forces in Korea are impressive, and the joint and combined military planning staffs have an effective working relationship. The Republic of Korea's force improvement plans continue at a steady pace. It continues to modernize its forces through the addition of more powerful and mobile tanks, mid-range and self-propelled artillery, counter battery radars, armored personnel carriers, advanced aircraft and lift helicopters and coastal defense ships. The warfighting capabilities of its ground forces also continue to improve with the formation of more mechanized and armored units. Republic of Korea forces are increasing the number and scope of combat-driven training and exercise scenarios.

Annual Republic of Korea defense spending over the past five years has represented between 24 percent and 30 percent of the its annual national budget or between 3.6 and 4.2 percent of its gross national product. The Republic of Korea also spends a considerable amount of money on United States weapons systems and spare parts -- over \$3.5 billion

in the past five years.

The Republic of Korea also calls on a significant portion of its population for defense-related service, with universal conscription and a strong reserve training program. It fields approximately 650,000 active duty personnel. This force is backed up by over 2,000,000 ready reserve personnel and a citizenry of millions who have military experience because of universal service. The ready reserve's primary function when mobilized is to reinforce front line Army units and to provide for security in the rear areas. On a day-t-day basis, the vast majority of the overall military forces dedicated to defense of the Republic of Korea are Koreans. Indeed, even if the United States were to deploy forces to a Korean contingency, the great majority of the ground forces defending the Republic of Korea would still be South Korean.

This is in keeping with the United States' global strategy of contributing to regional security in ways that use our comparative advantages. In the case of defending the Republic of Korea, the United States has comparative advantages in naval and air forces and satellite and other intelligence. Thus, although United States ground forces will be needed for the foreseeable future to maintain the strongest possible deterrent, the United States will continue to shift gradually from a leading to a supporting role within the coalition. The transition of the Republic of Korea to the leading role in its own defense is a long-standing policy goal of the United States and reflects the growing maturity and capabilities of the Republic of Korea's armed forces as well as the desires of the Korean people and government. Through training and frequent combined exercises, the combined Republic of Korea-United States force will maintain a high state of readiness.

Progress in the Republic of Korea's assumption of the leading role in its own defense has also been made in the area of command and control of military forces. In 1991, a Republic of Korea Army major general replaced a United States flag officer as Senior Member of the

United Nations Command, Military Armistice Commission (UNCMAC). In 1992, we deactivated the Combined (Republic of Korea/United States) Field Army, and a Republic of Korea Army four-star general was assigned, for the first time, as the Combined Ground Component Commander. The return of peacetime, or "Armistice," operational control of Republic of Korea forces to Republic of Korea command occurred December 1, 1994. Republic of Korea cost-sharing contributions have steadily increased. The Republic of Korea provides support to United States Forces Korea (USFK) through both direct and indirect means. Direct support is provided through the direct cost-sharing program. The cost-sharing support provided by the Republic of Korea to offset USFK's won-based costs is applied to construction, logistics, and local national labor requirements. The Government of the Republic of Korea is committed to providing \$ 300 million for FY 1995. In addition, the Republic of Korea provides rent-free bases and facilities and foregoes taxes and customs on American troops. We expect that the Republic of Korea's cost-sharing contributions will continue to increase as its economy grows.

We intend to maintain a combat and support structure with an emphasis on sustainability and logistics infrastructure. These are key elements of deterrence because they represent the means to reinforce our forces rapidly. Our standing combat posture in Korea will continue to include the 2nd Infantry Division which includes two heavy maneuver brigades and one combat aviation brigade. In addition, the United States deploys the 17th aviation brigade and the U.S. 7th Air Force, with a strength of one Tactical Fighter Wing. Fulfilling a proposal of the Bottom Up Review, former Secretary Aspin and former Minister for National Defense Kwon agreed at the 25th SCM (1993) to preposition a heavy brigade set of equipment on the peninsula. In addition to forces stationed in Korea, forces of the United States Seventh Fleet and the Marine Expeditionary Force further contribute to deterrence on the Peninsula.

We envision a robust United States security relationship with the Republic of Korea to protect mutual security interests in the region, even if the threat from

North Korea were to diminish. We are determined to maintain effective deterrence while supporting constructive contacts between North and South Korea, convinced that the Korean conflict can only be resolved through inter-Korean dialogue.

Recognizing The Value Of Access in Southeast Asia

In addition to bases in South Korea and Japan, the United States maintains other forward deployed forces--maritime forces continuously afloat in the Western Pacific; rotational deployments, such as the United States Air Force deployments to Singapore; and temporary deployments, for exercises, humanitarian operations, or other projects. These deployments are dependent in turn on a wide variety of access arrangements. We have formal access agreements, informal agreements for aircraft transits and ship visits, commercial arrangements for ship and/or aircraft repairs and maintenance, and occasional access arrangements with many countries for training and exercise purposes. These access opportunities have expanded in recent years, in part due to regional fears that the closure of United States bases in the Philippines would lead to our departure from the region, and in part as a result of gradually expanding bilateral defense relationships.

Military engagement in the region is also a function of other forms of defense cooperation: personnel exchanges, intelligence sharing, senior-level visits, conferences, bilateral policy dialogues, International Military Education and Training, pre-positioning, joint exercises, and military-to-military contact. These mechanisms allow us to demonstrate and support our interest in the region.

Our strategy emphasizes the importance of active bilateral and multilateral exercise programs between the United States services and the armed forces of friendly and allied nations. These exercises provide tangible evidence of our commitment to the region while increasing the operational readiness and capabilities of our Pacific forces. Major joint, combined, and smaller military-to-military exercises take place annually with our allies in Japan, Korea,

Australia, the Philippines and Thailand, as do a large number of smaller military-to-military exercises. For example, small training exchanges and exercises by United States Army units stationed in Hawaii, Alaska and Japan with many of the region's ground forces have benefited all participants and demonstrated yet another value of forward presence.

In this context, it is worth mentioning that the International Military Education and Training (IMET) program is an essential element of our regional strategy. By bringing foreign military and defense civilians together with their American counterparts, IMET fosters respect for the principle of civilian control of the military. It influences the development of foreign civilian and military institutions, particularly in management and acquisition matters. It advances effective systems of defense resource management among friends and allies, and facilitates the purchase of interoperable equipment necessary for coalition efforts. It creates and maintains effective military judicial systems and military codes of conduct that give respect to the observance of internationally recognized human rights.

LOOKING
TO THE
FUTURE

The Asia-Pacific region is now more at peace than it has been at any time in this century. Rapid economic growth has made the region increasingly important to the United States and the world economy. The complexities of the emerging division of power in the region have generated renewed interest in regional security. In the political realm, leadership and regime transitions are occurring across the region as a result of generational changes, democratization, and post-Cold War realignments in domestic political coalitions. The dissolution of the Soviet Union has led to renewed attention to traditional and potential rivalries among the major powers of the Asia-Pacific region. Many states of the region are now capable of increasing their military might.

In this context, the United States is uniquely positioned to be a constructive and enduring force for stability in the region. As the only Asia-Pacific power with truly global

capabilities, the United States is able to bring together multilateral coalitions, as it did during the Gulf War. Moreover, as a powerful state with no territorial ambitions, the United States can maintain a presence in the region that is reassuring rather than threatening. Our interest is in the peaceful resolution of territorial and other disputes. Our ability to protect the vital sea lines in the Pacific and Indian Oceans enhances regional prosperity. United States security commitments to Japan make a major contribution to an enhanced sense of security in that country and throughout the region; United States and Korean forces deter aggression on the Peninsula; and the United States' policy of principled engagement toward China offers hope for creating constructive long-term relations that contribute positively to the international community.

Economic development, the technological and telecommunications revolutions, the spread of democracy and a growing awareness of the need for regional action on transnational issues have begun to provide a sense that the states in the region share common interests. Economics has been the driving force behind this emerging sense of community. Economic growth has engendered economic integration and inter-dependence, and intra-regional trade in Asia has flourished. New economic linkages have appeared, including those among the People's Republic of China, Taiwan, and Hong Kong. In this and other sub-regions, trade and investment are creating common economic interests across previously hostile political boundaries.

Economic growth and improved education have also led to the emergence of new middle classes and the establishment of democratic institutions in South Korea, Taiwan, Malaysia and Thailand. Together with the progress of democracy in the Philippines, Cambodia and Mongolia, this spread of democratic values will provide a stable basis for internal political transitions and legal systems that honor commitments even when governments change.

At the same time, there is a danger from potentially destabilizing political transitions

throughout the region. Leadership and generational transitions could intersect in unpredictable ways with the dynamic security and economic trends in the region. In addition, the danger of proliferation of weapons of mass destruction, emerging nationalism amidst long-standing ethnic and national rivalries, and unresolved territorial disputes could combine to create a political landscape of potential instability and conflict. America's engagement in regional security must take these dangers into account.

New economic wealth has deeply influenced Asian efforts to achieve self-reliance, self-confidence and assertiveness. At times this is reflected by increased emphasis on Asian values, sometimes pitting Asian leaders against Western ones on international issues. Yet this new assertiveness is accompanied by concern that the United States is pulling back from its commitment to Asia's security. This peculiar paradigm underlines the continued importance the region's leaders attach to the United States security presence.

As the President's National Security Strategy states, "now more than ever, security, open markets and democracy go hand in hand in this dynamic region." We are determined to combat the proliferation of weapons of mass destruction on the Korean peninsula. We have instituted new regional dialogues on the full range of common security challenges. Our goal is to integrate, not isolate the region's powers and to find solutions, short of conflict, to the area's continuing security challenges. We are seeking to develop the principal multilateral forum, APEC, to promote free trade, investment and prosperity in the Asia-Pacific region. The final element of our policy in building a new Pacific Community is to support the wave of democratic reform sweeping the region. The new democratic states of Asia will have our strong support as they move forward to consolidate and expand democratic reforms.

President Clinton has accorded a great deal of attention to the Asia-Pacific region in the first half of his term. This includes his summit visits to Japan, Korea, the Philippines, and Indonesia; his sponsorship of the APEC leaders meeting in Seattle; and his

attendance at the
Second APEC Leaders Meeting in Indonesia in November, 1994. He has also held
numerous high-level meetings with Asian leaders in Washington and other
international
capitals.

The Clinton Administration is fully aware of the need for a strong continued
forward United
States military presence in the Asia-Pacific region to protect vital American
interests there.

As this report has stated, reductions resulting from the end of the Cold War
have been

accomplished; no further changes in warfighting capability are currently
planned; the United

States will maintain a force structure requiring approximately 100,000
personnel in Asia.

The United States will also pursue modernization initiatives to improve the
capability,

flexibility and lethality of all our forces, including those in the region,
and ensure that our

forces will be able to deploy more quickly in a crisis.

There can be no doubt that the United States will remain a Pacific power in
the Twenty-first
Century.

(end text)

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