

place in regional security issues, including within the ASEAN Regional Forum, although now somewhat more flexible, remains a matter of concern.

Further, the complex set of domestic as well as foreign implications of accession to the World Trade Organization, some of which may feed the fissiparous tendencies within modern China which have lain dormant for the last one hundred years, others likely to challenge the economic competitiveness of both the high technology and the labour intensive industries of Northeast, Southeast, and South Asia, are likely to further aggravate China's engagement of its neighbours as well as the larger international community. Moreover, should even the more modest energy projections for the next fifteen to twenty years be accurate, we will be witnessing a China which consumes more oil than the European Union, whose energy consumption by 2020 is expected to equal that of all OECD countries combined, whose dependence on off-shore sources heightens its vulnerabilities to externalities,<sup>4</sup> making both the South China Sea and its overland routes into Central and Western Asia even more vital, and therefore offering strong impetus to a slow but steady buildup of military capacity, especially one with power projection capabilities. A more benign and even optimistic view, of course, could read these same factors as favouring the creation of a strengthened multilateral cooperative security system involving the principal regional states in which new ways of accessing and transporting oil and natural gas facilitates both economic and diplomatic opportunities of benefit to all, confirming China as a responsible regional ally.

- Second, the revised US-Japan security agreements and defence guidelines continue to provide the most significant strategic framework in East Asia. However, given the tensions between Japan's concern, on the one hand, with the continued political will of the United States to remain engaged, and on the other, the political sensitivity throughout the region with continued American forward deployment, Japan has begun to explore the potential expansiveness of its security identity and defence perimeter although remaining sensitive to its own historical legacy. Given the potential capabilities of the JSDF, this is of some concern to others in Northeast Asia. While attempting to reposition itself on both foreign and defence policies, Japan faces serious domestic economic, institutional, and political challenges which affect both regional and global issues. Whichever choices the Japanese government and people make, any progress on the creation of a stable and cooperative security environment in Northeast Asia is dependent on Japan's capacity to take a nuanced but nevertheless leadership role in reassuring and in creating confidence in matters of inter-state relations in East Asia. Japan must contribute to reducing and managing uncertainty in Northeast Asia.

- Third, the increased North Korean isolation that came from the realignment of Chinese, Russian, Japanese, and American interests and then was exacerbated by the death of Kim Il-Sung forced the transitional regime of Kim Jong-Il to reconsider options, not least how far its proclaimed *Juche* ideology of "self-reliance" could be

---

<sup>4</sup> Vladimir I. Ivanov, *The Energy Sector in Northeast Asia: New Projects, Delivery Systems, and Prospects for Co-operation* (North Pacific Policy Papers #2: Program on Canada-Asia Policy Studies, Institute of Asian Research, University of British Columbia, 2000), page 10.