

ROBERT D. KAPLAN

THE Obama administration "pivot" to the Pacific, formally announced by Secretary of State Hillary Clinton last November and reiterated more recently by the president himself, might appear like a reassertion of America's imperial tendencies just at the time when Washington should be concentrating on the domestic economy. But in fact, the pivot was almost inevitable.

When the Berlin Wall fell in 1989, signaling communism's defeat in Europe, security experts talked about a shift in diplomatic and military energies to the Pacific. But Saddam Hussein's invasion of Kuwait in 1990 led to a decadelong preoccupation with the Middle East, with the US Army leading a land war against Iraq in 1991 and the Navy and Air Force operating no-fly zones for years thereafter. Then came 9/11, and the Bush administration's initiation of wars in Afghanistan and Iraq as a response. Finally, the ending of both those conflicts is in sight, and the United States, rather than return to quasi-isolationism as it has done with deleterious effect after other ground wars in its history, is attempting to pivot its focus to the geographical heart of the global economy: the Indian and Pacific oceans.

The Indian Ocean is the world's energy interstate, across which passes crude oil and natural gas from the Arabian Peninsula and Iranian Plateau to the burgeoning, middle-class urban sprawls of East Asia. Though we live in a jet and information age, 90 percent of all commercial goods that travel from one continent to another do so by container ship and half of those goods in terms of global tonnage - and one-third in terms of monetary value - traverse the South China Sea, which connects the Indian Ocean with the Western Pacific. Moreover, the supposedly energy-rich South China Sea is the economic hub of world commerce, where international sea routes coalesce. And it is the US Navy and Air Force, more than any other institutions, that have kept those sea lines of communication secure, thus allowing for post-Cold War globalization in the first place. This is the real public

good that the United States provides the world.

But now a new challenge looms for the United States: a rising China as demonstrated by the totality of its powerits geographical proximity to the South China Sea and environs; its economic heft, making it the largest trading partner of most if not all of the littoral nations (despite economic troubles in China itself); and its expanding submarine fleet. Beijing has been buying smart, investing in subs, ballistic missiles, and space and cyber warfare as part of a general defense build-up. China has no intention of going to war with the United States, but it does seek to impede in time of crisis US military access to the South China Sea and the rest of maritime Asia. From my travels I have seen that this has led to the use of the term "Finlandisation" throughout Southeast Asia, whereby China, through the combination of its economic and military power, will undermine the sovereignty of countries such as Vietnam, Malaysia, the Philippines and Singapore, all of which are de facto or de jure U.S. allies.

The country that is the biggest target for China is Vietnam, whose seaboard forms the western edge of the South China Sea and whose economically dynamic population of 87 million makes it a future maritime Turkey, a midlevel power in its own right. If China can "Finlandise" Vietnam, Beijing will in practical terms capture the South China Sea. This explains Washington's increasing military and interest in Hanoi. Whereas Vietnam and other littoral countries claim parts of the South China Sea, China cites a "historic" nine-dashed line that encompasses almost the entire sea itself.

Governmental and policy elites in Beijing recognise the need to compromise on the "cow's tongue," as the nine-dashed line is called, but nationalistic elements in China

America's Pacific Logic



won't let them, at least not yet. The Chinese are simply unable to psychologically divorce their claims on the nearby South China Sea from the territorial depredations directed against China by the West in the 19th and early 20th centuries. To Chinese officials, the South China Sea represents blue national soil.

Of course, American diplomacy has been active on these matters for years, but US diplomats would lack credibility if they were not backed by a robust military presence in the future. This is what the pivot is all about: The United States does not intend to desert maritime Asia in its hour of need. As one high-ranking diplomat of a South China Sea country told me, if the United States were to withdraw an aircraft carrier strike group from the region it would be a "game-changer," ushering the region toward Finlandisation.

Additionally, China is helping to build state-of-the-art port facilities all along the Indian Ocean, on the other side of the Malacca Strait from the South China Sea, in Myanmar, Sri Lanka, Bangladesh, Pakistan and Kenya. These projects all have specific commercial motives promoted by individual Chinese companies, and in some cases, such as Gwadar in Pakistan, are in the middle of politically unstable areas, making their use problematic. But this is how most empires begin as speculative-commercial and policing ventures. The Venetian empire in the Mediterranean began as an attempt to suppress piracy along the Adriatic coast, something Chinese warships are doing near the Horn of Africa. Then there were the purely commercial ventures of the British and Dutch East India companies in their early days, which led to full-

fledged imperial domains.

A profound socio-economic crisis in China itself something that by no means can be ruled out might have the effect of slowing this quasi-imperial rise. But that hasn't happened quite yet, and in the meantime, the United States is forced to react to China's growing military and commercial capabilities.

But the change in US policy focus is not literally about containing China. "Containment" is a word of Cold War vintage related to holding ground against the Soviet Union, a country with which the United States had a one-dimensional, hostile relationship. The tens of thousands of American students and corporate executives in Beijing attest to the rich, multi-dimensional relationship the United States enjoys with China. China is so much freer than the former Soviet Union that to glibly state that China is "not a democracy" is to miss the point of China's rise entirely.

China is an altogether dynamic society that is naturally expanding its military and economic reach in the Indo-Pacific region much as the United States expanded in the Atlantic and Greater Caribbean following the Civil War. But the rise of any new great power needs to be managed, especially as it is accompanied by the rise of Indian, Vietnamese, Malaysian, Singaporean and Australian sea power, even as Japan and South Korea modernize their sea and air fleets with the latest combat systems. Make no mistake; the Indo-Pacific is in the midst of an arms race that complicates the security of the region's sea lanes.

Were the United States not now to turn to the Indo-Pacific, it would risk a multi-polar military order arising up alongside an already existent multi-polar economic and political order. Multi-polar military

systems are more unstable than uni-polar and bipolar ones because there are more points of interactions and thus more opportunities for miscalculations, as each country seeks to readjust the balance of power in its own favor. US military power in the Indo-Pacific is needed not only to manage the peaceful rise of China but also to stabilize a region witnessing the growth of indigenous civil-military post-industrial complexes.

If American power was diminished, China, India and other powers would be far more aggressive toward each other than they are now, for they all benefit from the secure sea lines of communication provided by the US Navy and Air Force.

Clinton's diplomatic overture to Myanmar and President Barack Obama's plan to rotate 2,500 Marines through Australia are symbolic of the political and military effort to distribute U.S. power throughout the Indo-Pacific. Myanmar could simply continue as a satellite of Beijing as Clinton not to do as she has. Australia, a country of only 23 million inhabitants, will spend \$279 billion over the next two decades on submarines, fighter jets and other hardware. This is not militarism, but the reasonable response of a nation at the confluence of the Indian and Pacific oceans in order to account for its own defense in the face of rapidly changing power dynamics. Australia might even become the premier alliance partner for the United States in the Anglo sphere in the 21st century, much as Britain, whose defense budget is plummeting, was in the 20th century.

The pivot is as yet an aspiration, not a declaration, since it assumes that events in the Middle East will permit US officials the luxury of shifting assets elsewhere. But events in the Middle East never permit as such. Still, if the United States can at least avoid further land engagements in the Middle East, expect the pivot to set the tone for America's Asia policy for years to come, much as President Richard Nixon's trip to China did for Asia policy in decades past.

The writer is the Chief Geopolitical Analyst, Stratfor.
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Myanmar's long march to democracy

RANDY DAVID

NOTHING perhaps could be more embarrassing for a nation's leader than to represent his country in a forum abroad just after his administration has been decisively defeated in an election at home. An electoral repudiation is an eloquent way of telling the world that a president has lost the right to speak for his people.

But for Burmese President Thein Sein, a former army general who attended the leaders' summit of the Association of Southeast Asian Nations (Asean) in Cambodia on Wednesday, his party's defeat in Myanmar's parliamentary by-election last Sunday will be a source of personal pride rather than of shame.

To appreciate this irony is to understand what it means for the politics of a country like Myanmar to be graced by the participation of Asia's most credible opposition leader, Aung San Suu Kyi.

Suu Kyi, who vied for one of the 45 parliamentary seats rendered vacant by the appointment of some of the military regime's leaders to key posts in government, has won 92 per cent of the votes in her rural constituency.

Forty other members of her party, the National League for Democracy (NLD), have taken most of the remaining seats. The fragile-looking pro-democracy icon and Nobel Peace Prize laureate, who was in detention for about 15 years, could have chosen not to participate in this election. She had every reason to ignore it.

At stake in this election were seats that make up no more than 7 per cent of the total membership of parliament, where at least 25 per cent of the seats are reserved for non-elected officials of the military.

The Union Solidarity and Development Party, a proxy for the Burmese junta, remains firmly in control of government. The NLD's victory does not in any way represent a sharing of power. By all accounts, this was no more than a "demonstration election" that the regime needed to lose (though probably not as badly as it has) in order to burnish its credentials as a govern-



ment in transition to democracy.

Yet, to put it this way is to be cynically dismissive of the complex challenges that the situation in Myanmar today presents. It was Thein Sein who virtually begged Suu Kyi, the woman the junta jailed for many years, to join the election.

That she responded positively testifies to her extraordinary patience and love of country. "I think there's a need," she recently told a public gathering, "for the participation of the military for the stability of the transformation period of our country. If the military and the people do unite together for the sake of our country, we can attain the development of our country in a very short time."

This political realism may not be entirely groundless. Suu Kyi sees the military institution her late father, the Burmese independence leader Aung San, once headed as a partner in the nation's development.

Despite the opposition's landslide victory and the orderly conduct of the

election, however, public skepticism persists. Asean may be inclined after this election to reward the regime by recommending that existing sanctions against the regime be lifted. But the Burmese public want to see if the transition is for real; for them, the litmus test of the regime's true intentions will be the 2015 general elections.

For the last 50 years, the military has held sway over this impoverished nation, deploying its dictatorial powers to extract the natural wealth of the country's timber and vast reserves of natural gas while keeping at bay the ethnic and political forces that have historically opposed the military junta. In 1990, two years after the outrageous massacre of thousands of unarmed demonstrators,

Myanmar held parliamentary elections calculated to draw the opposition into a terrain the junta thought it could control. The NLD called the generals' bluff and swept the elections. Without being a candidate herself, Suu Kyi for

the first time showed the military that if elections were held freely, the junta might not stay one day longer in power.

Unable to accept the 1990 election results, the junta turned around and invalidated the vote. Most of the leading figures of the opposition NLD, who should have been sitting in parliament, found themselves in jail instead.

Asean stood in horror as Myanmar's generals, already known for their excessive brutality and corruption, continued to rule without accountability. But, while the United States, Britain, and the European Union took resolute steps to isolate the regime by imposing economic sanctions, Asean refused to go beyond its policy of "constructive engagement".

Through all this, the detained Suu Kyi maintained a serene presence that was as powerful as it was non-violent. Several times, the junta urged her to leave the country and live in exile with her husband and two sons. But she chose to remain with her people, refusing to leave even after the death of her British husband out of fear that she won't be allowed to return.

Separated from her family, she remained a thorn on the side of the Burmese military. Apart from South Africa's Nelson Mandela, no other leader in the developing world commanded such a compelling moral power.

The more the junta tried to marginalise her, the bigger she grew in the eyes of the world. It would have been easier for the generals to justify their iron grip if Suu Kyi had led an underground armed movement against the government.

But this was not the path she chose. She didn't want to see her country destroyed by civil war, no matter how justified it might have been. She was confident that military rule would sooner or later come to an end, because, in the modern world, this type of government is no longer sustainable. Her optimism is being proven right.

The writer is a Journalist, Television Host and Sociologist.
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Indian defence industry

THE Indian defense industry is one of the fastest-growing global defense markets. India's defense capital expenditure, which refers to the part of the defense budget that is spent on the acquisition of all types of military hardware and technology, has grown at a CAGR of XX% over the review period. In 2010, India was allocated US\$XX billion for defense capital expenditure in the budget. Defense expenditure is expected to record a CAGR of XX% during the forecast period, to reach an annual expenditure of US\$XX billion by 2016. This is primarily due to the country's ageing military hardware and technology which is in need of replacing, and demands for defense against domestic insurgencies and hostility from neighboring countries. The strong growth in the industry is attracting foreign original equipment manufacturers (OEMs) and leading companies from the domestic private sector to enter the market.

Moreover, terrorism is leading to sharp increases in the defense budget and a shorter sales cycle, which offers an attractive market for defense manufacturers. The country is especially expected to demand unmanned combat aerial vehicles (UCAVs), advanced electronic warfare systems, combat systems, rocket and missile systems, fighter and trainer aircraft, stealth frigates, and submarines during the forecast period. In addition, its expenditure on IT and communications is expected to increase significantly, with a strong focus on enterprise applications, systems integration, and real-time mobile communications. The country relies upon imports to procure defense equipment with advanced technology, and, since most of the equipment India is seeking use advanced technology, there will be a significant prospect for foreign OEMs to enter the Indian defense market.

Government spending on India's homeland security market has increased significantly as a result of terrorist attacks, the smuggling of arms and explosives, and domestic insurgency. In 2010, the country's homeland security budget registered an increase of XX% over the previous year, with the Central Reserve Police Force (CRPF) receiving the largest share of the budget. Due to the nature of the security threats which the country faces, the main opportunities for growth in homeland security are expected in the aviation, mass transportation and maritime security markets. Following the increase in both domestic and foreign terrorist attacks, spending is expected to increase in surveillance technology, global positioning systems, radars and biometric systems.

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