Contents

Preface ................................................................................................................ iii

List of Abbreviations .......................................................................................... xi

Executive Summary .......................................................................................... 1

Introduction—East Asia in 2013 ....................................................................... 27

Chapter 1 Japan: New Development of National Security Policy ............... 37
  1. Establishment of the NSC and Formulation of the National Security Strategy ................................................................. 40
     (1) A Security Policy Aimed at Progress .................................................. 40
     (2) Establishment of the NSC ................................................................. 41
     (3) Establishment of the National Security Strategy ............................. 48
     (4) Future Challenges for the National Security Strategy .................... 53
     (1) NDPG after the Cold War: Pursuit of Effectiveness ....................... 55
     (2) Strengthening of Deterrent in Gray-zone Situations ....................... 58
     (3) Capability Assessment Based on Joint Operations and Emphasis on Maritime and Air Superiority ..................................................... 62
     (4) Building a Dynamic Joint Defense Force ....................................... 64

Chapter 2 The Korean Peninsula: The Start of North Korea’s “New Strategic Line” and South Korea’s “Trust Diplomacy” ............ 73
  1. North Korea’s Dual Policy of Economic and Nuclear Development ...... 76
     (1) Seeking to Become a De Facto Nuclear Weapons State .................. 76
     (2) Efforts toward Becoming an “Economic Giant” ................................. 81
  2. North Korea’s Combined Use of Provocation and Dialogue ................ 87
     (1) Taking an Assertive Stance after the Third Nuclear Test ................ 87
     (2) Stronger but Limited Pressure from China ....................................... 89
     (3) Resumption of Inter-Korean Dialogue ............................................ 92
Chapter 3  China: The Xi-Li Administration Faces Rough Going ..........111
   (1) Chinese Economic Growth Becomes Sluggish .........................114
   (2) Violence Explodes in Xinjiang Uygur Autonomous Region ........116
   (3) Dismantling a Corrupt Ministry of Railways ..........................117
   (4) Anticorruption Struggle Generates Intraparty Splits ...............118
2. Chinese Diplomacy: A Deliberate Mixture of Hard and Soft ...........121
   (1) Diplomatic Policies Stressing “Core Interests” .......................121
   (2) The US and China: “A New Type of Major-Power Relations” .....123
   (3) Neighboring Diplomacy Fraught with Contradictions ..............125
3. Active Use of Military Might and Modernizing Equipment ............129
   (1) New White Paper on Defense Released .................................129
   (2) Linking Foreign Policy and PLA Operations ..........................130
   (3) Modernizing Equipment through Technology Transfer from Russia
       .............................................................................................132
4. China-Taiwan Relations: Developing Despite Little Trust ...............135
   (1) Increasingly Close Economic Relations and Personal Exchanges ...135
   (2) China-Taiwan Personnel Contacts: Rising to the Leadership Level?
       .............................................................................................138
   (3) Taiwan’s Participation in the International Community and China’s
       Reaction .................................................................................141
   (4) Taiwan’s QDR Shows Rising Wariness toward China ...............142

Chapter 4  Southeast Asia: South China Sea Grows More Complicated .......145
1. South China Sea: ASEAN’s Responses Grow More Complex ...........148
   (1) The Philippines: Clearly Confronting China .........................148
   (2) Vietnam: Promoting Diversified Military Diplomacy ...............153
   (3) China-ASEAN COC Talks: Stagnation, But New Efforts Too ......158
2. Developments in the ADMM-Plus: Evolving Institutionalization ..........161
3. Thailand’s Deep South and the Central Government: From Signs of Improvement to Renewed Chaos..............................................................165
4. Myanmar: Sectarian Violence Surfaces....................................................168

Chapter 5 Australia: Bipartisan Consensus for Deeper Engagement in Asia ......................................................................................................173
   (1) Shifts in the World’s Economic and Strategic Centers of Gravity ....176
   (2) The US-China Relationship: The “Heart” of the Indo-Pacific ..........178
   (3) Southeast Asia: Architectural and Geostrategic Center of the Indo-Pacific ..........................................................................................182
   (1) Differences with the 2009 Defence White Paper ................................185
   (2) Rationale for Deeper “Defence Engagement” in the Indo-Pacific ...188
   (3) The US-Australia Alliance: Advancing the “Force Posture Initiative” .........................................................................................193
3. Unstable Domestic Politics and Leadership Changes ..............................196
   (1) Rise and Fall of the Second Rudd Government ...............................196
   (2) Inauguration of the Abbott Coalition Government ...........................198
   (3) Unstable Relations with Indonesia: The First Test of Abbott Diplomacy ..........................................................................................205

Chapter 6 Russia: Japan and Russia Hold First-ever “Two-Plus-Two” Meeting of Foreign and Defense Ministers .................................................209
1. Problems Faced by the Second Putin Administration ...............................212
   (1) President Putin’s Political Base Seen to be Weakening .....................212
   (3) Strategic Concerns in the Arctic Region ...........................................218
2. Russia’s Position within a Changing Global Community ........................223
   (1) Russia Pursues a Strategic Approach to Foreign Policy in the Energy Sphere .........................................................................................223
(2) US-Russian Relations Fluctuate between Confrontation and Cooperation........................................................................................................... 227
(3) Growing Fear of Security Risk Posed by China........................................ 231
(4) Progress Seen in Dialogue between Russia and Japan on Security Issues........................................................................................................... 236

3. Russian Military Aims to Enhance Combat Readiness.......................... 241
   (1) Snap Inspections Ordered with Goal of Further Enhancing Military Reform .............................................................................................. 241
   (2) Defense Spending against the Backdrop of Strict Fiscal Discipline ........................................................................................................... 246
   (3) Russia Seeks to Strengthen Defense Industry and Boost Arms Exports ........................................................................................................... 251

Chapter 7 The United States: Asia-Pacific Rebalancing Put to the Test ... 255
   1. FY 2013 Sequestration and Defense Budget Cuts ................................. 258
      (1) Sequestration and Its Impact............................................................. 258
      (2) “Strategic Choices and Management Review” and Future US Defense Structure............................................................................................. 262
   2. Asia-Pacific Rebalancing in the Second Obama Administration .......... 267
      (1) Rebalancing amid Global Commitments ......................................... 267
      (2) Characteristics of the Asia-Pacific Rebalance.................................. 269
   3. Progress in the Asia-Pacific Rebalancing Strategy................................. 271
      (1) Initiatives to Strengthen Relations with the Region’s Nations and ASEAN ............................................................................................. 271
      (2) Seeking to Control the Competitive Side of Relations with China... 275
      (3) Efforts to Bolster Military Presence in the Asia-Pacific ................. 279

Chapter 8 Afghanistan and the Surrounding Region: Eyes Focused on the ISAF Withdrawal ................................................................. 283
   1. The Thirteen Years of the Karzai Government ....................................... 285
      (1) Continuing Difficulties in Domestic Governance ......................... 285
      (2) The Taliban and Other Insurgencies in Afghanistan and Pakistan .... 288
   2. Afghanistan’s Foreign Policy and the Destabilization of the Region ...... 292
      (1) Transformation into an Independent Player? ................................. 292
(2) Direction of Domestic Politics in Pakistan and Its Tenuous Relationship with Afghanistan ..........................................................294
(3) Russia and post-Soviet Central Asia .................................................297
(4) Searching for Partners in the Vicinity: Afghanistan’s Relations with India, Iran, and China.............................................................298

3. Efforts at Engagement by the International Community toward Stabilization..............................................................................................301
   (1) Maintenance of Security within Afghanistan after the ISAF Withdrawal .........................................................................................301
   (2) Support for the Reform of Afghanistan’s Military and Security Organs .........................................................................................304
   (3) Developments in the Peace Talks with the Taliban ......................307
   (4) Support for Reconstruction of the Civilian Sector in Afghanistan ...308

4. Year 2014: Afghanistan at the Crossroads................................................310

Chapter 9 The Shale Revolution and the International Security Environment ......................................................................................................315
1. An Overview of the Shale Revolution......................................................318
   (1) Revolution Stems from Technological Innovation in the United States .........................................................................................318
   (2) Why a “Revolution”? ........................................................................320
   (3) Looking at the Shale Revolution from the Perspective of National Security ..................................................................................322

2. How the Shale Revolution Stands at Present.........................................324
   (1) Increase in Shale Oil Production in the United States ..................324
   (2) Increase in Shale Gas Production in the United States .................326
   (3) Impact of Increased US Production of Shale Gas on Global Energy Market ..................................................................................327

3. Prospects for the Further Development of the Shale Revolution ..........328
   (1) Likely Impact of Shale Oil Production on International Security Scene .........................................................................................328
   (2) Outlook for Shale Gas Production ....................................................331
   (3) Impact of Shale Revolution on International Relations ...............332
   (4) Constraints on the Production of Shale Gas ....................................335
Contents

4. US Energy Policy Amid the Shale Revolution .........................................................337
   (1) Shift to an Active Energy Security Strategy..................................................337
   (2) The Economic Viability of LNG Exports ......................................................339
   (3) The Impact of LNG Exports on International Relations.............................341
   (4) Impact of Shale Revolution on US Energy Policy .......................................344
5. Likely Impact of Shale Revolution on US Relations with Russia, Europe, and East Asia .................................................................346
   (1) Interdependence between Russia and Europe .............................................346
   (2) The Relative Importance of the European and East Asian Markets as Factors behind the Changes in Russia’s Energy Policy ..........................347
   (3) Responses of Russia and Europe to the Shale Revolution .........................350
   (1) China’s Energy Policy ..............................................................................353
   (2) China’s Energy Security Policy Focuses on Expanding Domestic Production .........................................................................................354
   (3) Impact of Shale Revolution on China’s Energy Security ..........................355

Commentaries

Future Challenges for the Reform of Japan’s Security Policy: Importance of the Intellectual Base ........................................................................................................47
Revision of the Guidelines .............................................................................................65
Comprehensive Improvement of Response Capability against Ballistic Missile Threats .......................................................................................................................68
Sino-South Korea Ties in the Humanities ....................................................................99
South Korea’s Arms Exports .....................................................................................108
At the Third Plenum of the Eighteenth CPC Central Committee, Calls for State Security Committee and Reform of National Defense and Military ......134
Insurgency in Thailand’s Deep South: Background and Prolongation ............166
Australia’s Engagement with the Three Countries of Northeast Asia ............191
Australian Defence Posture Review ........................................................................195
Agreements reached at the first “Japan-Russia 2+2” meeting (November 2, 2013) .........................................................................................................................238
ANSF and the Process of Transferring Security Authority ..................................306
Japan’s Response to the Shale Revolution ............................................................359