East Asian Strategic Review 2019

The National Institute for Defense Studies
Japan
Preface

This edition of the *East Asian Strategic Review (EASR)* marks the twenty-third year of the flagship publication of the National Institute for Defense Studies (NIDS), Japan’s sole national think tank in the area of security affairs. Over those years, *EASR* has built up an established reputation as the only annual report in both Japanese and English that provides domestic and international audiences with insight into Japan’s security environment in the context of the increasingly challenging security issues of East Asia.

*EASR* comprises chapters examining trends in specific regional countries that have an impact on Japan’s security, and chapters covering timely topics in East Asian security. This edition analyzes diverse themes such as the US Donald Trump administration’s response to the great power competition, developments toward the “denuclearization” of the Korean Peninsula, the power base and policy issues of Xi Jinping’s second term, building of Japan’s “cross-domain” defense force, and the “Indo-Pacific” concepts of Australia and India.

As part of the NIDS editorial policy, *EASR* lists the names of the authors responsible for each chapter and provides chapter notes indicating information sources, so as to further strengthen its standing as a scholarly text founded on analyses personally made by its contributing researchers. It also adds a wide array of supplementary material to further enhance general readers’ understanding of East Asian security, including figures, tables, photos, sidebars, and a list of abbreviations.

*EASR 2019* represents NIDS researchers’ analyses and descriptions of major security-related developments that took place mainly during the period from January through December 2018, and is based on information compiled from open sources in Japan and overseas. The statements contained herein do not necessarily represent the official position of the Government of Japan or the Ministry of Defense. The titles and ranks of people mentioned herein are, in principle, those that were current at the time of the events described.

This edition was written by: Shinji Hyodo (Introduction); Marie Izuyama and Yusuke Ishihara (Chapter 1); Yasuyuki Sugiura and Masayuki Masuda (Chapter 2); Takeshi Watanabe and Osamu Koike (Chapter 3); Yoshihide Matsuura and Hideo Tomikawa (Chapter 4); Hiroshi Yamazoe, Shigeki Akimoto, and Yoshiaki Sakaguchi (Chapter 5); Sugio Takahashi (Chapter 6); and Tomohiko
As the world’s interest gravitates toward strategic trends in East Asia, it is our hope that *EASR* will help build interest in and understanding of the East Asian strategic environment and will serve as food for intelligent discussion aimed at helping Japan to make better security policy decisions.

April 2019

Shinji Hyodo

_EASR 2019_ Editor-in-chief

Director, Regional Studies Department
## Contents

**Preface**

List of Abbreviations

**Introduction: East Asia in 2018**

**A Severer Strategic Environment and Japan’s Response**

1. Trump Administration and the Great Power Competition
2. Developments Toward the “Denuclearization” of the Korean Peninsula
3. The Power Base and Policy Issues of Xi Jinping’s Second Term
4. Building of Japan’s “Cross-Domain” Defense Force
5. The Indo-Pacific Concept of Australia and India

**Chapter 1 Australia, India and the Indo-Pacific Concept**

1. Australia, India and the Indo-Pacific Concept
2. Australia’s Perception of the Indo-Pacific
   (1) The End of a US-Centered Order
   (2) Worsening Australia-China Relations
   (3) Network Diplomacy in the Indo-Pacific
3. India’s Perception of the Indo-Pacific
   (1) “Indian Ocean Region”: Arena for Playing a Major Power Role
   (2) Enhancing Engagement in Indian Ocean Island Countries
   (3) Strengthening Partnership with ASEAN Countries

**Chapter 2 China: The Start of Xi Jinping’s Second Term**

1. Strengthening of Xi Jinping’s Authority Through Personnel Changes, Institutional and Organizational Reforms, and Anti-Corruption Campaign
   (1) Unprecedented Personnel Appointments in Line with Xi’s Intentions
   (2) Institutional and Organizational Reforms of Party and State Organs Including Constitutional Amendments
   (3) Continuation of Anti-Corruption Campaign
2. The Geopolitics of Chinese Foreign Policy
   (1) Xi Jinping’s Reorientation of Foreign Policy Approach
   (2) Deteriorating Sino-US Relations
   (3) Proactive Neighboring Diplomacy
3. Deepening National Defense and Military Reform and PLA’s Modernization from the Perspective of Training and Equipment
   (1) Progress in Military Reform at National People’s Congress
   (2) Strengthening of Training Structure and Implementation of Exercises
   (3) Advances in Arms Modernization
Chapter 3 The Korean Peninsula: Prospects of the “Denuclearization” Negotiations ........................................ 73
1. North Korea: Nuclear Program and Negotiations ................................................................. 75
   (1) “Denuclearization” that Sustains Nuclear Weapons .................................................. 75
   (2) Are “Security Guarantees” Consistent with Non-Proliferation? .............................. 78
   (3) Peace Regime as an External Asset ................................................................. 81
2. South Korea: Efforts for Overcoming the “Division System” ............................................ 87
   (1) Three Inter-Korean Summits and Progress in North-South Relations ................. 87
   (2) Building of Peace Regime and US-ROK Alliance .............................................. 90
   (3) Prospects of “Defense Reform 2.0” ........................................................................ 94

Chapter 4 Southeast Asia: Readjusting External Relations .................................................. 101
1. Regional Cooperation Trends and Security Issues ............................................................ 103
   (1) ASEAN’s Policy Trends Over the South China Sea Issue .................................... 103
   (2) New Developments Related to Regional Cooperation and Joint Exercises ......... 107
2. Developments on Democratization and National Security ............................................. 111
   (1) Malaysia: First-ever Change of Government since Independence .................... 111
   (2) Indonesia: Challenges Related to Islam .............................................................. 114
   (3) Myanmar: Challenges for National Reconciliation .............................................. 117
3. Trends in Individual Countries’ Military Modernization .................................................. 120
   (1) Malaysia: Reforms under the New Government .............................................. 120
   (2) Indonesia: Reorganization Aimed at Joint Operation ........................................ 123
   (3) Myanmar: Modernization in a Difficult International Environment ................. 126

Chapter 5 Russia: The Start of the Fourth Putin Administration .......................................... 133
1. The Fourth Putin Administration and Future Policy Guidelines ..................................... 135
   (1) President Putin’s Re-election and Expectations for the Administration ............... 135
   (2) Building of Medium- to Long-term Policy Guideline Framework ...................... 136
   (3) Future Policy Guidelines ..................................................................................... 137
2. Diplomatic Policy Aimed at Forming a New International Order .................................... 138
   (1) Diplomacy with the United States for Restoring Strategic Stability ..................... 138
   (2) Diplomacy in Europe Aimed at a Russia-favored Framework .............................. 141
   (3) Diplomacy toward Involvement in Formation of New Order in East Asia .......... 144
   (1) Future Policy Framework Indicated in the May Presidential Executive Order .... 147
   (2) New Executive Branch ....................................................................................... 149
   (3) Prudent, Yet Bold Policies ............................................................................... 152
   (4) Key Guidelines for the Government to 2024 and Positioning of National Defense Industry ................................................................. 155
4. Military Reforms with an Eye toward Combating Threats and Future Warfare
   (1) Reinforcement of Military Posture in European Strategic Direction
   (2) Military Posture and Large-scale Exercise Vostok 2018 in the Eastern Military District
   (3) Progress in Equipment Upgrades and Discussions concerning Military Reforms
   (4) Expanding Counter-Terrorism Military Cooperation and Arms Exports Aiming to Increase

Chapter 6 The United States: The Trump Administration’s Second Year:
Aiming to Restore a “Strong America”

1. Security Strategy Based on a Worldview that “Great Power Competition Returned”
   (1) Establishment of New Security Strategy: Return of Great Power Competition
   (2) US-China Relations Increasingly Underpinned by Competition
   (3) Denuclearization of the Korean Peninsula Through Dialogue

2. Efforts Towards Modernizing US Forces
   (1) Rebuilding the Nuclear Arsenal
   (2) Prospects of the Ballistic Missile Defense System
   (3) State of Research and Development in Emerging Technology

3. Mid-Term Elections and Domestic Outlook
   (1) Mid-Term Elections and US Politics
   (2) Comparison of 2018 Mid-Term Elections and 2016 Presidential Election

Chapter 7 Japan: New National Defense Program Guidelines

1. What are the “National Defense Program Guidelines”?
   (1) Guidelines as Defense Strategy
   (2) End of the Cold War and Transition of the NDPG – Shift to a Proactive Contribution to Peace

2. Background to the NDPG Review
   (1) Shifts in the International Balance of Power
   (2) Emergence of Specific Security Challenges

### List of Abbreviations

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1MDB</td>
<td>1 Malaysia Development Berhad</td>
</tr>
<tr>
<td>A2/AD</td>
<td>Anti-Access/Area Denial</td>
</tr>
<tr>
<td>ABL</td>
<td>Airborne Laser</td>
</tr>
<tr>
<td>ABM</td>
<td>Anti-Ballistic Missiles</td>
</tr>
<tr>
<td>ADF</td>
<td>Australian Defence Force</td>
</tr>
<tr>
<td>ADIZ</td>
<td>Air-Defense Identification Zone</td>
</tr>
<tr>
<td>ADMM</td>
<td>ASEAN Defense Ministers’ Meeting</td>
</tr>
<tr>
<td>ADMM-Plus</td>
<td>ASEAN Defense Ministers’ Meeting-Plus</td>
</tr>
<tr>
<td>AI</td>
<td>Artificial Intelligence</td>
</tr>
<tr>
<td>AIIB</td>
<td>Asian Infrastructure Investment Bank</td>
</tr>
<tr>
<td>ALIAS</td>
<td>Aircrew Labor In-cockpit Automation System</td>
</tr>
<tr>
<td>AMNEX</td>
<td>ASEAN Multilateral Naval Exercise</td>
</tr>
<tr>
<td>ANC</td>
<td>Andaman and Nicobar Command</td>
</tr>
<tr>
<td>APEC</td>
<td>Asia-Pacific Economic Cooperation</td>
</tr>
<tr>
<td>ARF</td>
<td>ASEAN Regional Forum</td>
</tr>
<tr>
<td>ARSA</td>
<td>Arakan Rohingya Salvation Army</td>
</tr>
<tr>
<td>ASAT</td>
<td>Anti-Satellite</td>
</tr>
<tr>
<td>ASBM</td>
<td>Anti-Ship Ballistic Missiles</td>
</tr>
<tr>
<td>ASEAN</td>
<td>Association of Southeast Asian Nations</td>
</tr>
<tr>
<td>AU</td>
<td>African Union</td>
</tr>
<tr>
<td>AUSINDEX</td>
<td>Exercise Australia-India</td>
</tr>
<tr>
<td>AUSMIN</td>
<td>Australia-United States Ministerial Consultations</td>
</tr>
<tr>
<td>BHIC</td>
<td>Boustead Heavy Industries Corporation</td>
</tr>
<tr>
<td>BIMSTEC</td>
<td>Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation</td>
</tr>
<tr>
<td>BKI</td>
<td>Boost-phase Kinetic Interceptor</td>
</tr>
<tr>
<td>BMD</td>
<td>Ballistic Missile Defense</td>
</tr>
<tr>
<td>BMDR</td>
<td>Ballistic Missile Defense Review</td>
</tr>
<tr>
<td>BN</td>
<td>Barisan Nasional</td>
</tr>
<tr>
<td>BRI</td>
<td>Belt and Road Initiative</td>
</tr>
<tr>
<td>BRICS</td>
<td>Brazil, Russia, India, China and South Africa</td>
</tr>
<tr>
<td>CAATSA</td>
<td>Countering America’s Adversaries Through Sanctions Act</td>
</tr>
<tr>
<td>CARAT</td>
<td>Cooperation Afloat Readiness and Training</td>
</tr>
<tr>
<td>CAS</td>
<td>Close Air Support</td>
</tr>
<tr>
<td>Abbreviation</td>
<td>Full Form</td>
</tr>
<tr>
<td>--------------</td>
<td>-----------</td>
</tr>
<tr>
<td>CENTRIXS</td>
<td>Combined Enterprise Regional Information Exchange System</td>
</tr>
<tr>
<td>CFE</td>
<td>Conventional Armed Forces in Europe</td>
</tr>
<tr>
<td>CFIUS</td>
<td>Committee on Foreign Investment in the United States</td>
</tr>
<tr>
<td>CIS</td>
<td>Commonwealth of Independent States</td>
</tr>
<tr>
<td>CMC</td>
<td>Central Military Commission</td>
</tr>
<tr>
<td>COC</td>
<td>Code of Conduct</td>
</tr>
<tr>
<td>CPC</td>
<td>Communist Party of China</td>
</tr>
<tr>
<td>CPGS</td>
<td>Conventional Prompt Global Strike</td>
</tr>
<tr>
<td>CSIS</td>
<td>Center for Strategic and International Studies</td>
</tr>
<tr>
<td>CSTO</td>
<td>Collective Security Treaty Organization</td>
</tr>
<tr>
<td>D&amp;SD</td>
<td>Diplomatic and Security Dialogue</td>
</tr>
<tr>
<td>DARPA</td>
<td>Defense Advanced Research Projects Agency</td>
</tr>
<tr>
<td>DMZ</td>
<td>Demilitarized Zone</td>
</tr>
<tr>
<td>DoD</td>
<td>Department of Defense</td>
</tr>
<tr>
<td>DoE</td>
<td>Department of Energy</td>
</tr>
<tr>
<td>DPRK</td>
<td>Democratic People’s Republic of Korea</td>
</tr>
<tr>
<td>DSC</td>
<td>Defense Security Command</td>
</tr>
<tr>
<td>DSSC</td>
<td>Defense Security Support Command</td>
</tr>
<tr>
<td>EAC</td>
<td>Enhanced Air Cooperation</td>
</tr>
<tr>
<td>EAS</td>
<td>East Asian Summit</td>
</tr>
<tr>
<td>EEZ</td>
<td>Exclusive Economic Zone</td>
</tr>
<tr>
<td>EU</td>
<td>European Union</td>
</tr>
<tr>
<td>FE</td>
<td>Foal Eagle</td>
</tr>
<tr>
<td>FMC</td>
<td>Full Mission Capability</td>
</tr>
<tr>
<td>FMF</td>
<td>Foreign Military Financing</td>
</tr>
<tr>
<td>FOC</td>
<td>Full Operational Capability</td>
</tr>
<tr>
<td>FONOPs</td>
<td>Freedom of Navigation operations</td>
</tr>
<tr>
<td>FPDA</td>
<td>Five Power Defence Arrangements</td>
</tr>
<tr>
<td>FY</td>
<td>Fiscal Year</td>
</tr>
<tr>
<td>G20</td>
<td>Group of Twenty</td>
</tr>
<tr>
<td>GBI</td>
<td>Ground-Based Interceptor</td>
</tr>
<tr>
<td>GBSD</td>
<td>Ground-Based Strategic Deterrent</td>
</tr>
<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
</tr>
<tr>
<td>GMD</td>
<td>Ground-based Midcourse Defense</td>
</tr>
<tr>
<td>GNP</td>
<td>Gross National Product</td>
</tr>
<tr>
<td>GP</td>
<td>Guard Post</td>
</tr>
<tr>
<td>Abbreviation</td>
<td>Full Form</td>
</tr>
<tr>
<td>--------------</td>
<td>-----------</td>
</tr>
<tr>
<td>GRU</td>
<td>Generalnogo Shtaba Glavnoje Razvedyvatel’noje Upravlenije (Main Intelligence Directorate of the General Staff of the Armed Forces)</td>
</tr>
<tr>
<td>HA/DR</td>
<td>Humanitarian Assistance/Disaster Relief</td>
</tr>
<tr>
<td>HAL</td>
<td>Hindustan Aeronautics Limited</td>
</tr>
<tr>
<td>HALE</td>
<td>High-Altitude Long Endurance</td>
</tr>
<tr>
<td>HTI</td>
<td>Hizb al-Tahrir Indonesia</td>
</tr>
<tr>
<td>HVGP</td>
<td>Hyper Velocity Gliding Projectile</td>
</tr>
<tr>
<td>IAMD</td>
<td>Integrated Air and Missile Defense</td>
</tr>
<tr>
<td>ICBM</td>
<td>Intercontinental Ballistic Missile</td>
</tr>
<tr>
<td>ICC</td>
<td>International Criminal Court</td>
</tr>
<tr>
<td>ICERD</td>
<td>International Convention on the Elimination of All Forms of Racial Discrimination</td>
</tr>
<tr>
<td>ICPO</td>
<td>International Criminal Police Organization</td>
</tr>
<tr>
<td>IISS</td>
<td>International Institute for Strategic Studies</td>
</tr>
<tr>
<td>IMF</td>
<td>International Monetary Fund</td>
</tr>
<tr>
<td>INCSEA</td>
<td>Incidents at Sea Agreement</td>
</tr>
<tr>
<td>INF</td>
<td>Intermediate-Range Nuclear Forces</td>
</tr>
<tr>
<td>IOC</td>
<td>Initial Operational Capability</td>
</tr>
<tr>
<td>ISIL</td>
<td>Islamic State of Iraq and the Levant</td>
</tr>
<tr>
<td>ISR</td>
<td>Intelligence, Surveillance and Reconnaissance</td>
</tr>
<tr>
<td>ITEC</td>
<td>Indian Technical and Economic Cooperation</td>
</tr>
<tr>
<td>JAD</td>
<td>Jamaah Ansharut Daulah</td>
</tr>
<tr>
<td>JCPOA</td>
<td>Joint Comprehensive Plan of Action</td>
</tr>
<tr>
<td>JMMC</td>
<td>Joint OPEC-Non-OPEC Ministerial Monitoring Committee</td>
</tr>
<tr>
<td>JMSDF</td>
<td>Japanese Maritime Self-Defense Force</td>
</tr>
<tr>
<td>JOAC</td>
<td>Joint Operational Access Concept</td>
</tr>
<tr>
<td>JSA</td>
<td>Joint Security Area</td>
</tr>
<tr>
<td>KAMD</td>
<td>Korea Air and Missile Defense</td>
</tr>
<tr>
<td>KCNA</td>
<td>Korean Central News Agency</td>
</tr>
<tr>
<td>KIA</td>
<td>Kachin Independence Army</td>
</tr>
<tr>
<td>KMPR</td>
<td>Korea Massive Punishment and Retaliation</td>
</tr>
<tr>
<td>KOOPSAU</td>
<td>Komando Operasi Angkatan Udara (Air Force Operational Command)</td>
</tr>
<tr>
<td>KOSTRAD</td>
<td>Komando Strategis Angkatan Darat (Army Strategic Reserve Command)</td>
</tr>
<tr>
<td>KR</td>
<td>Key Resolve</td>
</tr>
<tr>
<td>LCS</td>
<td>Littoral Combat Ship</td>
</tr>
<tr>
<td>Abbreviation</td>
<td>Full Form</td>
</tr>
<tr>
<td>--------------</td>
<td>-----------</td>
</tr>
<tr>
<td>LCT</td>
<td>Landing Craft Tank</td>
</tr>
<tr>
<td>LCU</td>
<td>Landing Craft Utility</td>
</tr>
<tr>
<td>LDP</td>
<td>Liberal Democratic Party</td>
</tr>
<tr>
<td>LEP</td>
<td>Life Extension Program</td>
</tr>
<tr>
<td>LMS</td>
<td>Littoral Mission Ship</td>
</tr>
<tr>
<td>LOA</td>
<td>Letter of Agreement</td>
</tr>
<tr>
<td>LRSO</td>
<td>Long Range Stand Off Weapon</td>
</tr>
<tr>
<td>MALE</td>
<td>Medium-Altitude Long Endurance</td>
</tr>
<tr>
<td>MDA</td>
<td>Missile Defense Agency</td>
</tr>
<tr>
<td>MDA</td>
<td>Maritime Domain Awareness</td>
</tr>
<tr>
<td>MDL</td>
<td>Military Demarcation Line</td>
</tr>
<tr>
<td>MEF</td>
<td>Minimum Essential Force</td>
</tr>
<tr>
<td>MFA</td>
<td>Ministry of Foreign Affairs</td>
</tr>
<tr>
<td>MND</td>
<td>Ministry of National Defense</td>
</tr>
<tr>
<td>MOD</td>
<td>Ministry of Defense</td>
</tr>
<tr>
<td>MOKV</td>
<td>Multi-Object Kill Vehicle</td>
</tr>
<tr>
<td>MOU</td>
<td>Memorandum of Understanding</td>
</tr>
<tr>
<td>MPA</td>
<td>Maritime Patrol Aircraft</td>
</tr>
<tr>
<td>MRCA</td>
<td>Multirole Combat Aircraft</td>
</tr>
<tr>
<td>MRF-D</td>
<td>Marine Rotational Force-Darwin</td>
</tr>
<tr>
<td>MRO</td>
<td>Maintenance, Repair, and Overhaul</td>
</tr>
<tr>
<td>MRSS</td>
<td>Multi-Role Support Ship</td>
</tr>
<tr>
<td>MSI</td>
<td>Maritime Security Initiative</td>
</tr>
<tr>
<td>MTDP</td>
<td>Medium Term Defense Program</td>
</tr>
<tr>
<td>MUI</td>
<td>Majelis Ulama Indonesia</td>
</tr>
<tr>
<td>NAD</td>
<td>Navy Area Defense</td>
</tr>
<tr>
<td>NATO</td>
<td>North Atlantic Treaty Organization</td>
</tr>
<tr>
<td>NCA</td>
<td>Nationwide Ceasefire Agreement</td>
</tr>
<tr>
<td>NDAA</td>
<td>National Defense Authorization Act</td>
</tr>
<tr>
<td>NDPG</td>
<td>National Defense Program Guidelines</td>
</tr>
<tr>
<td>NDS</td>
<td>National Defense Strategy</td>
</tr>
<tr>
<td>NGJ</td>
<td>Next Generation Jammer</td>
</tr>
<tr>
<td>NLD</td>
<td>National League for Democracy</td>
</tr>
<tr>
<td>NLL</td>
<td>Northern Limit Line</td>
</tr>
<tr>
<td>NMD</td>
<td>National Missile Defense</td>
</tr>
<tr>
<td>NNSA</td>
<td>National Nuclear Security Administration</td>
</tr>
</tbody>
</table>
NPC  National People’s Congress
NPR  Nuclear Posture Review
NPT  Treaty on the Non-Proliferation of Nuclear Weapons
NSA  Negative Security Assurances
NSM  Naval Strike Missile
NSS  National Security Strategy
NTWD  Navy Theater Wide Defense
NWFZ  Nuclear-Weapon-Free Zone
OFFSET  Offensive Swarm-Enabled Tactics
OPCON  Operational Control
OPEC  Organization of the Petroleum Exporting Countries
OPV  Offshore Patrol Vessel
OSCE  Organization for Security and Co-operation in Europe
PAC-3  Patriot Advanced Capability-Three
PAP  People’s Armed Police Force
PAR  Presidential Aircraft Recapitalization
PAS  Parti Islam se Malaysia (Malaysian Islamic Party)
PKO  Peace Keeping Operation
PLA  People’s Liberation Army
PLAAF  People’s Liberation Army Air Force
PLAN  People’s Liberation Army Navy
PMC  Post Ministerial Conference
PPP  Purchasing Power Parity
PRC  People’s Republic of China
PSI  Proliferation Security Initiative
QDR  Quadrennial Defense Review
R&D  Research and Development
RIMPAC  Rim of the Pacific Exercise
RMAF  Royal Malaysian Air Force
RMN  Royal Malaysian Navy
ROK  Republic of Korea
SAP  State Armament Program
SARA  Suku, Agama, Ras, and Antargolongan
SBIRS  Space-Based Infrared System
SCM  Security Consultative Meeting
SCO  Shanghai Cooperation Organization
<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>SDF</td>
<td>Self-Defense Forces</td>
</tr>
<tr>
<td>SEACAT</td>
<td>Southeast Asia Cooperation and Training</td>
</tr>
<tr>
<td>SIMBEX</td>
<td>Singapore-India Maritime Bilateral Exercise</td>
</tr>
<tr>
<td>SKA</td>
<td>Spacebased Kill Assessment</td>
</tr>
<tr>
<td>SLBM</td>
<td>Submarine Launched Ballistic Missile</td>
</tr>
<tr>
<td>SLCM</td>
<td>Sea Launched Cruise Missile</td>
</tr>
<tr>
<td>SLOC</td>
<td>Sea Lines of Communication</td>
</tr>
<tr>
<td>SMA</td>
<td>Special Measures Agreement</td>
</tr>
<tr>
<td>SMEs</td>
<td>Small-and Medium-sized Enterprises</td>
</tr>
<tr>
<td>SPIEF</td>
<td>St. Petersburg International Economic Forum</td>
</tr>
<tr>
<td>SSA</td>
<td>Space Situational Awareness</td>
</tr>
<tr>
<td>SSBN</td>
<td>Strategic Submarine Ballistic Nuclear</td>
</tr>
<tr>
<td>START</td>
<td>Strategic Arms Reduction Treaty</td>
</tr>
<tr>
<td>STOVL</td>
<td>Short Take-Off/Vertical Landing</td>
</tr>
<tr>
<td>STSS</td>
<td>Space Tracking and Surveillance System</td>
</tr>
<tr>
<td>THAAD</td>
<td>Terminal High Altitude Area Defense</td>
</tr>
<tr>
<td>TMD</td>
<td>Theater Missile Defense</td>
</tr>
<tr>
<td>TNLA</td>
<td>Ta’ang National Liberation Army</td>
</tr>
<tr>
<td>TPP</td>
<td>Trans-Pacific Partnership</td>
</tr>
<tr>
<td>UAVs</td>
<td>Unmanned Aerial Vehicles</td>
</tr>
<tr>
<td>UFG</td>
<td>Ulchi Freedom Guardian</td>
</tr>
<tr>
<td>UMNO</td>
<td>United Malays National Organisation</td>
</tr>
<tr>
<td>UN</td>
<td>United Nations</td>
</tr>
<tr>
<td>USFK</td>
<td>United States Forces Korea</td>
</tr>
<tr>
<td>UUV</td>
<td>Unmanned Underwater Vehicle</td>
</tr>
<tr>
<td>UWSA</td>
<td>United Wa State Army</td>
</tr>
<tr>
<td>VAT</td>
<td>Value Added Tax</td>
</tr>
<tr>
<td>VEB</td>
<td>Bank for Development and Foreign Economic Affairs</td>
</tr>
<tr>
<td>WPK</td>
<td>Workers’ Party of Korea</td>
</tr>
<tr>
<td>WPNS</td>
<td>Western Pacific Naval Symposium</td>
</tr>
<tr>
<td>WTO</td>
<td>World Trade Organization</td>
</tr>
<tr>
<td>XAI</td>
<td>Explainable Artificial Intelligence</td>
</tr>
</tbody>
</table>
Introduction

East Asia in 2018
A Severer Strategic Environment and Japan’s Response

Shinji Hyodo
1. Trump Administration and the Great Power Competition

The Donald Trump administration came into office amid the decline in the overwhelming state power of the United States, which had enjoyed “sole superpower” status for some time since the end of the Cold War, and as its relations with the great powers of China and Russia began to turn competitive. Based on a worldview that “great power competition returned,” the National Security Strategy was unveiled in December 2017. Furthermore, the Trump administration is delivering a competitive policy toward China, as seen, for example, from the “US-China trade war” and issues over technological competitiveness. As regards the Democratic People's Republic of Korea (DPRK), a US-DPRK Summit was held for the first time in history in June, followed by US-DPRK consultations. It remains unclear whether they will ultimately lead to the denuclearization of the Korean Peninsula. In the defense arena, the United States is engaged in rebuilding its nuclear arsenal and research and development of new technologies. In addition to the existing nuclear warhead Life Extension Program, the United States is developing and undertaking persistent efforts to modernize nuclear arsenals, including new intercontinental ballistic missiles, new bombers, and new strategic missile nuclear-powered submarines. With regard to new technologies, although outer space, hypersonic technology, directed energy weapon, and artificial intelligence have garnered attention, most of them are still in the research phase and their application is expected to take time. On the domestic political front, mid-term elections were held on November 6. As a result, the Democratic party secured a majority in the House of Representatives and increased its influence on the budget and legislation. Going forward, the Democrats will begin to shortlist candidates for the 2020 presidential election.

2. Developments Toward the “Denuclearization” of the Korean Peninsula

On April 27, 2018, at the third inter-Korean summit ever conducted, the leaders of the DPRK and the Republic of Korea (ROK) agreed on the Panmunjom
Declaration in which they confirmed “the common goal of realizing, through complete denuclearization, a nuclear-free Korean Peninsula.” However, shortly before this, the Plenary Meeting of the Party Central Committee that was convened under the leadership of Kim Jong Un, Chairman of the Workers’ Party of Korea (Chairman of the State Affairs Commission of the DPRK), reaffirmed basically the existing doctrine necessary for the use of nuclear weapons. Such DPRK policy which strongly suggests sustaining nuclear weapons may have factored into the failure to agree on a denuclearization timetable in the subsequent US-DPRK Singapore joint statement (June 12). Meanwhile, in order to end the “division system” and stabilize North-South relations, the Moon Jae-in administration of the ROK, in the Panmunjom Declaration released with Chairman Kim Jong Un, enshrined denuclearization and agreed to stop loud-speaker broadcasting and scattering of leaflets in the areas along the Military Demarcation Line and to turn the areas along the Northern Limit Line in the Yellow Sea into a maritime peace zone for easing military tension between the two Koreas. As regards the US-ROK alliance, the two countries announced they would suspend their regular US-ROK joint military exercise as a measure toward establishing the peace regime agreed upon at the US-DPRK Summit. If the exercise is suspended for a long time, however, it could adversely affect US-ROK joint operational capabilities. Attention will be paid to the arrangements resulting from US-ROK discussions on the deterrence posture and the role of their alliance, including negotiations on the transfer of wartime operational control and cost-sharing for the stationing of US Forces.

3. The Power Base and Policy Issues of Xi Jinping’s Second Term

President Xi Jinping has succeeded in greatly enhancing his political authority and leadership at the 19th Party Congress, as demonstrated from the Party Constitution’s incorporation of the guiding principles bearing the name of Xi. However, it is also considered that Xi has yet to establish an absolute power base, given that he could not: (1) make his own governing philosophies such as “governance” part of the action guidelines of the Communist Party of China (CPC), (2) overcome the custom of applying the “seven up, eight down”
principle of continuing to serve on the Politburo Standing Committee at age 67 but standing down at 68, and (3) restore the “party chairman system.” In 2018, marking the full-fledged start of Xi’s second term, closest attention was paid to how Xi will seek to further strengthen his power base on the domestic front. Xi aimed to boost his power base within the CPC through three channels: personnel appointments; institutional and organizational reforms of Party and State organs including constitutional amendments; and the fight against corruption. In the diplomatic domain, Xi established a structure that would allow him to take initiative; however, the US-China relationship, a top priority for Chinese diplomacy, deteriorated over the issues of Taiwan, the South China Sea, and economic friction. The Xi administration attempted to overcome this crisis situation by enhancing relations with neighboring countries including Japan and with developing countries, and thereby expanding China’s diplomatic horizon. In defense policy, interest areas included advancing the national defense and military reform promoted by Central Military Commission Chairman Xi, proactive implementation of training based on actual combat scenarios under the new military training structure, and steady equipment modernization of the Rocket Force, Navy, and Air Force.

4. Building of Japan’s “Cross-Domain” Defense Force

In December 2018, the Japanese government announced the New “National Defense Program Guidelines for FY2019 and beyond” (hereafter “2018 NDPG”). In line with the “National Security Strategy,” the 2018 NDPG outlines Japan’s basic policy of defense, the role of its defense force, the target levels of the Self-Defense Forces’ (SDF) specific structure, and other areas. The security environment surrounding Japan has become increasingly severe. The power transition caused by the rise of China is heightening the tense relations and probability of conflict between the United States and China, and there are concerns the impact of that may also have repercussions in Japan in various ways. In addition to the dynamics of the highly uncertain politics between major powers, some urgent issues, such as the defense of island areas and sea lines of communication and the need to build a “cross-domain” defense
force including space and cyberspace, arises. The 2018 NDPG was formulated within such an environment, with a focus on building a “Multi-domain Defense Force” to execute cross-domain operations including the new domains of space, cyberspace, and the electromagnetic spectrum. To this end, the 2018 NDPG aims for the continual qualitative and quantitative enhancement of the defense force, while focusing on strengthening its sustainability and resilience including protecting important infrastructure. The 2018 NDPG also cited the strengthening of involvement in the “Indo-Pacific” region and other nations, and indicated a bolstering of concrete initiatives by the Ministry of Defense and the SDF toward maintaining a “free and open Indo-Pacific.” The issue from hereon will likely be how to put into action the objectives raised in the 2018 NDPG, including further joint operations of the Ground, Maritime, and Air SDF, Japan-US joint operations, and building comprehensive defense capabilities that integrate the public and private sectors.

5. The Indo-Pacific Concept of Australia and India

Australia and India went from objects or receiving end of the emerging “Indo-Pacific” concept in the US policy of rebalance to Asia, to subjects or active participants in shaping the vision. The positions of the two countries have three common features. Both attach importance to the Indian Ocean as a trade route, have great economic interdependence with China, and emphasize the principle of “rule-based order.” On the other hand, they have largely differing views on the relative decline of US power. Whereas Australia has concerns over the decreasing US presence, India considers it an opportunity to shoulder the US responsibility of maintaining order. In summary, the “Indo-Pacific” vision for the two countries appears rooted in an attempt to manage and adjust their relationships with China and the United States so as not to undermine their own national interests. The “Indo-Pacific” vision for Australia is underpinned by its perceived end of a US-centered regional order and Australia’s need to adapt to the strategic competition and cooperation between the United States and China. Amidst the challenges with maintaining and deepening relations with the United States and China, Australia is exploring network diplomacy to strengthen its
collaboration with “Indo-Pacific” countries other than the United States and China. The “Indo-Pacific” vision for India is underpinned by its perception and by the US endorsement of this role. In the western side of the Indian Ocean, India provides capacity building assistance to smaller island countries and takes unilateral initiative to make regional frameworks in order to counter China’s advancement into the Indian Ocean which India believes is its sphere of influence since the mid-2000s. On the eastern side of the Indian Ocean, on the other hand, India carries out value diplomacy that stresses cultural ties and common values, in order to enhance cooperation with the Association of Southeast Asian Nations (ASEAN).

Shinji Hyodo
Chapter 1

Australia, India and the Indo-Pacific Concept

Marie Izuyama (lead author, Sections 1 and 3)
Yusuke Ishihara (Section 2)
Australia and India went from objects or receiving end of the emerging “Indo-Pacific” concept in the US policy of rebalance to Asia, to subjects or active participants in shaping the vision. The Australian and Indian positions have three common features. Both attach importance to the Indian Ocean as a trade route, have great economic interdependence with China, and emphasize the principle of “rule-based order.” On the other hand, they have largely differing views on the relative decline of US power. Whereas Australia has concerns over the decreasing US presence, India considers it an opportunity to shoulder the US responsibility of maintaining order. In summary, the “Indo-Pacific” concept for the two countries appears rooted in an attempt to manage and adjust their relationships with China and the United States so as not to undermine their own national interests.

The “Indo-Pacific” concept for Australia is underpinned by its perception of the end of a US-centered regional order and Australia’s need to adapt to the strategic competition and cooperation between the United States and China. The actions of the Donald Trump administration related to existing bilateral and multilateral agreements have heightened Australian concerns. The United States and Australia have maintained steady defense cooperation that has stayed along the same track; conversely, no new initiatives for strengthening the cooperation have been announced since the establishment of the Trump administration. Meanwhile, Australia’s relationship with China has worsened over matters such as the South China Sea issue, China’s acceleration of infrastructure investment in Australia, and interference in domestic politics, which in turn has reinstilled in Australia the difficulty of engaging with China. Amidst the challenges with maintaining and deepening relations with the United States and China, Australia is exploring network diplomacy to strengthen its collaboration with “Indo-Pacific” countries other than the United States and China.

The “Indo-Pacific” concept for India is underpinned by the perception that the country is a net security provider in the “Indian Ocean Region” and by the US endorsement of this role. In the western side of the Indian Ocean, India provides capacity building assistance to smaller island countries and takes unilateral initiative to make regional frameworks in order to counter China’s advancement into the Indian Ocean which India believes is its sphere of influence since the mid-2000s. On the eastern side of the Indian Ocean, on the other hand, India carries out value diplomacy that stresses cultural ties and common values, in order to enhance cooperation with the Association of Southeast Asian Nations (ASEAN).
1. Australia, India and the Indo-Pacific Concept

This chapter examines how Australia and India have been involved in the formulation of the “Indo-Pacific” vision. How do they perceive the region? What are their interests in and concerns for the region? The reason for discussing the cases of Australia and India is that the United States, which proposed the “Indo-Pacific” early on, envisioned the two countries as being its natural components. When US Secretary of State Hillary Clinton used the “Indo-Pacific” term in an address in October 2010 and in her article released in October 2011, Clinton mentioned the “Indo-Pacific” in reference to naval cooperation with India and the alliance with Australia, respectively. Shortly after Clinton’s address, US President Barack Obama delivered an address to the Indian Parliament. In the address, he vowed that the United States and India, as global partners, will fulfill a shared responsibility towards economic growth, peace and stability, and promoting democratic rule in Asia and the world. In addition, in an address delivered to the Australian Parliament in 2011, President Obama identified US-Australia military cooperation as a measure for the United States to remain in the region as a “Pacific nation.” It can thus be said that the US rebalance to Asia policy attaches importance to India and Australia as partners of the United States, and that “Indo-Pacific” was introduced as a vision to enshrine this. In this manner, Australia and India were originally brought into the policy as objects of the “Indo-Pacific” vision. Later, the two countries themselves inputted ideas for the vision through dialogues with the United States and engagement with regional countries. The next and following sections take a closer look at the involvement of Australia and India and the underlying policy orientations. But first, a general outline is provided here of the similarities and differences between the two countries.

First, it should be borne in mind that the “Indo-Pacific” concept for both countries is rooted in an attempt to manage and adjust their relationships with China and the United States, so as not to undermine their national interests. The two countries differ, however, in their perception of the relative decline in US power. As explained in further detail in Section 2, Australia is sensitive to the relative decline in US power and has concerns about having to choose between US-Australia alliance and engagement with China. For India, on the other hand,
the relative decline in US power offers an opportunity to gain prestige by sharing the US responsibility of maintaining order. Such distinctions between the two countries have led to differences in their approach to engagement with the United States. The US rebalance policy expects India to play the role of “net security provider” in the region, and India is forthcoming to this role. That said, this is no more than at the perception level and has not translated into collaboration at the operational level. In contrast, Australia has implemented policy in support of US deployments to the region, including accepting deployments of a company-size rotation of US Marines in Darwin and the Northern Territory since 2012. Furthermore, enhancement of US-India engagement since 2010 can be seen as US investment in India’s future, which, in the short-term, gives larger relative gains to India. They include the United States’ transfer of equipment and technology to India to a level commensurate with that of its closest allies and partners. Such benefits will likely become larger the more the United States sees China as a disruptor of order that does not abide by the rules. While India has room to expand its set of options by balancing China and the United States, Australia is compelled to make more difficult adjustments to ensure its relationships with China and the United States do not become incompatible.

Secondly, Australia and India both attach importance to the Indian Ocean as a trade route. The importance Australia places on the Indian Ocean can be observed in the 2013 Defence White Paper, which is considered the country’s first official document to cite “Indo-Pacific.” The white paper expresses the view that the Indian Ocean is developing into a trade corridor surpassing the Atlantic and Pacific oceans, and states that as Australia has vital interest in the security of the sea lanes of the Indian Ocean, the Indian Ocean will be featured in its defense and security planning. As for India, it has already devoted a chapter to the geopolitics of the Indian Ocean Region in the 2007 India’s Maritime Military Strategy. In the Ministry of Defence’s Annual Report 2009-2010, it states that the Indian Ocean Region is crucial to the development of India’s economy. Australia and India have a concurrent view that the importance of the Indian Ocean makes India’s role essential. Australia states the need to prioritize its relationship with India, given the importance of the Indian Ocean. At the same time, India contends that its importance will increase, given that the Indian Ocean offers vital trade routes for other countries.

Thirdly, Australia and India both have great economic interdependence with
China. India’s trade with China began to expand rapidly in around 2003, while Australia’s in around 2010. China replaced the United States as India’s largest trading partner in 2007. Meanwhile, China replaced Japan as Australia’s largest export destination in 2008, with China now accounting for one-third of Australia’s exports and 20% of its imports. Furthermore, for both countries, the entry into strategic partnerships with China was preceded by increases in

Figure 1.1. India’s trade with China (US$ million)

Source: Export Import Data Bank of the Department of Commerce, Ministry of Commerce and Industry, India.

Figure 1.2. Australia’s trade with China (US$ million)

Source: UN Comtrade Database, Department of Economic and Social Affairs, United Nations.
bilateral trade (the India-China strategic partnership was established in 2005 and Australia-China's in 2013). It can thus be observed that engagement with China is critical to the economic growth strategies of the two countries.

Fourthly, while Australia and India initially had a different interpretation of “rule-based order,” there appears to be a convergence of their ideas in recent years. “Rule-based order” is embedded in Australia’s national defense policy. In Australia, “rule-based order” originally referred to global contexts such as the Proliferation Security Initiative (PSI) and United Nations (UN) peace operations. It then gradually came to be used in the context of urging China to take responsible actions. For India, on the other hand, “rule-based order” is not an indigenous concept and is scarcely used in national defense or foreign policies. India strongly views that the rules of the financial and trade systems of institutions such as the International Monetary Fund (IMF) and the World Trade Organization (WTO) are Western-led rules and do not reflect the interests of developing countries. India adopts the same view also towards security initiatives taken by a US-led coalition, including PSI. An exception is the principle of “freedom of navigation.” Ever since joint resource development with Vietnam in the South China Sea got entangled into a dispute with China in 2011, India has repeatedly emphasized “freedom of navigation” at ASEAN Regional Forum (ARF) Ministerial Meetings and US-India defense ministerial meetings. The *Indian Maritime Security Strategy* of 2015 makes references to “freedom of navigation,” a term not used in India’s previous maritime strategies and doctrines, underscoring the importance of the principle for both the international community and India. For India, “rule-based order” refers primarily to the rules of the UN Convention on the Law of the Sea (UNCLOS). While Australia’s “rule-based order” has broader coverage, in the context of the “Indo-Pacific” it refers to rules supporting a free and open trading system. In this regard, there seems to be a convergence in the usage of the term between the two countries.

The gradual convergence of views on the concept of order seen between Australia and India is also increasingly observed among parties to the so-called Indo-Pacific region. This is demonstrated acutely in the press release regarding the Japan-Australia-India-US quadrilateral consultations held in Singapore in June 2018, which contained the phrase, “shared support for a free, open, and inclusive Indo-Pacific region.” The press release identifies “rules-based order,” “development and connectivity,” “maritime cooperation,” and “ASEAN
centrality” as pillars of a “free, open, and inclusive Indo-Pacific region.” These principles were reiterated in the address by US Secretary of Defense James Mattis at a change of command ceremony for the renaming of the US Pacific Command to the “Indo-Pacific Command” in late May, as well as in the keynote address by Prime Minister Narendra Modi of India and the remarks by Secretary Mattis at the IISS Asia Security Summit (Shangri-La Dialogue) in June. Some scholars draw linkages between the “Indo-Pacific” vision and the revitalization of Japan-US-Australia-India quadrilateral cooperation (Quad), and stress the fragility of the “Indo-Pacific” vision, noting India’s passiveness towards the quadrilateral cooperation. Nevertheless, based on the position that the “Indo-Pacific” vision cannot be reduced to quadrilateral cooperation, it can be assessed that the “Indo-Pacific” vision has—in six months’ time since the United States announced the National Security Strategy at the end of 2017—come to be accepted among Japan, Australia, India, and the United States as a concept of “regional order” based on “shared values” involving ASEAN member states. While ambiguity remains over what the “shared values” are and according to what standard such values are deemed to be adhered, countries that have broadly accepted “Indo-Pacific” as a concept of order are currently defined as members or resident states. The questions of whether China will be newly eligible to join the “Indo-Pacific,” whether there will be a division of roles internally, and to what extent and how US commitments will be secured will likely continue to be subject to various negotiations and bargaining. Borrowing the words of Yoshinobu Yamamoto, countries are vying in a competition or game to manipulate symbols that stand for the Indo-Pacific. Sections 2 and 3 below take a look at the Australian and Indian games.
2. Australia’s Perception of the Indo-Pacific

(1) The End of a US-Centered Order

Over the last decade, Australia has gradually changed the concept for its region from the existing Asia-Pacific to Indo-Pacific. The largest driving factor behind it was the relative decline in US power. In the *Foreign and Trade Policy White Paper* released in 1997 and the *Defence White Paper* released in 2000, the John Howard Coalition government (1996–2007) at the time vowed that US primacy is the most important foundation supporting peace and prosperity in the Asia-Pacific region, and from this perspective, consistently pursued a policy of sustaining and deepening the Australia-US alliance relationship even after the Cold War. The first Australian government that made a clear revision to this US-centered perception of the Asia-Pacific was the Kevin Rudd Labor government (2007–2010, 2013). The Rudd government asserted that the US unipolar era was ending and that a more multipolar Asia would emerge. The 2009 *Defence White Paper* prepared by the Rudd government refers to the area stretching from the Indian Ocean to the Pacific Ocean, home to a number of long-term rising nations, including China, India, and Indonesia, as the “wider Asia-Pacific”—a notion that could be considered the origin of the current Indo-Pacific regional concept. The Julia Gillard Labor government that followed the Rudd government parted more explicitly with the US unipolar Asia-Pacific concept, and adopted Indo-Pacific as an official term for its security policy characterized by competition and cooperation among multiple players, including the United States and China. This change in concept from Asia-Pacific centered on the United States to a more multipolar Indo-Pacific, beginning under the Labor government, has been upheld by the Coalition government (Prime Minister Tony Abbott: 2013–2015; Prime Minister Malcolm Turnbull: 2015–2018; Prime Minister Scott Morrison: 2018–present), which is still in power through the end of 2018 when this was written. As a result, Indo-Pacific has become a concept with bipartisan support from the two largest political parties in Australian politics. The *2016 Defence White Paper* and *2017 Foreign Policy White Paper* unveiled by the Coalition government conceptualize Indo-Pacific as Asia where the United States and China cooperate and compete as the most powerful players, similar to the concept of the previous Labor government, and indicate Australia’s intention to focus on the Indo-Pacific
as a priority area for its diplomacy and security.\textsuperscript{16}

The Australian view which underpins its Indo-Pacific concept, namely, that the era of US-centered regional order is ending, has been further reinforced by the emergence of the Trump administration. Minister for Foreign Affairs Julie Bishop of Australia, in a policy address delivered at the Chatham House in London in July 2018, gave developments in US foreign policy as one of the major challenges to the rule-based international order.\textsuperscript{17} She stated, “The United States is now favouring a more disruptive, often unilateral, foreign and trade policy that has heightened anxieties about its commitment to the rules-based order.” No sitting Australian foreign minister has criticized the United States in such an overt manner in the last 20 years, as far as this author can tell. It goes without saying that underlying Australia’s stance towards the United States is discomfort with the foreign policy of the Trump administration. From immediately after its inauguration, the Trump administration has repeated rhetoric and conduct that almost seem to nullify one of the existing US-Australia collaborations. In January 2017, soon after taking office, President Trump suggested that he may reconsider a US-Australia agreement from the previous Obama government regarding US acceptance of some of the vast number of asylum seekers who arrive in Australia through maritime routes.\textsuperscript{18} In response to such actions of the new US government, the Turnbull Coalition government at the time began negotiations with the United States, and upon discussing between the leaders, ultimately succeeded in maintaining the agreement for the time being. In the latter half of 2017, when it seemed that the Trump administration might impose additional tariffs on steel and aluminum imports, Australia conducted negotiations to exclude Australian exports to the United States from its high tariffs, and a bilateral agreement was reached.\textsuperscript{19} In these cases, Australia ultimately succeeded in settling the disputes in a manner that approximates its desired outcome. Nonetheless, they were a case in point of the Trump administration’s style of not giving special treatment to countries, even if they were long-time allies. In addition, the US withdrawal from the Trans-Pacific Partnership (TPP) agreement which Australia had attached importance to from not only the economic but also the security perspectives, was construed as manifesting the Trump administration’s unilateralism and skepticism towards multilateral agreements. Moreover, there were widespread views in Australia that the withdrawal made the continuity of US engagement as a Pacific nation uncertain.
Amid the rising concerns over Australia-US relations and the US role in the region, defense cooperation between Australia and the United States appears to be relatively steady. The Marine Rotational Force-Darwin (MRF-D)—the first initiative of the US-Australia Force Posture Initiatives agreed during the Obama government—was initially a rotation of approximately 200 Marines when it was launched in 2012. In 2018, it has grown in size, capable of deploying approximately 1,600 Marines, six M777 Howitzers, and eight MV-22 Ospreys, and conducted trainings with the Australian Defence Force (ADF) and Indo-Pacific countries. Against this backdrop, infrastructure development projects have been under way in such key areas as port facilities and encampments in around Darwin, the base of the deployments, with a view to future expanding the marine presence to 2,500 personnel. The second pillar of the Initiatives, Enhanced Air Cooperation (EAC), has strengthened cooperation between US-Australia air forces since February 2017, such as joint trainings that contribute to the operations of the fifth generation fighters of the Royal Australian Air Force, enhanced deployments of the US Air Force’s B-52 and B-1 to Australia, and long-distance transports by large transport aircraft. However, these are all activities which were agreed prior to the Trump administration, and no new noticeable initiative for boosting US-Australia defense cooperation has been announced in the past two years. While Australia-US Ministerial Consultations (AUSMIN) have already been held twice under the Trump administration, their joint statements do not mention concrete steps for strengthening the bilateral defense cooperation.

(2) Worsening Australia-China Relations

As a shadow is cast upon the once overwhelming power and role of the United States, Australia pays close strategic attention to China’s rise and the outcome of the US-China strategic competition and cooperation, as one of the key factors that will shape the future of the Indo-Pacific region. For example, in the Foreign Policy White Paper that the Coalition government released in 2017 for the first time in 14 years to set out Australia’s long-term foreign policy, the government underscores the impact of China’s rise with unprecedented wording. The white paper notes that, while the United States remains the preeminent global power with respect to comprehensive state power, China has emerged as a nation with influence already surpassing that of the United States in many areas and “China
is challenging America’s position.” It goes on to state that the external actions of the United States and China, respectively, and their interactions will become the primary factors that shape the Indo-Pacific order. The white paper reiterates that, from this perspective, Australia will continue to strengthen its relationship with the United States while expanding engagement with China, and aspire to enhance the stability of its relationship and cooperation with rising China.

Nonetheless, Australia-China relations have rapidly worsened in the last two years for the three reasons below, which in turn has led Australia to recognize anew the difficulty of engaging with China. The first reason is conflict of opinions over maritime stability in the Indo-Pacific. In a keynote address which Prime Minister Turnbull delivered at the Shangri-La Dialogue in June 2017, he introduced a “dark view” of China’s future and alerted that a fear prevails in and outside the region that China may apply pressure on neighboring countries and may not adhere to international rules. In this context, the issue that Australia follows most closely is the dispute over the waters and territory in the South China Sea. Australia views that the stability of these seas, which constitute an important trade route, and compliance with international rules are a critical touchstone of what kind of power China will become. Australia itself conducts routine patrol activities in the South China Sea based at the Butterworth Air Base in Malaysia, participates regularly in the US-Philippines joint exercise Balikatan, and carries out AP-3C patrol training in the South China Sea, in accordance with the Five Power Defence Arrangements (FPDA). In addition, the Australian Department of Defence has announced it will modernize the Butterworth Air Base in Malaysia, which is said to introduce facilities looking ahead to the deployment of the F-35, according to media reports. China condemns many of these Australian activities as interference in its disputes by a foreign country not party to the disputes. It is reported that, in recent years, the Chinese People’s Liberation Army has warned Australian AP-3Cs that were conducting monitoring activities, as well as naval frigates sailing in the South China Sea towards Ho Chi Minh, to leave the area.

As China rises and uncertainty is cast upon the overwhelming power of the United States, Australia has put forward a plan to give further priority to Indo-Pacific maritime stability in its national defense policy proposal. The 2016 Defence White Paper outlining Australia’s long-term defense policy makes a clear break from its long-time focus on two force structure determinants of the ADF: defense of Australia, and stability of its “immediate neighbourhood,”
including Papua New Guinea and South Pacific island nations. The 2016 white paper presents a direction for establishing defense policy in a broader context. Specifically, it states that, in addition to its existing measures, Australia will newly fulfill a substantial role for the stability of the Indo-Pacific region centered around maritime Southeast Asia and build a force structure necessary for contributing as much as possible to maintaining a rule-based international order. In this context, a special importance and emphasis are placed on the stability of the South China Sea and “freedom of navigation.” Therefore, development of maritime capabilities, in particular, is identified as a “key focus.” The white paper lays out a plan to increase submarines, introduce new frigates with high anti-submarine capabilities, and introduce new patrol aircraft such as the P-8 Poseidon and MQ-4C Triton. These equipment introductions of course had been decided prior to the release of the Defence White Paper. In the white paper, a policy was set out to significantly increase the defense budget necessary for executing these equipment introductions, raising it from 32.3 billion Australian dollars in the 2015–2016 fiscal year to 42.4 billion Australian dollars in the 2020–2021 fiscal year, or 2% of GDP. Following the release of the white paper, Australia newly announced that a total of 7 billion Australian dollars will be spent on developing and introducing the MQ-4C Triton, one of the stated reasons being the future activities of the ADF in the South China Sea.  

The second reason for the worsening Australia-China relations is Australia’s heightening sense of wariness towards China’s infrastructure investments in its country and neighboring areas. In August 2018, then Treasurer Morrison decided to de facto ban Chinese companies Huawei and ZTE from participating in the Australian fifth generation (5G) communications equipment market. The Australian government explained its position that, for national security reasons, companies under the extrajudicial influence of foreign governments cannot be permitted to carry out communications projects in the country. Furthermore, in April 2018, when it seemed that a Chinese company may participate in an undersea communications cable project that connects the Solomon Islands, Australia, and Papua New Guinea in the South Pacific, the Australian government funded a majority of the project’s expenses to prevent a foreign country’s influence from increasing, and also decided to protect communications networks that transit Australia.  

Similarly, in 2016, when State Grid Corporation of China and Cheung Kong Infrastructure Holdings Ltd. planned to acquire the electricity
distribution company Ausgrid in New South Wales in Australia, the Australian federal government decided not to allow this as it was “contrary to the national interest.” Moreover, in 2015, when Chinese investors considered participating in an acquisition of an Australian company that owns a vast farmland (equivalent to the size of the area of South Korea) in South Australia, the Australian government did not permit this. One of the reasons given was that the land is adjacent to the military’s firing range, the Woomera Test Range.

Amidst deepening concerns over participation in infrastructure projects by Chinese companies and capital, Australia continues to take a cautious approach to China’s Belt and Road Initiative (BRI). On the occasion of the visit to Australia by Li Keqiang, Premier of the State Council, in March 2017, a cooperation agreement was under review, which included a memorandum enshrining Australia-China cooperation on the BRI. Ultimately, Australia decided to postpone the signing. While China has always called for collaboration between the BRI and Australia’s large-scale development project on the northern side of the Australian continent, Australia has not responded in a forward-looking manner. In the latter half of 2017, the two governments signed a memorandum on bilateral cooperation on the BRI. Not disclosing its content, Australia is able to make the bilateral consultations on the BRI not very noticeable. In October 2018, when it came to light that the government of Victoria, a local government, had signed a cooperation memorandum on the BRI with China, Prime Minister Morrison expressed displeasure, noting that sufficient consultations should have been held with the federal government in advance. This incident has once again fueled controversy in Australia over the pros and cons and manner of cooperating on the BRI.

Australia’s cautious stance towards the BRI stems from the above-mentioned heightened wariness towards Chinese corporate activities in the country, as well as concerns over China’s development assistance and economic activities in the South Pacific. In January 2018, Concetta Fierravanti-Wells, Minister for International Development of Australia, publicly condemned that China is building massive infrastructure not useful to economic development on South Pacific island countries and that China is imposing massive debt onto the recipient countries. For many years, Australia has remained cautious about the rising influence of foreign powers in the South Pacific, and signs of China’s increasing activities have provoked Australia’s traditional views of security.
Against the backdrop of the Australian government’s continued regulations and criticisms of China’s economic activities, the Chinese government has intensified its protests. Lu Kang, Spokesperson of the Ministry of Foreign Affairs of China, condemned the Australian government, stating that it must correct its “prejudice” towards Chinese companies, and protested that the criticisms regarding China’s activities in the South Pacific are unfounded. In and after 2015, when Australia began to incrementally step up regulations on investment activities from a security perspective, Chinese investment in Australia declined rapidly temporarily. China’s increasing infrastructure investment and the regulations and countermeasures of the Australian government have sparked domestic debates that are critical of the government’s approach towards China. Some strongly advocate that Australia should strengthen collaboration on the BRI and welcome Chinese investment and development cooperation in a more forward-looking manner, so as to prioritize economic relations with China including infrastructure projects. The Australian government thus finds itself in difficult waters, steering between strengthening economic relations with China and making security considerations.

The third and largest reason for the worsening Australia-China relations is intensifying concerns over China’s interference in Australian domestic politics and society. In January 2018, Senator Sam Dastyari, a leading member of the largest opposition party, the Labor party, took responsibility for a series of controversies over alleged links with the Communist Party of China (CPC) and resigned. Dastyari was reportedly courted including receiving funds from Huang Xiangmo, a Chinese businessman and Chairman of the Australian Council for the Promotion of Peaceful Unification of China, thought to be under the leadership of the CPC Central United Front Work Department. Dastyari had long been a target of criticisms in the Parliament and the media. As it became known, he had commented that the South China Sea situation was “a matter for China” and Australia should not be involved, deviating largely from the policy of his party. Furthermore, when it is found that Dastyari warned Huang Xiangmo that Australian intelligence agencies could be monitoring him and that his phones may be tapped, this instantly drew sharp criticism that an Australian Parliament member had received funds from a figure affiliated with the Chinese government and behaved in a way that benefitted Chinese interests. Ultimately, Dastyari was forced to resign. Additionally, the series of controversies related to Dastyari led
to widespread discoveries that both the ruling Coalition and the largest opposition party, the Labor party, had received funds from Chinese individuals, including Huang Xiangmo, or Chinese companies. As a result, from the latter half of 2017, discourse spread rapidly warning Australia’s entire political community of China’s infiltration and interference.

In response to the controversies surrounding the political community, the Coalition government passed the new Foreign Interference Laws in June 2018 with support from the Labor party. Prime Minister Turnbull justified the legislation by stating that “the Australian people stand up,” bringing to mind the famous slogan uttered by Mao Zedong, and noted that submitting the legislation will likely lead to China taking a step back from Australia. In this way, members of the government and the ruling party discussed almost openly that countering China was one of the purposes for proposing the legislation.\(^{31}\) China lodged political protests against Australia’s criticisms of China, and as a consequence, bilateral political relations clearly worsened. At the Australia-China foreign ministers’ meeting held on the sidelines of the G20 Buenos Aires Foreign Ministers’ Meeting in May 2018, Minister of Foreign Affairs Wang Yi told Minister for Foreign Affairs Bishop that China will not interfere in the domestic affairs of other countries and Australia should stop seeing China through “tinted glasses.”\(^{32}\) In addition, Foreign Minister Wang Yi made a point of emphasizing that the meeting was not a formal foreign ministerial strategic dialogue between two countries but an informal exchange of views held at Australia’s request, displaying both domestically and internationally that bilateral political relations had worsened. Moreover, when Minister for Trade Steven Ciobo visited China that same month, a trade ministerial meeting could not be held, notwithstanding Australia’s proposal, and he faced an unprecedented situation of returning to Australia without de facto holding any intergovernmental exchanges.

Australia-China relations have not, however, retreated entirely. For example, in August 2018, the Chinese Navy participated for the first time in “Kakadu,” a multilateral combined exercise hosted by Australia, and deployed the frigate Huangshan. In the following month, September, the Australia-China ground exercise “Pandaroo” was held as scheduled in the suburbs of Canberra. Against this backdrop, in October 2018, Prime Minister Morrison expressed a willingness to improve their relations, sending out a public message that he attaches importance to Australia-China relations and welcomes an increase in Chinese
students to Australia and investments in the country. Even while the bilateral relationship has deteriorated, Australia has not changed its intention to expand engagement and cooperation with China, an important economic partner and a country with significant influence on the future Indo-Pacific order. In November 2018, Minister for Foreign Affairs Marise Payne visited China and held a regular Foreign and Strategic Dialogue. Immediately thereafter, Prime Minister Morrison and Premier Li held a regular summit meeting. In such ways, high-level exchanges have continued to be held between the two countries.

While the two countries may have begun moving towards stabilizing their relationship, Australia’s security concerns surrounding China have not disappeared. In December 2018, Minister for Foreign Affairs Payne and Minister for Home Affairs Peter Dutton released a joint statement, in step with other countries including the United States and the United Kingdom. The statement notes that Chinese nationals conducted a large-scale “global campaign” primarily involving intellectual property theft through cyberspace, and affirms and condemns the underlying involvement of China’s Ministry of State Security. The Chinese government responded with protests and criticisms, and the Australia-China gap in the security field is becoming evident once again. In this manner, Australia faces a difficult task of steering towards increasing the stability of Australia-China relations and cooperation between the two countries, all the while maintaining readiness to deal with the range of outstanding issues surrounding China.

(3) Network Diplomacy in the Indo-Pacific
As the above exemplifies, in recent years Australia has been confronted once again with the difficulty of maintaining and developing relations with the United States and China, countries with the most influence on Indo-Pacific
regional order. Amid changes in the relative power of the United States and the rise of China, which does not share common political values, Australia itself understands the challenge of a non-major power like Australia to impact the future direction of regional order, including US-China relations. With the Sino-US relationship deteriorating rapidly in 2018 due to a series of additional tariffs imposed by the Trump administration, Australia has remained unsure about where to navigate itself between the two countries. In fact, at the US-Australia finance ministerial meeting held in October 2018, Treasurer Josh Frydenberg of Australia remarked on the importance of stable US-China relations and protecting free trade, indicating Australia is not in complete agreement with the Trump administration’s China policy. With Australia looking for ways to improve its relations with China, there are limits to Australia’s alignment with the United States on China policies. Furthermore, Australia has long feared that a situation would arise in which it would become embroiled in an intensifying US-China dispute and be forced to choose between the two countries. As can be seen, Australia’s wavering position between the United States and China, which are increasingly in confrontation with each other, has contributed to the vagueness of Australia’s Indo-Pacific diplomacy.

With confronting the US-China relations becoming even more challenging, Australia has put further efforts into strengthening its cooperation network with Indo-Pacific countries other than the United States and China. Australia has not said it envisions the future Indo-Pacific region having a bipolar order, with the United States and China forming the basic structure. Rather, Australia, while recognizing that the United States and China are the most important major powers, views that a “multipolar,” “plurilateral,” and “multifaceted” Indo-Pacific will emerge, where multiple regional countries including India, Japan and Indonesia, will shape the future of the region by exhibiting a level of influence. In this context, Australia considers that strengthening its cooperation network with countries other than the United States and China is increasingly important for establishing a “favorable balance” that allows non-major powers in the region to exercise some influence on shaping the future of the Indo-Pacific. The section below analyzes three cases of such network diplomacy in the Indo-Pacific: relations with India and Indonesia, countries with which Australia has been stepping up cooperation in recent years, and cooperation with France that seeks to expand activities in the Indo-Pacific region.
First, Australia regards India as a major country that will rise in the long-term, and positions it as one of the foci of its network diplomacy in the Indo-Pacific. In 2012, the Gillard Labor government, the first government to introduce Indo-Pacific as a policy concept of Australia, shifted the long-held policy of the Labor party and decided to permit exports of Australian uranium to India, a country not officially recognized as a nuclear-weapons state under the Treaty on the Non-Proliferation of Nuclear Weapons (NPT). Even after the change in government from the Labor party to the Coalition in 2013, this policy continued to be implemented, and an Australia-India agreement on uranium exports was reached in 2014. In July 2017, it was announced that the first transport ship carrying a sample of uranium for quality testing purposes had set sail. As a bilateral scheme was being established for uranium exports, some progress was also seen in Australia-India security cooperation. In December 2017, the first India-Australia 2+2 Foreign and Defense Secretaries’ Dialogue was held. It discussed future security cooperation between the two countries and launched new mini-lateral frameworks, such as Japan-Australia-India and Australia-India-Indonesia trilateral frameworks. In addition, the first Australia-India naval exercise AUSINDEX focused on anti-submarine warfare was held in the Indian Ocean in 2015, and the second AUSINDEX was held off the coast of Australia in 2018. Also in 2018, the Indian Air Force sent fighters (four Su-30MKI) for the first time to “Pitch Black,” a multilateral air force exercise hosted every other year by Australia. In October 2016, special operations forces of the Australian and Indian armies conducted training in India.

While recent years have seen such progress in Australia-India relations, including in the security field, the longstanding gap in their views has not been eliminated. For example, despite Australia’s expression of interest, India is still not keen on the Royal Australian Navy participating in the Japan-US-India combined exercise “Malabar.” Factoring into this is the gap between Australia, on the one hand, underscoring that it will give priority to strengthening its relations with India, a future major power, and India, on the other hand, ranking Australia, a non-major power, not very high in order of priority. Some theorize that India is reluctant about Australia’s participation as it would seem India is titling towards the US-ally club.

Secondly, Australia adheres to the policy of maintaining the unity and centrality of ASEAN. Australia has been increasingly placing importance on
particularly Indonesia, which, among the ten Southeast Asian nations, is viewed as a potential leading country with significant influence on the entire Indo-Pacific region. Morrison, who was appointed to succeed Prime Minister Turnbull due to a political dispute in the ruling party, visited Indonesia shortly after forming the cabinet in August, and held talks with President Joko Widodo. The purpose of visiting Indonesia shortly after Morrison’s appointment was partly for the leaders to confirm a political agreement on their free trade agreement, on which negotiations had already been completed. It can be construed that the main purpose, however, was to set out a direction for their bilateral cooperation on the future of the Indo-Pacific region, extending far beyond economic cooperation.

The Joint Declaration on a Comprehensive Strategic Partnership released by the two leaders provides at the outset that Indonesia and Australia are “neighbours at the maritime crossroads of the Indian and Pacific Oceans,” and identifies expanding maritime security cooperation and contributing to the stability and prosperity of the Indo-Pacific region as pillars of their future bilateral cooperation.

The Joint Declaration elucidated both the progress and challenges of Australia-Indonesia cooperation in the Indo-Pacific region, focusing particularly on the maritime field. Meanwhile, the Joint Declaration reaffirmed that the issues over maritime boundary management and law enforcement, which have frequently impeded the bilateral relationship in recent years, were no longer causes of political friction between the two countries. Thousands of asylum seekers from the Middle East and South Asia annually aim to reach Australia by the maritime route via Indonesia. Depending on the situation, the current Coalition government has used naval and border guard vessels to physically tow and turn back the boats carrying asylum seekers to Indonesian territorial waters. The implementation of this policy risked potentially sparking political confrontation between the two countries, including Australian vessels intruding into Indonesian territorial waters without prior consent. Since then, Australia took steps to prevent the recurrence of territorial intrusions and enhanced the sharing of relevant information. Due to such efforts, Australia has succeeded in appropriately managing the issues, preventing them from developing into political friction. Law enforcement in maritime boundaries has become a critical item of bilateral maritime cooperation, and trainings and joint patrols by their naval and law enforcement vessels have already become established practices.

However, the two countries have yet to unveil concrete cooperation for broadly
contributing to the Indo-Pacific region, as emphasized in the Joint Declaration on a Comprehensive Strategic Partnership. Australia and Indonesia already signed the Maritime Cooperation Plan of Action during the 2+2 Foreign and Defense Ministerial Meeting held in March 2018, but its implementation schedule has not been explained in detail.\textsuperscript{40} The bilateral cooperation will be centered rather on military exchanges and Australian capacity building assistance for the time being. For example, in March 2018, it was announced that a new maritime security capacity building assistance project was being planned in Indonesia. The substance of current bilateral cooperation falls far short of the two countries’ grandiose calls for cooperation spanning the Indo-Pacific region broadly.

Thirdly, Australia seeks to strengthen cooperation with France in the Indo-Pacific. France has been boosting its engagement in the economically rising Asia region, stressing that it is a “residential power” having a territory of 465,000 km\textsuperscript{2} and 1.5 million citizens and stationing 4,500 military troops in the Indo-Pacific.\textsuperscript{41} In June 2016, France and Australia agreed to cooperate on a project to develop 12 future submarines of the Royal Australian Navy. Under the agreement, Australia’s industrial foundation will be maintained and developed in the process of introducing conventionally-powered Shortfin Barracuda (later named Attack-class submarine) by the 2030s. In the South Pacific, France also possesses French Polynesia, New Caledonia, and the Wallis and Futuna Islands and stations seven vessels, nine fixed-wing aircraft, and approximately 1,800 troops. Taking advantage of this French presence, it operates the Quadrilateral Defense Coordination Group with countries including Australia and conducts maritime monitoring, while implementing regional disaster assistance cooperation in accordance with the FRANZ Arrangement (members: Australia, New Zealand, France). Australia aims to reestablish a naval base in Papua New Guinea and increase assistance activities in the South Pacific, and in this context, pays attention to France’s role in this region. When President Emmanuel Macron of France visited Australia in May 2018, France and Australia concluded a mutual logistics support agreement. In this manner, the two countries have explored ways to strengthen broader cooperation in the Indo-Pacific, based on cooperation on submarine development and introduction, including developing a foundation for enhanced military cooperation. Yet, it remains unknown exactly how France-Australia security cooperation will deepen going forward. While both France and Australia have suggested conducting some form of joint activities in the South
China Sea, for example, they have not announced any formal agreement that translates such rhetoric into concrete actions.

As the above demonstrates, although Australia’s network diplomacy in the Indo-Pacific sets out a general direction with some clarity, it remains underdeveloped and leaves many questions unanswered. While visible progress has been made in strengthening Australia’s cooperation with various countries in the form of political agreements between leaders, dialogues, and establishment of legal frameworks, much of it has not necessarily been implemented as concrete policy. As agreements on paper are further elaborated into measures in the future, observers should focus on investigating broader implications of Australia’s network diplomacy in the context of US-China relations, the central preoccupation of Australian foreign policy. Will Australia’s network diplomacy be oriented towards the goal of complementing the US policy on China? Or will Australia maintain a certain distance from the US policy on China? Or will Australia’s network diplomacy continue to remain undefined? Future choices of Australia’s network diplomacy represent such strategic questions that will inform and shape the nature of Australia’s evolving Indo-Pacific concept.

### 3. India’s Perception of the Indo-Pacific

**1. “Indian Ocean Region”: Arena for Playing a Major Power Role**

There are two policy orientations which underpin India’s acceptance of the Indo-Pacific concept. The first is India’s will to become a major power as a maritime state. The other is its intention to proactively engage with ASEAN for building the regional architecture.

As is mentioned in Section 1, the term “Indo-Pacific” region emerged in parallel with the Obama administration’s prioritization of India in its rebalance policy. Sensitive to its own status in the international society, India welcomed the US endorsement of its role as a “net security provider,” irrespective of the geographical definition of the Indo-Pacific region. The challenge for the United States and India was to synergize the “Asia-Pacific” concept of the former and the “Indian Ocean Region” concept of the latter. For India, the Indian Ocean is one body, and both the “Asia-Pacific” concept excluding the Indian Ocean west of India, as well as a line dividing the Central and Pacific Commands that splits
the Indian Ocean, were abnormal. “Indo-Pacific” was employed for the first time in a 2017 joint statement between the two leaders, following the release of the “US-India Joint Strategic Vision for the Asia-Pacific and Indian Ocean Region” in 2015.⁴²

The geographical scope of the “Indian Ocean Region” for India is clearly delineated in the Indian Maritime Security Strategy of 2015. It is the area from west of the Lombok Strait to Africa’s eastern coast and is defined as “primary areas of interest.” The area outside of this zone, stretching from east of the Malacca and Lombok Straits, across the South China Sea and East China Sea, up to roughly the date line in the west Pacific Ocean, is defined as “secondary areas of interest.”⁴³ Factors taken into account in defining areas of interest include: demarcation of a maritime boundary with neighboring countries; marine-related security and economic cooperation; maritime trade, especially petroleum imports and development of marine energy resources; Sea Lines of Communication (SLOC); investment to/from other countries; and safety of Indian nationals in other countries.⁴⁴

Figure 1.3. India’s areas of interest

India strongly felt China was a latecomer and “competitor” in the Indian Ocean Region, which constitutes India’s primary areas of interest. China has rapidly expanded trade and investment, built ports in India’s neighborhood including Bangladesh, Myanmar, Sri Lanka, and slightly later, Maldives. For India, cause for concern is China’s economic influence to secure access to ports which would eventually lead to China’s military activities in India’s primary

Figure 1.4. Bangladesh’s trade with China and India (US$ million)

Figure 1.5. Sri Lanka’s trade with China and India (US$ million)

Source: IMF, Direction of Trade Statistics.
areas of interest. This concern grew even stronger after China’s proposal of the One Belt One Road (later Belt and Road Initiative [BRI]) in 2013 under which those infrastructure building projects were integrated.

The western (Arabian Sea side of the Indian Ocean) and eastern (Bay of Bengal side of the Indian Ocean) areas of the Indian Ocean have distinct features in their Indian policy for dealing with China’s encroachment on its areas of interest in
Chapter 1  Australia, India and the Indo-Pacific Concept

the Indian Ocean Region. As discussed in the following section, in the western side of the Indian Ocean, India seeks to provide capacity building assistance to island countries, unilaterally make security frameworks as India-centered order, and play a constabulary and benign role in maintaining this order. On the other hand, in the eastern side of the Indian Ocean, India seeks to manage China’s expanding influence by participating in existing multilateral frameworks. For example, India has taken initiative to introduce a security agenda in the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC), comprised of the Bay of Bengal rim countries, by hosting the first Disaster Management Exercise in 2017. As described in part 3 of this section, India practices value diplomacy as a longer-term initiative, which stresses cultural ties and common values in order to enhance cooperation with ASEAN that is a forerunner in regional architecture-building.

(2) Enhancing Engagement in Indian Ocean Island Countries

It is often said that India regarded the Indian Ocean as “India’s ocean” and applied a type of “Monroe Doctrine” to foreign powers taking military actions in the Indian Ocean Region. For example, India’s Maritime Military Strategy of 2007 referred to Alfonso Albuquerque, the Governor of India from Portugal—the first colonial power in the Indian Ocean, citing his words that, “control of the key choke points extending from the Horn of Africa to the Cape of Good Hope and the Malacca Strait was essential to prevent an inimical power from making an entry into the Indian Ocean.” The Strategy goes on to state, “whatever happens in the IOR can affect our national security and is of interest to us.”

While India’s idea of the sphere of influence has geographical overlaps with that of the British Empire, it might not be directly inherited from Britain and might rather have been established in the 1980s. After the United Kingdom withdrew from East of Suez in 1968, there was no center of power in the Indian Ocean Region. Following the Arab-Israeli conflict and the Iranian Revolution in the 1970s, the United States proceeded to strengthen the Diego Garcia base and increase the number of units deployed to the Indian Ocean and established dominant power projection capabilities. Because the United States allied with Pakistan, India’s adversary, India regarded US military interference in the region with distrust and pressed forward with a diplomatic campaign opposing the Diego Garcia base throughout the 1980s.
In addition, as an extension of the Indian Monroe Doctrine, India was involved in preventing civil wars and coups d’état in Indian Ocean island countries in the 1980s. In response to coups d’état plots in Mauritius (1983) and Seychelles (1986), India sent vessels to substantially deter the coup in case of the former and protect the incumbent president in case of the latter. India also conducted military intervention against the coup plot in the Maldives (1988). Furthermore, the dispatch of Indian troops to Sri Lanka to enforce peace in 1987 was an attempt at bringing an end to the Sri Lankan civil war on India’s terms. At this time, India was extremely averse to Indian Ocean Region countries receiving assistance from other countries with anti-Indian biases (primarily the United States, but South Africa in the case of Seychelles), and believed that they should first ask India for assistance to address the threat of internal conflict and coup d’état.

In this way, India became a de facto provider of regime guarantee in Mauritius, Seychelles, and the Maldives, and by the 1990s, established virtually an exclusive position as a supporter of coast guard capabilities. For Mauritius, India provided a vessel in 1974, which became the first ship owned by the Mauritius police. In 1990, India provided Dornier 228, a twin-engine, multirole light transport aircraft, produced under license by India’s Hindustan Aeronautics Limited (HAL). This effectively led to the founding of the Maritime Air Squadron of the Mauritian National Coast Guard. Furthermore, India gave helicopters to Seychelles in 1984. The combined training DOSTI (held every two years) with the Maldivian Coast Guard also began in 1991.

In 2003, India signed a memorandum on defense cooperation with Seychelles, as part of India’s policy for promoting military training for African countries. In the same year, at the request of Mozambique, the host of the African Union (AU) Summit, India provided coast guard supports during the summit. Since then, India was exploring cooperation with Djibouti. In the mid-2000s, however, when India accelerated capacity building assistance with an eye on maritime security, China entered into the Indian Ocean Region. China and Sri Lanka agreed to develop the Port of Hambantota in 2007, and India’s Maritime Military Strategy released that same year already made references to the Chinese Navy’s “attempts to gain strategic toe-hold in the IOR.” The concerns raised by the Indian strategic community include the possible use of Hambantota by Chinese Navy vessels, its use as a communication base, the establishment of a space monitoring system on the port, and its use as a base for Chinese “fishing vessels.”
India’s concerns vis-a-vis China are of a similar nature as those vis-a-vis the United States in the 1980s. In this respect, it could be regarded that the object of concern simply shifted from the United States to China. However, there were no contentious issues between the United States and India, except over the US economic and military assistance to Pakistan. But China and India are directly facing off each other over the disputed border. Moreover, from the perspective of India, some incidents related to China’s expansion of influence in Sri Lanka and the Maldives strengthened the sense of zero-sum competition. In Sri Lanka, land in central Colombo which the Indian Embassy applied to acquire was suddenly sold to China National Aero-Technology Import and Export Corporation in 2012.55 In the Maldives that same year, a contract to upgrade and operate the airport in Malé for 25 years, awarded to India’s infrastructure company GMR by tender two years earlier, was revoked without adequate explanation, and the company was ordered to evict.56 Two years later, the contract was transferred to Beijing Urban Construction Group Co. When China proposed the BRI in 2013, Sri Lanka and the Maldives actively supported the initiative, which, in turn, further instilled India’s notion that China is a competitor.

In order to counter China’s expanding influence, India has stepped up its engagement in Indian Ocean island countries. First, on the capacity building front, India has provided vessels and aircraft as well as radars. Mauritius began operating radars in 2011 and Seychelles in 2015.57 In addition, under the Indian Technical & Economic Cooperation (ITEC) Programme, India not only accepts coast guard personnel from the two countries for training but also assigns Indian Navy and Air Force personnel to the countries on deputation, some of whom are believed to have command posts.58 The Indian Navy thus works in cooperation with the coast guards of Mauritius and Seychelles for their security.

Secondly, India has sought to incorporate Sri Lanka, the Maldives, Seychelles, and Mauritius into India-led maritime security cooperation frameworks. From 2012, the Maldives, Seychelles and Mauritius have been invited to the multilateral
naval gathering and exercise MILAN (commenced in 1995; Sri Lanka has participated from the first exercise) hosted by India.\textsuperscript{59} In addition, trilateral consultation among India, Sri Lanka, and the Maldives at the national security advisor level was held in 2011 and was expanded to include Seychelles and Mauritius in 2014.\textsuperscript{60} In the coast guard combined training DOSTI, which became a trilateral exercise with the addition of Sri Lanka in 2012, Seychelles and Mauritius participated as observers in 2014 and participated formally in 2016.\textsuperscript{61}

Thirdly, India has accelerated developing ports and facilities in island countries. India has been traditionally critical towards the basing of external powers in the Indian Ocean Region, and advocated the “Indian Ocean Zone of Peace.” In line with this principled position, India has not developed its own facilities overseas. However, subtle changes in this position have been observed, ever since reports came out at the end of 2011 that China was considering developing a naval base in Seychelles.\textsuperscript{62} In March 2015, when Prime Minister Modi visited Mauritius, a memorandum was signed regarding development of the Agalega islands in the country. Furthermore, an agreement was broadly reached to build facilities for maritime surveillance and search and rescue on Assumption island in Seychelles.\textsuperscript{63}

Lastly, India’s traditional stance of denying presence of external powers in the Indian Ocean Region is shifting. India is now cooperating with external powers which have shared interests. India has coordinated with the United States and Japan on maritime security cooperation for Sri Lanka. India-France cooperation has also materialized in western Indian Ocean. In March 2018, the “Joint Strategic Vision of India-France Cooperation in the Indian Ocean Region” was announced at the India-France Summit. Subsequently, a joint naval training was conducted in waters near Réunion. India and France have also started co-developing a maritime surveillance satellite system focused on the Indian Ocean.\textsuperscript{64}

(3) Strengthening Partnership with ASEAN Countries
Under the Modi administration, India-ASEAN relations are set at the center of the Act East policy. In January 2018, heads of all ASEAN member states were invited as guests of honor to Republic Day celebrations, in commemoration of the 25th anniversary of ASEAN-India Dialogue Relations. Connectivity and maritime security have been set forth as focal points of India’s relations with ASEAN.\textsuperscript{65} Connecting India with the ASEAN economic zone is essential for
India’s economic growth, and connectivity is identified as one of the areas of cooperation in the “Vision Statement” unveiled at the Tenth ASEAN-India Summit in 2012. Due to China’s assertiveness in the South China Sea and the BRI, connectivity with ASEAN has assumed a new strategic significance for India. First, with the growing reality that China’s activities in the South China Sea could hinder “freedom of navigation” and hamper India’s economic interests, advocating maritime connectivity in tune with ASEAN voices could be an effective tool to shape China’s activities. India-ASEAN official statements frequently enshrine freedom of navigation and overflight, unimpeded maritime commerce, and peaceful resolution of disputes in relation to the South China Sea. Secondly, connecting India and the ASEAN economic zone could be a proposal for an alternative economic corridor to the BRI.

With such maritime security and connectivity in mind, bilateral relations with Indonesia, Vietnam, and Singapore are examined below.

In December 2016, India and Indonesia declared explicitly that they will engage in maritime cooperation as “maritime neighbors,” and the defense ministers’ dialogue and the security dialogue were institutionalized. The two countries repeatedly underscore shared values, which have a broader scope than those generally referred to in diplomatic statements such as free, openness, transparency, and the rule of law. They also include “civilizational contacts developed through the seas” dating back to the pre-modern era and “democracy, pluralism and diversity” in their countries. Moreover, shared interests of India and Indonesia are rather practical in nature, such as countering smuggling of arms, drugs and people, illegal fishing, and movement of terrorists. Because of these common challenges, India and Indonesia have regularly conducted bilateral Coordinated Patrols since 2002.

In May 2018, Prime Minister Modi visited Indonesia before the Shangri-La Dialogue and released a statement with President Joko, which noted that their strategic partnership would be elevated to “New Comprehensive Strategic Partnership.” With regard to connectivity, joint development of Sabang Island, Aceh in Indonesia is worth noting. In the “Shared Vision of India-Indonesia Maritime Cooperation in the Indo-Pacific,” which was released separately from the Joint Statement, it states that the two countries will take the necessary steps to enhance “institutional, physical, digital and people-to-people” connectivity between Andaman and Nicobar Islands in India and Sumatra Island “including
Aceh.” At present, mutual visits and ecotourism are envisioned. However, Sabang Island, located 175 km from the southern tip of the Andaman and Nicobar Islands, home to India’s tri-services Andaman and Nicobar Command (ANC), has clear strategic significance for India, and some in the strategic community contend that Andaman-Ache connectivity should lead to a mutual logistics support agreement.

India’s strategic partnership with Vietnam has a greater China factor compared to that with Indonesia. When India and Vietnam agreed on their strategic partnership in 2007, “maritime cooperation” initially constituted Indian capacity building assistance for Vietnam’s Navy and Coast Guard and joint resource development in the South China Sea; it was not designed with China particularly in mind. However, ever since China protested India-Vietnam joint exploration of oil in 2011, their joint statements began to refer to “peaceful resolution of disputes in the South China Sea,” “freedom of navigation,” and “Code of Conduct in the South China Sea.” It can be said that engagement with Vietnam was a catalyst for India’s acceptance of “freedom of navigation.” Since the latter half of 2011, the two countries have also deepened naval cooperation. While no official announcements have been made, it is believed that India agreed to conduct training for the crew of the Kilo-class submarine to be acquired by Vietnam, and that Vietnam gave India the rights to use Nha Trang port.

Maritime security cooperation between India and Vietnam is implemented cautiously and quietly so as not to incite China excessively, while also ascertaining US-Vietnam relations. After US vessels made port calls in Vietnam constantly and the US aircraft carrier USS Carl Vinson pulled into the port of Da Nang in March 2018 for the first time since the Vietnam War, Indian vessels entered the port of Da Nang at the end of May and a goodwill training is believed to have been conducted for the first time.

India and Singapore have more multifaceted relations in which security has a relatively smaller weight. However, bilateral security cooperation has contributed significantly to the expansion of the Indian Navy’s military interactions with the region and beyond. In the early 2000s, Singapore frequently hosted multilateral submarine rescue and minesweeping exercises as a member of the Western Pacific Naval Symposium (WPNS), and invitations were extended to India. Such trainings provided opportunities for India to cooperate with the navies of ASEAN member states, Japan, the United States, Australia, and other countries.
For Singapore, too, the Indian Navy’s engagement in the region was desirable for its transition from depending on the United States and FPDA, towards more multilateral and diversified security relations. Joint trainings between the two navies developed into regular bilateral exercises beginning in 1999 and were later named SIMBEX. In around 2003 and onwards, India opened up military exchanges and started disseminating information on them. According to such public information, SIMBEX since 2004 has been clearly aimed at anti-submarine warfare and was conducted in the South China Sea for the first time in 2005. The exercise has since been conducted in the South China Sea in the years hosted by Singapore, and in primarily the Bay of Bengal in the years hosted by India, with the host country sending a submarine. In 2017, a document related to naval cooperation, including a logistics support agreement, was signed between the Indian and Singaporean defense secretaries.

Army and air forces are also holding joint exercises. In addition, bilateral agreements enable the Singapore Armed Forces to conduct training and exercises in India. The agreements between their air forces and armies which were concluded in 2007 and 2008 respectively, were renewed for the second time in 2017 and 2018 respectively. Furthermore, in 2016, the two countries established industry-level working mechanisms and aim to foster cooperation in aerospace and electronics.

After Prime Minister Modi came into power, a Strategic Partnership was declared (2015), and the annual Defense Ministers’ Dialogue was institutionalized (2016). Compared to bilateral relations with Indonesia or Vietnam, the mutual benefit of cooperation is clear in India-Singapore cooperation, as is shown in the case of access to facilities or in military technology cooperation. With such functional cooperation in practice, partnership between India and Singapore is already strong and needs no expression of political intent at the high level. Naval cooperation between India and Singapore is indirectly linked to the maritime security cooperation network, including multilateral joint exercises related to WPNS and the US-India maritime exercise Malabar in which the Japan Maritime Self-Defense Force is also a regular participant since 2015. In this regard, the bilateral cooperation is oriented at enhancing capabilities for jointly playing a role in the maritime security order.

As seen from above, India-Indonesia relations stress their civilizational connections as maritime neighbors and promote maritime connectivity.
Vietnam relations underscore “freedom of navigation” and responses to China in the South China Sea. India-Singapore relations are characterized by mutual capacity enhancement through joint naval exercises and military technology cooperation. While each of the bilateral relations has different features, all three partnerships accommodate India’s will to fulfill a role in building a regional order not dominated by China, while respecting the “ASEAN centrality” which deems ASEAN’s initiative and consensus as essential for shaping the regional order.

NOTES


10) Integrated Headquarters, Ministry of Defence (Navy), India, Ensuring Secure Seas, pp. 5-6, 28.


13) Yoshinobu Yamamoto, “Indo Taiheiyo to Umi no Shiruku Rodo: Seisaku Shinboru no Kyoso
to Kokusai Chitsujo no Keisei (PHP Tokubetsu Ripooto)” [The Indo-Pacific and Maritime Silk Road: Competition Over Policy Symbol and Shaping of International Order (PHP Special Report)], PHP Research Institute, May 18, 2016.


19) SBS News, June 1, 2017.


33) Author’s interview with an Australian expert, September 2018.


38) Author’s interview with an Australian expert, September 2018.

39) Department of Foreign Affairs and Trade, Australia, “Joint Declaration on a Comprehensive Strategic Partnership between Australia and Indonesia,” August 31, 2018.


49) Brewster, India’s Ocean, pp. 57, 77-78; Integrated Headquarters, Ministry of Defence (Navy), India, India’s Maritime Military Strategy, p. 22.

50) Brewster, India’s Ocean, p. 25; Holmes, Winner and Yoshihara, Indian Naval Strategy, p. 44.


52) Brewster, India’s Ocean, p. 77; Harrison and Subrahmanyam, Super Power Rivalry, p. 264.


56) BBC, November 28, 2012.

57) “Defence Cooperation,” High Commission of India, Port Louis, website; The Hindu, March 11, 2015.


63) Indian Express, March 12, 2015; Marie Izuyama, “Seesheru ni taisuru Indo no Kanyo” [India’s Engagement in Seychelles], NIDS Komentarii [NIDS Commentary], No. 84, September 5, 2018.
Chapter 1  Australia, India and the Indo-Pacific Concept


72) The Telegraph, September 11, 2011.


Chapter 1 authors: Marie Izuyama (lead author, Sections 1 and 3)
Yusuke Ishihara (Section 2)
Chapter 2

China

The Start of Xi Jinping’s Second Term

Yasuyuki Sugiura (lead author, Sections 1 and 3)
Masayuki Masuda (Section 2)
At the 19th Party Congress of the Communist Party of China (CPC) held on October 18, 2017, Xi Jinping was reelected CPC General Secretary and Chairman of the Central Military Commission (CMC). The new CPC Constitution, that was unveiled after the 19th Party Congress, included “Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era” in the CPC guidelines for action, with equal weight given to it as Marxism-Leninism, Mao Zedong Thought, Deng Xiaoping Theory, the important thought of Three Represents, and the Scientific Outlook on Development.

As demonstrated from the Constitution’s incorporation of the guiding principles bearing the name of President Xi Jinping, it is said that Xi has succeeded in greatly enhancing his political authority and leadership at the 19th Party Congress. Meanwhile, it is also considered that Xi has yet to establish an absolute power base, given that he could not: (1) make his own governing philosophies such as “governance” part of the CPC’s action guidelines, (2) overcome the custom of applying the “seven up, eight down” principle of continuing to serve on the Politburo Standing Committee at age 67 but standing down at 68, and (3) restore the “party chairman system.” 2018 marked the full-fledged start of Xi’s second term in this manner, and focus converged on the issue of what initiative Xi will take in such areas as domestic, foreign, and defense policies.

As regards domestic affairs, observers paid closest attention to how Xi will seek to further strengthen his power base. Xi aimed to boost his power base within the CPC through three channels: personnel appointments; institutional and organizational reforms of Party and State organs including constitutional amendments; and the fight against corruption. In diplomacy, Xi established a leadership structure that would allow him to take initiative. However, the US-China relationship, a top priority for Chinese diplomacy, deteriorated over the issues of Taiwan, the South China Sea, and economic friction. The Xi administration attempted to overcome this crisis situation by enhancing relations with neighboring countries including Japan and with developing countries, and expanding China’s diplomatic horizon. In defense policy, interest areas included advancing the national defense and military reform promoted by CMC Chairman Xi, proactive implementation of training based on actual combat scenarios under the new military training structure, and steady equipment modernization of the Rocket Force, Navy, and Air Force.
1. Strengthening of Xi Jinping’s Authority Through Personnel Changes, Institutional and Organizational Reforms, and Anti-Corruption Campaign

(1) Unprecedented Personnel Appointments in Line with Xi’s Intentions

Xi Jinping was reelected President of the People’s Republic of China (PRC) at the first session of the 13th National People’s Congress (NPC) which opened on March 5, 2018. At the same time, Wang Qishan, regarded as Xi’s close ally, was elected Vice President of the PRC despite being a rank-and-file Party member. Vice President Wang was elected member of the CPC and the Secretary of the Central Commission for Discipline Inspection at the 18th Party Congress of the CPC in 2012, and acted with shrewdness in rooting out Party corruption under instructions from President Xi. Considered a trusted confidant of President Xi, it was suggested that Vice President Wang could overturn the “seven up, eight down” custom at the 19th Party Congress and continue to serve on the Politburo Standing Committee. Despite such indications, Wang, in accordance with custom, resigned as member of the Politburo Standing Committee and Secretary of the Central Commission for Discipline Inspection. A non-CPC member or a rank-and-file Party member has been appointed Vice President in the past. However, this post was filled by a CPC Politburo Standing Committee member or Politburo member ever since Hu Jintao was appointed in 1998, and Wang’s appointment was thus reported as unprecedented.

Furthermore, at the first meeting of the Central Foreign Affairs Commission held in May 2018, it was confirmed that Vice President Wang was elected member of this Commission elevated from the Central Foreign Affairs Leading Group in March. After assuming office, Vice President Wang met with Alan Peter S. Cayetano, Secretary of Foreign Affairs of the Philippines, and attended
President Xi Jinping’s meeting with Kim Jong Un, Chairman of the Workers’ Party of Korea, in March. He also gave an interview to a delegation led by Toshihiro Nikai, Secretary-General of the Liberal Democratic Party of Japan, in August. In this way, Vice President Wang has exhibited significant presence in Chinese diplomacy led by President Xi.6

(2) Institutional and Organizational Reforms of Party and State Organs Including Constitutional Amendments

At the NPC in March, the Constitution of the People’s Republic of China was amended for the first time in 14 years. In this connection, attention was particularly directed at the abolition of the two-term, ten-year term limits for the President and Vice President.7 With regard to the abolition of the term limits, Wang Chen, Vice Chairman and Secretary-General of the NPC, noted that the CPC Constitution contains no provisions limiting the terms of the General Secretary and Chairman of the Central Military Commission of the CPC, and that the PRC Constitution also does not limit the term of the Chairman of the Central Military Commission of the State. Wang stated that the abolishment of the term limit for the President “is favorable for maintaining the authority and centralized, unified leadership of the CPC Central Committee with comrade Xi Jinping at the core, and is also favorable for strengthening the leadership structure of the State and making the structure complete.”8 As is evident from this remark, such institutional and organizational reforms were undertaken with the intention to strengthen President Xi Jinping’s power base.

Under the constitutional amendment, a supervision commission was established as a State organ. Supervision commissions were set up at the national and regional levels, and Yang Xiaodu, a Politburo member considered highly trusted by Xi, was appointed to serve as the first Director of the National Supervision Commission of the PRC concurrently with the post of Deputy Secretary of the Central Commission for Discipline Inspection.9

President Xi Jinping decided on these amendments to the Constitution at a meeting of the Central Politburo on September 29, 2017, shortly before the 19th Party Congress opened. A group for drafting the constitutional amendments was then established led by NPC Chairman Zhang Dejiang as head and by Li Zhanshu and Wang Huning as deputies, comprised of representatives from relevant organizations such as the CPC Central Committee, NPC, State Council,
Supreme People’s Court, and Supreme People’s Procuratorate. In November 2017, the CPC Central Committee instructed each district and organization to consolidate Party opinions regarding the sections to be amended. The CPC Politburo Standing Committee and Politburo meeting then deliberated the draft constitutional amendments. In December, the draft was circulated to Party officials, including some senior members, and their opinions were requested. Also in December, Xi held a roundtable discussion and exchanged views with non-CPC delegates, consisting of Democratic Parties, the All-China Industry and Commerce Federation, and non-party affiliates. In January 2018, Chairman Zhang Dejiang held a roundtable discussion with heads of committees and groups of Party and government organs, think tanks and experts, and heads of regional people’s congresses. The draft revised Constitution was proposed at the second plenary session of the 19th Party Central Committee of the CPC, and following its deliberation and approval, was submitted to the NPC Standing Committee. In this manner, the constitutional amendments were made within an extremely short timeframe, all the while seeking opinions from within and outside the Party.

In addition to amending the Constitution, President Xi Jinping initiated institutional reforms of Party and State organizations, such as the State Council, and convened the third plenary session of the 19th Central Committee from February 26 to 28, 2018. Only a month or so had passed since the second plenary session, and it was unprecedented to hold a plenary session of the Central Committee twice before the opening of the NPC. The third plenary session deliberated and approved the “decision by the Communist Party of China Central Committee on deepening reform of Party and State institutions” and “plan about deepening reform for Party and State institutions.” On March 22, 2018, the CPC Central Committee unveiled the latter plan.

As for Party organizations, the central leading groups—the Central Leading Group for Comprehensively Deepening Reforms, the Central Leading Group for Cybersecurity and Informatization, the Central Leading Group for Financial and Economic Affairs, and the Central Foreign Affairs Leading Group, which was headed by Xi—were reorganized into commissions, namely, the Central Comprehensively Deepening Reforms Commission, the Central Cyberspace Affairs Commission, the Central Financial and Economic Affairs Commission, and the Central Foreign Affairs Commission. Furthermore, the Central Committee Leading Small Group for Safeguarding Maritime Interests Work was abolished,
and the Central Foreign Affairs Commission took over its functions and power. Some observers note that, following the inauguration of the Xi administration, President Xi has sought to enhance his power by serving as heads of many leading small groups that have both a large membership and jurisdiction. It is said that the latest reorganization of leading small groups into commissions is not merely a change in name but also elevation of their responsibilities and functions, and is believed to contribute to further strengthening Xi’s power base.

Meanwhile, at the State level, the State Council underwent large-scale structural reforms. The new State Council is comprised of a total of 26 ministries and commissions as a result of the establishment of the Ministry of Veterans Affairs and Ministry of Emergency Management and the reorganization of existing agencies, namely, the Ministry of Natural Resources, Ministry of Ecology and Environment, Ministry of Agriculture and Rural Affairs, Ministry of Culture and Tourism, and National Health Commission. Additionally, at the NPC, Li Keqiang was reelected Premier of the State Council, while Politburo Standing Committee member Han Zheng, Sun Chunlan, Hu Chunhua, and Liu He were elected Vice-Premiers of the State Council and Minister of National Defense Wei Fenghe, Wang Yong, Minister of Foreign Affairs Wang Yi, Secretary-General of the State Council Xiao Jie, and Minister of Public Security Zhao Kezhi were elected State Councilors.

(3) Continuation of Anti-Corruption Campaign
President Xi Jinping’s anti-corruption campaign continued in 2018. On February 24, 2018, just before the NPC opened, Yang Jing, Secretary-General of the State Council and State Councilor, was dismissed for “severe disciplinary violations” and demoted to ministerial level. According to the announcement, Yang Jing was charged with “continuing to have long-term improper associations with illegal business owners, using his influence on the job to conduct illegal activities for the benefit of such business owners, and providing services in pursuit of self-interests in the form of vast profits, for which his relatives received money and goods from such business owners.” However, because Yang Jing “acknowledged his fault during the investigation process and regretted his mistake,” he received a relatively light penalty of one-year probation and demotion to ministerial level. Yang Jing is an ethnic Mongolian from the Communist Youth League of China and is believed to have close ties with Premier Li Keqiang. As Yang Jing was
not elected Central Committee member at the 19th Party Congress, his downfall from power had been rumored from before, only to be announced immediately ahead of the NPC.\(^{18}\)

In October 2018, the Chinese Ministry of Public Security announced that Meng Hongwei, President of the International Criminal Police Organization (ICPO) and Vice-Minister of Public Security of China, was detained by the National Supervision Commission on suspicion of bribe-taking. The Ministry noted that Meng’s detainment was part of the anti-corruption campaign led by President Xi Jinping. Meng is thought to have had close relations with Zhou Yongkang, former member of the Politburo Standing Committee of the CPC who was sentenced to life in prison in 2015 for accepting bribes, abusing power, and leaking State secrets. The Ministry of Public Security noted that Meng was detained to wipe out the “influence of Zhou Yongkang’s evils.” Based on this incident, the Ministry called for absolute loyalty to the CPC Central Committee with President Xi Jinping at the core, stating that, “with respect to political position, political guidelines, political principles, and political roadmap, a high level of alignment must be maintained with the Central Committee with Comrade Xi Jinping at the core.”\(^{19}\) In view of the Ministry’s announcement, it can be considered that Meng’s detainment was part of the anti-corruption campaign for strengthening the power base of President Xi.

It appears that Xi is also continuing to combat corruption in the People’s Liberation Army (PLA), a critical base for Xi’s seizure of power. In August 2018, multiple Hong Kong media outlets reported that Wei Liang, Political Commissar of the Southern Theater Command, Yang Hui, Deputy Commander and Chief of Staff of the Eastern Theater Command, Xu Fenlin, former Deputy Chief of Joint Staff Department of the Central Military Commission, and others were subject to investigation on corruption charges.\(^{20}\) While Chinese official media has yet to make an announcement, the arrests of Fang Fenghui, Chief of Joint Staff Department of the Central Military Commission, and Zhang Yang, Director of the Political Work Department of the Central Military Commission, in September 2017 were similarly reported by Hong Kong newspapers ahead of China’s official announcement.\(^{21}\) Considering this situation, it is validated that Hong Kong reports have reliable information sources regarding crackdown on corruption by senior military personnel to some extent.

Through these series of approaches, Xi has succeeded in strengthening his
power base in the CPC. On the same day that the “plan about deepening reform for Party and State institutions” was unveiled, it was announced that members of the Politburo meeting reported the matters under their jurisdiction to Xi. This report was made for the first time in accordance with the “rules on strengthening and maintaining centralized, unified leadership of the Central Committee of the CPC Politburo,” decided at a Politburo meeting in October 2017, and is to be made once a year. Xi examined the respective reports and made critical requests individually regarding execution of responsibilities, achievement of tasks, and improving work attitudes. In this way, Xi has succeeded in securing power to make personnel evaluations of Politburo meeting members, including Politburo Standing Committee members, and is believed to have strengthened his power base. Meanwhile, ahead of the Beidaihe meeting in August 2018, some Japanese media reported that senior Party officials have stepped up criticisms against Xi for worsening the US-China economic friction, among other reasons. However, criticisms of Xi have not been confirmed in Chinese official media reports, and his power base is seen as basically stable at this point in time.

2. The Geopolitics of Chinese Foreign Policy

(1) Xi Jinping’s Reorientation of Foreign Policy Approach

On May 15, 2018, Chinese President Xi Jinping presided over the first meeting of the Central Foreign Affairs Commission as head of the Commission. On this occasion, it was revealed that Premier Li Keqiang became deputy head and Vice President Wang Qishan became a member of the Commission. While other members have not been announced, it has been confirmed that Yang Jiechi, CPC Politburo member, has been appointed director for the Office of the Commission. At the meeting, President Xi emphasized the need to enhance centralized and unified leadership over foreign affairs of the CPC Central Committee, and sought to establish a foreign policy leadership structure which would enable him to take further initiative, with the Central Foreign Affairs Commission playing a focal role. In addition, Xi instructed that efforts be made to open up new dimensions of major-country diplomacy with Chinese characteristics, and underscored that the development of the Belt and Road Initiative (BRI) will serve as a key practical platform for building “a
Community with a shared future for mankind.”

In June 2018, the Central Conference on Work Relating to Foreign Affairs was held for the first time in four years. The conference was attended by all members of the Politburo Standing Committee, including President Xi Jinping, as well as Vice President Wang Qishan and Politburo members including Yang Jiechi. Many other CPC senior officials from a range of fields were also in attendance, including the Central Committee, NPC, National Committee of the Chinese People’s Political Consultative Conference, State Council, Supreme People’s Court, Supreme People’s Procuratorate, regional Party organizations and government departments, financial institutions, large state-owned enterprises, the PLA, and Chinese diplomats dispatched to various countries and international organizations. It is believed that the participants were diverse in order to instill awareness of the foreign policy approach of Xi’s second-term leadership in a variety of foreign policy actors in China.

At the conference, Xi stated that China would “take an active part in leading the reform of the global governance system,” and once again called for efforts to break new ground in major-country diplomacy with Chinese characteristics. He also expressed the view that China has been in the best period of development in modern times, while the world is undergoing the most profound and unprecedented changes in a century. On this basis, Xi urged participants to have a grasp of the overall trend of accelerating global multi-polarization and to attach importance to the fact that major-power relations are at a stage of undergoing significant adjustments. With regard to the future diplomatic approach, Xi instructed: “It is important to have well-planned relations with other major countries and build a framework for developing major-power relations in an overall stable and balanced way. China must steadily conduct diplomacy with neighboring countries and regions in order to ensure a friendlier and favorable surrounding environment. China must enhance its unity and cooperation with developing countries, advance hand in hand, and promote the creation of a new phrase of relations for joint development.” Furthermore, Xi stressed cooperation with developing countries, which he described as China’s “natural allies” in its foreign affairs.
(2) Deteriorating Sino-US Relations

Meanwhile, China confronted the daunting situation of deteriorating US-China relations in 2018. The contentious bilateral relations became more acute over primarily three issues: South China Sea, Taiwan, and trade dispute.

In January 2018, the Ministries of Foreign Affairs and National Defense of China condemned that US Navy’s Aegis destroyer USS Hopper sailed within 12 nautical miles of Scarborough Shoal (Huangyan Dao) in the South China Sea without permission from China. At the same time, Senior Colonel Ren Guoqiang, Spokesperson for the Chinese Ministry of National Defense, criticized that the National Defense Strategy (NDS) released by the US Department of Defense shortly before this incident “disregards the facts and plays up the so-called great power competition and ‘Chinese military threat,’” emphasizing that China’s development of military outposts in the South China Sea is “within its scope of sovereignty.”

In May 2018, Spokesperson Ren Guoqiang condemned the United States’ cancellation of China’s invitation to participate in the Rim of the Pacific (RIMPAC) Exercise on the grounds of militarization in the South China Sea. However, it appears Beijing did not necessarily wish to make the South China Sea issue a point of contention between China and the United States. While Lu Kang, Foreign Ministry Spokesperson, expressed “strong dissatisfaction and firm opposition” over the Freedom of Navigation operations (FONOPs) that the United States carried out shortly afterwards, observers note that the word “protest” was not articulated. Moreover, in June 2018, President Xi, CMC Vice Chairman Xu Qiliang, Politburo member Yang Jiechi, Minister of National Defense Wei Fenghe, and others held a meeting with James Mattis who was making the first visit to China by a US Secretary of Defense since Defense Secretary Chuck Hagel’s visit four years earlier in 2014. The Chinese side announced that the two militaries shared the view that they need to manage risks to avoid clashes.

Nonetheless, the South China Sea issue remained contentious between the two countries. In September 2018, a PLA Navy destroyer approached in an unsafe encounter the US guided-missile destroyer USS Decatur that was sailing in the high seas of the South China Sea. In regard to this incident, the Spokespersons of the Ministries of Foreign Affairs and National Defense of China asserted that China’s action was legitimate and condemned the US Navy’s FONOPs. Prior
to this, it was reported that China notified the United States of the postponement of Secretary Mattis’ visit to China and the US-China Diplomatic and Security Dialogue (D&SD). In response, the Chinese Foreign Ministry spokesperson expressed its strong dissatisfaction with such report, saying, “The fact is that the US side said to the Chinese side that they hope to put off the second D&SD.”

As to the Taiwan issue, differences in US-Chinese opinions became increasingly acute, prompted by President Donald Trump’s signing of the Taiwan Travel Act in March 2018 which lifts the ban on reciprocal visits by US and Taiwanese senior officials. This Act allows “US officials at all levels to travel to Taiwan to meet their Taiwanese counterparts” and “high-level Taiwanese officials to enter the United States under respectful conditions and to meet with US officials, including officials from the Departments of State and Defense.” It encourages Taiwanese organizations to conduct economic activities in the United States, including the Taipei Economic and Cultural Representative Office which serves as Taiwan’s contact point in the United States, and also enables reciprocal visits by the US and Taiwanese leaders. The Act would have been enacted even without the President’s signature, but it is said that President Trump chose to sign it, taking into consideration the strong calls from Congress to strengthen US-Taiwan relations. On the other hand, some observers opine that the Act does not mandate visits and meetings and that the situation of US-Taiwan exchanges is unchanged. From early on China was wary of such moves in the United States. The Chinese Foreign Ministry Spokesperson repeatedly condemned US moves over this Act and lodged stern representations with the United States. When President Trump signed the Act, the Spokespersons of the Chinese Foreign and National Defense Ministries once again lodged stern representations.

In April 2018, Taiwanese media reported that the US government has authorized US companies to negotiate with Taiwanese counterparts on providing technical supports and parts for the submarine independently developed by Taiwan. In response to the reports, the Spokespersons for the Chinese Foreign and National Defense Ministries requested the United States to abide by the “one China” principle and to stop all forms of military contacts between the United States and Taiwan as well as arms sales to Taiwan. On June 14, 2018, Chinese President Xi Jinping met with US State Secretary Mike Pompeo during his visit to China and conveyed his hopes that the United States handle sensitive issues, such as the Taiwan issue and trade disputes, carefully and properly. In addition,
Politburo member Yang Jiechi once again conveyed China’s principle position on the Taiwan issue.\textsuperscript{41} Beijing also communicated its principle on the Taiwan issue during the June 2018 Defense Secretary Mattis’s visit to China.\textsuperscript{42}

In September 2018, the US government announced that it decided on selling fighter parts and other arms to Taiwan and that this was notified to Congress. The sale is equivalent to $330 million in total, including repair/replacement of spare parts in support of the F-16, C-130 and other aircraft and aircraft system. The US Department of Defense positions Taiwan as “an important force for political stability, military balance, and economic progress in the region.” It states that improving Taiwanese defense capabilities will contribute to US national interests, and explains that this sale “will not alter the basic military balance in the region.”\textsuperscript{43} The Spokespersons of Chinese Foreign and National Defense Ministries immediately condemned such US actions and requested the revocation of these series of measures.\textsuperscript{44}

2018 was also a year which saw the US-China trade dispute intensify like never before. In March 2018, the US government released a report, stating that an investigation which began in August 2017 in accordance with Section 301 of the US Trade Act found China’s policies and practices violating intellectual property rights, including forced technology transfer. President Trump then indicated that the US government would announce proposed tariffs on imports from China, initiate a case against China based on World Trade Organization (WTO) dispute settlement procedures, and propose measures that restrict Chinese investment in the United States. In response, while announcing an intention to take retaliatory measures, President Xi conveyed, in April 2018, at the Boao Forum for Asia, that China will make some concessions to the United States, including easing restrictions on foreign investment, strengthening protection of intellectual property rights, and increasing imports independently.\textsuperscript{45}

This was followed by the May 2018 US-China Trade Consultations in Beijing and Washington, DC. China reportedly engaged in the consultations under the leadership of President Xi Jinping, with Vice President Wang Qishan and Vice-Premier Liu He playing central roles.\textsuperscript{46} While no noticeable achievements were made at the first consultation in Beijing, a US-China Joint Statement was released after the second consultation in Washington, DC. The two countries agreed that China will meaningfully increase imports of goods and services from the United States and help promote US economic growth.
and employment. Specifically, it was stated that: (1) both sides agreed on increases in US agriculture and energy exports, and to this end a US team will visit China to discuss the details, (2) China will advance amendments of its relevant laws and regulations to strengthen protection of intellectual property rights, including the Patent Law, and (3) both sides will encourage two-way investment and strive to create a fair business environment for competition. Accordingly, the two countries confirmed that they will provisionally suspend additional tariff measures. In this way, it seemed that US-China economic friction was avoided temporarily.

On May 29, 2018, however, US President Trump indicated that a final list of $50 billion worth of Chinese items subject to tariffs will be announced by June 15, followed by swift imposition of sanctions against China. As a result, US-China economic friction resurfaced, and the third consultation in June ended without a joint statement being released. Subsequently, both countries imposed the first round of tariff measures in July 2018 without resuming the bilateral consultation. Beijing and Washington also imposed second and third rounds of tariff measures in August and September. Soon after China imposed the third round of tariff measures, the Chinese government released a whitepaper entitled, “The Facts and China’s Position on China-US Trade Friction,” which stresses the legitimacy of China’s policy on intellectual property rights protection. The whitepaper also strongly criticizes US trade sanctions on China, stating, “The recent steps taken by the US administration that are contrary and even destructive to the existing multilateral trade rules seriously undermine the current international economic order” and “Trade wars unilaterally initiated by the US administration will not only hurt other economies but also undermine US interests.”

In the face of such worsening Sino-US relations over the issues of the South China Sea, Taiwan, and economic friction, US Vice President Mike Pence delivered an address at the Hudson Institute in October 2018. He criticized China, giving the examples of China’s unfair business practices, intellectual property theft, and unlawful interference in US elections. Vice President Pence also expressed concerns over China’s enhanced patrols around the Senkaku Islands and construction of military bases on artificial islands in the South China Sea, and stressed that the United States will not be intimidated by Chinese aggressive actions. Hua Chunying, Spokesperson of the Ministry of Foreign
Affairs of China, refuted Pence’s comments, stating that China upholds the principle of non-interference in internal affairs and has no interest in interfering in US domestic affairs. The Spokesperson also noted that China is always a builder of world peace, contributor to global development, and defender of the international order, and that China’s approach is appreciated by the international community. On this basis, she reiterated China’s position on the Taiwan, South China Sea, and human rights issues and condemned the US response.

This was immediately followed by meetings between State Secretary Pompeo, who was visiting China, and Politburo member Yang Jiechi and Foreign Minister Wang Yi. Although he did not mention his name, Yang criticized Vice President Pence’s remarks, all the while noting that China and the United States can have a win-win relationship by working together as major powers. Yang once again stated China’s position on the Taiwan issue, the South China Sea issue, and trade dispute. Likewise, Foreign Minister Wang implicitly criticized Pence’s remarks and explained China’s principle position on economic friction, the Taiwan issue, and the South China Sea issue, while conveying China’s intention to address the trade friction through talks with the United States, founded on equality, integrity, and solemnity.

In November 2018, the second US-China D&SD was held in Washington, DC. State Secretary Pompeo and Defense Secretary Mattis attended from the United States, while Politburo member Yang Jiechi and Wei Fenghe, State Councilor and Minister of National Defense, attended from China. The United States and China failed to narrow their differences on the South China Sea issue even at this consultation. Meanwhile, the two countries sought to find solutions acceptable to both sides, including elimination of the economic friction, with Secretary Pompeo commenting “The United States is not pursuing a Cold War or containment policy with China” and Politburo member Yang stating “China will cooperate to produce a win-win outcome.” In addition, China reiterated its principle on the Taiwan issue on this occasion.

On November 18, 2018, President Xi Jinping attended the Asia-Pacific Economic Cooperation (APEC) Economic Leaders’ Meeting. At the meeting, President Xi voiced criticisms of the United States while refraining from singling out the United States by condemning unilateralism and protectionism. In response, US Vice President Pence criticized China’s forced technology transfer and theft by mentioning the country by name. As a result of such critical
responses, a leaders’ declaration was not adopted for the first time since the APEC Economic Leaders’ Meeting began.\(^{57}\)

In December 2018, President Xi and President Trump held a summit on the margins of the G20 Summit in Buenos Aires, Argentina. At this meeting, it was decided that the two countries will avoid a breakdown in their relationship and comprehensively discuss the issues of tariff and intellectual property rights. It was also determined that the scheduled tariff increases will be postponed for 90 days during which the discussion will be held. At this time, China proposed concessions, stating that it will purchase a vast quantity of US industrial and agricultural products and agree to lower tariffs on US-made cars, a point of contention between the two countries. Furthermore, China noted that it stands ready to make improvements on intellectual property rights issues, including forced technology transfer.\(^{58}\) Despite such Chinese compromises, however, the outstanding issues between the United States and China have not been fundamentally resolved, namely, the issues of the South China Sea, Taiwan, and economic friction, and China finds itself in a tough situation.

(3) Proactive Neighboring Diplomacy

Against the backdrop of worsening Sino-US relations, China set out to strengthen its relations with neighboring countries. First, it embarked on improving its relationship with the Democratic People’s Republic of Korea (DPRK). Following the March 2018 announcement regarding the holding of a US-North Korea Summit, General Secretary Xi Jinping held talks with Kim Jong Un, Chairman of the Workers’ Party of Korea (WPK), during his visit to China in March and May, and reaffirmed their “traditional friendship.” It is considered that China’s moves were aimed at maintaining influence in the Korean Peninsula and securing the North Korea card in its dealings with Washington.\(^{59}\)

A US-North Korea Summit was held in Singapore in June 2018. For this meeting, China provided an aircraft for Chairman Kim to travel to Singapore. Coupled with the fact that General Secretary Xi held a meeting with Chairman
Kim twice prior to the US-DPRK Summit, China through such actions is said to have fulfilled a “guarantor” role in the summit. Right after it, Foreign Minister Wang stated that China hopes that the two countries' (United States and the DPRK)' highest leaders can dispel interference, establish mutual trust, overcome difficulties, and can reach a basic consensus on promoting and achieving the denuclearization of the peninsula and promoting and establishing a peace mechanism for the peninsula.

In June 2018, General Secretary Xi held a meeting in Beijing with Chairman Kim who visited China for the third time. During the meeting, Xi praised that a principled consensus was achieved at the US-DPRK Summit, regarding denuclearization of the Korean Peninsula and establishment of a long-term peace mechanism. Xi also commended Kim for visiting China immediately after the US-DPRK Summit. On this basis, Xi made known the achievements of China’s economic reform, said he was glad North Korea made a major decision to shift focus to economic development, and stated that China supports North Korea’s economic growth and improvement of people’s livelihood.

Thereafter, no progress was observed in North Korea’s moves towards denuclearization. Nevertheless, China adhered to its approach of prioritizing relations with North Korea. In September 2018, China dispatched Li Zhanshu, NPC Chairman, as General Secretary and President Xi Jinping’s special envoy to a commemorative ceremony celebrating the 70th anniversary of the DPRK’s founding. Chairman Li held meetings in Pyongyang with WPK Chairman Kim Jong Un; Kim Yong Nam, President of the Presidium of the Supreme People’s Assembly; and others. Chairman Li handed over General Secretary Xi’s letter to WPK Chairman Kim, and conveyed that it is a never-changing policy of China’s Party and government to maintain, strengthen, and evolve China-DPRK relations. Additionally, Chairman Li commented that China always upholds the goal of denuclearizing the Korean Peninsula.
China also explored enhancing its relations with India. In April 2018, President Xi Jinping held an informal meeting with Narendra Modi, Prime Minister of India, in Wuhan. In June 2018, Xi again held a meeting with Modi on the margins of the Shanghai Cooperation Organization (SCO) Qingdao Summit. Furthermore, in July 2018, President Xi met with Prime Minister Modi on the sidelines of the 10th BRICS Summit. In this way, China seized various opportunities in its attempt to give the impression of friendly China-India relations to the international community.

China also demonstrated a positive posture towards improving its relations with Japan in 2018, which marked the 40th anniversary of the conclusion of the 1978 Treaty of Peace and Friendship between Japan and China. In May 2018, Premier Li Keqiang made the first visit to Japan in eight years by a Chinese Premier and held a Japan-China Summit with Prime Minister Shinzo Abe of Japan. At the meeting, Premier Li invited Prime Minister Abe to pay an official visit to China. Coinciding with Premier Li’s visit to Japan, the “Memorandum on Japan-China Business Cooperation in Third Countries” was signed. The memorandum confirmed that Japan-China business cooperation in third countries would benefit not only the two countries but also beneficiary countries, and decided that the Committee for the Promotion of Japan-China Business Cooperation in Third Countries would be established to hold discussions across ministries and agencies with the private sector also involved. The Committee held its first meeting in accordance with the Memorandum on September 25, 2018.

At the press conference following the Japan-China Summit, Japanese Prime Minister Abe welcomed the fact that the Maritime and Aerial Communication Mechanism between the two countries’ defense authorities had been concluded after ten years of consultations. It was announced that the Japan-China Maritime and Aerial Communication Mechanism consists of three pillars: (i) annual senior and expert-level meetings between defense authorities; (ii) a hotline between Japan-China defense authorities; and (iii) safe communication between the vessels and aircraft of Japan’s Self-Defense Forces (SDF) and China’s PLA. The mechanism aimed at (1) strengthening defense exchange by deepening mutual understanding and trust between Japan and China, (2) avoiding unforeseen
circumstances, and (3) preventing unforeseen circumstances in waters and airspace from escalating into military dimensions and political and diplomatic issues. The Mechanism launched operation on June 8, 2018. Meanwhile, the hotline was not established at this stage.

In October 2018, a Japan-China defense ministers’ meeting was held between Japan’s Defense Minister Takeshi Iwaya and his counterpart Wei Fenghe, Chinese Minister of National Defense, on the margins of the fifth ASEAN Defense Ministers’ Meeting-Plus (ADMM-Plus) held in Singapore. This was the first Japan-China defense ministers’ meeting held in three years. The two sides agreed that it was important to materialize defense exchange programs amidst improvements in the bilateral relationship, and concurred on implementing high-level exchanges, policy dialogues and unit-to-unit exchanges, as well as exchanges in disaster management. In particular, Minister Iwaya wished to consider reciprocal visits by Japan’s Chief of Staff and China’s Chief of Joint Staff. Chinese National Defense Minister Wei Fenghe agreed to consider such visits in a forward-looking manner. Furthermore, Minister Iwaya welcomed China’s proposal on a visit to Japan by a delegation of the PLA Eastern Theater Command, and both sides concurred that they would continue to coordinate with each other. With regard to the Maritime and Aerial Communication Mechanism, the two countries shared the view that it was important to operate the mechanism in a manner that contributes to building trust between the Japanese and Chinese defense authorities, and concurred on launching a hotline at an early timing.

In other events, in April 2018, Japan-China officer-level exchanges hosted by the Sasakawa Peace Foundation resumed for the first time in five years, and a 25-member PLA delegation visited Japan. In September, a delegation comprised of 13 SDF personnel headed by Rear Admiral Tomohiko Madono, Deputy Director General of the Defense Plans and Policy Department, Joint Staff, visited China. In October 2018, Prime Minister Abe visited China. This was the first visit to China by a Japanese Prime Minister in seven years. Prime Minister Abe held meetings with NPC Chairman Li Zhanshu, Premier Li Keqiang, and President Xi Jinping. During the meeting between Prime Minister Abe and Premier Li, the two sides concurred on holding the first annual meeting of the Maritime and Aerial Communication Mechanism between defense authorities agreed upon in May by the end of the year. Additionally, it was decided that they would
carry out reciprocal visits by their defense ministers, exchanges and dialogues between defense authorities including reciprocal visits by vessels, as well as exchanges between maritime law enforcement agencies. At the summit meeting with President Xi, Prime Minister Abe once again stated that he would welcome President Xi’s visit to Japan in the following year, to which President Xi expressed appreciation and responded that he would give serious consideration.74

In November 2018, a delegation led by Air Force Lieutenant General Sun Herong, Deputy Commander of the PLA Eastern Theater Command, arrived in Japan. The delegation visited the Ichigaya Area of Japan’s Ministry of Defense, Ground Self-Defense Force Camp Kengun, Air Self-Defense Force Kasuga Air Base, Maritime Self-Defense Force Yokosuka Base, among other areas.75 In December 2018, the first annual meeting and experts’ meeting of the Japan-China Maritime and Aerial Communication Mechanism were held in Beijing. Japan and China exchanged candid and in-depth views regarding maritime and aerial security policy, the operation status of the Maritime and Aerial Communication Mechanism, and future defense exchanges. They praised the mechanism and shared the view on continuing to operate it in a manner that contributes to deepening their bilateral relationship of trust. Furthermore, they agreed to accelerate coordination to swiftly launch a hotline, implement the mechanism more effectively, and promote even friendlier bilateral relations.76

3. Deepening National Defense and Military Reform and PLA’s Modernization from the Perspective of Training and Equipment

(1) Progress in Military Reform at National People’s Congress

In the Government Work Report to the 2018 NPC, Premier Li Keqiang commented on achievements made in the defense policy in the last five years. He stated that steady progress was made in the “sixteen-character’ guideline” of “politically-constructed military, reformed strong military, science and technology-promoted military, and law-dependent military (building the military politically, carrying out reforms for a strong military, developing the military with science and technology, and governing the military under the law)” — a central concept of the Xi Jinping Military Thought, and that the task of reducing the PLA by 300,000 troops was basically completed. Furthermore, Premier Li raised that the PRC
should fully enforce the CMC Chairman responsibility system and continue military reform. With respect to this military reform as reported at the NPC, the following three points are especially worthy of attention.

First, the report reiterated that China would implement the strategy for military-civilian integration and deepen reform of defense-related science, technology, and industry. The strengthening of military-civilian integration and defense industrial reforms have been mentioned ever since military reform was initiated in November 2013, and were also indicated in the political report of General Secretary Xi Jinping to the 19th Party Congress. On March 2, before the NPC, the 1st Plenary Session of the 19th Central Commission for Integrated Military and Civilian Development headed by General Secretary Xi was held, and the “Outline of the Strategy for Military-Civilian Integration” and other documents were adopted. Furthermore, when Xi participated in the Plenary Session of the Representatives of the PLA at the NPC, he emphasized the need for drastically accelerating the development of a military-civilian integration structure and greatly improving independent innovation capabilities in defense science and technology. Military representatives at the NPC also repeatedly mentioned the importance of these instructions from Xi. It is expected that China will further develop cooperative relationships between defense industries and the consumer products sector, based on the concept of dual use of items seen as key military technologies of the future, such as artificial intelligence (AI), robotics, laser weapons, cyber operations, and the electromagnetic spectrum. It is thought that such policies will make China’s defense spending even more non-transparent.

Second, the Ministry of Veterans Affairs was newly established as part of the proposed State Council organizational reforms. It was announced that the Ministry of Veterans Affairs would be responsible for the reemployment of veterans formerly under the jurisdiction of the Ministry of Civil Affairs, job transfers of the officer corps handled by the Ministry of Human Resources and Social Security, and related work of the Political Work Department and Logistics Support Department of the CMC. Improving the treatment of veterans had already been mentioned at the time of the military reform’s announcement in November 2013. The CPC leadership led by Xi Jinping attaches importance to this matter, partially due to the 300,000 troop reduction under the military reform. Sun Chunlan, Vice-Premier, and Miao Hua, Director of the Political Work Department, attended the inauguration ceremony of the Ministry of
Veterans Affairs on April 16, 2018. Chen Zhijian of the military-civilian integration department at China Ex-Military Capital Management Co., Ltd., a state-owned financial institution set up to provide services to veterans, has noted that veterans could facilitate the entry of commercial enterprises into the defense sector. It suggests that military-civilian integration is also closely related to the issue of veterans’ reemployment.

Third, a new three-tier maritime border security management structure was established: the CMC, the People’s Armed Police Force (PAP), and the China Coast Guard. In January 2018, the chain of command and control was centralized, with the PAP, which had previously been under the dual command of the CMC and the State Council, now under the direct control of the CMC. Moreover, as part of the reform of State institutions announced after the opening of the NPC, the China Coast Guard was placed under the command of the PAP. These moves are in accordance with the policy of adjustment and streamlining of the sea and air border security management structure that was advocated at the time of the military reform’s announcement in November 2013.

The meeting of the Party Central Politburo presided by General Secretary Xi on April 23, 2018 deliberated on “opinions regarding the party, government, military, police, and civilians working together to strengthen the border and solidify defense in the new era.” Such Chinese moves to build a new maritime border security structure could have impacts on issues such as the South China Sea and the Senkaku Islands.

(2) Strengthening of Training Structure and Implementation of Exercises

Since his appointment as Chairman of the CMC in November 2012, General Secretary Xi has repeatedly advocated the importance of building a “military that is ready to fight and win wars” and continued to instruct the PLA to carry out practical combat training. In the series of military reforms, a variety of initiatives to strengthen the training structure in the PLA have been implemented, and these moves have gained greater momentum after the 19th Party Congress.

In late December 2017, General Secretary Xi signed the “China People’s Liberation Army Regulations on the Military Training (Trial),” and these regulations entered into force on January 1, 2018. It was the first amendment of the Regulations on the Military Training in 17 years since the last amendment in
2002. The new regulations are comprised of 11 chapters and 77 articles. While their content has not been made public, it is considered that the regulations will likely develop a military training management model based on the principles of “overall control by the CMC, taking the theater commands for the main fighting, building based on the service branches (the CMC would provide general management, the Theater Commands would focus on operation, and the military services would focus on management for force building),” which are the organizational restructuring policies of the military reform. A senior officer of the Training and Management Department in the CMC mentioned in an interview with the People’s Liberation Army Daily, the official newspaper of the PLA, that these regulations are intended to thoroughly implement the Xi Jinping Thought on strengthening the military, and stated that their goal is to build world-class forces as instructed in the political report of the 19th Party Congress.86

On January 25, the CMC promulgated new Military Training Guidelines. The details of these Military Training Guidelines have not been made public. The People’s Liberation Army Daily has reported that the guidelines mainly focus on building training systems and related institutional mechanisms for practical combat, joint operation, scientization and normalization, in order to actively adapt to the advances in military reform. Furthermore, the People’s Liberation Army Daily has indicated that promulgation of the guidelines improves the level of the PLA’s readiness for practical combat and significantly helps enhance “joint operations based on the network information system” and “all-regions operations capabilities.” The senior officer of the Training and Management Department in the CMC, in the interview with the People’s Liberation Army Daily, also stated that the guidelines firmly maintain strengthening of joint operation training and that not only respective training by each military service but also joint operation training at the theater level would be implemented.87

Under this new military structure, the PLA continued to actively conduct exercises in 2018. On January 3, 2018, the CMC held the “2018 Mobilization Meeting for the Commencement of Training for the Whole Armed Forces.” Xi attended the meeting and instructed the whole armed forces to thoroughly implement the spirit of the 19th Party Congress and the Party’s vision of a strong military, strengthen all aspects of practical combat military training, and improve all capabilities for victories. At this time, Xi noted the importance of joint operation training, and exercises were conducted by each force, such as the
Ground Force, Navy, Air Force, Rocket Force, and Strategic Support Force. On April 12, 2018, in the presence of President Xi, the CMC held a fleet review ceremony in the South China Sea. Forty-eight vessels, including China’s first aircraft carrier the Liaoning, 76 combat aircraft, including the 4.5 generation fighter Su-35 purchased from Russia, and approximately 10,000 troops participated in this exercise, referred to as the largest fleet review ceremony in the history of the PRC. At this time, Xi gave instructions to thoroughly implement the Party’s vision of a strong military for a new era, firmly adhere to the “sixteen-character’ guideline,” and endeavor to build a world-class navy. Furthermore, amid worsening US-China relations over the Taiwan issue, a naval task force centered around the Liaoning, which participated in the fleet review, conducted a comprehensive warfare exercise in the western Pacific near Taiwan, including anti-aircraft and anti-submarine training. The People’s Liberation Army Daily and the People’s Daily have published detailed reports regarding the PLA Air Force’s encirclement exercise around Taiwan. The reports stated that fighters, such as the Su-35, J-11, and J-10, the H-6K bomber, and the KJ-2000 early warning and control aircraft participated in the trainings. In the series of trainings, the Air Force transmitted digital information in real time from naval vessels, coordinated with the Ground Force air unit, and received supports from radar, ground missile, and electronic combat units, creating a system of joint operations by the ground, naval and air forces, according to reports. With regard to the trainings, Shen Jinke, Spokesperson of the Air Force, commented that the Air Force has the resolve, confidence, and ability to safeguard national sovereignty and territorial integrity. China then continued to carry out trainings near Taiwan, while urging Taiwan and the United States to refrain from conduct that interfere with China-Taiwan unity. Furthermore, the PLA Air Force announced that it conducted the first airdrop training using the indigenous Y-20 large transport aircraft. In September 2018, the PLA participated for the first time in the Vostok 2018 exercise held in the Eastern Military District in Russia. The PLA dispatched 3,200 personnel, 900 vehicles, and 30 aircraft to the exercise. The Chinese and Russian militaries formed a strategic-level joint control center for the exercise comprised of personnel dispatched from the Joint Staff Department of the PLA CMC and the General Staff of the Armed Forces of the Russian Federation, as well as a joint operations command center comprised of personnel dispatched
from the Northern Theater Command of the PLA and the Eastern Military District of the Russian Armed Forces. The commander of the Chinese side noted that this exercise enabled training against traditional security threats beyond previous trainings against non-traditional security threats under the SCO and other frameworks, such as counterterrorism exercise. The PLA underscored that, through this exercise, it was able to implement a joint operations command, a key objective of the military reform, and enhance its command and control capabilities. Shao Yuanming, director of the Chinese side and Deputy Chief of the CMC Joint Staff Department, also noted that as an outcome of this exercise, the Chinese forces learned a lot about operations and training from the Russian forces which have considerable combat experience. Given how President Xi has reiterated the importance of practical training, it can be said that the exercise was beneficial for the PLA.

(3) Advances in Arms Modernization

On April 26, 2018, Wu Qian, Spokesperson of the Ministry of National Defense of China, announced that the DF-26 intermediate-range ballistic missile has been deployed to the Rocket Force. The Spokesperson noted that the DF-26 has the following characteristics: (1) it is an indigenous weapon developed by China, (2) it can carry both nuclear and conventional weapons, (3) it has precision strike capability against targets on land and at sea, and (4) it integrates many new technologies, which significantly increases the missile’s utilization, integration, and informationization. According to the US Department of Defense’s annual report on military and security developments in China, the DF-26 has a maximum range of 4,000 km and is capable of striking land and sea bases of the US Forces all the way to Guam.

On May 13, 2018, China’s first indigenous aircraft carrier conducted a sea trial for the first time. The US Department of Defense’s annual report on China’s military and security developments states that this indigenous aircraft carrier is a modified version of the Liaoning and will likely join the fleet by 2019. It noted that the carrier is limited in its capabilities due to its lack of catapult. Meanwhile, the report mentions that China is expected to begin construction of its first catapult-capable carrier in 2018, which will enable additional fighter aircraft, fixed-wing early-warning aircraft, and more rapid flight operations.

Against this backdrop, in November 2018, China’s state-run Xinhua News
Agency reported that a third aircraft carrier was being built. According to some reports, this third carrier will be equipped with an electromagnetic catapult system. On the other hand, there are reports that the building of a third carrier is delayed due to China’s considerations towards the United States amid worsening US-China relations, budget cuts arising from the military reform, among other factors. Furthermore, there are reports that China is developing a new carrier-based aircraft to replace the J-15 carrier-based fighter, which has had a succession of mechanical failures and accidents.¹⁰¹

In August 2018, it was reported that the Nanchang, the first Type 055 guided-missile destroyer launched in June 2017, carried out a sea trial for the first time.¹⁰² The US Department of Defense’s annual report on Chinese military and security developments analyzes that Type 055 is a 10,000-ton design that can carry an array of long-range ASCMs and long-range SAMs, and will likely be able to launch ASBMs and LACMs once these weapons are available. It is reported that three more Type 055 guided-missile destroyers were launched in 2018.¹⁰³

The Canadian military information magazine, Kanwa Defense Review, reported that China purchased the RVV-SD air-to-air missile from Russia. According to the magazine, the RVV-SD is an air-to-air missile launched in 2009, which China acquired at the same time as its purchase of the Su-35 fighter. The magazine also notes that China is expected to equip the Su-35 with indigenous missiles and that attention will thus be paid to China’s moves going forward.¹⁰⁴

NOTES

2) People’s Daily, March 18, 2018.
6) People’s Daily, March 24, March 29 and September 1, 2018.
9) People’s Daily, March 7, 2018; South China Morning Post, March 19, 2018.
13) Shinji Yamaguchi, “Ryodo Kogumi no Seido Henka: Chugoku no Seisaku Kettei ni okeru Han Koshiki Seido no Kino no Jusoka” [Institutional Changes in Leading Groups: Functional

18) Sankei Shimbun, March 25, 2018; South China Morning Post, February 24, 2018.
19) People’s Public Security Newspaper, October 9, 2018; Wen Wei Po (Hong Kong), October 9, 2018.
20) Sing Tao Daily, August 24, 2018; South China Morning Post, August 24, 2018.
21) South China Morning Post, October 3, 2017.
23) Sankei Shimbun, July 31, 2018; Tokyo Shimbun, August 2, 2018.
26) People’s Daily, June 24, 2018.
30) People’s Daily, May 28, 2018; Ryoichi Hamamoto, “Kaikaku Kaiho 40 nen de Buryo wo Kakotsu Chugoku Chishikijin” [Chinese Intellectuals’ Tedium in 40 Years of Economic Reform], Toa [East Asia], July 2018, p. 48.
31) PLA Daily, June 28, 2018; People’s Daily, June 29, 2018.
33) PLA Daily, October 3, 2018.
34) Sankei Shimbun, October 2, 2018.
38) People’s Daily, March 18, 2018.
40) People’s Daily, April 10, 2018.
Chapter 2  China — The Start of Xi Jinping’s Second Term


48) Ding Guo, “Liuhe rang maoyizhan jiaran erzhi liuan huaming” [Liu He Calls a Halt to the Trade War, Creating a Turning Point], *Yazhou Zhoukan*, June 3, 2018, p. 25.

49) Kawashima, “2018 nen no Beichu Tsusho Masatsu no Haikei to Sono Yukue,” p. 22.

50) *Asahi Shimbun*, August 9 and September 25, 2018.


52) *Yomiuri Shimbun*, October 6, 2018; *Asahi Shimbun*, October 6, 2018.


54) *People’s Daily*, October 9, 2018.

55) *Yomiuri Shimbun*, November 11, 2018.


57) *Yomiuri Shimbun*, November 18 and November 19, 2018; *People’s Daily*, November 19, 2018.


59) Shinji Yamaguchi, “Kitachosen tono ‘Dentoteki Yugi’ e Kaiki wo Sentaku shita Chugoku” [China Chooses Return to “Traditional Friendship” with North Korea], *NIDS Comentarii* [NIDS Commentary], No. 72, May 23, 2018.


64) *People’s Daily*, April 28, June 10 and July 28, 2018.


Commission and Ministry of Commerce of the People’s Republic of China], May 9, 2018.

67) Japanese Ministry of Foreign Affairs, “Nicchu Minkan Bijinesu no Daisangoku Tenkai Suishin
ni kansuru Inkan no Kaisai (Kekka)” [Meeting of the Committee for the Promotion of Japan-

68) Japanese Ministry of Foreign Affairs, “Nicchu Kyoha Happyo ni okeru Abe Sori Hatsugen” [Remarks by Prime Minister Abe at the Japan-China Joint Press Announcement], May 9, 2018.

69) Japanese Ministry of Foreign Affairs, “Ri Kokukyo Chuka Jinmin Kyowakoku Kokumuin Sori
no Hojitsu (Kohin): Zentai Gaiyo” [Visit to Japan by Li Keqiang, Premier of the State Council
of the People’s Republic of China (Official Visit): Overview], May 11, 2018.

by Defense Minister], June 8, 2018.

Ministers’ Meeting (Overview)], October 19, 2018.

72) The Sasakawa Peace Foundation, “‘Rekishi kara Kyokun Manabi, Heiwa to Yuko wo’ Nicchu
Sakankyu Koryu ga Saikai Jinmin Kaihogun Homondan, Etajima wo Shisatsu” [“Learning
Lessons from History for Peace and Friendship” Japan-China Field Officer-Level Exchanges
Resume, PLA Delegation Visits Etajima], April 17, 2018.

73) The Sasakawa Peace Foundation, “Jieitai no Chugoku Homondan, PKO Centaa Shisatsu
Nicchu Sakankyu Koryu Jigyo” [SDF Delegation to China Visits PKO Center, Japan-China
Field Officer-Level Exchange Program], September 21, 2018.

74) Japanese Ministry of Foreign Affairs, “Abe Sori no Hochu: Zentai Gaiyo” [Prime Minister
Abe’s Visit to China: Overview], October 26, 2018.

ni tsuite” [Visit to Japan by Delegation of PLA Eastern Theater Command], November 15,
2018.

76) Japanese Ministry of Defense, “‘Nicchu Boei Tokyokukan no Kaiku Renraku Mekanizumu’
ni kansuru Daiikai Nenji Kaigo Senmon Kaigo ni tsuite” [First Annual Meeting and Experts’
Meeting of the Maritime and Aerial Communication Mechanism between Japan-China Defense
Authorities], December 27, 2018.

77) PLA Daily, March 6, 2018.


80) PLA Daily, March 22, 2018.

81) PLA Daily, April 17, 2018.


84) PLA Daily, March 22, 2018.

85) PLA Daily, April 24, 2018.

86) PLA Daily, December 30 and December 31, 2017.

87) PLA Daily, January 26 and February 1, 2018.
Chapter 2 China — The Start of Xi Jinping’s Second Term

89) PLA Daily, April 13 and April 14, 2018.
90) PLA Daily, April 22, April 24 and April 27, 2018.
91) PLA Daily, April 27 and April 28, 2018; People’s Daily, May 12, 2018.
92) South China Morning Post, December 28, 2018.
94) PLA Daily, September 12, 2018.
95) PLA Daily, September 13, 2018.
96) PLA Daily, September 14, 2018.
97) PLA Daily, April 27, 2018.
101) South China Morning Post, November 27, 2018.
104) “Zhongguo kongjun huodele e zuixinxing kongduikong daodan” [Chinese Air Force Acquires Russia’s State-of-the-Art Air-to-Air Missile], Han he fang wu ping lun [Kanwa Defense Review], May 2018, pp. 18-19.

Chapter 2 authors: Yasuyuki Sugiura (lead author, Sections 1 and 3)
Masayuki Masuda (Section 2)
Shortly before the South and North Korean leaders issued the Panmunjom Declaration on Peace, Prosperity and Reunification of the Korean Peninsula that enshrines its “complete denuclearization,” the Central Committee of the Workers’ Party of Korea (WPK) of the Democratic People’s Republic of Korea (DPRK, or North Korea) adopted a resolution, which confirms a doctrine that rests on maintaining nuclear weapons. According to the resolution, North Korea’s nuclear test ground will be dismantled towards “worldwide nuclear disarmament.” North Korea’s underlying view is likely that possession of nuclear weapons is permitted if and until “complete denuclearization” is realized in line with “worldwide nuclear disarmament.” In fact, the Party Central Committee confirmed that North Korea will not “transfer nuclear weapons or nuclear technology,” similar to the obligation of nuclear-weapon states under Article 1 of the Treaty on the Non-Proliferation of Nuclear Weapons (NPT).

In the Panmunjom Declaration and the Pyeongyang Joint Declaration of September 2018 (Pyeongyang Declaration), the DPRK strongly hinted that denuclearization of the Korean Peninsula would be deemed as establishment of a Nuclear-Weapon-Free Zone (NWFZ), precluding US extended nuclear deterrence. The DPRK approach is consistent with the “security guarantees” it defined in the past, and if the country follows through with it, could have impacts on the standing of the United States Forces Korea (USFK). Moreover, if “worldwide nuclear disarmament” is a requirement for North Korea’s nuclear abandonment, a NWFZ cannot be established until this requirement is fulfilled. North Korea’s requirement is not limited to the negative security assurance (NSA) that the United States will not carry out nuclear attacks. There is thus concern that North Korea may be trying to avoid its obligation of getting rid of nuclear weapons in exchange for NSA.

Furthermore, the possible establishment of a peace regime on the Korean Peninsula that excludes the People’s Republic of China (PRC, or China), as indicated in the Panmunjom Declaration, is similar to the content of the declaration of the second inter-Korean summit (2007). A few months following the declaration, North Korea succeeded in getting China to condemn the US-ROK alliance as a “leftover,” which had not been China’s conventional position. In addition, ever since Kim Jong Un, Chairman of the WPK and Chairman of the State Affairs Commission of the DPRK, held his first China-North Korea Summit prior to the release of the Panmunjom Declaration, North Korea continued
not to confirm China’s role in the establishment of a peace regime, and in the Declaration, encouraged China, a country interested in such a regime, to enhance its collaboration.

Meanwhile, the Moon Jae-in administration of the Republic of Korea (ROK, or South Korea), with a view to leading the establishment of a peace regime, communicated Chairman Kim Jong Un’s message to Donald Trump, President of the United States, and obtained his consent to hold a US-North Korea Summit. In order to end the “division system” and stabilize North-South relations, President Moon Jae-in, in the Panmunjom Declaration released with Chairman Kim Jong Un, enshrined denuclearization and agreed to stop loud-speaker broadcasting and scattering of leaflets in the areas along the Military Demarcation Line (MDL) and to turn the areas along the Northern Limit Line (NLL) in the Yellow Sea into a maritime peace zone for easing military tension between the two Koreas.

As regards the US-ROK alliance, the two countries announced they would suspend their regular US-ROK joint military exercise as a measure towards establishing the peace regime agreed upon at the US-North Korea Summit. If the exercises are suspended for a long time, however, it could adversely affect US-ROK joint operational capabilities. Furthermore, in response to changes in the situation surrounding the Korean Peninsula, the ROK updated “Defense Reform 2.0,” an initiative under consideration since the Moon administration was established—namely, the sections concerning an offensive operations scheme against North Korea, including preemptive attack and retaliation. As South Korea strives to establish a peace regime, attention will be paid to the arrangements resulting from US-ROK discussions on the deterrence posture and the role of their alliance, including negotiations on the transfer of wartime operational control (OPCON) and cost-sharing for the stationing of the US Forces.

1. North Korea: Nuclear Program and Negotiations

(1) “Denuclearization” that Sustains Nuclear Weapons

On April 27, 2018, at the third inter-Korean summit ever conducted, the two leaders agreed on the Panmunjom Declaration in which they confirmed “the common goal of realizing, through complete denuclearization, a nuclear-free Korean Peninsula.” However, shortly before this, the Plenary Meeting of the
Party Central Committee that was convened under the leadership of Chairman Kim Jong Un adopted a resolution (Party Central Committee resolution) that reaffirmed basically the existing doctrine necessary for the use of nuclear weapons. According to the resolution, “the DPRK will never use nuclear weapons...under any circumstances unless there are nuclear threat and nuclear provocation against the DPRK.” Such North Korean policy which strongly suggests sustaining nuclear weapons may be to blame for the failure to agree on a denuclearization timetable in the subsequent US-North Korea Singapore joint statement (June 12). This view is explained more in the following.

Firstly, the Party Central Committee resolution states that North Korea’s discontinuance of nuclear tests is “an important process for the worldwide nuclear disarmament.” As this resolution strongly suggests, if “complete denuclearization” in the Panmunjom Declaration stands as a challenge to realizing “worldwide nuclear disarmament,” then a doctrine for the use of nuclear weapons will be necessary until such a future.

In the last decade or so, North Korea has had a noticeable tendency to provide such an explanation, which could be construed as meaning North Korea will not abandon its nuclear weapons until worldwide denuclearization is realized. Roughly half a year after President Barack Obama of the United States delivered an address on “a world without nuclear weapons” in Prague in 2009, North Korea’s representative to the United Nations (UN) stated to a meeting of the First Committee of the 64th UN General Assembly, “When the states with the largest nuclear arsenals take the lead in nuclear disarmament, it will positively influence the newly emerged nuclear weapons states in various parts of the world,” and noted North Korea’s position that this “also contribute[s] to total elimination of nuclear weapons on this globe.”

If the obligation of “complete denuclearization” is defined as part of “worldwide nuclear disarmament” and it is understood that countries are entitled to possess nuclear weapons until “worldwide nuclear disarmament” is realized, then this could resemble the commitment of the nuclear-weapon states to negotiate a treaty for “general and complete disarmament” under the NPT. In fact, North Korea’s “position of nuclear-weapons state for self-defense” was made into law in 2013. Under this legislation, North Korea, a “nuclear-weapons state for self-defense,” is to “establish a mechanism and order for their safekeeping and management so that nukes and their technology, weapon-grade nuclear substance
may not leak out illegally,” similar to the obligation of nuclear-weapon states prescribed in Article 1 of the NPT. The Party Central Committee resolution of 2018 upholds this and reconfirms that North Korea will not “transfer nuclear weapons or nuclear technology.” It can be said that the resolution basically maintains North Korea’s previous claim to a similar standing as nuclear-weapon states under the NPT.

Secondly, the 2013 legislation states that until “the world is denuclearized,” North Korea will use nuclear weapons as a means to retaliate in the case of “invasion or attack from a hostile nuclear-weapons state.” The Party Central Committee resolution adopted prior to the Panmunjom Declaration seemingly introduced a stricter policy of nuclear use which limited nuclear retaliation to cases of “nuclear threat and nuclear provocation” (however, the text of the resolution does not rule out responses using nuclear weapons, even in cases where an adversary’s threat or provocation did not amount to nuclear attack).5

North Korea agreed to the Panmunjom Declaration of April 2018, including “complete denuclearization,” upon confirming this nuclear doctrine. North Korea also reconfirmed this position prior to the US-North Korea Summit in June. According to a statement by the Nuclear Weapons Institute of the DPRK regarding “dismantlement” of the northern nuclear testing site, “the discontinuance of the nuclear test is an important process moving towards global nuclear disarmament, and we will continue to join hands with the world peace-loving people in building a nuclear-free peaceful world.”6

Thirdly, on the same day as this statement, the Vice-Minister of Foreign Affairs of the DPRK issued a press statement. The statement condemns Mike Pence, US Vice President, and John Bolton, US National Security Advisor, noting that they who compare North Korea to Libya “have not yet woken up to [this] stark reality.”7 As a result, President Trump announced a temporary suspension of the US-North Korea Summit. If the dismantlement of the nuclear testing site is “an important process for the worldwide nuclear disarmament” and, as stated in a
Rodong Sinmun editorial a few days later, if North Korea advances “the path taken by itself according to its timetable,” the denuclearization timetable could be completed only with “worldwide nuclear disarmament.”

In other words, North Korea’s explanation stressing that it has taken steps towards “worldwide denuclearization” can be viewed as the country’s denial of the Libya model, which did not wait for completion of denuclearization. Indeed, the US-North Korea Singapore joint statement of June 12, while it does not disclose the details of the discussions that led to it, did not present a clear denuclearization timetable despite enshrining the “complete denuclearization” of the Korean Peninsula similar to the Panmunjom Declaration of the inter-Korean summit.

(2) Are “Security Guarantees” Consistent with Non-Proliferation?

President Trump committed to provide security guarantees to North Korea in the US-North Korea Singapore joint statement. North Korea has not explained publicly whether these security guarantees refer to guarantees that North Korea would not be subject to US nuclear attacks or nuclear threat, i.e., NSA. In the past, North Korea has underscored the United States’ failure to comply with NSA as a reason for its nuclear armament. In a statement released by the North Korean Ministry of Foreign Affairs (MFA) in 2002, it is noted that North Korea will pursue nuclear armament as the United States did not adhere to its commitment not to pose a nuclear threat or conduct a nuclear attack against North Korea and did not follow the “basic spirit” of the NPT.

NSA distinguishes nations like the United States, which provide assurance and sustain their nuclear weaponry, and others, which have to refrain from acquiring nuclear weapons for receiving assurance. Unlike the concept of “worldwide nuclear disarmament,” NSA does not lead to denuclearizing both types of nations. If North Koreans demand “worldwide nuclear disarmament” instead of NSA, such an attitude suggests that they lack the will to return to the NPT, where the nation cannot receive legitimacy equal to the United States, China, and others in sustaining nuclear weapons.

A definition of “security guarantees,” which North Korea is believed to have last made public before beginning to avoid explaining it, can be found in a statement by a spokesperson of the North Korean government of July 6, 2016. According to this statement: (1) the United States will disclose nuclear weapons it brings into the ROK, (2) the nuclear weapons and “their bases” must be dismantled and
verified, (3) the United States will guarantee that it will never bring again nuclear strike means which are deployed rotationally on the Korean Peninsula and in “its vicinity,” (4) the United States will commit to neither intimidating the DPRK with nukes or through an act of nuclear war nor using nukes against the DPRK in any case, and (5) the United States must declare withdrawal of US Forces holding the “right to use nukes” from the ROK. The statement notes that if “such security guarantee” is made, North Korea will take corresponding measures which will open up a “breakthrough” in “denuclearization on the Korean Peninsula.”

Among the above “security guarantees,” the fourth clause, which demands the United States to refrain from using nuclear weapons against North Korea, gives an impression like NSA. However, historical arguments exhibit that NSA must be provided to nations in exchange for their abstention from acquiring nuclear weaponry. The second and fifth clauses seemingly deny such a condition, because, even after the United States gives the guarantee to the DPRK against the threat or use of nuclear weapons, the remaining US troops or bases which North Koreans claim to be able to operate nuclear weapons would allow them to insist the legitimacy of sustaining nuclear capabilities. If so, the “security guarantees” in the statement of the spokesperson of the North Korean government differ from NSA in the general discourse. Furthermore, even if all of the requested items are met, it will no more than open up a breakthrough for denuclearization. The logic is not structured such that North Korea will denuclearize if there are security guarantees.

Additionally, in the third clause, the DPRK requests a ban on rotational deployment of strategic assets (a discussion that arose out of the US-ROK alliance in response to the increasing nuclear threat from North Korea). Coupled with the ban on nuclear attacks in the fourth clause, it can be observed that North Korea, as part of the “security guarantees,” demands a NWFZ where the United States can no longer provide extended nuclear deterrence, the promise of nuclear retaliation, to the ROK.

In December, six months after the Singapore joint statement, North Korea’s state-run Korean Central News Agency (KCNA) reported that the United States regards the “partial concept” of “denuclearization of North Korea” as the same as “denuclearization of the Korean Peninsula,” and asserted that the agreement on “denuclearization of the Korean Peninsula” refers to “removing all elements of nuclear threats from the areas of both the north and the south of Korea and
also from surrounding areas from where the Korean Peninsula is targeted.”13 This stance was perhaps foreseeable from the Panmunjom Declaration of April.

The agreed common goal of realizing “Haek onmun Hanbando (a nuclear-free Korean Peninsula)” in the Panmunjom Declaration was translated into English as “turning the Korean Peninsula into a nuclear-free zone” by KCNA.14 The subsequent Pyeongyang Declaration of September stated that North Korea will make the Korean Peninsula “a land of peace free from nuclear weapons and nuclear threats.” It did not state North and South Korea as the parties that are banned from possessing nuclear weapons or posing a nuclear threat, further giving the impression of a NWFZ. The Joint Declaration on the Denuclearization of the Korean Peninsula explicitly prohibited only North and South Korea from conducting nuclear attacks, so it did not prevent US extended deterrence for South Korea. It is unlikely that North Korea fails to understand this point.

If North Korea, as it strongly hinted with regard to its suspension of nuclear tests in 2018, is to maintain its nuclear weaponry until there are moves to realize worldwide nuclear disarmament, it will likely mean a NWFZ cannot be established on the Korean Peninsula until the United States has significantly reduced its nuclear weaponry and the provision of extended nuclear deterrence to the ROK has terminated. Realizing a NWFZ under such terms is not easy to do in reality. North Korea’s rational objective in this case may not be establishment of NWFZs themselves but to deny the legitimacy of the presence of the US Forces that could interfere with the establishment of a NWFZ in Northeast Asia, and use this as a reason to continue to justify its own nuclear armament.

As for the peace treaty that the North and South agreed upon as a goal in the Panmunjom Declaration, the discourse repeated by North Korea in the past strongly implies that the conclusion of the peace treaty must be coupled with the dissolution of the UN Command and the withdrawal of the US Forces. North Korea describes that not being able to conclude a peace treaty translates into an ongoing state of instability that is “neither peace nor war.”15 If North Korea’s goal is to continue possessing nuclear weapons, not being able to conclude such a peace treaty does not necessarily constitute a failure. This is because in such a scenario, North Korea has the option to legitimize possession of nuclear weapons on the grounds of the non-peaceful situation. Some suggest that, if a peace treaty were concluded by separating it from security guarantees, North Korea may retrograde to denuclearization after concluding the treaty, utilizing
lack of security guarantees as the reason. In either case, as long as North Korea is no longer under military pressure due to the suspension of nuclear testing, the country could make use of this situation to stabilize its standing as a de facto nuclear-weapon state.

Meanwhile, it could be viewed that North Korea’s prioritization of the economy will advance denuclearization. When the Party Central Committee resolution was adopted ahead of the Panmunjom Declaration, Chairman Kim Jong Un, in response to the completion of the simultaneous development of nuclear force and the economy, indicated his intention of “prioritizing economic work in the overall work of the Party and the State.” However, because this is probably unlike Chinese-style economic reform based on large-scale foreign currency inflow, it does not contradict with sustaining nuclear weapons that severely narrows the chances of establishing diplomatic relations with the United States. The intention to prioritize the economy emphasized at the Plenary Meeting of the Party Central Committee represents not economic openness but closed “self-reliance.”

Some further note that companies’ discretion, which is said to be increasing under the “socialist system of responsible business operation,” is turning into a method to achieve a growing quota issued from the Central Committee, rather than permitting the pursuit of companies’ autonomous targets and profits. If so, the “socialist system of responsible business operation” has not necessarily moved North Korea closer to market economy. It can be observed that North Korea has been unable to improve its relations with the United States to the extent of enabling a market economy and economic opening, or has yet to adopt a survival strategy which assumes enough denuclearization to allow for such an improved relationship with the United States.

(3) Peace Regime as an External Asset
Chairman Kim Jong Un set out to negotiate with the United States and South Korea. At the same time, he visited China on March 26, 2018 for the first time since taking office and held a meeting with Xi Jinping, General Secretary of the Communist Party of China and President of the PRC. Kim and Xi met again in May and June, holding a total of three meetings in a short timespan. Meanwhile, in the Panmunjom Declaration, North Korea indicated the possibility of holding “North-South-US tripartite” talks that exclude China for building a “peace regime” by “declaim[ing] the end of war...replac[ing] the Armistice Agreement
with a peace accord.”

If a country is concerned about being abandoned unless it cooperates, the country is strongly incentivized to share the goals of the partner country. If this be alliance politics, then North Korea’s aforementioned posture is not inconsistent. North Korea may have emphasized that China could miss out on an opportunity to engage in a peace regime on the Korean Peninsula, and thereby, incentivize China to collaborate with North Korea.

Looking back on history, North Korea began to advocate for a peace treaty with the United States that excludes China since 1974, a year after China reached a settlement with the United States to keep the UN Command following the rapprochement between China and the United States. Afterwards, China resumed efforts to dismantle the UN Command, albeit for a short period. Such Chinese tendency is also found in the developments following the second inter-Korean summit (October 4, 2007), which served as a kind of template of the Panmunjom Declaration. The declaration from this summit enshrined for the first time that the heads of state of three countries would promote declaring an end to war. These three parties to the peace establishment process were the United States, North Korea, and the ROK, a party to the summit meeting. The declaration was a renewed attempt to exclude China. On May 27, 2008, several months after China was excluded, the Chinese Ministry of Foreign Affairs (MFA) made clear a much more negative posture towards USFK compared to before, referring to the US-ROK alliance as “something leftover from history.”

The New Security Concept that China originally advocated to deny alliances overall did not give the US-ROK alliance as an example. Therefore, it was dissociated with North Korea’s peace regime theory, which asserts the dismantlement of the US-ROK alliance as a “leftover.” In contrast with such past assertions, the above US-ROK alliance “leftover” theory of the Chinese MFA touches upon the view that the “security framework in Northeast Asia” linked to the peace regime, as agreed upon at the Six-Party Talks (Paragraph 4 of the Joint Statement of the fourth round), should replace alliances, and strongly suggested China’s intention to adopt a position closer to North Korea’s. In short, China clarified its readiness to cooperate with North Korea after North Korea indicated it would cut off China from the process towards a peace regime.

Even amid North Korea’s repeated nuclear and missile tests in 2016–2017, the Chinese MFA advocated the “dual track approach” of denuclearization and
promotion of a peace treaty, similar in content to the US-ROK alliance “leftover” theory of 2008.\(^{23}\) It is not unreasonable for North Korea to have looked for possibilities for further sharing common security objectives with China.

Chairman Kim Jong Un met with President Xi for the first time only after the holding of a third inter-Korean summit was agreed upon during the visit to North Korea by a special envoy of the ROK President. On the basis of the announcement regarding the China-North Korea foreign ministers’ meeting held after their summit meeting, it can be construed that North Korea consistently maintained a vague response to China’s request for engagement in the peace regime from which the possibility of China’s exclusion was indicated in the Panmunjom Declaration that followed.

According to China’s announcement, at the above foreign ministers’ meeting, China expressed its will to establish a “peace regime on the Korean Peninsula,” whereas the North Korean Foreign Minister did not touch upon this matter.\(^{24}\) In official media reports of the DPRK, references to this foreign ministers’ meeting cannot be found, at least in the usual media. Chairman Kim Jong Un did not comment publicly on the peace regime during his visit to China, and stated only that he exchanged views with General Secretary Xi Jinping regarding “coordination of the pressing problems concerning the situation on the Korean Peninsula.”\(^{25}\) It is possible that, prior to the inter-Korean summit, North Korea already intended to make the Panmunjom Declaration a tool for its China policy, and had planned to present the option of declaring an end to war, limited to the three parties of the United States, South Korea, and North Korea.

North Korea thereafter maintained its vague posture regarding China’s role in the peace regime, and in this context, expressed its will to strengthen collaboration with China. At the China-North Korea foreign ministers’ meeting held soon after the Panmunjom Declaration, the North Korean Foreign Minister stated that North Korea stands ready to maintain close communication with China on establishing a peace regime on the Korean Peninsula, according to China’s announcement.\(^{26}\) However, this cannot be confirmed from official North Korean media reports.\(^{27}\) Chairman Kim visited China again following the US-North Korea Summit in Singapore. Once again, without publicly confirming whether China is a party to the peace regime, Chairman Kim stated that North Korea “will cooperate with Chinese comrades in a single staff department” and “fulfill its duty and role” to “safeguard genuine peace”\(^{28}\) and expressed that North
Korea will seek to ensure its security based on collaboration with China.

Meanwhile, the strengthening of North Korea-China collaboration has made partial achievements related to the lifting of sanctions. In his address to the UN General Assembly in September 2018, the DPRK Foreign Minister stated that the UN Security Council has taken a concerning stand against the proposal by some member state to issue a presidential statement that “welcomes” the Singapore joint statement. The rejected presidential statement was likely promoted by China on June 28, soon after Chairman Kim revisited China. This Presidential proposed statement reportedly “welcomes” the Singapore joint statement, while stating the intentions of Security Council members that “coordinate” sanctions resolutions against North Korea. The DPRK Foreign Minister’s address to the UN General Assembly encouraged China’s further cooperation by underscoring that the Security Council “get rid of the stigma that ‘UNSC=US’ as early as possible.”

At the same time, North Korea has excluded not only China but also South Korea from the US-North Korea peace treaty advocated by North Korea. North Korea’s agreement with South Korea to promote declaring an end to war, as was observed in the Panmunjom Declaration, raises expectations that North Korea will cease to exclude South Korea. One of North Korea’s choices is to move South Korea in a desirable direction in exchange for meeting such expectations.

Similar to declaring an end to war by three parties, it was also agreed in the Panmunjom Declaration to turn the areas around the NLL, claimed as a maritime boundary by the ROK, into a “maritime peace zone.” This, too, was in the declaration of the second inter-Korean summit of 2007. Some contend that this agreement was an outcome of North Korea hinting that it would acknowledge the ROK as a party to the peace regime if the NLL is invalidated. The ROK’s compromise on “maritime peace zone” and the agreement on promoting declaring an end to war by the three parties may have been a term of exchange. As it turns out, the ROK once again accepted the agreement on “maritime peace zone” in the Panmunjom Declaration.

The Panmunjom Declaration released by North Korea refers to the “Northern Limit Line” in quotation marks. Perhaps this could be interpreted as North Korea’s consent to the NLL. In North Korean official media reports, however, quotation marks are generally used to give emphasis to the fact that North Korea does not confirm the legitimacy of whatever is inside the quotation marks.
the past, North Korean authorities have used quotation marks to refer to the “Northern Limit Line” in a statement to deny the legitimacy of the NLL.33

In the Agreement on the Implementation of the Historic Panmunjom Declaration in the Military Domain (see Table 3.1), which was reached at the time of the Pyeongyang Declaration, it is not made clear whether North Korea recognized the scope of the “buffer zone” (a term used by the ROK for the maritime zone defined in Article 1, Paragraph 2 of the Agreement;34 the two sides agreed to install covers on the barrels of guns, cease maritime maneuver exercises, and block coastal artillery within the zone) using the NLL as a base line. On this point, the ROK National Defense Minister stated before the National Assembly that the “buffer zone” should be regarded as an area for “reducing threats” rather than as an area that establishes equal-size zones between the North and South on either side of the NLL.35

Furthermore, the ROK Ministry of National Defense (MND) insisted the NLL’s legitimacy, citing the “principle of equal area on both sides of the NLL.”36 With regard to the “pilot joint fishing zone” (Article 3, Paragraph 2 of the Agreement) which is to include equal areas between the North and South, the ROK National Defense Minister simply stated that the MND “will negotiate about it, utilizing the NLL as a base line,” and the boundary has yet to be defined in the Agreement.37 Whether or not the scope of the zone can be demarcated depends on the Inter-Korean Joint Military Committee’s negotiations on border demarcation (Annex 4 of the Agreement).

From the viewpoint of North Korea, it is important to negotiate with the ROK to ensure that the NLL is not utilized as a base line of the boundary. Therefore, there is reason for North Korea to retain the option of excluding the ROK from the peace treaty, as a way to let the ROK make concessions. In fact, North Korea has yet to return to the Military Armistice Commission based on the Armistice Agreement, which North Korea boycotted when it advocated a US-North Korea peace treaty that excludes China and the ROK in 1994.38

In the case of the preceding “maritime peace zone” agreed upon at the inter-Korean summit in 2007, ROK defense authorities subsequently reaffirmed its view that the NLL is a boundary, causing a stalemate in the relations between the two parties.39 In October 2015, the DPRK MFA once again proposed concluding a bilateral United States-DPRK peace treaty which excluded the ROK, citing the reason that the US had control of the wartime operations of the ROK military.40
North Korea’s resumption of calls for a bilateral peace treaty with the United States comes only several years after the stalemate over the NLL, possibly due in part to the circumstances of North Korea-China relations. Following the Chinese MFA’s comment that the US-ROK alliance was a “leftover” in May 2008, China, for several years, continued to share North Korea’s view that the United States was a threat.41 In the meantime, North Korea did not advocate for a US-North Korea peace treaty. China’s sharing of North Korea’s threat perception peaked after the sinking of the ROK Navy corvette Cheonan in 2010. However, when China ceased to confirm its intention to share this view, North Korea once again advocated a peace treaty with the United States. Amid tensions since 2016, China began to assert a “dual track approach” that was close to North Korea’s position, likely as a follow-up move in response to North Korea’s re-proposal of a bilateral peace treaty with the United States.

The 2015 statement by the DPRK MFA that advocated a bilateral peace treaty with the United States also mentions the August incident with the ROK. The August incident refers to tensions with the ROK that emerged in areas along the MDL in August 2015, slightly more than a month prior the statement was released. To alleviate this situation, North Korea issued a North-South “joint press release” on August 24, which states that South Korea will terminate loud-speaker broadcasting, and “at that time,” North Korea will “lift the semi-war state.” The phrase “at that time,” however, is not stated in the announcement released by the ROK.42 It is considered that North Korea sought to insert “at that time” to justify military retaliation against the ROK, which attempts to permeate liberal democracy that competes with the North Korean regime, but that the ROK rejected it.

About two and a half years since the August incident, the Panmunjom Declaration vowed to stop hostile acts in areas along the MDL, including “loud-speaker broadcasting and scattering of leaflets,” the cause of “military tension and conflicts.” “Loud-speaker broadcasting and scattering of leaflets” are effective tools only for the ROK. Pursuant to the Panmunjom Declaration, if the ROK commits to stopping such acts, “tension and conflicts” stemming from North Korea will be avoided for the first time. For North Korea, this could serve as a legal basis for militarily deterring the ROK’s permeation of liberal democracy, something the North could not obtain in the August 2015 agreement.
2. South Korea: Efforts for Overcoming the “Division System”

(1) Three Inter-Korean Summits and Progress in North-South Relations
President Moon Jae-in was a chief presidential secretary during the second inter-Korean summit held in 2007 and sought to continue the legacy created as chairman of the Second Inter-Korean Summit Preparation Committee. Ever since his inauguration in May 2017, Moon reiterated that he would take an appeasing posture, stating that “pressure” toward the North and “dialogue” were needed. Meanwhile, North Korea fired 40 ballistic missiles and conducted three nuclear tests from 2016 to 2017, heightening military tensions around the Korean Peninsula.

The situation took a turn when North Korea’s New Year Address was released on January 1, 2018. In the address read aloud by Chairman Kim Jong Un, he expressed his readiness to dispatch a delegation to the PyeongChang Winter Olympic Games in February 2018, and to this end, hold a meeting between the authorities of the North and South. By the following day, South Korea responded by proposing to conduct inter-Korean high-level talks on January 9. The North accepted this proposal, and at the inter-Korean high-level talks, agreed to send athletes and a cheering squad to the PyeongChang Olympics as well as hold an inter-Korean military dialogue. A “moving” display of unity unfolded at the Olympic Games in February, including their joint entrance at the opening ceremony and the formation of North-South combined teams for some events. Furthermore, North Korea’s senior official delegation to the Games drew attention, with Chairman Kim’s younger sister, Kim Yo-jong, Vice Director of the Propaganda and Agitation Department of the WPK, attending among the likes of Kim Yong-nam, President of the Presidium of the Supreme People’s Assembly. North Korea’s national team also took part in the Paralympic Games following the Olympics. US-ROK military exercises usually held around this time (discussed later) were postponed until after the Paralympic Games, further accelerating the conciliatory mood.

In the following month, March, the ROK sent a delegation of presidential special envoys (“special envoy delegation”) to the DPRK, comprised of members such as director of the National Intelligence Service and chief of
the National Security Office, and the members held a meeting with Chairman Kim Jong Un and others. As an outcome of this meeting, North and South Korea agreed to hold an inter-Korean summit at the end of April and establish a hotline between the two leaders. The North stated that it would have no reason to possess nuclear weapons if military threats against the North were eliminated and the safety of its regime is guaranteed. North Korea also made clear that it stands ready to hold dialogues for normalizing US-North Korea relations and would not conduct nuclear and missile tests while the dialogues were in progress. The special envoy delegation then visited the United States with a “message” from North Korea and held a meeting with President Trump and others. While President Trump expressed reservations, noting that the United States would not make concessions in exchange for dialogue like past US administrations, the delegation succeeded in obtaining Trump’s consent to holding a US-North Korea Summit by May.47

On April 27, 2018, for the third time, following on from 2000 and 2007, President Moon Jae-in of the ROK held an inter-Korean summit with Chairman Kim Jong Un of the DPRK in the Joint Security Area (JSA) at Panmunjom, along the MDL that separates the North and South on the Korean Peninsula. As an outcome of the summit, the leaders agreed on the Panmunjom Declaration which included easing North-South military tension, building a peace regime on the Korean Peninsula, and denuclearization.48 This inter-Korean summit was a symbolic meeting that marked a step towards détente on the Korean Peninsula, which was in a state of military tension as described above.

Following the announcement on May 24 regarding cancellation of the US-North Korea Summit, scheduled to be held in June after agreeing on it during the ROK special envoy delegation’s US visit, a fourth inter-Korean summit was held on May 26 in the JSA at Panmunjom, same as the third inter-Korean summit, and it was announced after the summit.49 President Moon announced that, at this summit, Chairman Kim affirmed his resolute commitment to denuclearization of the Korean Peninsula and the two leaders agreed to hold inter-Korean high-level talks on June 1.

At the inter-Korean high-level talks convened on June 1, the two sides agreed to hold inter-Korean general-level military talks, inter-Korean athletics talks, and inter-Korean Red Cross talks in the same month.50 At the inter-Korean general-level military talks on June 14, a joint press announcement was
Chapter 3  The Korean Peninsula — Prospects of the “Denuclearization” Negotiations

released regarding agreement on restoring military communication lines on the east and west coasts (the Sea of Japan and Yellow Sea), among other matters. At the inter-Korean athletics talks on June 18, the two countries agreed to hold a basketball match between the North and South. At the inter-Korean Red Cross talks on June 22, they agreed to hold a reunion of separated families in August.

In addition, at the Jakarta-Palembang Asian Games held in Indonesia from August to September, the North and South made a joint entrance and took part in the opening ceremony attended by Lee Nak-yon, Prime Minister of the ROK, and Ri Ryong-nam, Vice Premier of the DPRK. North-South joint teams were also formed for women’s basketball, rowing, and other events.  

When reports began to come out that the United States and North Korea were locked in a stalemate over denuclearization following their summit meeting, South Korea dispatched a special envoy delegation to North Korea on September 5, comprised of the same members as its March delegation, including director of the National Intelligence Service and chief of the National Security Office. The two sides agreed to hold another inter-Korean summit in Pyeongyang, reaffirmed denuclearization of the Korean Peninsula, agreed to discuss practical measures to realize denuclearization as well as concrete plans to establish mutual trust and prevent military clashes at the inter-Korean summit, and agreed to open a joint liaison office prior to the inter-Korean summit. As per agreement, the Inter-Korean Joint Liaison Office was established in Gaeseong on September 14.

At the fifth inter-Korean summit held from September 18 to 20—the third inter-Korean summit in 2018, the Pyeongyang Declaration was unveiled in which the two leaders agreed to connect railways and roads between the North and South, resume the Gaeseong Industrial Complex and the Mt. Geumgang Tourism Project when conditions are met, dismantle a missile engine test site and launch platform in North Korea, dismantle the nuclear facilities in Yongbyon in accordance with US corresponding measures, and on Chairman Kim Jong Un’s visit to Seoul. Furthermore, the Agreement on the Implementation of the Historic Panmunjom Declaration in the Military Domain (“Military Domain Agreement”) discussed later was signed between Song Young-moo, Minister of National Defense, who accompanied President Moon Jae-in, and No Kwang-chol, Minister of People’s Armed Forces of North Korea, in which agreement was reached on the implementation of concrete measures for alleviating
military tensions.

During his visit to North Korea, President Moon watched the Mass Games at May Day Stadium in Pyeongyang that seats 150,000 people. In his address in front of the spectators and others, President Moon extolled the “outstanding” Korean people, stating, “Our people are outstanding. Our people are resilient. Our people love peace. And our people must live together.” On the second day of the summit, Moon and Chairman Kim also visited Mt. Paektu, a mountain along the Chinese-North Korean border considered sacred by the Korean people. Moon poured water from Jeju Island in the southern part of the Korean Peninsula into Heaven Lake, or Cheonji, a caldera at the summit of Mt. Paektu, and raised the spirits of people from the same Korean race.

In the vicinity of the North-South MDL, work began on withdrawing Guard Posts (GPs) of the North and South that are adjacent to each other within the demilitarized zone (DMZ) and completely demilitarizing the JSA at Panmunjom, in accordance with the Military Domain Agreement.

(2) Building of Peace Regime and US-ROK Alliance

The Moon administration’s policy on the Korean Peninsula does not desire the North’s collapse, does not pursue unification by absorption, does not pursue unification through artificial means, is based on the spirit of mutual respect and trust, and calls for the resolution of the North Korean nuclear issue. It can be analyzed that the policy attaches importance to establishing a détente between the North and South rather than containing North Korea to contribute to building a peace regime. The concept is not directly concerned with whether or not the North truly intends to denuclearize; its goal seems to be to alleviate tensions in order to decrease the North’s incentives to possess nuclear weapons.

Moon’s policy on US-ROK relations differs from the extreme notion held by
then presidential candidate Roh Moo-hyun in 2002, who commented that all that mattered were North-South relations. In this regard, it appears Moon is conscious of the lesson that there cannot be progress in North-South relations without parallel improvements in US-North relations.

Additionally, at the third inter-Korean summit in April, President Moon gave Chairman Kim a USB drive containing “the new economic map of the Korean Peninsula” in an attempt to show improving North-South relations also has economic benefits for the DPRK. In his address on Liberation Day on August 15, President Moon stated, “‘Peace is the economy’; peace and the economy are synonymous,” in an effort to demonstrate that alleviating tensions and deepening North-South economic cooperation have benefits for both the North and the South.

The Panmunjom Declaration referred to in the previous section exemplifies such notions well. The Declaration states, “The two sides agreed to declare the end of war this year that marks the 65th anniversary of the Armistice Agreement and actively promote the holding of trilateral meetings involving the two sides and the United States, or quadrilateral meetings involving the two sides, the United States and China with a view to replacing the Armistice Agreement with a peace agreement and establishing a permanent and solid peace regime.” The Government of the ROK outlines this peace regime as, “a collective of procedures, principles, norms, and systems related to restoring and maintaining peace and a structure for their organic implementation.” It explains that a peace regime on the Korean Peninsula is “a regime in which South and North Korea coexist peacefully, founded on their political, military, and economic trust and elimination of hostile relations among relevant countries, with visible removal of the risk of war on the Korean Peninsula.”

Under the “security guarantees” provided to North Korea in exchange for the “denuclearization of the Korean Peninsula” agreed in the Panmunjom Declaration and the Pyeongyang Declaration, restrictions may apply to the US provision of extended nuclear deterrence to the ROK or to the USFK presence. If such possibilities cannot be ruled out, the issue of denuclearization will possibly become a dispute in the US-ROK alliance.

Moreover, progress in North-South relations and US-North Korea relations has been accompanied by a moratorium of annual US-ROK joint exercises, such as Key Resolve (KR), Foal Eagle (FE), Ulchi Freedom Guardian (UFG),
and Vigilant Ace. A prolonged suspension of such exercises could weaken cooperation between the ROK forces and the USFK, which is rotationally deployed for relatively short periods, raising concerns about decreases in the deterrence capability of ROK-US combined forces.

The Military Domain Agreement referred to in the previous section, concluded at the same time as the Pyeongyang Declaration, also stated the need for inter-Korean consultations for the implementation of military exercises and designated No Fly Zones across the MDL between the North and South. As these measures interfere with the operation of the reconnaissance assets of the United States and the ROK, there is again concern over decreases in the South’s deterrence capability.

Numerous incidents have shed light on the differences in views between the United States and South Korea over sanctions. Examples include the South Korean government’s failure to notice smuggled shipments of North Korean coal to South Korean ports in July, the UN Command’s blockage of inter-Korean rail and road joint inspection in August, and the South Korean government’s attempt to ship 80 tons of oil to North Korea without sufficient consultation with the United States on the occasion of the opening of the joint liaison office in September. Accordingly, it seems the United States suspects South Korea of attempting to ease the sanctions gradually. During his visit to Europe in October, President Moon Jae-in drove the point to European leaders about alleviating sanctions on North Korea but was unsuccessful in obtaining an affirmative response.

In the Joint Communiqué of the 50th US-ROK Security Consultative Meeting (SCM) held on October 30, the ROK and the United States agreed to jointly evaluate whether the necessary conditions for OPCON transfer to the ROK are met, with the Moon administration hoping to realize the transfer at an early date. For the transfer, evaluations are needed to confirm whether the ROK has the necessary capabilities in each of the four phases: pre-initial operational capability (pre-IOC), IOC, full operational capability (FOC), and full mission capability (FMC). The Joint Communiqué notes that the pre-IOC evaluation will be omitted and that IOC evaluation would be carried out from 2019.

With regard to the post-transfer command structure, in 2013 the United States and the ROK discussed assigning the chairman of the Joint Chiefs of Staff of the ROK (General) as commander of the combined command, and the USFK
Table 3.1. Agreement on the Implementation of the Historic Panmunjom Declaration in the Military Domain (Excerpt)

- The two sides agreed to have consultations on matters including large-scale military exercises and military buildup aimed at each other, various forms of refusal, interdiction and obstruction of navigation as well as reconnaissance activities against each other through the “Inter-Korean Joint Military Committee.”
- The two sides agreed to cease various military exercises aimed at each other along the Military Demarcation Line from November 1, 2018.
- On ground, the two sides agreed to cease all live-fire artillery drills and field training exercises at the regiment level and above within 5km from the MDL.
- At sea, the two sides agreed to cease all live-fire and maritime maneuver exercises within the zone north of Deokjeok-do and south of Cho-do in the West Sea, and within the zone north of Sokcho and south of Tongcheon in the East Sea. The two sides also agreed to install covers on the barrels of coastal artilleries and ship guns and close all gunports within the zones.
- The two sides agreed to designate No Fly Zones for all aircraft types above the MDL, effective from November 1, 2018, in the following way:
  - For fixed-wing aircraft, No Fly Zones will be designated within 40km from the MDL in the East and within 20km from the MDL in the West.
  - For rotary-wing aircraft, No Fly Zones will be designated within 10km from the MDL; for UAVs, within 15km from the MDL in the East and 10km from the MDL in the West; for hot-air balloons, within 25km from the MDL.
- The two sides agreed to completely withdraw all GPs that lie within 1km of each other as a preliminary measure to withdrawing all GPs within the DMZ.
- The two sides agreed to demilitarize the Joint Security Area.
- The two sides agreed to proceed with a pilot project of an Inter-Korean Joint Operation to Recover Remains within the DMZ.
- The two sides reaffirmed the agreement related to the “prevention of accidental military clashes in the West Sea”, signed during the 2nd Inter-Korean General-level Military Talks on June 4, 2004 and agreed to fully restore and implement it.
- The two sides agreed to establish a maritime peace zone and a pilot joint fishing zone in the West Sea.

September 19, 2018

Republic of Korea  Democratic People's Republic of Korea
Minister of National Defense  Minister of People's Armed Forces
Song, Young Moo  Korean People's Army General No Kwang-chol

Source: Compiled by the author from media reports.
commander as the deputy commander. In the “Guiding Principles Following the Transition of Wartime Operational Control” (released along with the SCM Joint Communiqué), which was likely based on the 2013 discussion, officially set out that a general of the ROK forces would serve as commander of the US-ROK Combined Forces Command and a general of the US forces would serve as deputy commander. The Guiding Principles values that the US-ROK alliance based on the Mutual Defense Treaty Between the United States and the Republic of Korea signed in 1953 has contributed to regional security and prosperity, and states that USFK would be stationed and the UN Command would be maintained even after the OPCON transfer.

The US-ROK alliance also faced difficult negotiations over host nation support of USFK, part of the revisions of the US-ROK Special Measures Agreement (SMA) conducted every five years.

In 2018, ten rounds of negotiations were held between the United States and the ROK. The United States demanded significant increases in the ROK’s contribution, and at the last round of negotiations in December, proposed to conduct revision negotiations every year instead of every five years. Consequently, an agreement could not be reached by the end of 2018.

(3) Prospects of “Defense Reform 2.0”

An overview of “Defense Reform 2.0” that succeeds President Roh Moo-hyun’s “Defense Reform 2020” was reported to President Moon Jae-in in July. It was then announced that the “Basic Plan for Defense Reform 2020” was completed at a briefing regarding the 2019 MND operations on December 20. According to such information, “Defense Reform 2.0” includes reducing the number of generals, increasing the ratio of women personnel who have non-commissioned officer status or higher, decreasing the number of active troops from 618,000 to 500,000 by 2022 (all reductions in the Army), and shortening the term of service for conscripted military personnel.

The July report maintained the policy of developing a “Korean three-axis system,” comprised of Kill Chain, Korean Air and Missile Defense (KAMD), and Korea Massive Punishment and Retaliation (KMPR). However, it did not include “a new operational concept which focuses on offensive measures” advanced by Defense Minister Song Young-moo since his appointment. In the National Assembly audit process, it was reported that the development of
the Korean three-axis system would be considered flexibly in connection with the progress made in the denuclearization of North Korea. Subsequently, information regarding the development of the Korean three-axis system was not included in the materials from the MND operations report in December and the ROK’s new National Security Strategy unveiled around the same time. These developments show that, as North-South relations made progress, South Korea hesitated to construct an operational concept focusing on offensive measures against North Korea as well as develop its equipment and units.

At the same time, it is noteworthy that the MND operations report mentions readiness against “omnidirectional security threats” other than North Korea, stating that MND would proactively deal with operational activities of neighboring countries in the ROK’s territorial waters or airspace within the scope of international law. On the same day as the MND operations report, a P-1 patrol aircraft of the Japanese Maritime Self-Defense Force (JMSDF) flying above the Sea of Japan as part of its routine surveillance and intelligence collection was suddenly irradiated by a fire-control radar from an ROK naval vessel. As evidence of the irradiation, Japan disclosed materials including videos taken from the patrol aircraft. Although Japan-ROK talks were held in succession, the ROK not only denied the irradiation but also requested the Japanese Ministry of Defense (MOD) to cease “distortion of facts” as well as an apology for the “threateningly low-altitude flight” by the Self-Defense Force aircraft. Therefore, MOD released its final position on January 21 in which it strongly protests against the ROK destroyer’s fire-control radar irradiation, and strongly urges the ROK side to admit the facts of this incident and to take thorough measures to prevent its recurrence.

Internally, efforts are underway to root out long-accumulated ills in the military. In September 2017, MND set up a committee on rooting out long-accumulated ills in the military to “ban the military’s intervention in politics and eradicate human rights violations and inhumane practices within the military.” The committee’s scope of investigation covers acts that result in “damage to constitutional and democratic values, human rights violations, and loss of trust in the military.” From 2017 to 2018, the committee released recommendation proposals four times. In the recommendations, it was proposed with regard to “the military’s intervention in politics” that severe penalties be prescribed for senior officers and others who instructed it, with regard to “abuse of power by
generals” that measures be strengthened to eradicate use of troops for personal purposes, and with regard to “violation of human rights of officers and troops” that improvements be made to unreasonable systems such as restrictions on going out. The recommendations also proposed setting up an independent management and supervisory body to combat “sexual violence in the military.”

“The military’s intervention in politics” has drawn the most attention among these items that the recommendations raised. According to the findings of a task force charged with investigating online comments posted by Cyber Command personnel—a separate body from the committee on long-accumulated ills, it is believed that a unit in the Defense Psychological Operation Group under the Cyber Command posted online comments before and after the South Korean presidential election in 2012, with the approval of then Minister of National Defense. The comments disadvantaged Moon Jae-in, a candidate from an opposition party, in order to secure victory for Park Geun-hye, a candidate from the ruling party.

Furthermore, it has been noted that the Defense Security Command (DSC) in charge of counter-intelligence in the ROK Armed Forces has interfered in politics in similar fashion to the Cyber Command. It is also suspected of monitoring civilians and attempting to institute martial law under its leadership should former President Park Geun-hye not be impeached and protests intensify, according to reports. For these reasons, DSC was reorganized into the Defense Security Support Command (DSSC) on September 1, 2018.

As regards the military’s involvement in the crackdown on the Gwangju Democratic Uprising in May 1980, an investigation found that there was helicopter gunfire on citizens and fighter aircraft equipped with bombs on standby, and that sexual violence was inflicted on female citizens. The Defense Minister has apologized for this matter.

For senior posts in the ROK military for which personnel from the Korea Military Academy were often appointed, Jeong Kyeong-doo, Chairman of the Joint Chiefs of Staff, from the Air force was appointed to replace Defense Minister Song Young-moo from the Navy, while Park Han-ki, Commander of the 2nd Operation Command, who is from the Army but not a graduate of the Korea Military Academy, was appointed to replace the Chairman of the Joint Chiefs of Staff. In such manner, personnel appointments in 2018 deviated from past trends, following on from 2017.
NOTES

1) Rodong Sinmun, April 21, 2018.
2) KCNA, October 18, 2009.
3) The Treaty on the Non-Proliferation of Nuclear Weapons, Article VI.
4) KCNA, April 1, 2013. Hereinafter, the definition of “nuclear-weapons state for self-defense” herein is utilized.
6) KCNA, May 24, 2018.
7) KCNA, May 24, 2018.
9) KCNA, October 25, 2002.
10) KCNA, July 6, 2016.
12) Hideya Kurata, “Kitachosen ga Kokoromiru Reisen Kozo Kaitai no Kibo” [North Korea’s Attempt to Dismantle the Cold War Structure], Sankei Shimbun, April 24, 2018.
13) KCNA, December 20, 2018.
14) KCNA, April 28, 2018.
15) Typical examples include a memorandum by the North Korean Ministry of Foreign Affairs, KCNA, January 14, 2013.
16) The following article notes that establishment of a peace regime is irreversible and denuclearization is reversible: Hideya Kurata, “Chosen Hanto Hikakuka to Heiwa Taisei no Juritsu: Soten to Tenbo” [Denuclearization of the Korean Peninsula and Establishment of a Peace Regime: Issues and Outlook], Toa [East Asia], July 2018, p. 17.
17) Rodong Sinmun, April 21, 2018.
20) Takeshi Watanabe, “Chosen Heiwa Kyotei no Seiji: Kyotsu no Kyoi to Meiho no Tosei” [Politics of the Korean Peace Treaty: Common Threats and Ally’s Control], Toa [East Asia], November 2018, pp. 32-34.
21) Ministry of Foreign Affairs of the People’s Republic of China, “Foreign Ministry Spokesperson

22) Ibid.


29) KCNA, September 30, 2018.


32) For example, KCNA (October 12, 2017) uses quotation marks to refer to the United Nations Command and UN Security Council resolutions which North Korea does not regard as legitimate.

33) For example, KCNA, June 25, 2016.


40) *Rodong Sinmun*, October 8, 2015.


Chapter 3  The Korean Peninsula — Prospects of the “Denuclearization” Negotiations

44) Rodong Sinmun, January 1, 2018.


48) Blue House, “Panmunjom Declaration on Peace, Prosperity and Reunification of the Korean Peninsula,” April 27, 2018; Rodong Sinmun, April 28, 2018.


64) Kookbang Ilbo, June 3, 2013.


68) Kookbang Ilbo, October 12, 2018.


75) Kookbang Ilbo, August 30, 2018.

76) Kookbang Ilbo, September 18, 2018.

Chapter 3 authors: Takeshi Watanabe (lead author, Section 1) Osamu Koike (Section 2)
Chapter 4
Southeast Asia
Readjusting External Relations

Yoshihide Matsuura
(lead author, Sections 1 (1) and 2 (1) & (3))
Hideo Tomikawa (Sections 1 (2), 2 (2) and 3)
In Southeast Asia during 2018, regarding the South China Sea issue, while the Association of Southeast Asian Nations (ASEAN) adhered to a stance that placed emphasis on balanced relationships with countries outside the region under the chairmanship of Singapore, there was a lack of meaningful steps to halt China’s militarization of reclaimed features in the South China Sea and conclude a Code of Conduct in the South China Sea (COC). Opinions of individual Southeast Asian countries on this issue differ, and ASEAN is striving to sustain its own unity while taking into account countries with concerns about causing conflicts with China. Meanwhile, it is necessary to strengthen maritime security in order to address the proliferation of terrorism. Japan, the United States, Australia, and other countries are helping to improve the capabilities of Southeast Asian countries via international cooperation and exchanges, and China is also seeking to bolster ties with ASEAN and each of its member countries through such cooperation. Nevertheless, the United States has an advantage in training, equipping, and other assistance because it has given practical cooperation over many years.

From the perspective of the importance of democracy, a shared ASEAN value, attention will be paid to the political situations in Malaysia, Indonesia, and Myanmar, which are each at different stages of democratization, and their security implications. Malaysia realized its first-ever change of government in the general election held in May. While the new government decided to review major development projects with China, it is unclear whether this will lead to a change in the security stance toward China as well. Military involvement in domestic public order increased in Indonesia amid rising calls for tougher anti-terrorism policies after the occurrence of consecutive terrorist attacks. Additionally, the government is pursuing proactive measures to prevent social divisions caused by intolerance. While Myanmar needs to reach peace arrangements with ethnic armed groups and deal with the repatriation of Rohingya refugees and repression allegations, there is currently no outlook for revision of the military’s political role stipulated in the Constitution that heavily affects these matters.

Looking at military capability developments in these three countries, Malaysia is reorganizing weaponry and units for its Navy and Air Force to achieve a smart organization and efficient operations, and the new Defence Minister has begun reforms for the military and the Ministry of Defence. Indonesia has formed a Joint Regional Defense Command to ensure effective
and cross-service utilization of military resources that are spread out in remote areas and is also implementing a plan to reorganize each of the military services into a structure with three regional commands. Amid stalled military interaction with Western countries due to the Rohingya problem, Myanmar is working to strengthen relations with India and China, and expanding cooperative relations with Russia on military equipment.

1. Regional Cooperation Trends and Security Issues

(1) ASEAN’s Policy Trends Over the South China Sea Issue

In the South China Sea, where four Southeast Asian countries and China claim territorial rights, while there were some new developments toward the conclusion of the COC between ASEAN and China, China continued to advance militarization too. These conditions might lead to China bringing ASEAN to its side or a split within the group, and ASEAN needs to respond carefully.

In ASEAN, Singapore took over the chairmanship from the Philippines in 2018. On January 25, the ASEAN-India Commemorative Summit was held in New Delhi for the first time with leaders from all 10 ASEAN countries attending. The Delhi Declaration issued jointly from the meeting specifically listed freedom of navigation and overflight in the region, compliance with international laws, and early conclusion of the COC in the South China Sea.¹ The ASEAN-Australia Special Summit was held in Sydney in March, and its Joint Statement issued on the 18th covered similar points as the Joint Declaration with India, such as freedom of navigation and overflight in the region, compliance with international laws, and early conclusion of the COC in the South China Sea, and also mentioned non-militarization and exercise of self-restraint in the conduct of activities.²

The Chairman’s Statement of the ASEAN Summit held in Singapore on April 28, regarding the South China Sea issue, “took note of the concerns expressed by some Leaders on the land reclamations and activities in the area, which have eroded trust and confidence, increased tensions and may undermine peace, security and stability in the region” and emphasized the importance of non-militarization and self-restraint by claimants and all other states.³ Even though this expression is more restrained than the unanimous concern expressed
by ASEAN leaders in the Chairman’s Statement of the ASEAN Summit held in September 2016 (Vientiane), return of the term “concern” that had disappeared from the Chairman’s Statement of the ASEAN Summit in Manila in November 2017, along with the supports obtained from India and Australia, suggests a rebalance from the overly conciliatory stance toward China led by the Philippines in the previous year. The ASEAN Summit held in Singapore on November 13, 2018 utilized a similar expression as April’s.  

Chinese activities in the South China Sea attracted considerable attention right after the Summit in April 2018. CNBC, an American news agency, reported on May 2 that China installed anti-ship cruise missiles and surface-to-air missile systems for the first time on three manmade islands it controls in the Spratly Islands, according to sources with direct knowledge of US intelligence reports. Furthermore, the People’s Liberation Army Air Force (PLAAF) bombers, including the H-6K, conducted takeoff and landing training for the first time in the South China Sea on Woody Island in the Paracel Islands on May 18. According to assessments of the US-based Center for Strategic and International Studies (CSIS), the range of these missiles covers the Spratly Islands area and the H-6K combat radius covers the entire Southeast Asia region. Once it begins operating these resources, China will obtain the ability to not only threaten freedom of navigation and overflight in the South China Sea, but also to directly attack many Southeast Asian countries with the aforementioned bombers. In response, on May 23, the US Defense Department spokesperson noted the Chinese bomber exercises, criticized China’s continuing militarization in the South China Sea, and announced the withdrawal of an invitation to the Chinese Navy to participate in the Rim of the Pacific (RIMPAC) exercise that started in June. US Defense Secretary James Mattis strongly criticized China’s actions in a speech delivered at the IISS Shangri-La Dialogue in Singapore on June 2, saying that China’s weapon deployments are for military use, namely, intimidation and coercion, and are in clear contradiction to President Xi Jinping’s assurance at the White House in 2015 not to militarize the Spratly Islands. Furthermore, on May 27, the US Navy conducted Freedom of Navigation Operations (FONOPs) in the waters of the Paracel Islands, involving two vessels for the first time. 

In reactions by Southeast Asian countries, Vietnam’s Ministry of Foreign Affairs issued a protest statement on May 21 that China is raising tensions by infringing on Vietnam’s sovereignty and violating agreements with Vietnam
and with ASEAN, and needs to halt such activities and militarization.\textsuperscript{11} The Philippines’ Department of Foreign Affairs, meanwhile, explained on May 21 that it conveyed condemnation and concern in appropriate language through diplomatic channels but that it is not its policy to publicize every action taken by the government.\textsuperscript{12} National Security Adviser Hermogenes Esperon Jr. stated on May 30 that the Philippines did not need to protest because this was a training and not aimed at the country,\textsuperscript{13} demonstrating a restrained posture. Malaysia, Brunei, and other Southeast Asian countries have not given official reactions. ASEAN itself has also not issued a clear reaction. At the ASEAN Foreign Ministers’ Meeting in Singapore on August 2, media sources reported that Vietnam called for mentioning concerns about militarization in the Joint Communiqué,\textsuperscript{14} but language in the disclosed statement was similar to content from the Chairman’s Statement of the Summit in April\textsuperscript{15} and did not directly or indirectly cites these activities by China.

This type of reaction by the ASEAN side appears to be linked to developments in COC discussions with China regarding the South China Sea. At the ASEAN-China Post Ministerial Conference (PMC) in Singapore on August 2, it was announced that an agreement was reached on the “Single Draft COC Negotiating Text” at the 15th ASEAN-China Senior Officials’ Meeting on the Implementation of the Declaration on the Conduct of Parties in the South China Sea in Changsha held on June 27.\textsuperscript{16} The countries plan to prepare a draft proposal from this document. Undisclosed content, meanwhile, simply stated the positions of the various countries, according to media report. In a press conference, Singapore’s Foreign Minister Vivian Balakrishnan, who chaired the Foreign Ministers’ Meeting, explained that it was still premature to set a deadline for completing negotiation.\textsuperscript{17} While it is likely to still take a considerable amount of time to complete and conclude the COC, ASEAN might have become more cautious toward criticizing Chinese action in light of differences in the positions of member states and a desire to maintain negotiating momentum for the COC with China by ASEAN as a whole, including states that have expressed a closer stance to China. Nevertheless, Philippine Foreign Affairs Secretary Teodoro Locsin stated at a joint press conference with Chinese Foreign Minister Wang Yi, who was visiting Davao City, on October 29, “perhaps, we will not be able to arrive at a legally-binding COC.”\textsuperscript{18} This comment indicates that it might not be easy for ASEAN to sustain a uniform stance. Furthermore, while State Council of
the People's Republic of China Premier Li Keqiang noted in a speech given on November 13 in Singapore, where he was visiting for ASEAN-related Summit Meetings, that China hoped to complete the COC negotiations within three years,\(^{19}\) the Chairman’s Statement of the ASEAN-China Summit on the next day (November 14) did not mention a clear deadline.\(^{20}\) As such, the three-year timeframe appears to be China’s wish.

It has been reported that, in the Single Draft COC Negotiating Text, China advocates the regular holding of exercises with ASEAN and exclusion of countries outside the region. According to AFP, in the draft document they confirmed, China proposes to hold joint military exercises with the 10 ASEAN countries regularly and asserts that countries outside the region should not be involved in the drills, unless the parties concerned are notified beforehand and express no objection.\(^{21}\)

The COC negotiation process will decide whether the proposal is accepted or not. It is unclear whether the exclusion of countries outside the region only applies to the proposed joint exercises or could have a broader effect. However, a key point to notice is that China is leveraging the COC negotiations to position itself as an “intra-regional country” on the same side as ASEAN and the United States and others as “extra-regional interfering forces.” In fact, Chinese Foreign Minister Wang Yi commented at a press conference on August 3 that China and ASEAN countries have the ability to secure peace and stability in the South China Sea, and that disturbances from the outside need to be eliminated in order to accelerate COC negotiations.\(^{22}\) At the East Asia Summit (EAS) Foreign Ministers’ Meeting on the next day (August 4), Foreign Minister Wang Yi reportedly asserted that the presence of the US military in the South China Sea is the source of trouble.\(^{23}\) He overtly named the United States in a press conference on the same day in criticism of sending massive strategic arms to the region, and particularly the South China Sea, to demonstrate its military power as well as intimidate and pressure countries in the region including China.\(^{24}\)

While the United States and China are both “dialogue partners” from outside of the region for ASEAN, if China is attempting to bring ASEAN to its side by offering this type of unique categorization, or is using resolution of the South China Sea issue to separate ASEAN from the United States and its allies or divide ASEAN internally based on whether member countries support this view or not, ASEAN will likely be required to make tougher choices. Of interest in this
context is the announcement made at the ASEAN Defence Ministers’ Meeting (ADMM) held in Singapore on October 19, 2018 that the ASEAN-US maritime exercise will be conducted in 2019.25 As explained in the next subsection, the first ASEAN-China maritime exercise was held on October 22. Just before this exercise, ASEAN welcomed both the ASEAN-China and ASEAN-US exercises by listing them both in the ADMM Joint Declaration, and it shows the effort by ASEAN to strike a balance between the United States and China. Nevertheless, in his 2019 New Year Message delivered at the end of December, Prime Minister Lee Hsien Loong of Singapore, which ended its chairmanship, explained that forcing individual countries to take sides between the United States and China could sever the open and connected global order and harm all countries. This is a shared concern of all ASEAN countries. ASEAN will probably find it necessary to deal with this challenge for a lengthy period.

(2) New Developments Related to Regional Cooperation and Joint Exercises

The Southeast Asia region needs to bolster maritime security in order to deal with the spread of terrorism. Each country hence is working to build capabilities through international cooperation, training, assistance, and other activities with internal and external partners. Additionally, China is also seeking to strengthen relations with ASEAN and its member countries even amid ongoing tensions in the South China Sea.

With regard to disturbances in 2017 by an armed group of the Maute brothers in Marawi, located on Mindanao Island in the Philippines, evidence shows that militants were recruited across borders and brought weapons onto the island. There have also been reports that some members of the armed group escaped the encirclement by authorities and got away from Marawi just before the group was repressed.26 This event raised awareness again of the necessity of enhancing Maritime Domain Awareness (MDA) in the Sulu Sea and Celebes Sea areas. In addition to piracy, cross-border crimes, illicit trades, and other illegal activities, the risk that local bandits have linked with the Islamic State in Iraq and the Levant (ISIL) and other international terrorists had been pointed out in this area which is adjacent to the territorial waters of the Philippines, Indonesia, and Malaysia. Nonetheless, the initiative to create a patrol cooperation framework had been delayed, because undefined border lines are included in these waters.27 However,
with a common goal of stopping the spread of terrorism, these three countries began the joint Trilateral Maritime Patrol in June 2017 and also conducted the joint Trilateral Air Patrol in October 2017. Following a review of information sharing on terrorism in the region, the ASEAN members established a platform called “Our Eyes Initiative” with leadership from Singapore and Indonesia in January 2018.

As ASEAN-wide cooperation, the ASEAN Multilateral Naval Exercise (AMNEX) took place around Sattahip Naval Base in the northern part of the Gulf of Thailand, along with the ASEAN International Fleet Review as a part of commemoration of ASEAN’s 50th anniversary, in November 2017. While ASEAN and member countries previously hosted multilateral naval exercises, such as the Joint Exercise of the expanded ADMM (ADMM Plus) and the KOMODO multilateral joint exercise hosted by the Indonesian Navy that began in 2014, AMNEX attracted attention as the first naval field training exercise that was conducted among only the ASEAN member countries.

The joint naval exercise between China and ASEAN stood out in cooperation with countries outside the region. China and ASEAN agreed on the conduct of a joint naval exercise in an informal meeting between China and ASEAN, which was held coinciding with the ADMM Retreat on February 6, 2018. Singapore’s Defence Minister Ng Eng Hen, the chairman, announced implementation of the exercise as a practical way of deepening cooperation. The table-top exercise was implemented on August 2-3 at Singapore’s Changi Naval Base, and the field exercise took place off the coast of Zhanjiang in China’s Guangdong Province on October 22. Due to media reports that China proposed to the ASEAN side that they hold regular military exercises without the involvement of countries outside the region in August (referred in the previous subsection), Western experts and others expressed concern that this might lead to a relative decline in the presence of the United States in the Southeast Asia region.

Meanwhile, the United States has had a historically strong relationship with the region through provision of continuous assistance and cooperation, such as Cooperation Afloat Readiness and Training (CARAT) bilateral exercises, mainly in Southeast Asia, on a rotating basis and Cobra Gold multilateral military exercises co-hosted with the Royal Thai Armed Forces. The trainings conducted by the United States aim to enhance practical capabilities. For example, at the Southeast Asia Cooperation and Training (SEACAT) exercise conducted in August
2018, a demonstration was given of the US military’s Combined Enterprise Regional Information Exchange System (CENTRIXS) in order to improve attendants’ capability in information sharing of MDA. Furthermore, in the RIMPAC exercise from June to August 2018, while China’s participation was shelved although it had participated since 2014, Malaysia dispatched a ship for the first time, Indonesia participated with two ships and the Philippines took part in the exercise for the first time ever as an official participant with two ships, sustaining a high level of cooperation. There was also an announcement of the planned joint naval exercise between the United States and ASEAN member countries in 2019 at the ADMM in October 2018. These developments suggest that the relationship between the United States and the ASEAN member countries has even strengthened.

In addition to training cooperation, the United States also provides equipment and other assistance. In February 2018, it decided to give four units of the unmanned ScanEagle, which was utilized in dealing with the Marawi disturbances, to Indonesia, and in March 2018, it transferred six units to the Philippines as well. Furthermore, at the ASEAN Regional Forum (ARF) meeting on August 4, US Secretary of State Mike Pompeo stated that the United States will supply $290 million of Foreign Military Financing (FMF) as part of the Maritime Security Initiative (MSI) and the additional US security funding for the Indo-Pacific region being promoted by the US Defense Department. Besides the United States and China, Australia, India, and other countries are conducting exercises with ASEAN and its member countries and deepening involvement in this area. Multidimensional views are required to analyze the relations between ASEAN and its member countries, and countries outside of the region.
Table 4.1. Major joint exercises involving ASEAN member countries (2018)

<table>
<thead>
<tr>
<th>Month</th>
<th>Name</th>
<th>Host and ASEAN participating countries [Other participating countries]</th>
<th>Implementation site</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>February</td>
<td>Cobra Gold</td>
<td>US, Thailand, Singapore, Indonesia, Malaysia, Brunei, Cambodia, Laos, Vietnam (Japan, China, South Korea, etc.)</td>
<td>Thailand’s Chonburi Province, etc.</td>
<td>Co-hosted by US/Thailand (every other year)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>[Japan, China, South Korea, etc.]</td>
<td></td>
<td>Total 29 countries</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Observers dispatched by Brunei, Cambodia, Laos, and Vietnam</td>
</tr>
<tr>
<td>April</td>
<td>Guardian Sea</td>
<td>US, Thailand</td>
<td>Andaman Sea</td>
<td>Anti-submarine warfare exercise</td>
</tr>
<tr>
<td>May</td>
<td>Balikatan</td>
<td>US, Philippines</td>
<td>Philippine Navy education/training command</td>
<td>Japan and Australia joined in some exercises</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Around Scarborough Reef (Philippines), etc.</td>
<td></td>
</tr>
<tr>
<td>June to August</td>
<td>RIMPAC</td>
<td>US, Thailand, Indonesia, Singapore, Philippines, Malaysia, Brunei, Vietnam (Japan, UK, France, Germany, Canada, Australia, New Zealand, South Korea, India, Brazil, Israel)</td>
<td>Off Hawaii and off the Southern California coast, US, etc.</td>
<td>Hosted by the US (every other year)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>[Japan, United Kingdom, France, Germany, Canada, Australia, New Zealand, South Korea, India, Brazil, Israel]</td>
<td></td>
<td>First-ever participation by Vietnam and Sri Lanka</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Indonesia, Singapore, Philippines, and Malaysia dispatched ships</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Total 26 countries, 47 ships</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Five submarines, 200+ aircraft</td>
</tr>
<tr>
<td>June to November</td>
<td>CARAT</td>
<td>US, Brunei, Cambodia, Indonesia, Singapore, Philippines, Thailand (Bangladesh, Timor-Leste)</td>
<td></td>
<td>Similar exercise conducted with Vietnam</td>
</tr>
<tr>
<td>August</td>
<td>SEACAT</td>
<td>US, Thailand, Indonesia, Singapore, Philippines, Malaysia, Brunei, Vietnam (Bangladesh)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Joint exercises with China</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>August and October</td>
<td>China-ASEAN</td>
<td>China, ASEAN member countries</td>
<td>Off Zhanjiang, Guangdong Province, China</td>
<td>First time, table top exercise in August, field exercise in October</td>
</tr>
<tr>
<td></td>
<td>Maritime Exercise</td>
<td></td>
<td></td>
<td>Eight ships, three aircraft (helicopters)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Ships dispatched by Thailand, Singapore, Philippines, Brunei, Vietnam</td>
</tr>
<tr>
<td>October</td>
<td>Peace and Friendship</td>
<td>China, Malaysia, Thailand</td>
<td>Off Port Dickson, Malaysia (Strait of Malacca)</td>
<td>Bilateral exercise between China and Malaysia since 2015</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Thailand joined in 2018</td>
</tr>
<tr>
<td></td>
<td>Joint exercises with Australia</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>July</td>
<td>Chapel Gold</td>
<td>Australia, Thailand</td>
<td>Chiang Mai, Thailand</td>
<td>Jungle warfare, counterinsurgency exercise</td>
</tr>
<tr>
<td>July</td>
<td>Pitch Black</td>
<td>Australia, Thailand, Indonesia, Singapore, Philippines, Malaysia (Japan, US, Canada, South Korea, India, New Zealand, Germany, France, Netherlands, Sweden)</td>
<td>RAAF Base Darwin, RAAF Base Tindal, Bradshaw Field Training Area, and Delamarie Air Weapons Range, Australia</td>
<td>Hosted by Australia, every other year</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(Japan, US, Canada, South Korea, India, New Zealand, Germany, France, Netherlands, Sweden)</td>
<td></td>
<td>Total 16 countries, 140 aircraft</td>
</tr>
<tr>
<td>August to September</td>
<td>KAKADU</td>
<td>Australia, Indonesia, Philippines, Singapore, Vietnam (Japan, US, Canada, South Korea, India, New Zealand, France, Bangladesh, UAE, etc.)</td>
<td>Northern Australian Exercise Area off Darwin, etc.</td>
<td>Hosted by Australia, every other year</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(Japan, US, Canada, South Korea, India, New Zealand, France, Bangladesh, UAE, etc.)</td>
<td></td>
<td>Total 27 countries, 23 ships First-ever participation by China</td>
</tr>
<tr>
<td>November</td>
<td>Trident</td>
<td>Australia, Singapore</td>
<td>Shoalwater Bay Training Area, Australia</td>
<td>Field training exercise including landings</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Joint exercises with India</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>March</td>
<td>MILES/Milan</td>
<td>India, Thailand, Singapore, Malaysia, Myanmar [Australia, Bangladesh, Sri Lanka]</td>
<td>Around the Andaman and Nicobar Islands</td>
<td>Hosted by India, every other year</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>First MILES (Milan Exercise Sea)</td>
</tr>
<tr>
<td>March</td>
<td>INMEX</td>
<td>India, Myanmar</td>
<td>Bay of Bengal</td>
<td></td>
</tr>
<tr>
<td>November</td>
<td>SIMBEX</td>
<td>India, Singapore</td>
<td>Andaman Sea, Bay of Bengal</td>
<td></td>
</tr>
<tr>
<td>December</td>
<td>Samudra Shakti</td>
<td>India, Indonesia</td>
<td>Off Java Island, Indonesia</td>
<td>First time</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Exercises among ASEAN member countries</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>April</td>
<td>Eagle Indopura</td>
<td>Singapore, Indonesia</td>
<td>Strait of Singapore</td>
<td></td>
</tr>
<tr>
<td>May</td>
<td>KOMODO</td>
<td>Indonesia, Vietnam, Philippines (US, Canada, Russia, India, Pakistan, etc.)</td>
<td>Off Lombok Island, Indonesia</td>
<td>Hosted by Indonesia, every other year</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(US, Canada, Russia, India, Pakistan, etc.)</td>
<td></td>
<td>Total 37 countries</td>
</tr>
<tr>
<td>June</td>
<td>Singsiam</td>
<td>Singapore, Thailand</td>
<td>Gulf of Thailand</td>
<td>Every other year</td>
</tr>
<tr>
<td>November to December</td>
<td>Malapura</td>
<td>Singapore, Malaysia</td>
<td>Strait of Malacca</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Exercises in other frameworks</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>April to May</td>
<td>Bersama Shield</td>
<td>Singapore, Malaysia [UK, Australia, New Zealand]</td>
<td>Malaysia-Singapore Training Area</td>
<td>Five Power Defence Arrangements (FPDA)</td>
</tr>
<tr>
<td>October</td>
<td>Bersama Lima</td>
<td>Singapore, Malaysia [UK, Australia, New Zealand]</td>
<td>Malaysia-Singapore Training Area and South China Sea</td>
<td>FPDA</td>
</tr>
</tbody>
</table>

Source: Compiled by the author from various media reports.
Column

Japan’s Defense Equipment and Technology Cooperation

As an initiative related to Japan’s defense equipment and technology cooperation with ASEAN member countries, Japan and the Philippines reached an official agreement on the transfer of JMSDF TC-90 training planes and other matters in 2016 and Japan transferred two planes in March 2017 and the remaining three planes in March 2018 to the Philippine Navy. This transfer was the first case of applying a stipulation in the Self-Defense Forces Act, which allows for the transfer of unnecessary equipment at no charge and took effect in June 2017. Additionally, Japan provided training for Philippine Navy pilots at the JMSDF Tokushima Air Base through March 2018 and dispatched engineers from Japanese private-sector companies to the Philippines to assist in maintenance activities from April 2017. In June 2018, based on a request from the Philippine Defense Department, Japanese and Philippine Defense Ministers confirmed no-charge provision to the Philippine Air Force of UH-1H multipurpose helicopter’s parts that were no longer needed, and equipment bureaus from the two countries signed a letter of agreement (LOA) in November.

2. Developments on Democratization and National Security

(1) Malaysia: First-ever Change of Government since Independence

In Malaysia, the defeat of the ruling Barisan Nasional (BN; the National Front) coalition, led by the United Malays National Organisation (UMNO) that had ruled the country since the independence of the Federation of Malaya in 1957, resulted in a change of government for the first time in its history. Criticism from the general public had risen amid allegations that Prime Minister Najib Razak, who headed the BN government since 2009, siphoned off a massive amount of money from a state-owned company 1Malaysia Development Berhad (1MDB). In response, former Prime Minister Mahathir Mohamad (who had retired after
his term during 1981-2003) announced in January 2018 his intention to run for Parliament and in the Prime Ministerial race as a representative of opposition alliance Pakatan Harapan (PH; Alliance of Hope) in the next general election.

Prime Minister Najib dissolved the Parliament on April 7, and a general election was set to take place on May 9. The government reviewed the allocation of constituency to be favorable to the ruling coalition prior to the dissolution and ordered Mahathir’s political party to halt activities due to inadequate documentation. The Parliament also passed an “Anti-Fake News Act.” These actions signaled the government and ruling party’s intention to clamp down on their critics in relation to 1MDB.

Despite these hardline efforts by the government, voting results on May 9 showed a victory for the opposition coalition with PH securing a majority of seats alone and Mahathir became the country’s seventh Prime Minister on May 10. Prime Minister Mahathir immediately began an investigation into the 1MDB-related scandal and disclosed national debt of more than one trillion ringgit on May 23. Former Prime Minister Najib was arrested and charged over allegations of graft and fraudulent diversion of 1MDB funds in July.

Malaysia, a multi-ethnic country with three major ethnic groups (Malay, Chinese, and Indian), consistently formed governments based on a coalition of ethnic political parties that received confidence from the general public through elections since its founding of the nation. This framework lifted the economic standing of Malays, who are the country’s indigenous people and represent a majority of the population but have a weaker economic position because of the history of British colonial rule. It also gave political consideration to minority Chinese and Indian peoples, thus helping stabilize ethnic relations within the country. Thanks to the New Economic Policy under the former Mahathir government and economic development by Southeast Asia from the 1980s, Malaysia’s economy grew and economic position of the Bumiputera (Malays and natives in Borneo), who are given a special position as an indigenous people in the Constitution, was raised with affirmative action for them. In recent years, however, problems surfaced due to disparities within the Malay community and marginalization of monitories (particularly Indians).

Given this context, the former ruling parties’ acceptance of defeat and orderly transition of administration based on the law without violence or excessive use of power indicates that democracy is working and there is political and social
stability in Malaysia. In particular, the Chief of Navy and the Inspector-General of Police issued statements to their military and police personnel respectively just before the voting day to vote freely in accordance with their own views. While the armed forces and the police had previously been seen as a powerful foundation of ruling party support, the statements of a neutral position appeared to be a meaningful step in fostering the atmosphere for a fair election. This peaceful transfer of political regime is likely to favorably affect the implementation of democracy in nearby ASEAN countries too.

A number of points deserve mention on security, including from a mid- to long-term perspective, though the new government had not presented new measures or policies on security and defense at the end of 2018 (except for new trends in building defense capabilities referred in Section 3). The first point is diplomacy with China. The former Najib government planned massive domestic development projects with Chinese investments against a backdrop of close ties with China. Prime Minister Mahathir, meanwhile, decided in July to reconsider those major projects, such as the railway project on the east coast of the Malay Peninsula, with the aim of reducing the massive deficit and he officially told this stance to the Chinese side on a visit to China in August. In national security, although there was no specific mention of China, Mahathir commented that Malaysia preferred if there were no warships within its waters in the South China Sea and Straits of Malacca. It bears watching whether policy revisions to the close relationship with China under the previous government will change Malaysia’s national security stance toward China. The second point is domestic stability. The PH has a stronger profile of being a coalition of political parties that cuts across ethnic groups than the BN, and its supporters often voted for candidates other than their ethnic group under the single-member constituency. This time the electorate voted heavily for the PH as an expression of its anti-Najib stance. It is important to see whether this experience leads to political realignment into parties that go beyond ethnic boundaries and seek to represent broader interests of the general populace or conversely whether political and social fluidity and instability occur due to dissatisfaction with ethnic interests not being adequately represented. In this regard, opposition parties strongly dissented with the statement by Prime Minister Mahathir at the United Nations in September that Malaysia would ratify the International Convention on the Elimination of All Forms of Racial Discrimination (ICERD) on the basis that
this could affect the existing special position of the bumiputera. The government’s subsequent retraction of the ratification policy demonstrates that relations among ethnic groups are still a very sensitive topic. The third point is the domestic trend of Islamism. Parti Islam se Malaysia (PAS; Malaysian Islamic Party), a major Malaysian political party, is an Islamic party that calls for a state governed by Islamic law. It runs several state governments in the northern part of the Malay Peninsula. The UMNO, which was voted out, is a Malay party with almost all members being Muslim, but adopts secularism. The PAS and the UMNO collaborated in organizing an anti-ICERD demonstration with more than 50,000 participants (police announcement) in Kuala Lumpur in December. A key question is whether and how the situation on Islamism will develop, such as the UMNO aligning itself more closely with Islamic views, stronger emphasis on Islamism by PAS, and radicalizing activities to suppress non-Muslim residents in PAS-led states, all in order to obtain support from Malays and Muslims; and whether these trends will affect the tolerance of Malaysian society.

(2) Indonesia: Challenges Related to Islam

Indonesia confronted a series of terrorist attacks in May 2018 allegedly linked to Jamaah Ansharut Daulah (JAD), a terrorist organization that pledges allegiance to ISIL. On May 9, prisoners staged a riot at a detention center at the Mobile Brigade Corps headquarters in Depok, West Java and killed some police officer hostages. Aman Abdurrahman, the leader of JAD, who had allegedly been directing multiple terrorist attacks behind the scenes, was detained in this center and some have noted the possibility that JAD

People participating in a rally at the anti-ICERD demonstration in Kuala Lumpur (Kyodo News)

Surabaya church attacked by a suicide bomb (Xinhua News Agency/Newscom/Kyodo News Images)
members led the riot and it was not a spontaneous outbreak. Suicide terrorist bombings occurred at three Christian churches in Surabaya located in East Java on May 13, a terrorist bombing occurred at the Surabaya police headquarters on May 14, and an armed group attacked the regional police headquarters in Riau province on May 16.\textsuperscript{40} JAD planned terrorist attacks at various locations in the past and reportedly dispatched members to the uprising that took place in Marawi (Philippines) in 2017. These events boosted calls for tougher anti-terrorism measures.\textsuperscript{41} Debate on an amendment of Anti-Terrorism Measures Act, that had been stalled in the People’s Consultative Assembly (parliament) moved forward after the series of terrorism incidents, and the Regional Representative Council (the Upper House) approved the bill on May 25, 2018,\textsuperscript{42} with gaining the support of public opinion. The proposed amendments included expansion of police investigative authority and criminal composition elements, extension of the length of pre-charge detention, and reinforced the military’s mandate for counter-terrorism. They broadened the role of the military in maintaining internal security that had been reduced in the process of democratization reforms during the post-Suharto period from 1998.

Concerns about retaliatory terrorism increased after a court reached a death penalty decision for imprisoned Aman for violation of the Anti-Terrorism Measures Act in June and the South Jakarta District Court certified JAD as an illegal organization and ordered its disbandment in July.\textsuperscript{43} During this period nationwide local head elections were held, while the 18th Asian Games were also held in Jakarta and Palembang in August and September. The authorities therefore continued strict controls amid worries about terror and detained many suspects.\textsuperscript{44} The arrests included a case of three JAD members, including former Riau University students, making explosive devices on the university premises. A major issue for domestic security in Indonesia is finding ways to stop growing inroads by extremism into young people.\textsuperscript{45}

Besides extremism, divisions in society due to intolerance are also a major obstacle for stabilizing domestic politics. In post-Suharto administrations, ethnic and religious issues have readily been used as power struggle tools and become sources of domestic security problems, and it was not unusual to mobilize Islamists as a strategy in election campaigns. Nonetheless, overall, democratic election systems, including presidential elections, were generally taking hold in Indonesia. However, social tensions emerged in the Jakarta gubernatorial election

\textsuperscript{115}
of 2017 because hardline Islamists maligned incumbent Chinese Christian Basuki Tjahaja Purnama and stirred up ethnic sentiment in the election campaign process that began in October 2016. A video showing Basuki allegedly desecrate the Quran spread on social media and led to large-scale protest demonstrations through the end of 2016. This forced President Joko Widodo to take steps to calm the situation down. In the second-round vote for a final decision in the gubernatorial election held in April 2017 involving Governor Basuki and former Education and Culture Minister Anies Baswedan, Anies ended up defeating Basuki, who initially led the race, for the reasons explained above. In this process, authorities prosecuted Basuki for blasphemy and hateful comments in November 2016, and he received a prison sentence of two years by the North Jakarta District Court in May 2017 after the election.46

Buni Yani, who uploaded the Basuki video and was at the time an academic lecturer, meanwhile, was sentenced to one year and six months in prison in November 2017 due to spreading information that elicits hatred concerning “SARA” (Suku, Agama, Ras, Antar-golongan or ethnic, religious, racial, class relations) over the Internet.47 Related to SARA, members of a group called Muslim Cyber Army were arrested for spreading fake news in February 2018. In July, the Jakarta State Administrative Court rejected a petition against the presidential decision by Hizbut Tahrir Indonesia (HTI), thus confirming a directive to disband the organization. HTI is the Indonesian branch of a global organization aimed at establishing a caliphate and had launched a petition against the presidential decision that HTI violated the principles of Pancasila, which ensures national unity.48 These measures demonstrated to the opposition the stance of the Joko administration ahead of the presidential election planned for April 2019. The Joko government has recognized the serious threat of social division and destabilization from SARA-related fake news and intolerance, and responded actively, while taking into account Muslim sentiment. Candidate notifications for the presidential election started in August 2018, and there was considerable focus on President Joko’s choice as the vice president candidate. Amid questions about the credentials of then Vice President Muhammad Jusuf Kalla, the media speculated that he would choose from people related to existing interest groups with heavy influence on government activities, such as the heads of political parties who might join in a coalition, business leaders, and former senior military officers. President Joko ultimately selected Ma’ruf Amin, the chair
of Majelis Ulama Indonesia (MUI; Ulama Council of Indonesia), Indonesia’s highest Muslim clerical body close to the government, as his partner. This choice reflected growing awareness of the importance of properly securing the support of conservative Muslims to stabilize political activities.

(3) Myanmar: Challenges for National Reconciliation

Myanmar transitioned from a military regime to a civilian government in 2011. The National League for Democracy (NLD), the democratization force led by Aung San Suu Kyi, who resisted military rule, then came to power in the general election held in 2015. However, the realization of democratization is still partial. One of the main hurdles is the position of the military stipulated in the country’s Constitution. The ruling party aims to amend the Constitution ahead of the next general election in 2020, but there are many difficulties.

The Constitution formulated in 2008 defines basic principles for the military participating in the national political leadership, specifying responsibility for the Defence Services in safeguarding the non-disintegration of the Union, the non-disintegration of national solidarity, and the perpetuation of sovereignty and safeguarding the Constitution, providing the Defence Services with the right to independently administer and adjudicate all affairs related to the armed forces, and making the Commander-in-Chief of the Defence Services the Supreme Commander of all armed forces. These principles justify the military’s political involvement and provide a basis for the military to act independently of the government. While the President is the head of the executive branch, the Constitution establishes the National Defence and Security Council led by the President with a majority filled by the military commanders or military-related ministers. This format effectively means that the military is capable of exercising veto power through the Council on important presidential powers, such as provision of amnesty, formation and cessation of diplomatic relations, military action against invasions, and appointment of the Commander-in-Chief of the Defence Services. It is also essential to mention that all legislative, administrative, and judicial powers transfer from the President to the Commander-in-Chief of the Defence Services in emergency situations such as crises of disintegration of the Union, disintegration of national solidarity, and the loss of sovereignty.

The Constitution also allocates 25% of the seats in the House of Representatives (the lower house) and the House of Nationalities (the upper house) each
to military members designated by the Commander-in-Chief of the Defence Services in the Assembly of the Union. Amendment of clauses in the Constitution requires approval from more than 75% of all Assembly members. This creates a structural constraint preventing revision of the Constitution without approval from military members of the Assembly.

Win Myint, the country’s new president who assumed this post on March 30, 2018 after the resignation of the previous president, outlined priority goals for the government of amending the Constitution as well as “rule of law and improvement of the socio-economic life of the people,” and “national reconciliation and internal peace.”

State Counselor Suu Kyi commented at the World Economic Forum held in Hanoi in September 2018 that the Assembly’s military seats did not fit with democratic values and all seats should be filled via free elections. However, she also spoke about the prospect for requiring an incremental process through negotiations with the military from the standpoint of the importance of national reconciliation and reforms through legal frameworks.

The Myanmar military possesses strong influence domestically because it is their duty to deal with activities by ethnic armed groups trying to divide the country. The priority of the government is national reconciliation through achievement of peace with ethnic armed groups, which have fought with the government hoping to obtain independence or expand autonomy, out of the more than 130 ethnic groups in Myanmar. The former Thein Sein administration concluded a nationwide ceasefire agreement (NCA) with eight groups from the country’s 15 ethnic armed groups in October 2015. The NLD administration carried on the results and held a Union Peace Dialogue Joint Committee meeting or “21st Century Panglong conference” with the subject eight groups in August 2016. This meeting adopted the name of the Panglong conference, which brought together ethnic forces ahead of Burma’s independence in 1947. It aims to have the government, the military, and ethnic armed groups engage in political dialogue for ending civil war. While the initial schedule called for meeting every half a year thereafter, actual meetings have lagged this pace with the second one in May 2017 and the third one, including two new participating groups, in July 2018. These meetings put aside proposals from ethnic minority groups, such as establishing a federal army, of which they want to be a part in their own state. Seven groups active near the Chinese border that have not concluded the NCA, including the Ta’ang National Liberation Army (TNLA), the United
Wa State Army (UWSA), and the Kachin Independence Army (KIA), have repeatedly clashed with the Myanmar military, but participated in the meeting as observers through the intermediation of the Chinese government.\(^{53}\) Meanwhile, on December 21 the Myanmar military announced a unilateral ceasefire that would take immediate effect and last until April 30, 2019.\(^{54}\) This is the first time for the military to take this step since the transition to a civilian government. Attention should be given to whether it helps advance negotiations with the remaining armed groups.

Myanmar’s national reconciliation needs all groups to suspend fighting and participate in the peace process. China’s brokering and economic involvement has positive implications in stabilizing the lives of ethnic minority groups and fostering an environment for ceasefires and peace, but increased Chinese influence, as a result, might adversely affect future national unity and integration.

Another major issue facing national reconciliation is the situation of Islamic residents in Rakhine (Rohingyas). More than 720,000 Rohingya refugees have fled into Bangladesh since August 2017. In January 2018, the Myanmar and Bangladesh governments agreed to seek completion of the repatriation of refugees within two years. In October 2018, they confirmed the start of repatriation in mid-November. However, media reports indicate that many refugees refuse to return due to worries about their safety after moving back. Besides a few exceptions, repatriation based on the agreement was not taking place as of the end of 2018.

A unique aspect of the Rohingya refugee issue is that the Myanmar government and most of Myanmar people view the Rohingyas as illegal immigrants and do not include them in the scope of national integration. While the repatriation framework includes a review of provision of citizenship, many Myanmar people are against giving them citizenship. Hate speech that depicts Islam as the enemy by radical Buddhist monks and hate incitement by military-related people via fake Facebook accounts have been reinforcing this sentiment.\(^{55}\)

The international community, meanwhile, has been continuously criticizing burning, murders, violence, and many other human rights violations in the mopping-up operations implemented by Myanmar security forces in response to attacks by the Arakan Rohingya Salvation Army (ARSA) in August 2017, which sparked the refugee outflow. The Myanmar military initially denied involvement, but in January 2018, it announced the detention of soldiers who illegally killed 10 residents. The Myanmar government, which rejected an international role in
an investigation into Rohingya persecution, formed an independent commission of four people from inside and outside the country, including Kenzo Oshima, former Japanese Ambassador to the United Nations in August. The United Nations Human Rights Council’s international investigative team issued a report calling for bringing a case of genocide crimes against the military leaders to the International Criminal Court (ICC) in September, and the US State Department also disclosed a report citing planned and organized violence in the same month. Even ASEAN, which had not yet expressed a clear opinion, cited the humanitarian situation in Rakhine State as a “matter of concern” for the first time in the Chairman’s Statement of the Summit Meeting held in November. It offered assistance to promote safe repatriation of refugees and requested that the above-mentioned independent commission conduct an “independent and impartial” investigation into human rights violation and be held accountable. In this way, the Myanmar government and international community still disagree on the truth of whether persecution occurred. Furthermore, there has been extensive criticism from a “freedom of press” standpoint of the arrest in December 2017 of two Reuters journalists looking into earlier mentioned murders of local residents and the receipt of guilty verdicts of seven-year imprisonment in September 2018.

As explained above, with the Rohingya issue, the current government is caught in between international criticism as a human rights and humanitarian issue and domestic pressure against repatriation. The government needs to move ahead with repatriation while rooting out terrorism by Muslim and Buddhist sides, eliminate intolerance and foster an inclusive national identity for all including the Rohingyas.

3. Trends in Individual Countries’ Military Modernization

(1) Malaysia: Reforms under the New Government

The Royal Malaysian Navy (RMN) is implementing the 15-to-5 Fleet Transformation Programme. The transformation aims to reduce the number of classes of ships from 15 to five by 2045 and achieve smarter organizations and operations. By 2020, the RMN plans to have three littoral combat ships (LCSs) and three littoral mission ships (LMSs), including two ships already built. By
2045, it also intends to procure 12 LCSs, 18 LMSs, 18 new-type patrol boats, four multi-role support ships (MRSSs), and four submarines.\(^{57}\)

For the LCSs, the RMN held the launching ceremony for its first Maharaja-Lela Class LCS in August 2017, which is scheduled to be commissioned in the first half of 2019.\(^{58}\) This ship was developed based on France-based Naval Group’s (then DCNS) Gowind family of corvettes (see Section 4 in Chapter 5 of East Asian Strategic Review 2016). In 2011, the Boustead Naval Shipyard, a subsidiary of Malaysia-based defense equipment firm Boustead Heavy Industries Corporation (BHIC), concluded a contract to build six ships for about $2 billion. All of the ships will be commissioned by 2023. BHIC and a Swiss subsidiary of Rheinmetall, a German defense firm, formed a joint venture in June 2017, which has been supporting project management for this plan. Additionally, it was reported in April 2018 that the ship is being outfitted with Norwegian defense firm Kongsberg’s naval strike missile (NSM) as the anti-ship missile system.\(^{59}\)

For the LMSs, when Prime Minister Najib visited China in November 2016, he reached an agreement to procure two ships from China and make the third and subsequent ships in Malaysia through technology transfer. Attention was drawn to the fact that, despite the tensions in the South China Sea, a decision was made to procure equipment from China, a party in the South China Sea dispute.\(^{60}\) However, the contract from Malaysia’s perspective, along with China’s infrastructure investment plan in Malaysia, incorporated a diplomatic aspect aimed at stabilizing relations between the two countries as well as the pursuit of economic rationality. Malaysia reduced its defense budget by 15.2% in fiscal 2017 compared to the previous year in light of difficult economic and fiscal conditions. While the budget rose 5.3% in fiscal 2018, the government targets a 10% cutback in the fiscal 2019 budget announced in November 2018 compared to the previous year, putting it at about 20% less than the fiscal 2016 level. There is an analysis that it is no wonder Malaysia procures the hull from the supplier with the best economic terms while still giving priority to maintaining Western systems and components in order to implement the program described above within these budget constraints.\(^{61}\) The first LMS keel laying ceremony took place in Wuhan in August 2018. Malaysia announced the dispatch of supervisory staff and Boustead Naval Shipyard technical personnel in charge of domestic production.\(^{62}\)

The Royal Malaysian Air Force (RMAF) initially planned to strengthen its
military capabilities by retooling outdated MiG-29 planes and procuring up to 18 new multirole combat aircraft (MRCA) with a budget of $2 billion. Due to tough budget constraints, however, it revised the priority order and delayed this plan. The policy change reflected the urgent need to bolster MDA capabilities as an air force, including the decision to conduct three-country aircraft patrols in areas around the Sulu Sea and the Celebes Sea. The RMAF’s maritime patrol aircraft (MPA) B200T had an accident in December 2017, and it only operates three of the same model planes as of the end of 2018. To address this situation, it is expected to procure 4-6 new MPA with longer flight distance over the next three years. There is also a media report on a plan to convert existing CN-235 transport planes to MPA as a provisional measure.

In August 2018, Malaysia’s new administration released the RMAF long-term development plan Capability Development 55 (CAP 55), which clarifies procurement goals through 2055. CAP 55 calls for reorganization of fighter planes into five squadrons with two plane types (MRCA and light combat aircraft (LCA)) and helicopters into two squadrons with one type. It also aims to create one wing each for new MPAs, long-range UAVs, and airborne early warning and control aircraft in order to strengthen intelligence, surveillance and reconnaissance (ISR) capabilities. As ground facilities, it mainly plans for introduction of nine air defense radar stations and surface-to-air defense systems.

While the RMAF rushed to expand capabilities and primarily newly procured key equipment up to now, there has also been discussion of its weak operational and logistical support capabilities. Defence Minister Mohamad Sabu explained in a statement to the Parliament in July 2018 that only four of the country’s 18 main fighter planes Su-30MKM were currently capable of flying because of maintenance difficulties and expensive spare parts. In CAP 55, the RMAF likely aims to lower procurement and operational costs through pursuit of economies of scale and common parts, as does the RMN’s reform program.

Defence Minister Mohamad is also actively promoting Defence Ministry reforms as a member of the new administration and instructed the establishment of a special audit committee in June. Former Auditor-General Ambrin Buang is leading an investigation into internal fraud, including suspicious past procurement programs. With regard to equipment procurement, Defence Minister Mohamad indicated that politicians will concentrate on reviewing the priority order of budgets and programs and necessity of procurement, and that matters involving
expertise such as model selection will be left to the military. He called for the need to clearly distinguish between administrative and military roles in order to curtail corruption and streamline equipment systems. The Ministry announced plans to formulate a White Paper in August, and media sources reported that it should be issued in 2019. In contrast to the National Defence Policy formulated and disclosed in 2011, the White Paper reportedly will focus on the Ministry’s accountability to the people.

(2) Indonesia: Reorganization Aimed at Joint Operation

The Indonesian Air Force announced an operation and procurement plan for fiscal 2018 in December 2017. The content includes procurement of new equipment and reassignments of units and equipment and reportedly aims to support the government’s strategy of establishing itself as a maritime nation by placing units and equipment at sites not equipped with aircraft up to now and providing air support. As the future organization, it plans to expand the fighter aircraft units by three squadrons to 11 squadrons, establish two squadrons each in the transport units for strategic transport, mid-sized transport, and tactical transport planes, and newly create a helicopter squadron and a UAV squadron. As for other military assets, it intends to newly procure early warning and control planes, aerial refueling planes, amphibious aircraft, etc. Media sources report it also plans to deploy 12 radar systems as ground equipment.

For the next-generation fighters, with the aim of realizing equipment modernization goals from the Strategic Plan Phase 2 (2015-19) within a limited budget, state-owned trading company PT Perusahaan Perdagangan Indonesia (Persero) and Russia’s state-owned defense holding company Rostec signed a memorandum of understanding (MOU) in February 2017 on a countertrade deal for procurement of 11 Russian Sukhoi SU-35 Flanker E, in which some payments are covered by some goods or services from Indonesia, rather than cash. The agreement reportedly includes domestic procurement of some materials and deployment of maintenance, repair, and overhaul (MRO) facilities in Indonesia as part of the offset transactions. The Indonesian Air Force, which operates many Sukhoi planes, hopes that this format will help lower lifecycle costs. However, the government has not reached a final decision yet because of the need emphasized by Wiranto, Indonesia’s Coordinating Minister for Political, Legal and Security Affairs, to assess the impact of the Countering America's
Adversaries Through Sanctions Act (CAATSA) adopted by US President Donald Trump’s administration, as of August 2018.

In February 2018, the Indonesian Navy submitted a proposal to President Joko to reorganize itself from the current organization with two fleet commands (Western fleet in Jakarta and Eastern fleet in Surabaya) into three fleet commands with the First Fleet for the Western area (Jakarta), the Second Fleet for the Central area (Surabaya), and the Third Fleet for the Eastern area (Papua), according to media reports.73 This was raised in the “TNI-AL Blueprint 2004-2013” in 2004 and presented as a draft to President Joko in February 2015. After three years of preparing necessary legal systems, budget measures, and assets, the plan has reached a stage of being filled out.74 For main equipment, meanwhile, the initial plan in 2007 called for building the minimum essential force (MEF) with a request for procurement of up to 274 ships and 12 submarines by 2024. In a speech given by Admiral Ade Supandi, the new commander of the Indonesian Navy, in November 2017, he mentioned that it was vital to have 151 ships as the very minimum requirement.75 There have also been media reports about reviewing a reduction from 12 (initially) to eight submarines. The Indonesian government hence has been reviewing goals based on fiscal conditions and changes in the national security environment and operational policy.76

The Air Force and Naval reorganizations described above were planned in line with the establishment of a joint regional defense command (Kogabwilhan), and all services are making adjustments to be capable of carrying out operations with readiness forces based on the Integrated Tridimensional Concept.77 The joint regional defense command aims to effectively relocate various military resources distributed regionally throughout Indonesia, which has many islands and lengthy territorial waters that extend from East to West, for cross-service utilization in necessary locations and situations. Following the Navy, the Army newly formed the third infantry division command in the Indonesian Army Strategic Reserve Command (KOSTRAD) in May 2018, and the Air Force created the third Air Force Operational Command (KOOPSAU) in June 2018. Indonesia aims to complete reorganization plans for the entire military by 2024.78

Some observers think the future reorganization process needs to invest a lot of resources near national borders in Sumatra and Kalimantan in order to deal with external threats.79 The Assembly approved construction and functional enhancements of Navy and Air Force bases in these areas for the purpose of
Figure 4.1. Indonesian military's posture.

Source: Prepared by the author from various media reports.

Chapter 4 Southeast Asia — Readjusting External Relations
guaranteeing economic activities and sovereignty in the exclusive economic zones (EEZ) near the Riau Islands Province off Sumatra in 2016. Media sources reported in February 2018 that Indonesia selected the Czech-made VERA-NG as a new warning control system for a radar unit monitoring the nearby airspace at Raden Sadjad Air Base on Natuna Island in the Riau Islands Province.\textsuperscript{80, 81} Furthermore, at a press conference during a visit to inspect the facility in March, Air Marshall Hadi Tjahjanto explained that a Marine Corps unit would be formed on Natuna Island and that even though it was planned as a company-sized unit, it might be expanded to a battalion with multifaceted capabilities in the future in order to deal with diverse threats.\textsuperscript{82} The Army is bolstering its resource investment plan in this region too. Media sources reported that the Army intends to locate four of the eight procured AH-64E attack helicopters in the Riau Islands, the first three of which it received delivery of in May 2018.\textsuperscript{83}

(3) Myanmar: Modernization in a Difficult International Environment

The Armed Forces of Myanmar (Tatmadaw) is promoting modernization with the aim of transforming itself into a “Standard Army.” While the meaning of “standard” is unclear, in the Armed Forces Day Speech in March 2018, Senior General Min Aung Hlaing, Commander-in-Chief of Defence Services, noted compliance with the 2008 Constitution, NCA, and other arrangements, recalled the military’s role in achieving independence and its difficult history, emphasized the importance of cooperation from the people of Myanmar, and explained that the military intended to continue its efforts to build modern forces based on military technology and professionalism.\textsuperscript{84} The speech did not have any direct mention of the military’s difficult position amid international criticism regarding the deteriorating human rights and humanitarian conditions in Rakhine State. Meanwhile, the US Defense Department explained Myanmar’s observer presence in Cobra Gold multilateral military exercises, conducted in February 2018, as not equivalent to official participant status, in response to questioning by the US Congress. The Australian military has struggled to maintain ties with the Armed Forces of Myanmar, amid calls from the Australian Parliament and human rights organizations to halt ongoing educational assistance in non-combat fields for the Myanmar military. In this way, growing military exchanges and cooperation between the Armed Forces of Myanmar and Western countries since Myanmar’s democratization in 2015 is likely to remain sluggish for the time
being. Additionally, Western powers have announced sanctions against, among others, senior officers of the Armed Forces of Myanmar and the Myanmar Police Force, including the European Union (EU) in June 2018, the United States in August 2018, and Australia in October 2018. The Armed Forces of Myanmar are facing an increasingly difficult position.85

Meanwhile, major regional powers India and China, bordering with Myanmar, are actively increasing interaction with the Myanmar military. During a visit by Admiral Tin Aung San, Commander-in-Chief, Myanmar Navy, to India in September 2017, there was discussion of equipment and training cooperation. Following this meeting, the two countries held their first bilateral naval exercise INMEX-18 in India’s Visakhapatnam at the end of March and during April 2018. Myanmar and China conducted their first bilateral naval exercise in Myanmar’s Gulf of Martaban in May 2017. There are also media reports that the two countries discussed a higher level of interaction and cooperation on border security in a meeting with Chinese Minister of Defense Chang Wanquan when Admiral Tin Aung San visited China in January 2018.

Within this international environment, the Armed Forces of Myanmar held a major joint forces exercise, Sinbyushin, on the Andaman Sea coast in western Pathein, Ayeyarwady to improve inter-service coordination and combined war-fighting capabilities in February 2018.86 This was a divisional-level exercise of large-scale landing maneuvers supported by air and naval assets and coordinated by a Joint Command Center, and aimed to present results of Myanmar’s military modernization internally and externally at a time of limited interaction and cooperation with Western countries.

In procurement of new equipment, Myanmar announced the commissioning into services of six Russian Yak-130 jet trainers that can also be used as light-attack planes, two ATR 42-320 transport planes jointly developed by France and Italy, and two Fokker 70 transport planes from the Netherlands at the commemoration of the 70th anniversary of the Air Force in December 2017 in light of the growing role of the Air Force in supporting ground troops in asymmetric battles and amid calls for its modernization.87 Myanmar also reportedly confirmed new procurement of Yak-130 in January 2018.88 The Yak-130 jet trainers offer capabilities that substantially exceed the K-8 light-attack planes jointly developed by China and Pakistan that Myanmar procured in the late 1990s, and are likely to be used for missions such as close air support (CAS)
in mountainous periphery areas. Meanwhile, since Myanmar faces a security situation encompassed by armed ethnic rebel groups in all directions, transport planes are expected to bolster air transport capacity by providing rapid logistical assistance and accelerating the dispatch of additional troops. In fact, Myanmar utilized ATR planes commissioned as private-sector domestic planes to handle troop dispatches from central and northern Myanmar to western Rakhine State in August 2018.89

In equipment cooperation, while the United States, EU, and others are continuing arms export bans as of the end of 2018, Myanmar is strengthening its cooperative relations with Russia, its primary source of advanced equipment. The Russian side guarantees necessary logistical support for the above-mentioned Yak-130 during the operating period. Furthermore, Myanmar reportedly handled MRO for Mi-24 attack helicopters, albeit just a few, at an Air Force facility in Meikitila, Mandalay, with Russian assistance.90 Media sources reported that Myanmar concluded a procurement contract for six Su-30 planes from Russia as its next-generation main fighters in January 2018.91 The two sides reached an agreement in negotiations when Russian Defense Minister Sergei Shoigu and Myanmar Commander-in-Chief General Min Aung Hlaing met in Myanmar. They also reportedly discussed training cooperation, mutual ship visits, and closer technology cooperation.92

In procurement of equipment by the Navy, Myanmar announced the commissioning into service of one offshore patrol vessel (OPV), two landing craft utility (LCU), and four landing craft tank (LCT) at the commemoration of the 70th anniversary of the Tatmadaw (Navy) in December 2017. Myanmar reportedly built the OPV at the Naval dockyard in Thanlyin, Yangon, with technology assistance from a company located in Singapore. It is maintaining access to those foreign companies for which cooperating with Myanmar is possible, and also striving to acquire domestic production capabilities.93

NOTES
3) ASEAN Secretariat, “Chairman’s Statement of the 32nd ASEAN Summit,” April 28, 2018.
4) ASEAN Secretariat, “Chairman’s Statement of the 33rd ASEAN Summit,” November 13, 2018.
Chapter 4 Southeast Asia — Readjusting External Relations

5) CNBC, May 2, 2018.
7) AMTI, “An Accounting of China’s Deployments to the Spratly Islands,” May 9, 2018; AMTI, “China Lands First Bomber on South China Sea Island,” May 18, 2018.
8) AFP, May 24, 2018; Stars and Stripes, May 23, 2018.
14) Nikkei Shimbun, August 3, 2018; Sankei Shimbun, August 2, 2018.
15) ASEAN Secretariat, “Joint Communiqué of the 51st ASEAN Foreign Ministers’ Meeting,” August 2, 2018.
16) ASEAN Secretariat, “Chairman’s Statement of the ASEAN Post Ministerial Conference (PMC) 10+1 Sessions with the Dialogue Partners,” August 2 to 3, 2018.
21) AFP, August 3, 2018.
37) *The Straits Times*, June 8, 2018.
38) *New Straits Times*, November 28, 2018; *Malay Mail*, December 8, 2018.
39) Reuters, May 9, 2018.
40) CNN, May 14, 2018; Reuters, May 16, 2018.
41) *TEMPO* (English version), June 8, 2017.
47) CNN Indonesia, November 14, 2017.
48) BBC Indonesia, March 6 and March 7, 2018; *The Jakarta Post*, July 11, 2017.
49) *The Jakarta Post*, February 25, 2018; Bloomberg, August 9, 2018.
55) AFP, October 15, 2018; *Nikkei Shimbun*, October 16, 2018.
Chapter 4  Southeast Asia — Readjusting External Relations

64) Aviation Week, April 11, 2017.
65) Aviation Week, April 20, 2018.
75) TEMPO, November 16, 2017; CNN Indonesia, November 17, 2017.
85) The Myanmar Times, February 9, 2018; The Guardian, March 5, 2018; Reuters, August 17 and October 4, 2018.
88) Jane’s Defence Weekly, February 8, 2018; Aviation Week, February 6, 2018.
Chapter 4 authors: Yoshihide Matsuura
(lead author, Sections 1 (1) and 2 (1) & (3))
Hideo Tomikawa (Sections 1 (2), 2 (2) and 3)
Chapter 5

Russia

The Start of the Fourth Putin Administration

Hiroshi Yamazoe (lead author, Section 2)
Shigeki Akimoto (Sections 1 and 3)
Yoshiaki Sakaguchi (Section 4)
The fourth Vladimir Putin administration started in May 2018. President Putin announced his basic policies in the fields of society and economy along with diplomacy and national security, and over the course of 2018, he developed the framework for his administration’s future operations. With regard to international relations as the foundation of Russia’s long-term development, the basic policies indicated that the country will explore ways to rebuild strategic balance with the United States under the Trump administration mainly in terms of nuclear forces, given the structure of confrontation with the West. On the other hand, Russia continued negotiations over particular issues with major European countries under bilateral or multilateral frameworks and attempted to involve major European countries into the formation of an international order of its favor. On the East Asia front, Russia worked closely with China, which it considers a strategic partner, to explore the formation of a new order through the meetings of the Shanghai Cooperation Organisation (SCO) and discussions over the Korean Peninsula issues. With Japan, Russia is attempting to develop relations focused on building mutual trust between leaders, despite differences in positions.

In the field of society and economy, the Putin administration announced an ambitious concept to achieve a breakthrough utilizing latent technological prowess in order to achieve further growth while maintaining socioeconomic stability. A government action plan was established up to 2024 to actualize this concept, which developed a new executive structure, including a mechanism where the Deputy Prime Ministers are in charge of multiple national projects. Meanwhile, from the perspective of maintaining stability, prudent fiscal and monetary policies were deployed, and policies with a focus on balance were implemented, including those seeking to stabilize oil prices through coordinated efforts with the Organization of the Petroleum Exporting Countries (OPEC). Among these, the government demonstrated it would push ahead with domestic reforms including passing the pension reform act, overcoming public opposition.

In terms of military aspects, the Putin administration is steadily moving ahead with the development of military forces capable of dealing with various situations predicted for the future. Russia’s threat perception has been heightened on the European front, as Russia reinforced its military posture, including the return of divisions in both the Western and Southern Military Districts. At Vostok 2018, a military exercise held in the Eastern Military District in September, the country’s combat readiness were confirmed not only in the Far East, but also in the Arctic.
Russia is moving to modernize its military equipment under the Russian State Armament Program (SAP) for 2018-2027, and discussions over the direction of military reforms are becoming more active. Based on the recognition that the threat of Islamic extremism in Central Asia remains serious, Russia is stepping up counter-terrorism military cooperation through the Collective Security Treaty Organization (CSTO) and SCO. Russia’s reinforcement of military technology cooperation with Southeast Asian countries is linked with the country’s aim to increase arms exports.

1. The Fourth Putin Administration and Future Policy Guidelines

(1) President Putin’s Re-election and Expectations for the Administration

On March 18, 2018, Russia held its presidential election for the 6-year term until 2024. President Putin was re-elected by receiving 76.69% of the vote. This marked a major increase over the 63.60% he received in the previous presidential election held in March 2012. The next candidate received 11.77% of the vote, which was below the 17.18% in the previous election. This indicates President Putin’s overwhelming victory. In addition, the voter turnout rate was 67.54%, which exceeded 65.34% from the previous election when there were many critical votes cast against President Putin’s re-election. This shows that the Russian people were not apathetic toward the election. Rather, the approval rating calculated by multiplying voter turnout by share of votes received, increased more than 10 percentage points to 51.8% from 41.6% in the previous election. This suggests that a majority of the Russian people wanted President Putin to stay on the job.

As to the reasons why the Russian people approve of President Putin, according to a public opinion poll conducted in July 2018 by Levada Center, a non-governmental research organization, people cited his decisive decision making, forward thinking, and stance of protecting national interests. The timing of this poll was immediately after the announcement of the tax revision focused on an increase in the value added tax (VAT) (to be discussed below), and the pension reform bill centered on an increase in the eligible age for receiving
pension benefits, which was a time when President Putin’s approval rating collapsed from 80% to 67%. When considering this, it can be said that more than half of the Russian people expect President Putin to push ahead with necessary measures giving priority to national interests.

(2) Building of Medium- to Long-term Policy Guideline Framework
President Putin built a medium- to long-term framework for future policy guidelines throughout 2018. The starting point of this was the Presidential Address to the Federal Assembly of March 1 (hereinafter, “March Presidential Address”) and the Presidential Executive Order on National Goals and Strategic Objectives of the Russian Federation through to 2024 released immediately after the presidential inauguration ceremony on May 7 (hereinafter, “May Presidential Executive Order”).

Based on the May Presidential Executive Order, on September 27, the government approved the “Forecast of the Socioeconomic Development of the Russian Federation to 2024” (hereinafter, “Socioeconomic Development Forecast”) and the “Key Guidelines for the Government to 2024” (hereinafter, “Key Guidelines for the Government”), and announced both on October 1, 2018. Running parallel to this, the federal budget was formulated for the period from 2019 to 2021, and the Federal Law on the Federal Budget was passed on November 29 (Federal Law No. 459 dated November 29, 2018; hereinafter, “2019-2021 3-year Federal Budget”). This finalized preparations for the fourth Putin Administration’s operations.

What was mentioned in the March Presidential Address that marked the beginning of these efforts? The presidential address is normally presented to the Russian Federal Assembly in early December, but because it was given immediately prior to the presidential election this time, it tends to be viewed as a rhetorical election promise for winning the support of the Russian people. However, the March Presidential Address given by President Putin, whose re-election was certain, presented the nation’s objectives and strategic goals based on the conventional meaning of the presidential address as the top strategic plan stipulated in the Federal Law on Strategic Planning in the Russian Federation (Federal Law No. 172 of June 28, 2014; hereinafter, “2014 Strategic Planning Law”).
(3) Future Policy Guidelines

The roughly two-hour March Presidential Address can be broken down into two parts; one about the field of society and economy and the other about the field of diplomacy and national security. The objectives of the field of society and economy indicated in the first half of the March Presidential Address are as follows. Russia was able to “overcome challenges” and “finally achieve social and economic stability.” However, “sustainability is the foundation of development but not its guarantee.” In order to improve people’s lives and achieve prosperity of the nation, Russia’s latent economic and national defense potential must be fully utilized, and toward this end, “We must achieve a decisive breakthrough in this area.” On the other hand, compared to the world’s tendency for progress in science and technology to usher in breakthroughs, Russia currently depends on the technology of other countries and has become a second class country despite possessing excellent technological strengths itself that it does not fully harness. And the Address concludes as follows. “Technological lag and dependence translate into reduced security and economic opportunities of the country and, ultimately, the loss of its sovereignty. This is the way things stand now.” This is a serious problem, and now is the time for Russia to push ahead with difficult policies for achieving stability. The above represents President Putin’s basic awareness of the issues.

The strategic goals presented based on this awareness are: (1) Increase gross domestic product (GDP) 50% by the middle of the 2020s; (2) Increase average life expectancy to more than 80 years alongside Japan, France and Germany by the end of the 2020s; (3) Achieve modern living environment providing homes, ICT infrastructure including satellite communications and medical services to all of Russia, in both urban and rural areas; (4) Develop safe transportation infrastructure across all of Russia; and (5) Improve education level, spread digital technology across all of Russia, and improve overall science and technology through tie-ups between companies and research institutions including universities, among others.

The financial resources necessary for achieving the strategic goals are to originate from the positive cycle of economic growth which increases government revenue, and the following four detailed and ambitious goals were established related to economic structural reforms and increased competition for promoting this economic growth: (1) Increase labor productivity of key industries such
as manufacturing, construction, transport, agriculture and trade by at least 5% per year, and reach the same level as developed countries by the end of 2020s; (2) Expand investment mainly to upgrade and improve technologies of all industrial equipment and update manufacturing industry equipment to 25% of GDP; (3) Increase small- and medium-sized enterprises (SMEs) contribution rate to industry-specific GDP to 40% by the mid-2020s and increase jobs at SMEs from 19 million currently to 25 million; and (4) Double the non-resource non-energy export value to 250 billion US dollars over the next six years. The policy framework for the field of society and economy based on this plan under the May Presidential Executive Order will be discussed in Section 3.

The second half of the March Presidential Address covered issues in the field of diplomacy and national security. President Putin’s awareness of the issues can be summarized as follows. The United States, recognizing that the post-Soviet Russia was too weak to maintain its national defense capabilities, withdrew from the Anti-Ballistic Missile (ABM) Treaty and created its own missile defense system, unilaterally disrupting the strategic stability. Russia had called for the United States to hold bilateral dialogue to restore the strategic balance, but the United States refused it. As a result, Russia developed the latest weapons to neutralize the unilateral actions of the United States. On top of this, the address asserted the need for negotiations to restore a strategic stability by actually disclosing cutting edge military technology and demonstrating Russia is prepared to use nuclear weapons. In addition, it states that Russia aims to form a new international order by enhancing strategic partnerships with China and India, while working together with international institutions and regional organizations. What types of diplomatic and national security policies did Russia implement in 2018?

2. Diplomatic Policy Aimed at Forming a New International Order

(1) Diplomacy with the United States for Restoring Strategic Stability
Regarding relations with the United States, Russia in early 2017 expected that the Trump administration would lead the United States toward a more flexible stance with Russia. In actuality, however, the United States viewed Russia strictly over
suspicions of Russia’s interference in the 2016 US presidential election, and from around the end of 2017 Russia faced the harsh stance of the Trump administration.

In the National Security Strategy (NSS) released in December 2017, the Trump administration criticized Russia as a revisionist power attempting to harm the security and prosperity of the United States. The National Defense Strategy (NDS) released by the US Department of Defense in January 2018 showed that long-term strategic competition with China and Russia was a top priority for the US Department of Defense, which would increase spending toward this end. Furthermore, the Nuclear Posture Review (NPR) released by the US Department of Defense in early February indicated the recognition that Russia could resort to nuclear first use in limited regional conflicts, and stated that the US Department of Defense would increase its options for low-yield nuclear weapons.

Following the publication of the NPR, Russia’s Ministry of Foreign Affairs released a comment saying that the United States, not Russia, was attempting to lower the threshold for use of nuclear weapons, and it criticized the NPR as reflecting the Russophobia sentiment of the United States. Similar exchanges were made between the United States and Russia during the session focused on nuclear issues at the Munich Security Conference on February 17.

The March Presidential Address discussed above was made during a time of increasing intensity of disputes over nuclear weapons between the United States and Russia. The second half of the presidential address criticized the United States actions as destroying the strategic stability with nuclear power, and as Russia’s force to counteract such United States military force, President Putin took the unprecedented step of publicizing video of Russia’s development of cutting edge weapons systems and saying “it’s not a bluff.”

Such strained relations between the United States and Russia were further exacerbated by the attempted assassination of a former Russian spy in the United Kingdom in March 2018 (see Commentary Section). The US-Russia summit meeting took place in Helsinki on July 16 in the midst of these strained relations. Both leaders had met together during international conferences in 2017, but the Helsinki summit meeting was the first prepared for bilateral talks. There had been observations that there would be moves on major issues at this summit meeting. In particular, regarding economic sanctions on Russia implemented over Russia’s annexation of Crimea, there had been concerns within the United States that President Trump would recognize the Crimean Peninsula as Russian territory or mention lifting the sanctions.
In the midst of these concerns, President Trump attended the North Atlantic Treaty Organization (NATO) summit held in Brussels on July 11 and 12 immediately prior to the Helsinki summit meeting. During the meeting, the awareness was shared that Russia’s provocative actions were causing a fluid state in Europe’s security environment, and improving NATO’s readiness was included in the leaders’ summit declaration. The declaration contained the shared intention of NATO members to implement the target agreed upon at the NATO Defense Ministers’ meeting in June of securing additional 30 major naval combatants, 30 heavy or medium manoeuvre battalions, and 30 kinetic air squadrons, with enabling forces, at 30 days’ readiness or less in a contingency. This represented confirmation once again of NATO’s solidarity.

The details of the Helsinki summit meeting cannot be confirmed directly, but according to the press conference after the meeting, there was no mention from President Trump of lifting sanctions on Russia that had stirred up concerns. In addition, regarding suspicions of Russia’s interference in the 2016 US presidential election, during the press conference President Trump stated verbatim the view of the Russian side from President Putin, while casting doubt on the details of the announcement by the US investigating authority, causing a major stir, but it is said there were no further discussions between the leaders. Meanwhile, cited as a matter agreed upon by both leaders, both countries would strive to control nuclear armaments. This agreement was not announced as a joint statement document, but attention now shifted to future negotiations between the United States and Russia.

However, the situation over negotiations for arms control between the United States and Russia was severe. On October 20, President Trump announced the United States would withdraw from the Intermediate-Range Nuclear Forces (INF) Treaty. The INF Treaty was signed between the United States and Soviet Union in 1987 to eliminate ground-based missiles with a range between 500 km and 5,500 km. It took effect in 1988, but the United States has pointed out since 2014 that Russia is developing and
possessing missiles in violation of the INF Treaty.

On October 22 immediately after the United States announced its withdrawal from the INF Treaty, US National Security Advisor John Bolton visited Moscow, where over the course of the next day he met with not only Secretary of the Security Council Nikolai Patrushev, but also Foreign Minister Sergei Lavrov, Defense Minister Sergei Shoigu, along with Chairman of the Accounts Chamber Alexey Kudrin and President Putin, too. During their meeting, President Putin said that he wanted to speak with President Trump about important issues. On October 28, Foreign Minister Lavrov proposed negotiations on a new agreement for guaranteeing a comprehensive strategic stability.

Dialogue between the United States and Russia, however, did not necessarily go smoothly. At the meeting held in November commemorating the 100th anniversary of the end of World War I held in Paris, the leaders of both countries only exchanged simple pleasantries. On November 25, Russian border forces seized Ukrainian vessels in the Black Sea close to the Kerch Strait, causing growing voices of criticism of Russia from Ukraine, the United States and Europe. President Trump, after hesitating, cancelled his meeting with President Putin scheduled during the Group of 20 (G20) summit in Buenos Aires at the end of the month. Despite this, President Putin stated in his New Year’s greetings to President Trump that he desired dialogue on strategic stability.

A general overview of US-Russia relations indicates that in 2018 in the process of both the United States and Russia increasing their confrontational stance, issues were narrowed to strategic stability with a focus on nuclear weapons, and both countries explored opportunities for negotiations to resolve this issue. It has been pointed out that competition in an environment unlike the Cold War could bring about unforeseen crises, and the impacts of measures taken by both countries have on international security will be in the spotlight.

(2) Diplomacy in Europe Aimed at a Russia-favored Framework

Russia has continued talks over particular issues with major European countries using bilateral or multilateral frameworks. On May 18 immediately after his inauguration, President Putin invited Germany’s Chancellor Angela Merkel to Sochi, Russia. During the talks, the leaders spoke about expanding economic cooperation between Russia and Germany, which is Russia’s second largest trade partner next to China, as well as the issue of the US withdrawal from the Joint
Comprehensive Plan of Action (JCPOA) over Iran’s nuclear development, along with international issues including in Syria and Ukraine. The meeting confirmed the importance of pursuing problem-solving using dialogue through various frameworks Russia participates in.\textsuperscript{15}

Next, President Putin invited France’s President Emmanuel Macron, along with Japan’s Prime Minister Shinzo Abe, China’s Vice President Wang Qishan and Managing Director of the International Monetary Fund Christine Lagarde, as special guests to attend the Saint Petersburg International Economic Forum (SPIEF) at the end of May. Furthermore, on May 24 bilateral talks between France and Russia were held, where an agreement was reached on promoting economic cooperation. Discussions also involved the issue of the US withdrawal from JCPOA along with international issues including in Syria and Ukraine.

On June 5, President Putin visited Vienna, Austria, as his first trip abroad after being inaugurated as president. There, he met with President Alexander Van der Bellen and Chancellor Sebastian Kurz. This visit marked the 50th anniversary of natural gas exports from the Soviet Union to Austria, and an agreement was
reached on expanding economic cooperation mainly in the field of energy. The Austrian side stated it would follow the EU policy on Russian economic sanctions as the Presidency of the Council of the EU from July 1, but stated its expectations that Russia would play an important role as a major power in resolving international issues including in Syria and Ukraine. Later, in August President Putin visited Austria and Germany, where he met with Chancellor Kurz and Chancellor Merkel in succession. During his talks with Chancellor Merkel, the policy of resolving international issues through dialogue was reaffirmed.

Of particular note here is the four-country summit meeting involving France, Germany, Russia and Turkey held in Istanbul, Turkey on October 27 concerning the situation in Syria. During this meeting, an agreement was reached to expand international cooperation for normalizing Syria by establishing a dialogue framework involving each actor inside Syria along with ushering in necessary political reforms within the Syrian government, and a joint statement was issued. Concerning the Syria issue, Russia had acted independently of Europe and North America by cooperating with Iran and Turkey to explore Russian-led solutions, but this meeting added France and Germany to the fold.

There are two ways to interpret this type of European diplomacy by Russia. The first interpretation is that Russia will use diplomacy for dividing the United States and Europe in order to combat “opposition from the United States and its allies, who are seeking to retain their dominance in world affairs” and “the policy of containing Russia that they are implementing” (Clause 12 of the Russian National Security Strategy of December 2015 as the current top strategy document; hereinafter, “2015NSS”). The second interpretation is that the polycentric world being formed will not bring about new stability in the international order, but rather lead to “an increase in global and regional instability” (Clause 13), based on President Putin’s world view. In other words, the existing approach of using blocs such as NATO and the EU for resolving international issues is no longer effective (Clause 16), encapsulating the belief that Russia needs to take the diplomatic initiative in forming frameworks to tackle individual issues. These two interpretations mutually complement one another. With regard to the Syria issue above, it can be understood that the four-country summit meeting worked to some extent to separate major European countries from the United States and directly involve them in a Russian-led multilateral framework.
(3) Diplomacy toward Involvement in Formation of New Order in East Asia

On June 8, President Putin met with China’s President Xi Jinping in Beijing. During the talks, President Putin became the first to receive China’s Order of Friendship. This followed Russia presenting Xi Jinping with the Order of St. Andrew the Apostle in 2017, contributing to friendly relations between the two countries. Next, President Putin took part in the SCO summit meeting held in Qingdao, Shandong Province. This was the first summit meeting since India and Pakistan became official members. Many observer countries also attended. During the talks, an agreement was reached, and joint declaration adopted on counter-terrorism cooperation, resolving the Korean Peninsula issue through dialogue, compliance with the JCPOA and anti-protectionism, etc.21

On the sideline of this summit meeting, President Putin met individually with Uzbekistan’s President Shavkat Mirziyoyev, Tajikistan’s President Emomali Rahmon, Iran’s President Hassan Rowhani, and Mongolia’s President Battulga Khaltmaa. President Putin indicated Russia would establish and deepen relations with differing partners than Europe and North America and it would be able to voice statements related to the response to multilateral cooperation on international issues even if Europe and North America were absent.

As for the Korean Peninsula issue, Russia claims that its efforts with China calling for dialogue since 2017 contributed to the fact that Chairman Kim Jong-un shifted to a path of dialogue from early 2018 and held summit meetings with South Korea, China and the United States. Russia has not necessarily played a role of mediator or made advances in Russia-North Korea relations, but it began creating the foundation for high-level dialogue with Foreign Minister Lavrov’s visit to North Korea in May 2018. At the same time, Russia kept pace with China, claiming the sanctions on North Korea should be eased because progress is being made in finding a resolution to the Korean Peninsula issues through dialogue. Based on the somewhat reduced threat of North Korea’s nuclear and missiles programs, Russia called for the cancellation of missile defense system development by the United States and its allies. Russia’s actions involved in international issues with China as a partner are consistent with the policy of 2015NSS and the March Presidential Address.

As for relations with Japan, there are many issues where the two sides have differing stances, including Russia’s critical view of Japan’s plan to introduce
Aegis Ashore. Russia is also conducting military actions in the Four Northern Islands, which is unacceptable for Japan based on its stance demanding the return of these islands as its sovereign territory. In June, a shooting exercise using new anti-ship missile systems reportedly introduced in 2016 was held on Kunashiri and Etorofu Islands. In August, it was reported that Russian Su-35 fighters were deployed to an airfield on Etorofu Island on a trial basis. Meanwhile, the military exercise called Vostok 2018 held in Russia’s Far East in September did not involve the Four Northern Islands, unlike the one held in the same region in 2014. Furthermore, since the bilateral agreement in December 2016, the joint economic activities on the Four Northern Islands are to be realized in a way not to violate the legal position of both sides, and working dialogues continue for their implementation.

The points at issue in Japan-Russia relations became a high-level diplomatic issue at the Eastern Economic Forum held in Vladivostok between September 11 and 13. Although North Korean Chairman Kim Jong-un did not attend as proposed by the Russian side, President Putin held talks with Prime Minister Abe, President Xi Jinping, and with South Korean Prime Minister Lee Nak-yeon. At the plenary meeting of the Eastern Economic Forum on September 12 attended by President Putin, the summit-level representatives of Japan, China and South Korea, and Mongolia’s President Battulga Khaughtmaa, President Putin proposed a method of first concluding a Japan-Russia Peace Treaty without any preconditions, and later continuing discussions of bilateral matters of concern. This differed from Japan’s stance of concluding a peace treaty including the resolution of the territorial issue. In contrast, President Putin only briefly mentioned the issue of missile defense in passing, and did not strongly criticize Japan or the Japan-US Alliance.

The true motive of President Putin’s policy toward Japan remains unknown, but, considering that the Four Northern Islands were excluded from Vostok 2018 exercise held at the same time, it is believed that President Putin made consideration so as to avoid definitively deteriorating relations with Japan. On October 18, President Putin referenced the example of China where the international border issue was resolved through ongoing talks after the conclusion of a treaty following increased mutual trust, stating there would be no end in sight as long as Japan remained fixated on its conventional stance about a peace treaty. This can be interpreted as either President Putin’s critique of Japan’s
stance, or his expression about the difficulty of diplomacy with Japan.

Thereafter, the Japan-Russia summit meeting held in Singapore on November 14 confirmed progress in initiatives aimed at achieving joint economic activities on the Four Northern Islands and cooperation concerning humanitarian measures for former island residents, and stated the intention to speed up the peace treaty negotiations based on the Japan-Soviet Union Joint Declaration of 1956. At the summit meeting in Buenos Aires on December 1, peace treaty negotiations began by enhancing the dialogue mechanism involving foreign ministers and deputy foreign ministers.

As seen from Russia, Japan is an ally of the United States located in a position to block Russia’s advances into the Pacific Ocean and the Sea of Okhotsk, and it is a country with sensitive bilateral Northern Territories issues while at the same time occupying a position as an attractive source of funding and advanced technologies for Russia’s development. In contrast, Russia does not heavily rely on Japan as an export market as it does on Germany in Europe and China in Asia, neither does Japan rely on Russia economically. Regarding relations with Japan, which occupies a singular position for Russia, President Putin appears to be attempting to cautiously develop relations based on trust between leaders, because matters of consideration are complex. Japan emphasizes summit diplomacy while understanding Russia’s position, despite firmly maintaining the principles of international order such as opposing unilateral changes in the status quo.

In this manner, Russia and Japan are deepening trust between the two countries’ leaders, and advancing cooperation and dialogue in the field of national security. At the beginning of July 2018, Russian vessels visited Maizuru to conduct joint Search and Rescue Exercises. At the end of the same month, Defense Minister Itsunori Onodera traveled to Moscow, where he met individually with his counterpart Defense Minister Shoigu and attended the Japan-Russia Foreign and Defense Ministerial Consultation (“2+2”).

On October 4 in Tokyo, Secretary of
the Security Council Nikolai Patrushev held talks with Shotaro Yachi, Secretary General of the National Security Secretariat and National Security Advisor to the Cabinet. On October 8, Chief of Staff, Joint Staff Katsutoshi Kawano met with Defense Minister Shoigu and Chief of the General Staff of the Armed Forces of Russia Valery Gerasimov in Moscow. On November 10, the Japan Maritime Self Defense Force, which was operating in the Gulf of Aden for anti-piracy operations, and Russian Navy held a joint exercise.


(1) Future Policy Framework Indicated in the May Presidential Executive Order

The May Presidential Executive Order summarizes and once again systematically presents the strategic objectives presented in the March Presidential Address, the national goals that the government must achieve to fulfill these objectives, and issues faced in realizing these national goals (Figure 5.1). The five strategic objectives outlined in the May Presidential Executive Order are: (1) Achieve breakthroughs in science and technology and socioeconomic development across the Russian Federation; (2) Increase the population; (3) Improve people’s quality of life; (4) Establish a comfortable living environment; and (5) Provide conditions and opportunities for the self-actualization and skills development of individuals. The nine national goals the government must meet by 2024 in order to achieve the five strategic objectives are: sustainable natural population growth; increase life expectancy to 78 years (80 years by 2030); ensure sustainable growth of real wages, as well as the growth of pensions above inflation level; cut poverty in half; improve housing conditions for at least five million households annually; accelerate technological development and increase the number of organizations engaged in technological innovation to 50 percent of the total; speed up the introduction of digital technologies in the economy and the social sphere; take Russia into the top five largest economies, ensure economic growth rates exceeding international rates, while at the same time maintaining macroeconomic stability, including inflation under 4 percent; and support high-productivity export-oriented businesses in the basic sectors of
the economy, primarily, in manufacturing and the agro-industrial complex, based on modern technology and staffed with highly qualified employees.

Figure 5.1. Future policy framework

Source: Prepared by the author based on May Presidential Executive Order.

In addition, President Putin also ordered the government to establish the necessary mechanisms, along with the key guidelines for the government and social and economic forecast considering resources for achieving the nine national goals, as well as 12 national projects related to the national goals and a comprehensive infrastructure plan that modernizes and expands major infrastructure, all by October 1.

The nine national goals are each ambitious and rather difficult to achieve. The newly added goals of (1) become a top five country in science and (2) triple spending on development of the digital economy versus GDP compared to 2017 are believed to be particularly challenging. Why did President Putin establish such high standards that appear unlikely to be attained?

In the March Presidential Address, President Putin stated a serious sense of crisis that the state could collapse if economic development fails to materialize, and he showed a simple logic where latent technological strengths will be harnessed to make a breakthrough in the current stagnant situation. In other
words, it is believed that President Putin aimed to have the executive branch of government devise new policies that break with precedents and fixed concepts by boldly establishing difficult-to-achieve targets according to conventional means as a way of drawing out latent potential. The 12 national projects and infrastructure plan laid out in the May Presidential Executive Order are designed so that the ministers in charge work in an active and mutually complementary fashion in which efforts to achieve these goals contribute to the goals of other projects. In this manner, President Putin’s basic concept is to achieve a series of decisive breakthroughs by maximizing the ripple effect or synergistic effect of technology.

In achieving this concept, harnessing Russia’s information communication technology—considered superior internationally—along with developing and utilizing human resources based on Russia’s advanced level of education are viewed as effective means. At the same time, rational allocation of the budget between programs based on strict financial discipline and supervision of execution is essential. As a result, the point of focus becomes the government structure that will execute these national projects.

(2) New Executive Branch

Prime Minister Dmitry Medvedev, who was reappointed by President Putin, submitted the reorganization plan for government ministries and agencies and the cabinet registry to President Putin, and after his approval, the new leadership of the executive branch was launched on May 18. As part of the cabinet moves, Minister of Finance Anton Siluanov, who emphasizes fiscal discipline, was reappointed and promoted to First Deputy Prime Minister. In terms of the main economy related cabinet members, Minister of Economic Development Maxim Oreshkin, who is 35 years old and responsible for formulating the socioeconomic forecast along with bilateral and multilateral economic cooperation, Minister of Energy Alexander Novak, who is responsible for external energy policy including coordinating Russia’s cooperation with OPEC, and Minister of Industry and Trade Denis Mantrov were each reappointed.

In terms of reorganization of the executive branch, the Ministry of Communications and Mass Media was renamed the Ministry of Digital Development, Communications and Mass Media from the standpoint of promoting policy for digital development, one of the focal points of the May
Presidential Executive Order. Appointed as the first minister was 39-year-old Konstantin Noskov, a career economic bureaucrat. Appointed as the Deputy Prime Minister responsible for digital economic development policy including transport was Maxim Akimov, former First Deputy Chief of the Government Staff, who has a wealth of experience in regional administration and is a career economic bureaucrat.

In the field of science, another focal point, it was decided to split the Ministry of Education and Science into the Ministry of Education and the Ministry of Science and Higher Education, from the viewpoint of focusing on development of science and technology. The Ministry of Education is dedicated to secondary education and vocational education, while the Ministry of Science and Higher Education supervises the activities of research institutions and promotes development of science at the national level, along with playing a role to improve the functions of higher education institutions such as universities. Olga Vasilyeva was reappointed as Minister of Education, while 41-year-old Mikhail Kotyukov, former Head of the Federal Agency for Scientific Organizations, was appointed Minister of Science and Higher Education. The Federal Agency for Scientific Organizations established in 2013 for overseeing and coordinating with Russia’s research institutions in an integrated manner was eliminated, with its functions transferred to the Ministry of Science and Higher Education.

Tatyana Golikova, former Chairperson of Russia’s Accounts Chamber, was appointed Deputy Prime Minister responsible for Social Policy, Labour, Health and Pension Provision, including the field of education and science. Alexey Kudrin, who was an economic policy advisor to President Putin and Head of the Center for Strategic Research, was appointed as the new Chairman of the Accounts Chamber. Kudrin is expected to play a role in guiding the government’s activities properly. Although there was some other turnover in the cabinet, incumbents in major positions were reappointed including Minister of Foreign Affairs, Minister of Defense and Minister of the Interior (Table 5.1).

Alexander Kozlov, Governor of Amur Oblast, was newly appointed the Minister for the Development of the Russian Far East and Yury Trutnev, Deputy Prime Minister and Presidential Plenipotentiary Envoy to the Far Eastern Federal District was reappointed. Yury Borisov, former Deputy Minister of Defense, with a history of military service as an engineering officer, was appointed Deputy Prime Minister for Defense and Space Industry. He also was promoted
### Table 5.1. Executive branch of the fourth Putin administration

<table>
<thead>
<tr>
<th>Title (in order on the registry approved by the president)</th>
<th>Name</th>
<th>New appointment</th>
<th>Date of birth</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prime Minister</td>
<td>Dmitry Medvedev</td>
<td>○</td>
<td>September 1965</td>
<td></td>
</tr>
<tr>
<td>First Deputy Prime Minister and Finance Minister</td>
<td>Anton Siluanov</td>
<td>○</td>
<td>April 1963</td>
<td>• Promoted from Minister of Finance (concurrent office) • Predecessor Igor Shuvalov took office as Chairman of the Bank for Development and Foreign Economic Affairs (VEB).</td>
</tr>
<tr>
<td>Deputy Prime Minister</td>
<td>Tatyana Golikova</td>
<td>○</td>
<td>February 1966</td>
<td>• Promoted from Accounts Chamber Chairperson • Predecessor Arkady Dvorkovich took office as co-chair of the Skolkovo Foundation council.</td>
</tr>
<tr>
<td>Deputy Prime Minister and Presidential Plenipotentiary</td>
<td>Yury Trutnev</td>
<td>March 1956</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Envoy to the Far Eastern Federal District</td>
<td>Olga Golodets</td>
<td>June 1962</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deputy Prime Minister</td>
<td>Vitaly Mutko</td>
<td>December 1958</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deputy Prime Minister</td>
<td>Dmitry Kozak</td>
<td>November 1958</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deputy Prime Minister</td>
<td>Yury Borisov</td>
<td>December 1956</td>
<td></td>
<td>• Promoted from Deputy Minister of Defense • Predecessor Dmitry Rogozin took office as General Director of Roscosmos State Corporation for Space Activities.</td>
</tr>
<tr>
<td>Deputy Prime Minister</td>
<td>Alexey Gordeyev</td>
<td>February 1955</td>
<td></td>
<td>• Promoted from Appointed Presidential Plenipotentiary Envoy to the Central Federal District.</td>
</tr>
<tr>
<td>Deputy Prime Minister</td>
<td>Maxim Akimov</td>
<td>March 1970</td>
<td></td>
<td>• Promoted from First Deputy Chief of the Government Staff</td>
</tr>
<tr>
<td>Deputy Prime Minister and Chief of the Government Staff</td>
<td>Konstantin Chuychenko</td>
<td>July 1965</td>
<td></td>
<td>• Promoted from staff of Presidential Administration • Predecessor Sergei Prikhodko, former Deputy Prime Minister and Chief of the Government Staff remained in the government as the First Deputy Chief of the Government Staff.</td>
</tr>
<tr>
<td>Minister of Interior</td>
<td>Vladimir Kolokoltsnev</td>
<td>May 1961</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Minister of Civil Defense, Emergencies and Disaster Relief</td>
<td>Yevgeny Zinichev</td>
<td>August 1966</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Minister of Foreign Affairs</td>
<td>Sergei Lavrov</td>
<td>March 1950</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Minister of Defense</td>
<td>Sergei Shoigu</td>
<td>May 1955</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Minister of Justice</td>
<td>Alexander Konovalov</td>
<td>June 1968</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Minister of Health</td>
<td>Veronika Skvortsova</td>
<td>November 1960</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Minister of Culture</td>
<td>Vladimir Medinsky</td>
<td>July 1970</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Minister of Science and Higher Education</td>
<td>Mikhail Kotyukov</td>
<td>December 1976</td>
<td></td>
<td>Former Head of Federal Agency for Scientific Organizations</td>
</tr>
<tr>
<td>Minister of Natural Resources</td>
<td>Dmitry Kobylykin</td>
<td>July 1971</td>
<td></td>
<td>Former Governor of Yamalo-Nenets Autonomous Okrug</td>
</tr>
<tr>
<td>Minister of Industry and Trade</td>
<td>Denis Manturov</td>
<td>February 1969</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Minister of Education</td>
<td>Olga Vasilieva</td>
<td>January 1960</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Minister for the Development of the Russian Far East</td>
<td>Alexander Kozlov</td>
<td>January 1981</td>
<td></td>
<td>Former Governor of Amur Oblast</td>
</tr>
<tr>
<td>Minister of North Caucasus Affairs</td>
<td>Sergei Chebotarev</td>
<td>October 1969</td>
<td></td>
<td>Former staff in the Presidential Executive Office</td>
</tr>
<tr>
<td>Minister of Agriculture</td>
<td>Dmitry Patrushev</td>
<td>October 1977</td>
<td></td>
<td>Former Chairman of the Board of the Russian Agricultural Bank</td>
</tr>
</tbody>
</table>
to Deputy Chairman of the Military-Industrial Commission, following his predecessor Deputy Prime Minister Dmitry Rogozin. Rogozin was appointed General Director of Roscosmos State Corporation for Space Activities, where he will support digital economic development and national defense industry policy from the industrial side.

(3) Prudent, Yet Bold Policies
The policies expounded by President Putin require as a prerequisite that social and economic stability be maintained. Therefore, the government had to establish the key guidelines while prudently implementing macroeconomic policies. The macroeconomy at the time, as indicated in Figure 5.2, was recovering from 2017. However, the actual situation showed that personal consumption growth was moderate compared to the past, and there were even indications of a slowdown after the start of 2018. Investment, too, began to stall on future uncertainty over the global economy.

Meanwhile, the first half of 2018 saw strong results from energy exports on the back of rising crude oil prices (Figure 5.3). Price gains were mainly attributed to growing energy demand following the moderate recovery in the global economy and output cuts from January 2017 based on the coordinated output cut agreement between OPEC and non-OPEC countries of November 2016.

In the first half of 2018, crude oil supply contracted beyond the initial output cut quota due to political uncertainty in countries including Libya and Venezuela;\(^{31}\) furthermore, in early May the Trump administration stated its intent to withdraw

<table>
<thead>
<tr>
<th>Title (in order on the registry approved by the president)</th>
<th>Name</th>
<th>New appointment</th>
<th>Date of birth</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minister of Sport</td>
<td>Pavel Kolobkov</td>
<td>September 1969</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Minister of Construction, Housing and Utilities</td>
<td>Vladimir Yakushev</td>
<td>○</td>
<td>June 1968</td>
<td>Former Governor of Tyumen Oblast</td>
</tr>
<tr>
<td>Minister of Transport</td>
<td>Yevgeny Ditrikh</td>
<td>○</td>
<td>September 1973</td>
<td>Promoted from First Deputy Minister of Transport</td>
</tr>
<tr>
<td>Minister of Labour and Social Affairs</td>
<td>Maxim Topilin</td>
<td>April 1967</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Minister of Digital Development, Communications and Mass Media</td>
<td>Konstantin Noskov</td>
<td>○</td>
<td>September 1978</td>
<td>Former Head of the Federal Analytical Center</td>
</tr>
<tr>
<td>Minister of Economic Development</td>
<td>Maxim Oreshkin</td>
<td>July 1982</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Minister of Energy</td>
<td>Alexander Novak</td>
<td>August 1971</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Prepared by the author based on various documents.
Chapter 5  Russia — The Start of the Fourth Putin Administration

Figure 5.2. Contribution to GDP growth rate by element


Figure 5.3. Crude oil exports

Source: Prepared by the author based on documents from the Central Bank of Russia.
from JCPOA, which sent crude oil prices sharply higher. Amid soaring prices with the recovery in the global economy still weak, there was concern about the risks of a sudden slowdown in the global economy. In this situation, it is believed that Russia was more incentivized to improve the long-term revenue stability and predictability by maintaining appropriate prices that did not inhibit global economic growth rather than to prioritize short-term gains from spiking prices.

Through the Joint Ministerial Monitoring Committee (JMMC), a temporary framework for coordination between OPEC and non-OPEC, Russia worked with Saudi Arabia, the largest OPEC producer, in an effort to rationalize output cut levels. At the same time, Russia worked to maintain the cooperative system through friendly relations with Iran, which is hostile toward Saudi Arabia. At the OPEC meeting on June 22, an agreement was reached to adhere to the output cut quotas and the possibility of increasing output to stabilize prices. While Russia could not largely influence crude oil prices alone, this means that it was able to achieve a level of influence over crude oil prices by leveraging JMMC and its relationship with Iran. Russia’s influence carries with it an important meaning in terms of Russian energy companies’ investment plans.

On the other hand, the Central Bank of Russia and the Ministry of Finance worked together to determine policy rates while monitoring impacts on investment activity and to curb the inflation rate, striving to maintain and slightly increase real incomes including wages and pensions, in order to support personal consumption in the domestic market. For example, following the decision to increase the VAT in September 2018, they responded in anticipation of rising inflation by increasing the policy rate to 7.5%, which had been lowered in stages to 7.25%.

Meanwhile, securing the necessary financial resources was a major challenge. President Putin, through his dialogue with the public on television and radio on June 7, indicated the country estimated it required at least an additional eight trillion rubles over the next six years, and called for understanding of the people toward policy that includes tax hikes. On June 14, the government decided on three new measures: (1) increase the VAT from 18% to 20% in January 2019; (2) establish a fund for infrastructure development to procure 3.5 trillion rubles over six years; and (3) increase in stages the age at which men can receive pension benefits from 60 to 65 by the year 2028 and for women from 55 to 63 by the year 2034. Immediately after this, the approval rating of President Putin and
the government fell sharply.

During a television address on August 29, President Putin, while explaining that immediate pension reform is unavoidable, presented a revised plan considering citizens’ life planning, to change the women’s pension start age from 55 to 60, instead of 63, and to provide women with more than one child with more pension benefits. Based on this, the government formulated a revised pension reform act on September 6. President Putin requested the Federal Assembly to debate the revised bill and at the same time appointed Deputy Prime Minister Golikova as the special presidential representative for the pension issue to deal with the Federal Assembly. The revised bill was approved by the Federal Assembly and on October 3 President Putin signed it into law. However, despite the television address, the approval rating of President Putin and the government did not improve, and the ruling party United Russia faced a tough battle in the regional elections on September 9.

This example shows President Putin’s determination to realize swift and bold domestic reforms needed for socioeconomic development. In other words, now, when he has solidified his administration’s base after landslide victories in the 2016 State Duma (the lower house of the Russian Federal Assembly) elections and 2018 presidential election, is the time to push ahead with necessary domestic reforms, even though they may be unpopular with the people, and if necessary, President Putin will take command of reforms. On the other hand, looking at the results of the regional election of September, ahead of the State Duma election planned for the second half of 2021, President Putin will likely be forced to take some form of action. At that time, in order to both maintain the reforms and approval of the people, the possibility cannot be denied that he will take a hardline stance externally such as the one prior to the 2016 State Duma elections.

(4) Key Guidelines for the Government to 2024 and Positioning of National Defense Industry

On October 1, the government announced its socioeconomic forecast and key guidelines for the government. The socioeconomic forecast says that the growth rate of the global economy will slow to around 3% and crude oil prices will stabilize under 60 dollars from over 70 dollars in 2018. As for the Russian economy, the GDP growth rate will slow from 1.8% in 2018 to 1.3% in 2019 partly due to the impacts of the VAT hike and inflation will tick higher
momentarily, but this will rise to 2% following the success of national projects in 2020 and beyond. The forecast portrays a basic scenario where the GDP growth rate will trend around 3% thereafter.\textsuperscript{34}

The key guidelines for the government presented the basic administrative policy for national projects used as a basis for this basic scenario. The novelty of the key guidelines for the government can be found in the establishment of seven interim development targets as nodes for the purpose of attaining the national goals, and that deputy prime ministers are placed in charge of securing organic collaboration mutually among individual national projects related to these interim goals (Table 5.2).\textsuperscript{35}

With the awareness that the national defense industry has a foundation of cutting edge production and technology, Russia intends to spin off this foundation in order to develop the society and economy overall. The 2015NSS clearly states that advanced technical prowess from the national defense sector will be made a driving force behind advanced technology development for society and economy as a whole. President Putin, too, in September 2016 designated the target of increasing the production percentage of civilian items and dual use items from 16% in 2015 to 50% by 2025, as a way to encourage the national defense industry to manufacture civilian items and dual use items.\textsuperscript{36}

This policy is reflected in the key guidelines for the government, too, which specify that the national defense industry is not suitable for being governed by market competition principles. It also points out that inactivity in military-civil fusion is a problem, and that the government will take active measures to promote high-tech industry including defense industry and innovation activities, and support the innovative development of the national defense industry for developing and producing high-tech dual use items that are competitive. In doing so, it calls for consideration in being able to address contraction in equipment procurement volume in 2020 and beyond. This policy in support of the national defense industry is included in the policy group on interim technological development targets. The people responsible is Deputy Prime Minister Borisov, along with Deputy Prime Minister Akimov and Deputy Prime Minister Dmitry Kozak.

The three-year federal budget for 2019 to 2021 prepared following this contains major increases in economic spending and education spending, but curtails increases in national defense spending and social policy spending. In
Table 5.2. Interim goals and executive branch accountability

<table>
<thead>
<tr>
<th>National development goals (interim goals)</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sustainable and natural population growth</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase real incomes</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Maintain pension levels</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Improve housing</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Speed up technological development</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Quickly introduce digital technology</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Economic growth</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Create high productivity export sector</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Person in charge</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
</tr>
</thead>
<tbody>
<tr>
<td>First Deputy Prime Minister Siluanov</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deputy Prime Minister Golikova</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deputy Prime Minister Kozak</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deputy Prime Minister Borisov</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deputy Prime Minister Golodets</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deputy Prime Minister Gordeyev</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deputy Prime Minister Mutko</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deputy Prime Minister Akimov</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Designated by May Presidential Executive Order</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
</tr>
</thead>
<tbody>
<tr>
<td>National projects</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Demography</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Healthcare</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Education</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Housing and urban environment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Environment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Safe and high-quality motorways</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. Labour productivity and employment support</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8. Research</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9. Digital economy</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10. Culture</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11. Small and medium-sized businesses and support for individual entrepreneurs</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12. International cooperation and exports</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Prepared by the author based on the Key Guidelines for the Government.
addition, the budget contains total outlays of 13.032 trillion rubles over six years as the budget for the 12 national projects and a comprehensive infrastructure plan presented in the May Presidential Executive Order. By reorganizing existing programs, the net increase over six years will be held to 8 trillion rubles.

Figure 5.4. Three-year federal budget (main spending)

![Graph showing budget spending over six years with specific values for national defense, national economy, social policy measures, fiscal balance, inflation rate, and growth rate of defense spending.]

Sources: Compiled from information obtained from the Russian Ministry of Finance and the State Duma.
4. Military Reforms with an Eye toward Combating Threats and Future Warfare

(1) Reinforcement of Military Posture in European Strategic Direction

Russian leadership’s threat perception on the European front has become severe, and steps are being taken to reinforce military posture in the Western Military District and Southern Military District. In June 2018, Defense Minister Shoigu indicated his belief that NATO’s moves to reinforce military posture in former Eastern Europe, the Baltic, and Black Sea regions is a factor behind current instability in Europe’s security situation. Deputy Defense Minister Alexander Fomin pointed out that compared to 2012 the number of NATO units deployed along the border with Russia has tripled and the number of troops has grown from 10,000 to 40,000. Given this threat perception, Russia is exploring military posture based on the scenario of combating large-scale conflict. For example, according to Commander-in-Chief of the Russian Ground Forces Oleg Salyukov, brigades will be consolidated, reorganized and integrated into seven divisions that will mainly be deployed in the Western Military District and Southern Military District. Salyukov’s explanation suggests Russia wants to use divisions to increase the strike capabilities and bombardment capabilities of units enabling response to fighting challenges on a broader front. At the same time, maintaining brigades with high mobility, ground forces will be organized with a balance of divisions and brigades based on both traditional threats and new threats.

In terms of military infrastructure development, too, a policy of prioritizing the region along Russia’s western border is seen. At the end of July 2018, the National Defense Management Center reviewed equipment procurement in the first half of 2018 and the status of military infrastructure development. According to Deputy Defense Minister Timur Ivanov, infrastructure construction and development is important from the standpoint of stationing troops and maintaining equipment, and particular attention is being paid to the Western Strategic Direction and Southwestern Strategic Direction. Specifically, in the first half of 2018 alone, more than 480 military facilities were built. These included not only military facilities in Smolensk Oblast, Belgorod Oblast, Kaliningrad Oblast in the Western Military District, and in Rostov Oblast and the city of Sevastopol in the Southern Military District, but also the Seventh Army base in Abkhazia and the
Fourth Army Base in South Ossetia, considered Russia’s forward deployment bases in Kavkaz (Caucasus).40

Reinforcement of military posture involves not only reorganization of units and development of military infrastructure, but is expressed in the form of military exercises, too. From August 1 to 15, 2018, NATO conducted Noble Partner 2018, the fourth iteration of a multilateral military exercise in Georgia. The purpose of this exercise is to improve collaboration between the Georgian Armed Forces and partners including the United States along with securing security and stability in the Black Sea region,41 and it provoked a response from Russia. Following the exercise, Deputy Defense Minister Fomin commented that all of Russia’s joint exercises with partners such as the Commonwealth of Independent States (CIS), CSTO and SCO are in response to NATO’s moves, and purely defensive in nature. Russia’s Ministry of Defense in September announced a plan to step up military exercises in the Southern Military District neighboring Georgia.42 This plan clearly was made based on NATO’s exercises in August. Furthermore, the Russian Armed Forces conducted a large-scale joint exercise involving the Navy and the Aerospace Forces in the Mediterranean from September 1 to 8. This exercise was carried out under the control of Commander-in-Chief of the Russian Navy Vladimir Korolyov, who was visiting Syria in conjunction with this, had the purpose of improving the coordination proficiency of both forces against attacks from the air and sea.43 This was the largest joint military exercise since the Soviet Union era, and it is seen as in response to the growing activity of NATO’s military moves in areas around Russia. The aircraft of the navy air wing stationed at Khmeimim Air Base in Syria also took part in the exercise. It is believed another aim was to leave an impression of Russia’s reinforced military presence in the Mediterranean region.

(2) Military Posture and Large-scale Exercise Vostok 2018 in the Eastern Military District

Reinforcement of military posture in the Eastern Military District is also a priority issue. In May 2018, First Deputy Defense Minister Ruslan Tsalikov, Deputy Defense Minister Dmitry Bulgakov, and Deputy Defense Minister Ivanov toured military infrastructure in the Eastern Military District. The three not only toured military facilities in Khabarovsk, Vladivostok, and Ussuriisk, including those of the 70th Independent Motorized Rifle Brigade, but also
inspected the construction of military facilities on Kunashiri and Etorofu Islands, and ordered construction to be completed by November 2018. During a meeting of the Ministry of Defense at the end of May 2018, the issue of reinforcing units in the Eastern Military District was examined. According to Defense Minister Shoigu, discussions took place on creating the 127th Motorized Rifle Division under the Fifth Army in Ussuriisk. The Ministry of Defense supplied more than 1,600 pieces of modern equipment to units in the Eastern Military District in 2018, and indicated the estimate that the percentage of modern equipment owned by the units in this military district is 53%.45

Efforts are also being made to improve air defense and coastal defense capabilities on the Kamchatka Peninsula. In July 2018, firing exercises were held using the S-400 surface-to-air missile system deployed there. In September, firing exercises were held using the Bastion coastal defense missile system deployed in the Kamchatka Independent Coastal Missile Artillery Brigade.46 Equipment for the Pacific Fleet continues to be updated. By 2019, two new corvettes equipped with Kalibr cruise missiles will enter service, and with regards to submarines, too, by 2022, six diesel-electric submarines (Project 636.3) plan to be introduced.47

From September 11 to 17, 2018, the Russian Armed Forces held the large-scale military exercise called Vostok 2018 in the Eastern Military District. Army General Valery Gerasimov, Chief of the General Staff, explained that the exercise followed the normal plan of annual rotations between the four military districts. However, his emphasis that the exercise was the largest since Zapad 81 during the Soviet era in 1981 called attention. The Zapad exercise from thirty seven years earlier was conducted based on the scenario of military intervention by the Forces of the Warsaw Treaty Organization mainly led by the Soviet Union against the Polish crisis. Consequently, even though the location of the exercise in 2018 was the Eastern Military District, the main scenario of the exercise could be seen as countering conflict on the European front.

Vostok 2018 took place at the five combined-arms training grounds in the Eastern Military District including Tsugol training range. along with training areas of four air units and air-defense units, and also included the Bering Sea and the Sea of Okhotsk, making it quite expansive. Participating units covered a wide range including Eastern Military District units, Central Military District units, Pacific Fleet and Northern Fleet units, Airborne units, and long-range and transport aircraft units from the Aerospace Forces. Around 300,000 troops
were mobilized and more than 1,000 pieces of equipment were used including aircraft, helicopters, and unmanned aerial vehicles, along with up to 36,000 vehicles including tanks, armored personnel carriers and other vehicles, as well as up to 80 vessels. Furthermore, this time the Chinese People’s Liberation Army (PLA) (around 3,200 troops and around 900 pieces of equipment from) and units from the Mongolian Armed Forces participated. This marked the first joint exercise with foreign militaries held with the Russian Armed Forces at the Tsugol training range. The main purpose of Vostok 2018, according to explanations by the Defense Minister Shoigu and Chief of the General Staff Gerasimov, was to evaluate the true readiness posture of joint forces, and to validate the effectiveness of modern equipment including that used in military operations in Syria.

The exercise was held in two stages. The first stage involved preparations for actual military operations, and the second stage involved actual operations. During the second stage, tasks to verify issues included operations such as large-scale aerial ground attacks, cruise missile attacks, defensive operations, offensive operations, and raid operations. Additionally, in the Sea of Okhotsk and the Northwest Pacific Ocean, tasks included air-to-air combat, attacks on ship groups and amphibious landing, and coastal defense at sea. The most actively reported exercise was the exercise at Tsugol training range where three joint units of the Eastern Military District along with the Chinese PLA and Mongolian Armed Forces units faced off against two armies from the Central Military District.

Vostok 2018 received attention for several reasons other than its size. First, despite it being an exercise conducted in the Eastern Military District, there were aspects acknowledged as being conscious of NATO. Not only the comparison to Zapad 81 during the Soviet era, exercises at Tsugol training range in particular had the scenario of two large-scale forces colliding, in which units of the Eastern Military District fought against units of the Central Military District. Compared to Zapad 2017 held in 2017, the size of Vostok 2018 was much larger, but in the Western Military District, there are severe constraints placed on large-scale exercises due to the OSCE Vienna Document 2011 on Confidence- and Security-Building Measures, which is why it is believed that the Eastern Military District was utilized.

Second is the fact that the main components of this Russian exercise involved joint exercises with China. It has been pointed out that aspects of previous Vostok exercises were conscious of China’s military emergence. With relations with the
West deteriorating, having China participate in the exercise is believed to fulfill the Russian intent of appealing that China and Russia can strengthen strategic alliance at any time. On the other hand, it is believed that gathering large numbers of Russian forces at Tsugol training range near the China-Russia border served as an effective show of military force to China.

Third is the point that the Defense Minister Shoigu and other Russian military leaders emphasized about learning from military operations in Syria through the exercises. The main tasks of Vostok 2018 were improving comprehensive operation capabilities, such as long-range precision guided attacks, long-range transport capabilities and logistics capabilities. This will garner attention as the future direction of Russian military reforms.

Fourth, as part of Vostok 2018, the trend emerged of more active military activities in the Arctic. To take part in this exercise, vessels of the Northern Fleet

Figure 5.5. Vostok 2018 exercises in the Eastern Military District

---

Source: Compiled by the author based on documents released by Russia's Ministry of Defense.
traveled around 6,400 km via the Arctic Ocean, traversing the waters from the Chukchi Sea to the Bering Sea. Furthermore, marine units of the Northern Fleet and Arctic Motorized Rifle Brigade held coastal landing training on the Chukchi Peninsula.

(3) Progress in Equipment Upgrades and Discussions concerning Military Reforms

At the end of January 2018, President Putin revealed that the Russian State Armament Program for 2018-2027 (hereinafter, “New SAP”) was established at the end of 2017. The New SAP maintains roughly the same total budget as the previous SAP called the Russian State Armament Program for 2011 to 2020 (hereinafter, “Previous SAP”) at approximately 19 trillion rubles, but contains changes in priority matters for equipment procurement. In other words, the allocation for the navy which was high under the Previous SAP was reduced, and it favors the modernization of ground forces and airborne forces as well as strategic nuclear forces. Emphasis on ground forces and airborne forces, given the crisis in the Ukraine and more active nature of NATO, is based on the awareness that ground forces and airborne forces will play an important role in future warfare. Emphasis on strategic nuclear forces includes all ballistic missile submarines (SSBN), long-range bombers, long-range cruise missiles, and land-based intercontinental ballistic missiles (ICBM).

Russia is currently learning lessons from military operations in Syria and it is attempting to reflect these in military reforms and equipment procurement. The General Staff of the Armed Forces of the Russian Federation not only trained units through military operations in Syria, but also experimented with new cutting-edge weapon systems, etc., to experiment and test approaches to modern war. The impacts on the Russian Armed Forces from military operations in Syria can be summarized as follows. First, the emphasis on high tech weapons in the New SAP, second the acquisition of operational experience in an unknown environment, and third emphasis on further development of long-range attack capability of conventional weapons including cruise missiles. At the end of January 2018, President Putin attended a meeting at the National Defense Management Center reviewing military operations in Syria, and the following points were reported. This was the first actual theatre where Russia used ground-based and sea-based long-range precision guided weapons and strategic bombers.
In particular, the Kalibr cruise missile and the Kh-101 long-range precision guided missile posted excellent results. The Su-33 ship-borne fighter and tactical fighters including MiG-29k along with unmanned aerial vehicles were operated. The anti-air missile system S-400 and Pantsir missile system secured supremacy in the air jointly with fighter aircraft, and naval vessels carried out attacks on terrorist bases.

To what extent are the Russian Armed Forces moving ahead with equipment procurement and upgrades under Defense Minister Shoigu? In February 2018, a meeting was held at the Ministry of Defense examining state defense procurement during 2017. According to Defense Minister Shoigu, 98.5% of state defense procurement in 2017 was fulfilled, and around 3,500 pieces of modern equipment were introduced across all branches of the Russian military.56 As a result, the percentage of modern equipment owned by the Russian Armed Forces increased from around 16% in 2012 when Defense Minister Shoigu was appointed to 59.5% at the end of 2017. In Defense Minister Shoigu’s report at the expanded meeting of the Defense Ministry Board held in December 2018, equipment upgrades in 2018 went according to plan, and as a result, this number increased further to 61.5% at the end of 2018. When viewed by each branch of the military and strategic nuclear forces, the figure at the end of 2018 was 48.3% for the Ground Forces, 62.3% for the Navy, 74% for the Aerospace Forces, and 82% for strategic nuclear forces. This indicates that progress is indeed being made with procurement of the latest equipment by the Aerospace Forces and strategic nuclear forces (Table 5.3).

(4) Expanding Counter-Terrorism Military Cooperation and Arms Exports Aiming to Increase

Russia has been consistently increasing its military cooperation for counter-terrorism. Russia is stepping up military cooperation within the frameworks of the SCO and CSTO in order to combat growing extremism and terrorism particularly in Central Asian countries neighboring Afghanistan.

The SCO conducted a joint exercise called Peace Mission 2018 from August 22 to 29 at the Chebarkul training range in Chelyabinsk Oblast, Russia, part of Russia’s Central Military District. A total of eight countries participated including Russia, China, Kazakhstan, Kyrgyzstan, Tajikistan, India, Pakistan, and Uzbekistan (as an observer), with around 3,000 soldiers and more than 500
Table 5.3. Status of equipment upgrades by service and branch (as of December 18, 2018)

<table>
<thead>
<tr>
<th>Service &amp; branch</th>
<th>Share of modern equipment</th>
<th>Major equipment upgrades</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ground Forces</td>
<td>48.3%</td>
<td>Upgraded with approximately 2,200 pieces of modern equipment and completed equipment upgrades for 10 units. Completing introduction of tactical missile system Iskander M for one brigade, surface-to-air missile systems S-300V4 and Buk-M3 for two brigades.</td>
</tr>
<tr>
<td>Navy</td>
<td>62.3%</td>
<td>Introduced 14 combat ships, 11 supply ships, and 4 coastal missile systems Bal and Bastion, in addition to bringing in 15 aircraft and helicopters to air units.</td>
</tr>
<tr>
<td>Aerospace Forces</td>
<td>74.0%</td>
<td>Completed equipment upgrades for 4 aviation regiments, 2 aviation battalions and 5 surface-to-air missile regiments. Introduced 126 aircraft (Su-34, Su-35S, Ka-52, etc.) and over 100 air defense batteries (S-400, etc.).</td>
</tr>
<tr>
<td>Strategic Missile Forces</td>
<td>82.0%</td>
<td>Introduced 100 new units of missile systems including the new ICBM RS-24 Yars. Replaced existing system with Yars for one division, with a replacement for one army corps in progress. Development of the new heavy silo-based ICBM RS-28 Sarmat is underway, with a tentative schedule of replacing existing equipment in 2021.</td>
</tr>
<tr>
<td>Airborne Forces</td>
<td>63.7%</td>
<td>Introduced over 300 pieces of new main equipment including armored fighting vehicles and self-propelled artilleries and over 11,000 pieces of equipment for airborne descent. Organized new units including one Airborne Command Brigade, one Airborne Assault Regiment, two Electronic Warfare Companies, and two Unmanned Aerial Vehicles Companies.</td>
</tr>
</tbody>
</table>

Source: Compiled by the author based on the report by 
Krasnaia Zvezda on December 19, 2018.

pieces of equipment taking part. This was the first exercise involving India and Pakistan since the membership of the SCO was expanded. The main purpose of the exercise was combating international terrorism and extremism. It was conducted following the situation where terrorists have dispersed to a wide area including Central Asia following the collapse of the Islamic State of Iraq and the Levant (ISIL). The exercise was also held following the call to reinforce counter-terrorism cooperation among members at the SCO Defense Ministers’ meeting held in Beijing in April 2018.

The CSTO is now coordinating a series of exercises since the joint exercise held in 2017. These are held as part of the large-scale operation and strategy exercise called Indestructible Brotherhood, which includes the “mutual collaboration”
joint exercise of the Collective Operational Reaction Forces, “unbreakable brotherhood” joint exercise of the Collection Peacekeeping Forces, “border” joint exercise of the Collective Rapid Reaction Forces, and “search” joint exercise of the Reconnaissance and Surveillance Forces. The purpose was to reinforce collaboration between the militaries of CSTO members needed to respond to conflicts in a diverse range of theatres. Indestructible Brotherhood 2017 took place from October to November 2017 and at training ranges in the four countries of Russia, Armenia, Kazakhstan and Tajikistan. Indestructible Brotherhood 2018 was also held at training ranges in the four countries of Russia, Kazakhstan, Kyrgyzstan and Tajikistan. According to Colonel General Anatoly Sidorov, Chief of the CSTO Joint Staff, the 2018 exercise was held in three stages. The first stage was prevention of military disputes, the second and third stages was improving the Collective Forces of the CSTO’s ability to deal with resolving military disputes and peace creation operations.59 Furthermore, in October 2018, the Collective Air Forces of the CSTO mainly responsible for air lifts held joint exercise Air Bridge 2018 in Sverdlovsk Oblast, in Russia’s Central Military District.60

In terms of military cooperation under the CIS framework, progress has been made in an improved Joint Air Defense System and enhanced cooperation on the intelligence front. As for improving the Joint Air Defense System, in August 2018, the meeting of the Joint Air Defense Coordination Committee of the CIS Defense Ministers’ Council was held in Minsk (chaired by the Commander-in-Chief of the Russian Aerospace Forces), which discussed problems of military technology cooperation in air defense with Armenia, Belarus, and Uzbekistan.61 In terms of enhanced cooperation on intelligence, in April 2018, the first meeting of CIS Information Security Coordination Committee was held in Moscow. The meeting was attended by Russia, Armenia, Belarus, Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan. Participants agreed to further enhance cooperation after examining the direction of cooperation up to 2022 of intelligence and security institutions of each CIS military.62

Russia’s military cooperation emphasizes military technology cooperation that leads to increased arms exports. In January 2018, Defense Minister Shoigu visited the three Southeast Asian countries of Myanmar, Vietnam and Laos, where he held discussions with the ministers of defense of each country on the current situation and future aspirations of bilateral military cooperation and
military technology cooperation. At these meetings held based on the outcomes of Russia’s latest weapons in military operations in Syria, strong interest was shown particularly in Russia’s anti-air missile systems such as the Pantsir, S-300 and S-400.

Russia is looking to building relations with South Asian countries other than India. In July 2018, Russia’s Ministry of Defense revealed it is moving ahead with preparations to conclude a military cooperation treaty with Sri Lanka that includes cooperation in a broad range of fields. Furthermore, in August 2018, Deputy Defense Minister Fomin visited Pakistan to attend the Russia-Pakistan Military Advisory Committee on Defense and Security, and he discussed bilateral military cooperation with Pakistan’s leadership along with issues posed by military technology cooperation.

Table 5.4. Russia’s main arms exports developments in 2018

<table>
<thead>
<tr>
<th>Counterparty</th>
<th>Details</th>
</tr>
</thead>
</table>
| India        | Contract for S-400 surface-to-air missile system (valued at approx. 5.5 billion USD)  
               | Contract for 48 Mi-17-V5 helicopters (valued at approx. 1.1 billion USD)  
               | Contract for 4 frigates (Project 11356M) (2 will be made in Russia and exports; while the other 2 will be made in India under a licensing agreement) |
| Indonesia    | Contract for 11 Su-35 fighters |
| The Philippines | Commenced negotiations on provision of 3 Kilo-class submarines |
| Myanmar      | Reached agreement on contract for 6 Su-30 fighters |
| Algeria      | Negotiations continue on purchase of 14 new MiG-29M/M2 fighters (valued at 700 to 800 million USD) |
| Egypt        | Negotiations continue on purchase of Ka-52 naval helicopters |
| Iraq         | Began transfer of BMP-3 armored fighting vehicles |
| Kuwait       | Negotiations continue on purchase of 146 T-90MS/MSK tanks |
| Syria        | Decision reached to provide 49 batteries of the S-300PMU surface-to-air missile systems |

Source: Compiled by the author based on various media reports.

NOTES
1) Tsentral’naia izbiratel’naia komissiia Rossiiskoi Federatsii, “Vybory Prezidenta Rossiiskoi Federatsii.”
5) Pravitel’stvo Rossii, “Osnovnye napravleniia deiatel’nosti Pravitel’stva Rossiiskoi Federatsii na


12) Twitter, @realDonaldTrump, November 29, 2018.


22) Zvezda, June 21, 2018; Sakhalin.info, August 3, 2018.


37) Izvestiia, June 20, 2018.
41) Krasnaia Zvezda, August 1, 2018.
49) Krasnaia Zvezda, September 12 and September 17, 2018.
50) Krasnaia Zvezda, September 17, 2018.
51) Krasnaia Zvezda, September 7 and September 17, 2018.
52) Krasnaia Zvezda, September 7 and September 17, 2018.
53) Krasnaia Zvezda, September 7.
Chapter 5 authors: Hiroshi Yamazoe (lead author, Section 2)  
Shigeki Akimoto (Sections 1 and 3)  
Yoshiaki Sakaguchi (Section 4)
Chapter 6

The United States

The Trump Administration’s Second Year: Aiming to Restore a “Strong America”

Sugio Takahashi
The Donald Trump administration came into office amid the decline in the overwhelming state power of the United States, which had enjoyed “sole superpower” status for some time since the end of the Cold War, and as its relations with the great powers of China and Russia began to turn competitive. Based on a worldview that “great power competition returned,” the National Security Strategy (NSS) was unveiled on December 18, 2017. On the basis of such a worldview, the Trump administration is delivering a competitive policy toward China, as seen, for example, from the “US-China trade war” and issues over technological competitiveness. As regards North Korea, a US-North Korea Summit was held for the first time in history in June, followed by US-North Korea consultations. It remains unclear whether they will ultimately lead to the denuclearization of the Korean Peninsula.

In the defense arena, the United States is engaged in rebuilding its nuclear arsenal and research and development of new technologies. In addition to the existing nuclear warhead Life Extension Program (LEP), the United States is developing and undertaking persistent efforts to modernize nuclear arsenals, including new intercontinental ballistic missiles (ICBMs), new bombers, and new strategic missile nuclear-powered submarines. With regard to new technologies, although outer space, hypersonic technology, directed energy weapon, and artificial intelligence have garnered attention, most of them are still in the research phase and their application is expected to take time.

As for domestic politics, mid-term elections were held on November 6. The Democratic party secured a majority in the House of Representatives, whereas the Republican party gained seats in the Senate. There was no change in the overall trend from the 2016 presidential election, namely, strong Democrat support in urban areas and strong Republican support in the suburbs. Still, the Democratic party has increased its influence on the budget and legislation by capturing a majority in the House of Representatives. Going forward, the Democrats will begin to shortlist candidates for the 2020 presidential election.
1. Security Strategy Based on a Worldview that “Great Power Competition Returned”

(1) Establishment of New Security Strategy: Return of Great Power Competition

The US security strategy during the Cold War was known as “containment strategy.” It aimed to physically contain communist expansion, and ultimately led to the collapse of the Soviet Union and the United States’ victory in the Cold War. After the war, the United States explored a new security strategy. The George H.W. Bush administration in power at the end of the Cold War proposed the “new world order.” This concept sought to maintain world stability by having the United States play a lead role in utilizing the United Nations after the 1991 Gulf War. The Bill Clinton administration that followed proposed “engagement and enlargement” in the 1995 NSS and other documents. This concept presented a direction for creating a stable security environment through promoting democratization, mainly in Eastern Europe. Under the George W. Bush administration, the 2002 NSS set forth “preemptive action” against terrorism using weapons of mass destruction, and expressed a continued strong commitment to enlarging democracy. As these strategy concepts demonstrate, the US security strategies from the end of the Cold War to the Bush administration share a common vision of making proactive use of the overwhelming state power of the United States as a “sole superpower” that won the Cold War, based on a strategy goal of enlarging democracy, and of making this goal a reality.

As to great power relations, the US policy on China prioritized “engagement” during the Clinton administration and then adopted a “shape and hedge” approach during the Bush administration. This strategy was designed to “shape” China to fulfill its role as a responsible major power, while strengthening deterrence to “hedge” against the possibility of China becoming a military concern. Towards Russia, the United States implemented a strategy of enlarging the North Atlantic Treaty Organization (NATO) to the former Eastern European countries, while engaging Russia to a certain extent including incorporating it into the G8.

Following the September 11 attacks, however, the United States attempted but failed at nation building aimed at democratization in Afghanistan and Iraq. Conversely, this led to a quagmire of conflicts. Furthermore, the US confidence
as a “sole superpower” began to decline, coupled with the global economic crisis in 2008. Against this backdrop, the Barack Obama administration came into power. The Obama administration undertook major strategic changes. The Obama administration exercised considerable self-restraint and selectivity in responding to the issues which emerged, such as Libya, Syria, and the Islamic State of Iraq and the Levant (ISIL), without engaging in large-scale interventions as was seen during the Clinton and Bush administrations.

Great power relations also underwent a significant transition during the Obama administration. US expectations for China fulfilling a role as a “responsible major power” dissipated with China’s response to global warming, assertive behaviors in the South and East China Seas, and rapid development of anti-access/area denial (A2/AD) capabilities, such as anti-satellite (ASAT) weapons, stealth fighters, and anti-ship ballistic missiles (ASBM), while it continued to maintain a defense policy that lacked transparency. In addition, US-Russia confrontations intensified abruptly since Russia’s annexation of Crimea in 2014, and this marked a significant turning point in great power relations.

The Trump administration came into office as such major strategic level issues became acute. Namely, the post-Cold War security strategy underpinned by the state power of a “sole superpower” had reached its limits, and great power relations with China and Russia underwent a transformation. Moreover, ever since the primaries of the 2016 presidential election, Trump adopted a different position from mainstream US politicians known as “establishment.” As a result, attention was paid to what kind of a security strategy the Trump administration would set forth.

The answer came to light through the NSS unveiled on December 18, 2017. Its greatest characteristic is that, based on a worldview that “great power competition returned,” the NSS contends that the United States must regain “strength” and secure peace through this “strength.”

First, the NSS strongly criticizes the US security policy after the end of the Cold War. It condemns the “engagement and enlargement” strategy of the Clinton administration, stating, “We assumed that our military superiority was guaranteed and that a democratic peace was inevitable. We believed that liberal-democratic enlargement and inclusion would fundamentally alter the nature of international relations and that competition would give way to peaceful cooperation.” The NSS then condemns the “transformation” carried out by
Secretary of Defense Donald Rumsfeld during the Bush administration, stating, “We also incorrectly believed that technology could compensate for our reduced capacity...We convinced ourselves that all wars would be fought and won quickly, from stand-off distances and with minimal casualties.” Regarding the defense budget cuts during the Obama administration, the NSS notes, “The breakdown of the Nation’s annual Federal budgeting process, exemplified by sequestration and repeated continuing resolutions, further contributed to the erosion of America’s military dominance during a time of increasing threats.”

On this basis, the NSS presents the worldviews that “great power competition returned” and “China and Russia began to reassert their influence regionally and globally.” It notes that there are three sets of challengers to the United States: the revisionist powers of China and Russia, the rogue states of Iran and North Korea, and transnational threat Islamic extremist organizations.

Based on this worldview that “great power competition returned,” the United States went on to release the National Defense Strategy (NDS) in January 2018 that elucidated its overall defense strategy, and in February, released the Nuclear Posture Review (NPR), a strategy document regarding its nuclear strategy. As this sequence shows, the Trump administration formulated security strategies in succession, moving from general to specific. While this may seem obvious at first glance, it is not necessarily the case. For example, the Quadrennial Defense Review (QDR) that explained the Bush administration’s defense strategy for the first time was released on September 30, 2001, shortly after the September 11 attacks, while the first NSS that presented the preemptive action theory was a year later in September 2002. During the Obama administration, the first NSS was released in May 2010, following the releases of the Ballistic Missile Defense Review (BMDR) and the QDR in February 2010 and the NPR in April 2010.

In contrast, in the Trump administration, the NSS, which is positioned at the highest level of strategy documents, was established ahead of other strategy documents. It is worth noting that this NSS outlined guidelines for succeeding strategy documents, such as the NDS and NPR. Unlike past administrations, the Trump administration established strategies in an orderly manner.
(2) US-China Relations Increasingly Underpinned by Competition

As discussed above, the security strategy of the Trump administration is based on a worldview that “great power competition returned.” The key player in this great power competition in Asia will likely be China. The 2017 NSS expresses strong wariness towards China, noting that, “China seeks to displace the United States in the Indo-Pacific region.” Furthermore, based on the policy concept of a “free and open Indo-Pacific” outlined in an address President Trump delivered at the Asia-Pacific Economic Cooperation (APEC) CEO Summit (Da Nang, Vietnam) on November 10, 2017, the NSS provides a view of the regional situation that, “A geopolitical competition between free and repressive visions of world order is taking place in the Indo-Pacific region.” The NSS makes a firm statement that, “Although the United States seeks to continue to cooperate with China, China is using economic inducements and penalties, influence operations, and implied military threats to persuade other states to heed its political and security agenda.”

In addition, in a speech delivered at the Hudson Institute on October 4, 2018, Vice President Mike Pence condemned China’s economic and human rights policies as well as intellectual property theft, and expressed the administration’s commitment to resolutely protecting US interests, employment, and security.¹ Contrary to past administrations, the Trump administration indicated an intention to implement a China policy that gives clear priority to competition with China.

Thus far, the incumbent administration’s competitive China policy stands out on the economic front. Since the days of his presidential campaign, Trump vowed to adopt a policy that gives high priority to correcting trade imbalances. After his administration was inaugurated, President Trump reportedly did not change his view, even after Gary Cohn, who was appointed National Economic Council Director, explained that 80% of the current US economy was the tertiary industry and that giving US citizens access to inexpensive items was advantageous, even if they were imported.² In 2018, economic confrontation escalated between the United States and China. US-China ministerial-level trade consultations were held twice in May and once in June. They discussed but did not reach an agreement regarding matters such as rebalancing US-China economic relations, intellectual property rights, and unfair forced technology transfer. On July 6, the United States first imposed tariffs on 818 Chinese items worth $34 billion. Furthermore, on August 23, the United States imposed a second round of tariffs, raising the tariff rate on mainly Chinese semiconductors and chemical
pharmaceuticals, and on September 24, decided to impose a third round of tariffs, levying an additional 10% tariff on 5,745 items. China responded by taking retaliatory measures that increased respective tariff rates, causing the situation to develop into a “US-China trade war.” However, at the US-China Summit (which the United States refers to as “Working Dinner”) held on December 1 on the margins of the G20 Summit in Buenos Aires, Argentina, President Trump and President Xi Jinping of China reached an agreement as follows. The leaders agreed to hold consultations within the next 90 days towards structural changes in the areas of technology transfer, intellectual property rights, non-tariff barriers, cyber attacks, services, and agriculture, and that tariffs would not be raised in the meantime. Following this, US-China consultations were held based on a March 1, 2019 deadline.

The “US-China trade war” situation has drawn focus to disputes over trade imbalances. The US-China consultations, however, places particular focus not only on trade but also issues related to competitiveness in the technology sector. The 2017 NSS refers to this issue under the concept of “National Security Innovation Base” (pp. 21-22). This is the notion that, against the current international backdrop which has made it important to promote technological innovations for national security, China has gained unfair superiority in innovation by “stealing” technologies and early-stage ideas, and the US innovation base must thus be protected from competitors like China. The NSS mentions the need to strengthen intellectual property protection, restrict direct investment, and implement stricter controls on accepting international students.

The Office of Trade and Manufacturing Policy, formed by reorganizing the National Trade Council that was established shortly after the inauguration of the Trump administration, released a report in June entitled, “How China’s Economic Aggression Threatens the Technologies and Intellectual Property of the United States and the World.” This report severely criticizes China for unfairly
acquiring the technologies of the United States and other developed countries through intellectual property theft, evasion of US export controls by utilizing Chinese Americans and other channels, reverse engineering, forced intellectual property transfer when establishing foreign joint ventures, theft of advanced technologies by way of excessive product testing, forced localization of research and development facilities, and foreign direct investment. It is thought that such intellectual property issues were critical items on the agenda of the US-China ministerial-level trade consultations. However, no significant progress has been made, and this is believed to have significantly factored into the imposition of the series of tariff measures.

Importance is given to the Committee on Foreign Investment in the United States (CFIUS) to deal with Chinese direct investment in US high-tech companies. CFIUS is a body established during the Gerald Ford administration in 1975 in the Cold War era to review investments of foreign governments and companies from the perspective of national security threat. A well-known example of reviews conducted by CFIUS is the Fujitsu-Fairchild case of 1988. Amid the rising Japan-US trade friction, CFIUS did not permit Japan’s Fujitsu to acquire Fairchild, a producer of military semiconductors, including control parts for ICBMs.

As a legal measure to strengthen CFIUS, the Foreign Investment Risk Review Modernization Act was submitted to Congress on November 8, 2017 as a bipartisan bill of the Republican and Democratic parties. This bill was passed on August 13, 2018 as part of the FY2019 National Defense Authorization Act (FY2019NDAA). Pursuant to this new law, CFIUS is empowered to newly review the purchase or lease of real estate that is in close proximity to a US military installation or other properties as well as access to technologies through joint ventures.

In the context of these developments, it cannot be overlooked that the US-China competition is not only due to President Trump’s strong intention to correct trade imbalances. In 2018, the United States passed the Taiwan Travel Act that encourages visits to Taiwan by US government officials at all levels and bans the US government from restricting visits to Taiwan. The United States also passed FY2019NDAA, which included strengthening CFIUS, prohibiting US government agencies from using the services and devices of Chinese major telecommunications providers ZTE and Huawei, prohibiting China from participating in the Rim of the Pacific Exercise (RIMPAC), and supporting
Taiwan’s defense capability improvements. These measures were all led by Congress. This suggests that the US-China trade war is not an isolated trade policy of the Trump administration, but is being unfolded as part of the realignment of the United States’ China policy amidst the “great power competition.”

It is considered that this is being driven by structural changes in the US policy towards China. Between the end of the Cold War and midway into the Obama administration, the US policy on China was to encourage China to fulfill its role in the international community as a responsible major power, while developing US deterrence to safeguard against the possibility that it does not. The framework that clearly laid this out was the “shape and hedge” strategy, which was outlined by the Bush administration and essentially upheld in the first half of the Obama administration. Such a China policy maintained balance between the business community, which had high future expectations for the Chinese market and sought enlargement of economic engagement with China, and security and national defense experts who could not dismiss their sense of wariness towards the rise of China. In particular, around the time that China joined the World Trade Organization (WTO), it was expected that the Chinese economy would reform itself and open to other countries, generating many business opportunities. Despite such expectations, market access and the investment environment did not improve no matter how much time had passed. On the contrary, technology and intellectual property theft were conducted continuously through various means. Furthermore, China set out concepts like “Made in China 2025” that seemed to challenge the US economy from head on, instilling the importance of competing to seize the initiative in developing next generation communications technologies focused on 5G. Such circumstances are thought to have led even the business community to shift policy preferences towards maintaining and strengthening technological superiority and economic competitiveness. As a result, the US policy on China underwent structural changes and took on a strong competitive character. Accordingly, it is highly likely that this competitive China policy would be basically continued into the future, not only by the Trump administration.

(3) Denuclearization of the Korean Peninsula Through Dialogue
North Korea’s development of nuclear weapons and missiles has been a critical international security issue since the 1990s. During this time, diplomatic
efforts were attempted, including the Agreed Framework of 1994 and the denuclearization agreement of the Six-Party Talks of 2005, but they did not materialize into the denuclearization of North Korea. Against this background, North Korea conducted frequent nuclear tests and repeated missile launches since 2016. In response, the Trump administration that was inaugurated in January 2017 enhanced pressure on North Korea in various ways, including strengthening military pressure and economic sanctions.

Under such circumstances, changes in the North Korean posture began to be observed from early 2018. First, the PyeongChang Olympic Games triggered increased contacts between North and South Korea. This was followed by the inter-Korean summit on April 27 and the first US-North Korea Summit in history held at the Capella Hotel in Singapore on June 12.

A Joint Statement was issued on the occasion of the US-North Korea Summit. Specifically, the US and North Korean leaders agreed that: (1) the United States and the DPRK commit to establish new US-DPRK relations, (2) the United States and the DPRK will join their efforts to build a lasting and stable peace regime on the Korean Peninsula, (3) reaffirming the Panmunjom Declaration issued at the inter-Korean summit on April 27, 2018, the DPRK commits to work toward complete denuclearization of the Korean Peninsula, and (4) the United States and the DPRK commit to recovering POW/MIA remains from the Korean War, including repatriation. On this basis, US-North Korea consultations towards denuclearization have been held. The Trump administration pursues the “Libya model,” which involves North Korea first relocating its nuclear weapons and dismantling nuclear facilities and then receiving economic supports and regime guarantees. No significant progress in denuclearization has been observed as of the end of December 2018.

It remains to be seen how the US-North Korea consultations will evolve. At the current point in time, “agreement” between the two sides is limited to references made to denuclearization and to an outline of regime guarantees in the
Panmunjom Declaration and the US-North Korea Joint Statement. No detailed agreement has been reached on any concrete roadmap that would form the basis of future denuclearization and regime guarantees. Metaphorically speaking, the situation is similar to that of summer 2003, i.e., the beginning of the Six-Party Talks. These Six-Party Talks agreed on a detailed roadmap for denuclearization in September 2005, two years after the Talks began. It will thus not be surprising if it takes around two years for the ongoing consultations to arrive at a detailed roadmap for denuclearization.

The problem is that North Korea could use the time required for consultations to arrive at a detailed roadmap for gaining time to rebuild its economic situation, while continuing to develop nuclear weapons and missiles. In view of what has transpired so far, it should not be assumed unconditionally that North Korea intends to seriously engage in denuclearization. In this regard, a litmus paper-type condition needs to be set as a clear indicator for North Korea’s intention. Such a condition may be the irreversible implementation of the denuclearization process.

North Korea, setting out a dialogue policy at the beginning of 2018, has issued a moratorium on nuclear testing and missile launches, demolished a nuclear testing site, and has also indicated that its nuclear facility in Yongbyon could be dismantled. These measures do not, however, actually lead to increased transparency or reduction in the nuclear assets potentially held by North Korea. In this sense, these are reversible measures and are insufficient for identifying the true intentions of North Korea.

For example, in the case of Yongbyon, submitting records of nuclear reactor operations is more important than merely dismantling the nuclear facility for calculating the total plutonium production. Other conceivable measures include submitting nuclear test data to more accurately estimate the yield of nuclear warheads, as well as conducting onsite inspections and gathering soil samples at the former Punggye-ri nuclear testing site necessary for inferring the general design of nuclear warheads. Although these measures do not directly result in reducing North Korea’s nuclear assets, they will provide access to concrete data on the state of progress of North Korea’s nuclear development, which had not been sufficiently available before. Data will never be lost once it is provided, and in this regard, it will serve as an indicator for gauging the true intentions of North Korea. It can be considered that North Korea has a serious intention...
to denuclearize only when such measures have been taken. One possible option worth noting is to carry out diplomatic negotiations by first narrowing down the items to this point.

In any event, it cannot be dismissed that North Korea may be aiming to buy time. While now is the time for maximum diplomatic efforts, as long as it cannot be ruled out that North Korea’s strategic goal is to buy time, the United States must make effective use of this time by strengthening its capabilities and further enhancing deterrence through deepening cooperation with Japan and South Korea.

2. Efforts Towards Modernizing US Forces

(1) Rebuilding the Nuclear Arsenal

On February 2, 2018, the US Department of Defense (DoD) released the NPR for the first time in eight years. The NPR is a document outlining the US nuclear strategy and force structure. This was the fourth NPR, following on from 1994, 2002, and 2010. Although the 1994 and 2002 editions kept the content confidential and made only some sections public, the full report has been released publicly since the 2010 edition. The NPR fulfills a key role in shedding light on the US declaratory policy on nuclear strategy.

Like the 2017 NSS, the 2018 NPR presents a US nuclear strategy which is based on a worldview that “great power competition returned.”

The 2018 NPR gives particular emphasis to modernizing the US nuclear arsenal. The current US nuclear arsenal consists of dual-capable tactical aircraft and the “nuclear triad”: ICBM, submarine launched ballistic missile (SLBM), and strategic bomber. The US strategic nuclear arsenal in particular has components installed and maintained since the Cold War, raising concerns of increasing obsolescence compared to Russia, which has continued to modernize its nuclear arsenal since the
Cold War, and China, which has promoted rapid modernization of its nuclear arsenal in recent years. For example, the Minuteman III ICBM was first deployed in 1970, and its production ceased in 1978. The W78 warhead used on Minuteman III was developed in 1978. Furthermore, the Trident D5 SLBM was deployed in 1990. Its W76 warhead was developed in 1976, while W88 was developed in 1988. As for the strategic bomber B-52H, it was developed in 1962.

For this reason, modernizing the nuclear arsenal has been high on the agenda since the 2010 NPR of the Obama administration. Already at this stage, there were plans to build follow-on strategic submarine ballistic nuclear (SSBN) submarines to the Ohio-class SSBNs, develop dual-capable F-35s, consider a follow-on system to the Minuteman III ICBM, consider follow-on strategic bombers, and implement LEPs for warhead modernization. During the second term of the Obama administration, decisions were made to build a new Columbia-class SSBN, develop a ground-based strategic deterrent (GBSD) as a follow-on ICBM, and develop the B-21 strategic bomber, and LEP was also implemented.

The 2018 NPR affirms that the above would be carried out, along with proposing the Long-Range Stand-Off (LRSO) program and the use of low-yield warheads on some Trident D5. Furthermore, the NPR notes that, depending on the responses taken by Russia, which is in violation of the Intermediate-Range Nuclear Forces (INF) Treaty, the United States would develop nuclear-armed, sea-launched cruise missiles (SLCMs) as a follow-on system to the nuclear Tomahawk, whose removal was decided in the 2010 NPR.

The implementation of these programs is supported by the budget. Research and development (R&D) and management of US nuclear warheads are under the jurisdiction of the National Nuclear Security Administration (NNSA) of the Department of Energy (DoE). Accordingly, budgets related to the modernization of nuclear warheads, including LEP, come from the DoE budget. For the purposes of congressional budget deliberations, however, the DoE’s nuclear weapons-related budget is incorporated into the national defense expenditure, along with the national defense-related budget of the DoD. In the FY2019 budget proposal, approximately $1,101.7 million was appropriated for the NNSA nuclear weapons budget. It covers the W88 (approximately $304.29 million) and W76 (approximately $113.89 million) warheads on Trident D5, the W80 (approximately $654.77 million) warhead on LRSO, LEP for the B61-12 (approximately $794.05 million) carried on an aircraft,
and a feasibility study for the IW1 warhead on GBSD next-generation ICBM (approximately $53.00 million).

DoD will conduct R&D of delivery systems. The budget appropriates approximately $345 million for GBSD, $515 million for Columbia-class SSBN, approximately $2,315 million for the B-21 bomber, approximately $615 million for LRSO, and approximately $77 million for the nuclear-capable F-35. As such, the United States seeks to steadily modernize its nuclear arsenal in response to China and Russia’s nuclear modernization. However, R&D on a new nuclear SLCM has not yet begun. It is presumed that the United States will continue to consider developing a new nuclear-capable SLCM while paying attention to Russia’s responses.

(2) Prospects of the Ballistic Missile Defense System
During the Cold War, it was considered that a ballistic missile defense (BMD) system could undermine the stability of the mutual deterrence of the United States and the Soviet Union. The Anti-Ballistic Missile (ABM) Treaty concluded in 1972 strictly limited not only deployment but also activities including R&D. BMD came to be regarded as important after the end of the Cold War, based on projections that ballistic missiles utilized in regional conflicts such as the Scud missiles used by Iraq in the Gulf War would become serious threats, coupled with the proliferation of weapons of mass destruction. Under the Clinton administration, it was decided that a two-pronged missile defense system would be developed consisting of: Theater Missile Defense (TMD) against short- and intermediate-range ballistic missiles, and National Missile Defense (NMD), which studies BMD systems for defending the US mainland.

In short, R&D of BMD at the theater level which complied with the ABM Treaty was carried out in the name of TMD, while R&D of BMD at the strategic level which might conflict with the ABM Treaty was carried out in the name of NMD. As of this time, more concrete plans were developed for TMD. TMD as a whole was divided into ground-based system, sea-based system, upper-tier system, and lower-tier system. On this basis, the United States developed the Terminal High Altitude Area Defense (THAAD) as a land-based upper-tier system, the Patriot surface-to-air guided missile PAC-3 as a low-tier system, the NTWD as a sea-based upper-tier system, and the Navy Area Defense (NAD) as a low-tier system. As for systems that do not fall under these categories, the United
States conducted R&D of the Air Force’s Airborne Laser (ABL) and Boost-phase Kinetic Interceptor (BKI).

The Bush administration that was inaugurated in 2001 revoked the ABM Treaty and initiated a full-scale missile system program for defending the US mainland, transforming what was previously known as NMD into the Ground-based Midcourse Defense (GMD) system. As for systems known as TMD, the administration terminated NAD, ABL, and BKI from the perspective of cost and feasibility. It renamed NTWD into Aegis BMD, and carried out R&D of THAAD, PAC-3, and Aegis BMD. This general framework was maintained into the Obama administration. Today, the United States deploys BMD centered around GMD, Aegis BMD, THAAD, and PAC-3.

As the above exemplifies, the BMD system conceptualized approximately 15 years ago, when concrete steps for a defense system began to be taken, will be completed to a certain degree, and the United States continues to take measures to strengthen these systems. In this connection, Lieutenant General Samuel Greaves, Director of the Missile Defense Agency (MDA), in his testimony to Congress on April 17, 2018, stated that MDA will expand the current 44 deployed Ground-Based Interceptors (GBIs) to 64 GBIs by 2023, enhance the discrimination capabilities of missiles including new deployment of radars, improve kinetic interceptors, and develop Multi-Object Kill Vehicles (MOKVs).10

Meanwhile, at a US think tank, there is discussion emerging that the United States should, as a follow-on to the first-stage BMD system, pursue the development of a second-stage defense system which continues to utilize space-based and directed energy weapons.11 Michael Griffin, Under Secretary of Defense for Research and Engineering, in his testimony to the House Armed Services Committee on April 17, also stated that space-based directed energy weapons should be deployed by the second half of the 2020s.12

As far as the programs for which budget requests have been made as of 2018 are concerned, for space, there are plans to develop a Space Tracking and Surveillance System (STSS) and a Space-Based Infrared System (SBIRS) that detect and track ballistic missiles, in addition to the new Spacebased Kill Assessment (SKA) for swiftly gauging interception results. Space is utilized no more than as a domain for deploying sensors, and no R&D is conducted for deploying intercept systems to space. As regards directed energy weapons, Lieutenant General Greaves, in his congressional testimony, referred to a program that will mount directed
energy weapons onto High-Altitude Long Endurance (HALE) unmanned aerial vehicles (UAVs) and conduct boost-phase interception from a long distance in the future. Currently, however, the United States is in a phase of conducting tests by mounting target-tracking lasers onto a Medium-Altitude Long Endurance (MALE) UAV, the MQ-9 Reaper, which is not a HALE UAV, and developing 30 kW-class free electron lasers of a size that can be mounted onto UAVs.

It suggests that, while developing directed energy weapons and deploying interceptor systems to space have garnered increasing interest, it has not led to actual R&D of such systems. It is assessed that the United States will continue to improve the existing kinetic interceptor based BMD for some time to come, while comprehensively developing an air defense system against ballistic missiles, cruise missiles, and aircraft in the form of an integrated air and missile defense (IAMD) system.

(3) State of Research and Development in Emerging Technology

In the final years of the Obama administration, then Secretary of Defense Chuck Hagel unveiled the “Third Offset Strategy.” Since then, there has been increasing interest in emerging technologies to counter the A2/AD capabilities being strengthened by China and Russia.

Table 6.1 displays programs that are in the top 25 for R&D spending in the FY2019 defense budget proposal. As far as this table is concerned, most programs with a large budget are those for the modernization of nuclear arsenals or existing platforms, such as fighters, and programs that have been underway like BMD. New technologies that have drawn attention in connection with the “Third Offset Strategy,” such as space-related technologies, directed energy weapons, unmanned weapons, artificial intelligence (AI), and hypersonic technology, are hardly seen, at least in the top 25 programs. However, three of the top four are secret programs, and the possibility cannot be denied that such new technologies are included in these programs. Furthermore, the advanced innovative technologies program—ranked fifth in spending—is not a secret in and of itself, but its details are treated as a secret. According to budget request materials that are public, the program includes the Avatar project (approximately $50 million) to turn existing manned fighters into unmanned fighters and use them as wingmen for manned fighters, and the ghost fleet project (approximately $188 million) to carry out fleet activities with unmanned vessels. It is thus inferred
Table 6.1. Top 25 in R&D spending in the FY2019 defense budget proposal

<table>
<thead>
<tr>
<th>Organization</th>
<th>Program</th>
<th>FY2019 request (Unit: $ Thousand)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1    Unknown</td>
<td>Classified Programs</td>
<td>16,722,251</td>
</tr>
<tr>
<td>2    Unknown</td>
<td>Classified Programs</td>
<td>4,070,029</td>
</tr>
<tr>
<td>3    Air Force</td>
<td>Long Range Strike – Bomber (B-21)</td>
<td>2,314,196</td>
</tr>
<tr>
<td>4    Unknown</td>
<td>Classified Programs</td>
<td>1,666,785</td>
</tr>
<tr>
<td>5    Office of the Secretary of Defense</td>
<td>Advanced Innovative Technologies</td>
<td>1,431,702</td>
</tr>
<tr>
<td>6    Air Force</td>
<td>Tech Transition Program</td>
<td>1,186,075</td>
</tr>
<tr>
<td>7    MDA</td>
<td>Ballistic Missile Defense Midcourse Defense Segment</td>
<td>926,359</td>
</tr>
<tr>
<td>8    Army</td>
<td>Assembled Chemical Weapons Alternatives</td>
<td>880,283</td>
</tr>
<tr>
<td>9    MDA</td>
<td>AEGIS BMD</td>
<td>767,539</td>
</tr>
<tr>
<td>10   Navy</td>
<td>Unmanned Carrier Aviation</td>
<td>718,942</td>
</tr>
<tr>
<td>11   Air Force</td>
<td>Test and Evaluation Support</td>
<td>692,784</td>
</tr>
<tr>
<td>12   Air Force</td>
<td>Presidential Aircraft Recapitalization (PAR)</td>
<td>673,032</td>
</tr>
<tr>
<td>13   Air Force</td>
<td>Evolved SBIRS</td>
<td>643,126</td>
</tr>
<tr>
<td>14   Air Force</td>
<td>Long Range Standoff Weapon</td>
<td>614,920</td>
</tr>
<tr>
<td>15   Air Force</td>
<td>F-22A Squadrons</td>
<td>603,553</td>
</tr>
<tr>
<td>16   MDA</td>
<td>Improved Homeland Defense Interceptors</td>
<td>561,220</td>
</tr>
<tr>
<td>17   Air Force</td>
<td>F-35 Squadrons</td>
<td>549,501</td>
</tr>
<tr>
<td>18   MDA</td>
<td>BMD Enabling Programs</td>
<td>540,926</td>
</tr>
<tr>
<td>19   MDA</td>
<td>Ballistic Missile Defense Targets</td>
<td>517,852</td>
</tr>
<tr>
<td>20   Navy</td>
<td>Ohio Replacement Program</td>
<td>514,846</td>
</tr>
<tr>
<td>21   Air Force</td>
<td>Global Positioning System III – Operational Control Segment</td>
<td>513,235</td>
</tr>
<tr>
<td>22   Air Force</td>
<td>Next Generation Air Dominance</td>
<td>503,997</td>
</tr>
<tr>
<td>23   MDA</td>
<td>Ballistic Missile Defense Command and Control, Battle Management</td>
<td>475,168</td>
</tr>
<tr>
<td>24   Navy</td>
<td>Next Generation Jammer (NGJ)</td>
<td>459,529</td>
</tr>
<tr>
<td>25   Navy</td>
<td>Defense Research Sciences</td>
<td>458,708</td>
</tr>
</tbody>
</table>

Source: Compiled by the author based on the US DoD website.
that the program incorporates many systems that utilize new technologies such as unmanned technologies. The section below provides an overview of US force projects for new technologies indicated in the FY2019 defense budget proposal, excluding secret programs like those discussed above.

3a. Space
Following the end of the Cold War, the United States was able to utilize space almost monopolistically for a long time. However, with China and Russia also beginning to make military uses of space, concerns arose that the use of space by US forces would be prevented by ASAT in future conflicts. Due to the rising importance of space for security as such, the FY2016 National Defense Authorization Act (FY2016NDAA) set the space capabilities program for security as one of the 12 major programs in the defense budget.

Moreover, a large-scale organizational restructuring relating to space has been undertaken under the Trump administration. FY2019NDAA provided that a Space Command would be established to serve as a functional command in charge of space operations. On December 18, Vice President Pence delivered a speech at the Kennedy Space Center, which revealed that DoD was instructed to set up the Space Command as the 11th Combatant Command on par with the Indo-Pacific Command, the European Command, the Strategic Command, and the Special Operations Command. The speech also indicated that the administration intended to create a Space Force by the end of 2020 as a new military service on par with the army, navy, air force, and coast guard. Considering that the budget for US forces is requested by military departments, it will be necessary to establish a Space Force as a new military service to develop space capabilities efficiently, i.e., the Department of Space Force. These matters are, however, set forth by law and would be decided ultimately by Congress.

In terms of actual R&D, the Air Force will carry out applied research for strengthening payload and sensor technologies (approximately $118 million), the advanced prototypes phase for sensors with improved capabilities to identify threats for space situational awareness (SSA) and for equipment to jam space systems of adversary countries (approximately $92 million), the system development and demonstration phase for counter-space capabilities comprised of strengthening capabilities to counter communications jamming in space and planning for offensive space operations (approximately $12 million), the
system development and demonstration phase for SBIRS (approximately $61 million), and the system development and demonstration phase for evolved SBIRS (approximately $643 million). In addition, MDA requested the system development and demonstration phase for STSS (approximately $37 million). Based on at least public information, US R&D of space capabilities is still focused on strengthening sensor functions related to SSA, communications, and BMD, and nothing related to combat systems can be found.

3b. Hypersonic Technology
Interest in hypersonic technology has increased since the Conventional Prompt Global Strike (CPGS) concept was proposed in the latter half of the Bush administration. With China and Russia said to be developing this technology in recent years, it is a field of technology that is drawing attention. In the 2019 defense budget proposal, the Air Force’s Technology Transition Program, ranked sixth in total R&D budget, includes the advanced prototyping phase for tactical boost glide system, while the amount is unknown. It suggests that steady progress is being made in R&D of hypersonic offensive systems stemming from CPGS. Other programs to be conducted include basic research on aerospace materials that can withstand hypersonic high temperature (approximately $180 million) and applied research on the conceptual design of reusable hypersonic air vehicles and other related aspects (approximately $24 million). Therefore, it is considered that hypersonic technology is still in the basic and applied research phases, except for the boost glide systems in the prototype phase.

3c. Directed Energy Technology
Research on directed energy weapons is conducted by the three military services, as well as MDA, which is pursuing an initiative to carry out boost phase intercept by mounting directed energy weapons onto UAVs. Whereas the Army and Air Force are in the applied research phase, the Navy has entered the advanced prototypes phase for directed energy weapons system mounted on surface vessels. This system consists of such technologies as: solid-state laser with an output of 60 kW or higher whose primary purposes are Anti-Surface Warfare, IAMD, and interference with an adversary’s sensor for Intelligence, Surveillance and Reconnaissance (ISR); and railgun whose primary purposes
are surface fire support and IAMD. Approximately $223 million was requested in the FY2019 budget proposal. MDA, which seeks to carry out boost phase intercept by mounting directed energy weapons onto HALE UAV, is currently in the advanced prototypes phase for the MQ-9 medium-to-high altitude UAV mounted with lasers not for intercept but for tracking. In this light, it should be assessed that research is still in the initial phase, except for the Navy’s surface vessel system.

3d. AI

As regards AI in which interest has surged in recent years, MDA and the Air Force seek to utilize deep learning to strengthen their respective missile identification capabilities and synthetic aperture radars. Furthermore, the R&D institution Defense Advanced Research Projects Agency (DARPA) established the Artificial Intelligence Exploration program in July 2018.17 DARPA’s key ongoing programs covered in its 2019 budget proposal include the Language Understanding and Symbiotic Automation program (approximately $22 million), the Aircrew Labor In-cockpit Automation System (ALIAS) program to support pilots (approximately $59 million), the Gremlins program for the research of ultra-small UAVs that can be launched into air in swarms and interfere with the opponent’s activities (approximately $31 million), and the Offensive Swarm-Enabled Tactics (OFFSET) program (approximately $15 million).

Other notable DARPA programs from the perspective of military uses of AI include a project for strengthening capabilities to protect AI-enabled systems used by US forces from spoofing, taking into account that an adversary may utilize AI and abuse deep learning to attempt to elicit an erroneous response from AI-enabled systems of the United States (approximately $9 million). In addition, the Explainable Artificial Intelligence (XAI) program addresses the significant black box problem of AI, especially of deep learning, namely, the logic by which AI arrives at a conclusion is not explainable to humans (approximately $22 million). Furthermore, the Assured Autonomy program has commenced in preparation for future R&D on autonomous systems (approximately $18 million). Current R&D carries out tests in non-learning system environments. Therefore, there lacks rigorous safety assurance for conducting tests of learning-enabled autonomous systems. In particular, because tests had previously been conducted in well-developed environments, the systems were unable to perform
learning necessary in real-life environments in the test phase. In order to allow for the testing of learning-enabled autonomous systems, the program will carry out research on testing environments for learning-enabled autonomous systems, including testing by modeling, system design, and simulation, and seek to ensure that the systems can operate safely even if they are used in uncertain environments.

As can be seen from the above, research on AI is currently centered around DARPA, and programs of each service are limited to strengthening sensor capabilities.

3. Mid-Term Elections and Domestic Outlook

(1) Mid-Term Elections and US Politics

In the 2016 US presidential election, attention was drawn to the remarks made by then presidential candidate Donald Trump. The winner of the election, President Trump, sought to translate a number of policies in his campaign promise into actions. In this process, policies that are executable under the authority of the executive branch were immediately implemented by the promulgation of a presidential decree, such as the withdrawal from the Trans-Pacific Partnership (TPP).¹⁸

For those policies that are under the authority of the judicial or legislative branches, a system of “checks and balances” based on separation of powers came into play. As a result, such policies could not be implemented at the sole discretion of the executive branch.

One of Trump’s key election promises was to repeal a national insurance scheme introduced during the Obama administration known as Obamacare. This needed the approval of the legislative body, i.e., Congress. However, it was difficult to reach a consensus. The Democratic party sought to continue Obamacare, and even within the Republican party, there was a mix of opinions. The party not only had radicals who sought the immediate repeal of Obamacare, but also moderates who wished to maintain certain elements of Obamacare, such as the ban on raising insurance premiums based on past health records, making a parent’s insurance coverage available for a child until reaching the age of 26, and maintaining supports provided by existing health insurance schemes at the state level.
On May 4, 2017, the House of Representatives passed the American Healthcare Act to repeal Obamacare by a vote of 217 to 213. However, it failed to pass at the Senate by a 49-51 vote. At this time, the Republicans had 52 Senate seats, while the Democrats had 49. The Republican Senators who voted against the Act were Susan Collins (Main), Lisa Murkowski (Alaska), and John McCain (Arizona).

In this manner, the importance of Congress, as one of the three branches of government in a presidential system, in checks and balances has been reaffirmed in the Trump administration. The US Congress is a bicameral system comprised of the House of Representatives and the Senate. Members of the House serve two-year terms, such that all seats are reelected every two years. Members of the Senate serve six-year terms, with one-third of the seats reelected every two years. Therefore, congressional elections are held every two years in the United States. In a presidential election year, congressional elections are held at the same time as the presidential election. Congressional elections are also held in between presidential elections held every four years, or two years after a presidential election. These elections are known as mid-term elections and were held on November 6, 2018.

As a result of the 2016 congressional elections, the Republicans held 241 seats and the Democrats 194 seats in the House, while the Republicans held 52 seats and the Democrats 48 seats (including two seats held by independents who caucus with the Democrats) in the Senate. In a special election held to fill a vacancy due to the appointment of Senator Jeff Sessions (Alabama) as Attorney General, the Democrat Doug Jones won, bringing the number of seats held by the Republicans to 51 and the Democrats 49 as of the mid-term elections (following the death of Senator McCain on August 25, the Governor of Arizona named his replacement to fulfill McCain’s term until 2020, and thus, an election will not be held to fill his vacancy).

As Table 6.2 shows, mid-term elections sometimes result in outcomes that are largely different from the presidential election held two years earlier and change the majority party in the House. In the 2006 mid-term elections following President Bush’s reelection in the 2004 presidential election, the Democrats recaptured the majority in the House. In the 2010 mid-term elections following President Obama’s election in 2008, the Republicans recaptured the majority. In the latest mid-term elections held two years after President Trump’s election in 2016, the Democrats secured 235 seats in the House, more than the 199
Republican seats, and became the majority party.

In the Senate, on the other hand, the Republicans secured 53 seats and the Democrats 47 seats (including two seats held by independents who caucus with the Democrats), with the Republicans gaining one seat. The Senators up for reelection were last elected in 2012. In those elections, of the 33 seats up for reelection, the Democrats lost Nebraska but won Indiana and Massachusetts previously held by Republicans, as well as Connecticut previously held by Joseph Lieberman, an independent who caucused with the Democrats and retired. In total, the Democrats secured 23 seats, up two seats from the 21 before the elections. In other words, the Democrats were up for reelection following a large win in the previous elections, making it difficult to gain more seats in 2018. The elections in fact were close in states where the Democrats won in 2012, especially North Dakota, Florida, Indiana, Missouri, and Montana. The Democrats lost in four of them—all but Montana.

Shortly before the congressional members elected in the mid-term elections were to start their terms in January 2019, a political row unfolded over the budget and led to a shutdown of some federal government departments. Despite the fiscal year of the US government beginning on October 1, the FY2019 appropriations bills passed before the mid-term elections covered only the Departments of Defense, Education, Veterans Affairs, and Energy. As the appropriations bills for the Departments of Homeland Security, Commerce, State, Justice, Housing,

<table>
<thead>
<tr>
<th>Year</th>
<th>House of Representatives</th>
<th>Senate</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Republican</td>
<td>Democrat</td>
</tr>
<tr>
<td>2000</td>
<td>220</td>
<td>213</td>
</tr>
<tr>
<td>2002</td>
<td>229</td>
<td>205</td>
</tr>
<tr>
<td>2004</td>
<td>233</td>
<td>201</td>
</tr>
<tr>
<td>2006</td>
<td>202</td>
<td>233</td>
</tr>
<tr>
<td>2008</td>
<td>178</td>
<td>257</td>
</tr>
<tr>
<td>2010</td>
<td>242</td>
<td>193</td>
</tr>
<tr>
<td>2012</td>
<td>234</td>
<td>201</td>
</tr>
<tr>
<td>2014</td>
<td>247</td>
<td>188</td>
</tr>
<tr>
<td>2016</td>
<td>241</td>
<td>194</td>
</tr>
</tbody>
</table>

Source: Compiled by the author based on the US Congress website.
Agriculture, and Interior could not be passed before the mid-term elections, a continuing resolution was passed with bipartisan agreement that would fund these departments until December 7. Therefore, FY2019 appropriations bills needed to be passed by December 7. The expiration date of the continuing resolution was then extended to December 21 due to events such as the funeral of former President George H.W. Bush. Usually, US appropriations bills are deliberated by each policy area as separate laws, as with the National Defense Authorization Act and the Defense Appropriations Act. However, appropriations bills that were yet to be passed were combined into an omnibus bill to be deliberated together, and adjustments were made in Congress.

For the budget of the Department of Homeland Security, President Trump strongly requested inclusion of a budget of over $5 billion to build a wall along the border with Mexico. The Democrats strongly opposed. The Democrats and the Republicans coordinated but failed to reach an agreement, with the Democrats refusing the Republican proposal to decrease the budget for border protection to $1.6 billion. As a second best measure, the two parties agreed to pass a continuing resolution that extends funding until February 8 and to discuss the US-Mexico border wall in the new Congress of 2019. However, President Trump vehemently opposed compromises that did not include a relevant budget for the Mexican border wall. Passing a continuing resolution requires not only the approval of Congress but also the President’s signature. Ultimately, President Trump refused to sign, causing a shutdown of the federal government departments for which FY2019 budgets had not been passed.¹⁹

These series of political events were not only confrontations between the Republican and Democratic parties in Congress; they also took the form of President Trump, as head of the executive branch, refusing a compromise that had passed in Congress. This was the second federal government shutdown for the Trump administration, as the federal government was also shut down from January 20 to 22, 2018 over the handling of illegal immigrants under the age of 16. These developments demonstrate escalating political feuds over especially the issue of illegal immigrants, led by President Trump. The 2018 mid-term elections have resulted in split control of US Congress, with the Republican party having a majority in the Senate and the Democratic party having a majority in the House. In this light, it is highly likely that the political process for legislation and budgets will take on an even greater confrontational tendency.
In regard to the shutdown’s impacts on security, when the federal government shut down in 2013 stemming from a confrontation over Obamacare, which led to the Republican-controlled Congress to reject raising the federal debt ceiling, DoD was affected and the federal budget including defense spending was later subject to sequestration. In the latest federal government shutdown, DoD was not affected, and unlike 2013, expenditure increases were not part of the political dispute. It is thus considered that the shutdown has hardly any impacts on security.

Large-scale federal government shutdowns, as in the 2013 and 1995-1996 (Clinton administration) examples, have tended to occur because a Democratic administration tries to raise spending centered around social security, and a Republican-controlled Congress, which seeks to slim down the federal budget, responds by rejecting the debt ceiling increase. This pattern does not apply to the current Democrat-controlled House under a Republican administration. Nevertheless, should the interparty confrontation further intensify and the entire federal budget becomes subject to political bargaining, a federal government shutdown as large as that in 2013 could occur if a compromise is not reached. In such a case, security may be significantly affected, similar to 2013. US politics is tested by whether or not such a situation could be avoided.

(2) Comparison of 2018 Mid-Term Elections and 2016 Presidential Election

Keywords in US politics include red state, blue state, and swing state. Red states are states with an extremely strong tendency to support the Republican party, such as Texas and Georgia. Blue states are states with an extremely strong tendency to support the Democratic party, such as New York and California. Swing states refer to states whose support swings between political parties and include Pennsylvania, Ohio, and Florida. Another trend observed in recent years is that, in either of the cases, the Democrats have strong support in urban areas, whereas the Republicans
have strong support in suburbs.

In a presidential election, a basic strategy is to win as many swing states as possible. In the 2016 election, the Republicans won in six states where the Democrats won in President Obama’s reelection in 2012, namely, Iowa, Wisconsin, Ohio, Pennsylvania, Florida, and Michigan.

As Trump earned 306 electoral votes to Hillary Clinton’s 232 votes, it could be said that Pennsylvania (20 electoral votes) and Florida (29 electoral votes) had a direct influence on the outcome. A detailed examination of the election results in these two states shows a clear tendency for the Democrats to have strong support in urban areas and for the Republicans to have strong support in suburbs.

In Pennsylvania, the Democrats had 2,907,448 votes and the Republicans 2,619,553 in 2012, while in 2016, the Republicans had 2,912,941 votes, exceeding the Democrats’ 2,844,705 votes. As Figure 6.2 also reveals, a striking characteristic of Pennsylvania is that its Democratic votes are concentrated in the state’s greatest metropolis, Philadelphia, and its surrounding area. In Philadelphia and four nearby counties within its commuting distance, the Democrats won 1,232,268 votes in 2012, whereas the Republicans won roughly half that number, or 645,121 votes. In 2016, the Democrats won 1,286,823 votes, the Republicans just 652,275. The difference is even more stark when the area is limited to Philadelphia. In 2012, the Democrats won 557,024 votes, whereas the Republicans not even one-fifth that number, or

![Figure 6.1. Comparison of the 2012 and 2016 presidential elections](image)

- Red states have a Republican majority, blue states have a Democratic majority.

*Source: Compiled by the author based on Politico’s website.*
91,840. In 2016, compared to the 560,542 votes won by the Democrats, the Republicans won no more than one-fifth that number, or 105,418. The situation is entirely different in the suburbs. In all the counties excluding Philadelphia and its vicinity, even when Pittsburgh is included where the Democrats made gains from 348,151 votes in 2012 to 363,013 votes in 2016, the Democrats won 1,675,180 votes and the Republicans 1,974,432 votes in 2012. In 2016, the number of Democratic votes decreased to 1,557,882, while the Republicans made significant gains, capturing 2,260,666 votes.

A similar trend is also found in Florida. As Figure 6.3 illustrates, in urban areas in and around Miami and Tampa, the Democrats won 1,232,268 votes in 2012 and had an advantage over the Republicans which had 1,073,495 votes. In 2016, the difference became even larger, with the Democrats capturing 1,603,582 votes and the Republicans 1,974,432 votes in 2012. In 2016, the number of Democratic votes decreased to 1,557,882, while the Republicans made significant gains, capturing 2,260,666 votes.

Source: Compiled by the author based on Politico’s website.
These results suggest that, in the 2016 presidential election, the Republican election strategy to get votes in the suburbs succeeded. For the Democrats, collecting votes in non-urban areas will be a challenge in the lead-up to the 2020 presidential election. In the 2018 mid-term elections, some assess that the Democrats’ seizure of House seats from the Republicans in a number of suburban constituencies contributed to the party’s recapture of a majority. However, it is too early to judge this as any kind of sign about the next presidential election. With two years still left until the final stage of the presidential election, the situation could largely change depending on which candidates Democrats select for the 2020 primaries. One thing is for sure: a key point will be whether candidates can be fielded who can win votes in the suburbs of swing states.

Source: Compiled by the author based on Politico’s website.
On February 1, 2019, the United States notified Russia of its decision to revoke the INF Treaty. The INF Treaty, formally known as the “Treaty between the United States of America and the Union of Soviet Socialist Republics on the Elimination of their Intermediate-Range and Shorter-Range Missiles,” was established in 1987 at the end of the Cold War between the United States and then Soviet Union (with the dissolution of the Soviet Union, Russia assumed the obligations under the treaty). As the absence of the words “nuclear weapons” from the treaty’s official name suggests, the treaty commonly known as the “INF Treaty” covers only missile delivery systems.

The INF Treaty bans possession of ground-launched ballistic and cruise missiles with ranges of 500-5,500 km. The United States has disclosed since 2014 that Russia is developing the ground-launched cruise missile SSC-8 (NATO code; Russian name 9M729) with a range prohibited under the treaty. First, in May 2013, Tom Donilon, National Security Advisor, and William Burns, Deputy Secretary of State, notified Nikolai Patrushev, Secretary of the Security Council of Russia, that the United States suspects Russia of violating the treaty. Subsequently, the United States and Russia discussed this issue on more than 30 occasions (according to the US Department of State website). In the course of those discussions, Russia never admitted to breaching the treaty. In response, US protests intensified. On October 20, 2018, President Trump stated in an address delivered in Nevada that the United States may exit the INF Treaty. The US-Russia consultations that followed failed to make any progress, and on February 1, the United States notified its withdrawal.

Some in Russia are said to have the view that the INF Treaty concluded during the Cold War is incompatible with the post-Cold War international environment. The reason: whereas countries south of Russia, namely, Iraq (until the Iraq War), Iran, Pakistan, India, China, and North Korea, deployed intermediate-range ballistic missiles with ranges covering Russia, Russia under the INF Treaty’s restrictions could not deploy missiles with equivalent ranges to counter them. There was a debate even within the United States that the INF Treaty’s restrictions should be abolished in order to counter the conventional warhead ballistic missiles developed by China. In this regard, some in the United States were sympathetic towards Russia. It is thought that the United States began to take a rigorous stance towards Russia’s non-compliance with the INF Treaty upon analyzing that Russia had secretly developed missiles in violation of the treaty, and in view of the decisively worsening US-Russia relations due to Russia’s annexation of Crimea in 2014.

The INF Treaty was established as the Cold War drew to a close and is one of the several interrelated arms control and disarmament treaties. Specifically, strategic nuclear arms control treaties like the New Strategic Arms Reduction Treaty (New START Treaty), which covered strategic nuclear weapons with ranges of over 5,500 km, were based on the assumption that missiles with ranges of 500-5,500 km are banned under the INF Treaty. Furthermore, treaties
related to controlling conventional arsenals such as the Treaty on Conventional Armed Forces in Europe (CFE) have been combined with the INF Treaty to help form a military balance in post-Cold War Europe. In short, revocation of the INF Treaty is highly likely to affect other treaties that are strategically linked to the INF Treaty. For example, without the premise that missiles with ranges of 5,500 km or less do not exist, the successor treaty to the New START Treaty may become an arms control treaty that extends beyond limiting the total number of deployed warheads to the current 1,550. In this manner, the revocation of the INF Treaty has impacts on all the arms control treaties comprising the basic security framework of the post-Cold War era, and could possibly mean the commencement of a “post-INF Treaty era.”

In this sense, the revocation of the INF Treaty may have significance for international security as a whole, not limited to merely an elimination of a single treaty. Japan, too, needs to discuss how to adapt to a post-INF Treaty era, with the recognition that such major changes could occur. Key discussion points in particular include the following: (1) how should the reality be addressed that China and North Korea have already deployed and the ROK is developing intermediate-range missiles, (2) in particular, how will the Japan-US alliance counter high precision intermediate-range ballistic and cruise missiles deployed by China, (3) how will diplomatic agreements be established, including regulations on intermediate-range missiles that replace the INF Treaty, such as the multilateralization of the INF Treaty to incorporate China, and (4) how to approach future air warfare in light of stealth technology and unmanned technologies.

NOTES
6) Public Law 115-135, Taiwan Travel Act.
7) Author’s interview with an expert in the United States, August 2018.
10) Lieutenant General Samuel Greaves, Director, Missile Defense Agency, Fiscal Year 2019 Budget Request for Missile Defense and Missile Defeat Programs, Hearing of House Armed


Chapter 6 author: Sugio Takahashi
In December 2018, the Japanese government announced the New “National Defense Program Guidelines for FY2019 and beyond (hereafter “2018 NDPG”), to replace the “National Defense Program Guidelines for FY2014 and beyond (hereafter “2013 NDPG”). In line with the higher-level “National Security Strategy” (NSS), the National Defense Program Guidelines (NDPG) outline such issues as Japan’s basic policy of defense, the role of its defense force, and the target levels of the Self-Defense Forces’ (SDF) specific structure. The key element in formulating these Guidelines is a certain outlook of the international security environment of the time, and the role of Japan’s defense force within that.

As the international order surrounding Japan started to become more fluid after the Cold War, the NDPG was moving away from the “Basic Defense Force” concept that was based on an assumption of a static international order during the Cold War period, toward developing a more active and effective defense force for stabilizing the international order and responding to threats surrounding Japan. Furthermore, given the changing regional power balance, the 2013 NDPG shifted its focus not only to considering the “operation” of the defense force, but also to its enhancement both “qualitatively and quantitatively.”

Compared to 2013 when the 2013 NDPG was compiled, the security environment surrounding Japan has become increasingly severe. The power transition caused by the rise of China is heightening the tension and probability of conflict between the United States and China. There are concerns that the impact of US-Sino rivalry may also have repercussions in Japan in various ways. In addition to the dynamics of the highly uncertain politics between major powers, some urgent issues, such as the defense of island areas and sea lanes of communication and the need to build a “cross-domain” defense force including space and cyberspace, arises. Moreover, the threat of North Korea’s nuclear and missile capabilities has also entered a new stage, making ballistic missile defense a more urgent matter.

The 2018 NDPG was formulated within the aforementioned environment, with a focus on building a “Multi-domain Defense Force” to execute cross-domain operations including the new domains of space, cyberspace, and the electromagnetic spectrum. To this end, the 2018 NDPG aims for the continual qualitative and quantitative enhancement of the defense force, while focusing on strengthening its sustainability and resilience. The 2018 NDPG also stressed Japan’s involvement in the Indo-Pacific region, and indicated a bolstering of
concrete initiatives by the Ministry of Defense (MOD) and the SDF toward maintaining a free and open Indo-Pacific region.

The issue from hereon will likely be how to put into action the objectives raised in the 2018 NDPG, including further joint operations among the Ground, Maritime and Air Self-Defense Forces, Japan-US joint operations, and building comprehensive defense capabilities that integrate the public and private sectors.

1. What are the “National Defense Program Guidelines”? (1) Guidelines as Defense Strategy

To begin with, what is the purpose of the NDPG? To consider that question, it would be useful to peruse the historical timeline of the NDPG. During the first half of the Cold War period, excluding the First Defense Program (1958-1960), Japan’s defense capability was developed under a five-year plan until the Fourth Defense Program (1972-1976). Described as a “time of building,” the primary objective then was to build up the nation’s defense capability to its full capacity, in alignment with economic growth. The “significance” of the defense capability itself was not an issue under such a circumstance.1

However, as Japan’s rapid economic growth slowed around the start of the 1970s, the limits of a defense buildup in accordance with existing economic growth began to appear. The Fourth Defense Program, which was approved by the Cabinet in February 1972, inevitably had to be drastically reduced in scale and budget from what was initially planned, due to the worsening financial situation and other factors. Furthermore, the first oil crisis that occurred in October 1973 and subsequent inflation accelerated the deterioration of the country’s financial state. Meanwhile, the US-Soviet Union détente and the US-China rapprochement gave rise to a “détente (kincho-kanwa)” momentum of easing tensions. Amidst this, there were growing concerns in Japan and abroad in regard to the “revival of Japanese militarism.” This made it necessary to reconsider the direction of the defense program, including limiting Japan’s defense capability.

It was under these internal and external circumstances that the “Basic Defense Force” concept was developed. The concept, which was subsequently adopted in the “National Defense Program Guidelines for FY1977 and beyond” (hereafter
“1976 NDPG”), became the guideline for the ensuing Defense Program of Japan. The concept was developed by Takuya Kubo, then Director-General of the Defense Bureau of Japan’s Defense Agency. Kubo attempted to move away from the “Requirement-based Defense Force” concept that so far had aimed for a defense program to respond to the military capabilities of surrounding nations, toward establishing a defense concept that aimed to build up minimum required defence capability as an independent nation, rather than to respond to specific threats. Kubo also directed the formulation of the “Defense Force in Peace Time” that showed the “limits” of the build-up of defense capability, and made other efforts to reassure foreign nations that were concerned about Japan’s move toward becoming a military power. Kubo also emphasized securing the support of domestic public opinion regarding the country’s defense capability.2

For these reasons, the Basic Defense Force concept is often described as a “beyond-the-threat” theory that does not assume any threats and places greater importance on political consideration than “military rationality.”3 However, recent research has revealed that other policy decision-makers besides Kubo were involved in the process of formulating the NDPG, and subsequently the Basic Defense Force concept was transformed into the “concept of the required defense force for a limited threat.”4 Actually, a certain “threat” referred to as “a limited and small-scale aggression” was assumed in the 1976 NDPG, and the objective was to build up defense capabilities to the level of singlehandedly responding to such a threat. Seiki Nishihiro, who succeeded Kubo and was also involved in formulating the NDPG, commented in a later response in the Diet, “As it is possible for Japan to singlehandedly respond to ‘a limited and small-scale aggression,’ in that sense, it cannot be denied that this is also a counter-threat theory, even in the most limited form.”5

In fact, Kubo himself stated in the initial paper that although there is no “probable threat (specific and imminent threat),” there is a “possible threat (a threat that may occur in the future),” and hence it is not the case of having denied the very existence of a threat.6 In such a situation, “it is almost impossible to
have the necessary defense capability to respond to a possible threat (military capability) in a normal state”; hence, the objective was to build up a “defense capability (standing force) in a normal state” only to be able to counter situations that could realistically occur (specifically, a small-scale surprise attack, etc.), and as required, to shift to a military force needed for an emergency. This was the original idea of the Basic Defense Force concept.7

As mentioned previously, the “Requirement-based Defense Force” concept was aimed at building up defense capability commensurate with the military “capability” of surrounding nations. Kubo himself and others defined this as a “counter (response)-threat” type of defense capability. This caused the “beyond-the-threat theory” discourse that defines the “Basic Defense Force” as not assuming a threat (or not directly countering a threat). As Kubo himself repeatedly pointed out, however, the elements comprising a “threat” included the material concept of the other country’s “capabilities,” and also the non-material concept of the other country’s “intention” to exercise those capabilities. The “limited and small-scale aggression,” which included a surprise attack, was derived as a theoretically conceivable situation resulting from a threat expressed as a function of such a capability and intention. The “Basic Defense Force” was seen as the “counterforce” (or “deterrent force”) to that situation.8 In other words, even in Kubo’s “original” Basic Defense Force concept (the so-called Kubo concept), a latent and unspecified “threat” to Japan in the sense of an “unforeseen contingency such as a small-scale surprise attack” was taken into consideration, even though in an extremely limited way.

Hence, the 1976 NDPG based on the Basic Defense Force concept had an extremely limited estimate of threats against Japan, and it continued until the end of the Cold War. This became possible because of the international circumstances following the US-China rapprochement. The 1977 Defense White Paper cited the “assumed international environment” of the Basic Defense Force as maintaining the Japan-US Security Arrangements, as well as avoiding nuclear war and large-scale armed conflict between the United States and the Soviet Union, the ongoing confrontations between China and the Soviet Union, the stability of US-China relations, and maintaining the status quo in the Korean Peninsula.9

In particular, these assumptions that focused on the United States, China and Soviet Union relations strongly reflected the outlook of Kubo on international affairs following the US-China rapprochement. Since the US-
China rapprochement was concluded in 1972, Kubo gained insight into the essence of the “triangular diplomacy” proposed by the US Secretary of State and National Security Advisor Henry Kissinger and the US President Richard Nixon. Kissinger and Nixon intended to maintain US supremacy in Asia based on improving relations with both the Soviet Union and China, by leveraging the conflict between China and the Soviet Union.10

According to the world views of Nixon and Kissinger, as long as there was a continuation of the tripartite structure of the United States, China and Soviet Union based on the Sino-Soviet rift, even if US-Soviet Union or US-China relations were to deteriorate, the United States would still have supremacy over the communist side and be able to maintain relations with a stable balance of power. In this case, the possibility of the Soviet Union invading the US ally of Japan would be foreseeable as being more limited, compared to the premise of such a structure not existing. This is especially why Kubo and other advocates of that concept insisted on maintaining a basic defense force and the NDPG even after the late 1970s when there was a growing argument for “revising the NDPG” following the collapse of the US-Soviet Union détente.11 In so far as there were no visible and fundamental changes in the international environment assumed in the NDPG, there was no need to change the basic posture of Japan’s defense.

In retrospect, it is possible to evaluate Kubo’s view on the international situation from the 1970s onwards as being somewhat valid. Ultimately, it was after the end of the Cold War when the defense capability, which was cited as an objective in an “attached table” in the NDPG, was built up. Subsequently, Japan was able to enjoy victory in the Cold War using the minimum required defense costs. Meanwhile, as shown in the rhetoric of the “beyond-the-threat theory,” it cannot be denied that the difficult-to-understand Basic Defense Force concept invited confusion in the ensuing debate on defense. There is also the view that due to this difficulty in understanding the concept, the Basic Defense Force was ultimately only asserted in Japan, and was not shared at all between the United States and Japan.12

More than the pros and cons of the Kubo concept and the NDPG, the key point is how the direction of Japan’s defense program, which had been mostly developing without any discipline since the 1950s, gained some direction with the completion of the NDPG. In fact, with the formulation of the NDPG, the various restrictions on Japan’s defense capability, the reliance on the United
States for extended nuclear deterrence, and the positioning of the Japan-US alliance all became clearer. The completion of the NDPG also clarified Japan’s three non-nuclear principles and nonaggressive defense policy, and the limit of keeping defense costs within the 1% bracket of Gross National Product (GNP). Hence, the emergence of the “Guidelines for Japan-US Defense Cooperation” was definitely no coincidence. The 1976 NDPG, which was the first NDPG in the post-war period to systematically show the “significance” of Japan’s defense capabilities, also stipulated the direction of Japan’s security policy itself.

Another feature of the Kubo concept is that it called for a review of how the significance of Japan’s defense capability was perceived in relation to the international order (Kubo referred to this as the “international significance” of Japan’s defense capability). Kubo asserted that defense capability should not only be viewed as a deterrence against armed aggression or to prevent and repel such acts, but also perceived as having a “peace-keeping function” in international politics. The “peace-keeping function” of defense capability in this assertion assumed the meaning of being “defense capability that is neither too large or too little, and at a suitable scale and content to rebuke a situation,” which Japan has as a “military middle power” that is adhering to the Japan-US Security Arrangements under the aforementioned tripartite structure of the United States, China and Soviet Union. According to Kubo, retaining this level of minimum required defense capability makes it possible for Japan to take into consideration the concerns of surrounding nations, while preventing military interference from other countries; consequently, this will be “useful for maintaining the stability and balance of international powers.”

Kubo’s stance of Japan was also reflected in the 1976 NDPG, which argued that having the minimum required defense capability to repel any acts of aggression was not only for the benefit of Japan, but also “contributing to maintaining stability in the international politics of surrounding nations.” This approach also aligns with the “power vacuum theory” (Japan will prevent acts of aggression, and contribute to a stable international order by not becoming a power vacuum itself), which formed the core of the “Basic Defence Force” concept that was reformulated after the Cold War. And although it can be seen as an extremely passive way of thinking, it can also be regarded as the first attempt to define how Japan’s defense capability should develop in terms of maintaining the international order.
In this way, even with the premise of various conditions and restrictions within the country, the 1976 NDPG was the first to systematically show the direction and international role of Japan’s defense capability based on a certain perception of the international security environment in the 1970s. For this reason, the 1976 NDPG can be regarded as being positioned higher than the First to the Fourth National Defense Program. Furthermore, (as is often pointed out), the 1976 NDPG was also not just a legitimized procurement plan outlined in an “attached table.” With the completion of the 1976 NDPG, for the first time Japan had its own “defense strategy” that was more than simply a defense program.

(2) End of the Cold War and Transition of the NDPG – Shift to a Proactive Contribution to Peace

Following the end of the Cold War, the possibility of any acts of aggression toward Japan declined even further compared to when the 1976 NDPG was compiled. Meanwhile, in the Asia Pacific Region, in addition to factors leading to potential conflict such as the Korean Peninsula and the Taiwan Strait, there were numerous uncertainties and risks that may disrupt the regional order including the proliferation of weapons of mass destruction and the movements of the Russian, Chinese and US armed forces. In August 1994, the prime-ministerial advisory body the Advisory Group on Defense Issues submitted a report (the so-called “Higuchi Report”) that pointed out the declining possibility of any direct military aggression against Japan (in other words, a decline in threat), while also defining the post-Cold War global situation as follows: there exists dangers of various qualities difficult to identify, and it is hard to predict in what form such dangers would threaten our security. In such a situation, the report advocated that in addition to strengthening the Japan-US alliance, Japan itself should actively commit to the stabilization of the international security environment through “Multilateral Security Cooperation” comprising various means, such as peace-keeping operations (PKO) and a multinational security framework.

The term “Multilateral Security Cooperation” itself was not used in the new “National Defense Program Guidelines for FY1996 and beyond” (hereafter “1995 NDPG”), which was announced the following year. In addition to the existing functions of “preventing and dealing with acts of aggression,” however, it added new roles for Japan’s defense capability of “responding to large-scale disasters and various other situations” and “contributing to creating an even more
stable security environment.” Furthermore, even though the 1995 NDPG carried on the Basic Defense Force concept, the expression “Japan will repel limited and small-scale aggression, in principle, without external assistance” was omitted; based on the expanding role of Japan’s defense capability and other factors, this expression was deemed as being inappropriate for seemingly only highlighting acts of aggression against Japan.\textsuperscript{15}

The North Korean missile tests conducted toward the Japan Sea in August 1998, the 9.11 terrorist attacks that occurred on September 11, 2001, and the detection of North Korea’s highly-enriched uranium plan the following year, suggested that some of the various security “risks” assumed in the Higuchi Report were beginning to actualize as real threats. In light of these situations, the “National Defense Program Guidelines for FY2005 and beyond” (hereafter “2004 NDPG”) highlighted not only terrorism countermeasures, but also focused on responding to new threats such as the progressive proliferation of weapons of mass destruction and ballistic missiles, and various situations that might impact peace and security. The 2004 NDPG was also the first NDPG to mention the modernization of China’s military forces and its expanding scope of maritime activities, in addition to North Korea’s development of nuclear and ballistic missiles.

Based on the above, the 2004 NDPG advocated building a “multi-functional, flexible and effective” defense force that was equipped with high readiness, mobility, flexibility, and versatility, and was supported by advanced technical and information capabilities that are aligned with trends in military technology standards. Such a defense force was not only for the defense of Japan, but also for “being able to voluntarily and actively participate in international peace cooperation activities.” In this way, the 2004 NDPG presented a defense concept that placed greater importance on flexibly “dealing with” various situations by actively operating a defense force during times of peace, while also carrying on the “effective sections” of the Basic Defense Force concept. This idea emphasized the “operation” of the defense force rather than its “existence,” and can also be described as the forerunner to the later “dynamic defense force.”

Actually, the “National Defense Program Guidelines for FY2011 and beyond” (hereafter “2010 NDPG”) announced in December 2010 stressed dealing with diversified and complex threats, and hence it shared many common points with the 2004 NDPG. In particular, the 2010 NDPG highlighted for the first
time an increase in “gray-zone” contingencies as “confrontations over territory, sovereignty and economic interests that are not to escalate into wars,” and underlined the need for a “seamless response” to such situations. It also set the objective of building a dynamic defense force that is focused on “operation,” in order to be able to more effectively deter and deal with various situations including gray zones.

The 2010 NDPG was also the first NDPG to include the perspective of a “power shift” in the international society. Although it stated “the United States continues to play the most significant role in securing global peace and stability,” it also expressed the view of “we are witnessing a global shift in the balance of powers such as China, India and Russia, along with the relative change of influence of the United States.” As such, even greater importance was placed on Japan’s active contribution in stabilizing the security environment in the Asia Pacific region and improving the global security environment through “Multi-layered Security Cooperation” such as peace-keeping operations (PKO) and cooperation with regional countries.

The 2013 NDPG announced in December 2013 was basically positioned as an extension of the 2004 NDPG and the 2010 NDPG, although it differed from the past NDPGs on several points. First, the 2013 NDPG was the first NDPG to be compiled under the NSS, which was formulated at the same time; hence, the 2013 NDPG was positioned as a document for implementing the NSS as the higher-level strategy. The NSS cited “proactive contribution to peace based on the principle of international cooperation” as its ideal, and it clearly raised the objective of this ideal being not only for the stability and prosperity of Japan itself, but also for “the maintenance and protection of international order based on rules and universal values, such as freedom, democracy, respect for fundamental human rights, and the rule of law.”

In addition to the “operation” of the defense force, the 2013 NDPG also emphasized its “quantity” and “quality.” In formulating the NDPG, the development of functions and capabilities to be particularly emphasized was calculated based on a “capability assessment” according to various assumed situations and other factors. Consequently, compared to the 2004 NDPG and the 2010 NDPG that particularly highlighted how to operate a defense force within a limited budget, the 2013 NDPG focused more on developing defense capabilities adequate both in “quantity” and “quality.” Moreover, in order to achieve this,
since the fiscal year in which the 2013 NDPG was formulated, the government has continued to increase the amount spent on defense, which had fallen or remained flat until then.

This renewed emphasis on the quantity and quality of the defense force in recent years is not unrelated to the deteriorating situation in the Korean Peninsula and ever-progressing power balance in the international society. The 2013 NDPG was the first to express an even deeper recognition that “the multi-polarization of the world continues,” and suggest a fundamental shakeup was happening in the US supremacy that was the major premise of Japan’s postwar defense policy. The increasing risk of an escalation and protraction of the gray-zone contingencies highlighted in the 2013 NDPG is essentially a product of the effects of these changes at an international structural level. Accordingly, regardless of any changes that may occur in the localized security situation surrounding Japan, this trend of bolstering the quantity and quality of Japan’s defense force is likely to continue.

In this way, some of the assumed various “risks” surrounding Japan after the end of the Cold War have actualized as real “threats,” some of which are intensifying. In such circumstances, Japan has shifted from a “Basic Defense Force” concept with an extremely limited estimate of threats under the recognition of a static international order of maintaining the US, China and the Soviet Union tripartite structure, to a more effective and active defense force concept that can respond to an increase in risks and diversified threats. In particular, the shakeup of the US unipolar system in recent years has highlighted not only the “operation” of the defense force, but also strengthening its capabilities. As will be considered in Section 3, although this is not necessarily a regression to the “Requirement-based Defense Force” concept, in later times it may be evaluated as a turning point, when Japan began to earnestly search for a defense and security strategy in a “multipolar age.”

The international significance of the defense force as stipulated in the NDPG also changed considerably after the Cold War. Basically, “passive pacifism,” whereby maintaining a minimum required defense force to not create a “vacuum of power” and to facilitate a stable international order, disappeared; the stance shifted to “proactive pacifism” of Japan actively using its defense capabilities to facilitate stabilization of the international order. In particular, even greater attention was focused on the importance of defense capabilities as a “tool” for
“creating” an order that is desirable for Japan, rather than just for “stabilizing” the existing order following the formulation of the NSS. In this progressive multipolarization of the international order, the international significance and role of such defense capabilities will become increasingly important from hereon.

2. Background to the NDPG Review

(1) Shifts in the International Balance of Power

First, the primary contributing factor to the NDPG review is the ongoing power transition between major powers affecting the entire international political system; it goes without saying this results from the rise of China. To be sure, this shift in the relative power relationship is not a new development. As discussed in the previous section, the power transition factor was already assumed, at least implicitly, in the 2010 version of the NDPG, which means that it is not a qualitative change leading to the latest NDPG. Nevertheless, the sheer scale of the quantitative increase in Chinese power necessitates our policy response, as China’s economic and military growth rates far exceed those of the United States or Japan.

To illustrate, China replaced Japan as the world’s second largest economy in terms of Nominal Gross Domestic Product (GDP) in 2010; by 2017, China’s GDP grew more than double the size of Japan’s and reached roughly two-thirds of the US GDP. Furthermore, on a Purchasing Power Parity (PPP) basis, China’s economy is nearly four-times as great as that of Japan, overtaking even the United States (Figure 7.1). Needless to say, a simple comparison of GDP alone does not reveal much, since a state’s defense capability also depends on other factors, including the level of technological sophistication and the availability of international alliances. That said, the fact remains that economic strength is the source of military power and political influence. Indeed, China in recent years has been making a considerable effort to modernize its armed forces and establish an extended economic sphere centered on itself. Looking back in history, the economic performance of the Soviet Union, even at its peak as one of the two superpowers in the Cold War’s bipolar structure, did not reach half that of its American rival. For that reason, ultimately, the Soviet Union could not keep up with the competition. In that sense, the consistent and rapid growth of China clearly gives it an enormous presence in the international political arena.
Figure 7.1. Comparison of Nominal GDP of the United States, Japan, China, and the Soviet Union (Russia) (1987-2017)

Source: Compiled by the author based on the World Bank International Comparison Programme data.

As is often pointed out, China’s military budget is steadily expanding in pace with its overall economic growth, though there is no significant change in terms of the percentage of GDP. China’s military budget was estimated at approximately $76.4 billion in the 2010 fiscal year, but has doubled to an estimated $150.5 billion by 2017, equivalent to one-quarter of the US defense budget and three times that of Japan. Moreover, China’s official military budget does not account for some items, such as research and development (R&D) costs and weapon import costs, which suggests the actual military expenditure could be even higher. The increased budget has been poured into qualitative modernization of the People’s Liberation Army (PLA), particularly the People’s Liberation Army Navy (PLAN). The 2018 issue of *Military Balance*, the annual report on international military balance from International Institute for Strategic Studies (UK), warns: “Western technology edge erodes further.”

In the field of International Relations, power transition, or a reversal in the economic and military power relationship, is generally considered to increase the probability of international conflict. Broadly speaking, we can identify
two distinct mechanisms of this phenomenon. The first is what is called power transition theory or hegemonic stability theory. These theories maintain that war is unlikely when there is an overwhelmingly powerful hegemon; conversely, war becomes more likely as the power relationship approaches parity. This proposition is contrary to the balance of power theory, which tells us that a balanced configuration of power makes for a stable international system and allows an effective operation of deterrence.

A set of international political institutions, or in other words the distribution of wealth and political influence, established by the existing hegemon, tend to sow grievance among emerging powers; the existing arrangements may not appropriately reflect the new realities of power. A classic example is the First World War. The British hegemony based on command of the sea and the vast colonial empire, was challenged by Germany, which was rapidly industrializing and seeking its “place in the sun.” Thus, the greater the imbalance between the existing international politico-economic institutions and the fundamental balance of power, the higher the risk of war becomes.

The other mechanism that links power transition to war is known as preventive war theory. Faced with the rise of a challenger, an established great power has an incentive to curb any further transition in the power balance before it is too late. The longer they wait, so the argument goes, the more disadvantageous their military situation will be. For example, some argue that Germany’s real motive for war in 1914 was not a challenge to the British naval hegemony, but a preventive war against Russia. That is, the Germans were concerned about the possibility of Russia catching up with industrialization and threatening the established German military supremacy in continental Europe.

Emerging powers that possess superior latent capabilities, such as population, territory, and natural resources, may announce peaceful intentions at present, but cannot offer any credible assurance to others that they will not change their behavior in the future when they enjoy a favorable balance of power. Due to this commitment problem, rising powers, simply by their growth, provoke preventive measures from the hegemon. Both sides fall into a negative spiral as they engage in an arms race to “prepare for the worst.”

Thus, the power transition theory and preventive war theory share the same fundamental logic: as the balance of power between major powers and emerging nations approximates an equilibrium, it produces mutual uncertainties, tensions,
and miscalculations, and ultimately increases the probability of armed conflict. It remains to be seen what specific lines of policy will emerge from the United States and China through the process of power transition. However, any upheaval in the international political structure of East Asia, which has remained stable since the Cold War and allowed for Japan’s peace and prosperity within it, will pose a potentially grave danger to Japan in the next several decades.

Indeed, China’s foreign policy behavior in recent years shows a marked tendency toward power politics, based on its own new-found power. For instance, China’s claim for sovereignty over the entire South China Sea implies that the new reality of power makes China think it unfit to apply the existing principle of sovereignty under international law as is, coupled with its victim mentality stemming from the experience of unfair treatment at the hands of the West and Japan through modern history.24 Furthermore, the administration of President Xi Jinping is propagating “the great rejuvenation of the Chinese people,” seeking to expand its political sphere of influence by economic means, such as the “Belt and Road Initiative” (BRI) and the Asian Infrastructure Investment Bank (AIIB).25 Although China has repeatedly emphasized its leading role within the existing free-trade system, it is only natural for others to be concerned about the economic zone gradually turning into an exclusive politico-military sphere, particularly if we take into account the rapid modernization of the Chinese militaries.

In fact, there is a certain degree of rationality to securing access to overseas markets and resources, without interference from foreign powers, as a way of guarding against heightening tensions in the period of power transition that is to come. Chinese leaders are highly aware of the so-called Malacca Dilemma, a symbol of the country’s economic vulnerability (i.e. the majority of marine trade that supports China’s economy depends on the Strait of Malacca, which can be easily closed off by the US Navy during a contingency). The retaliatory tariffs and trade conflict escalating under the administration of US President Donald Trump only add to China’s problem.26 Of course, Japan also stands to lose a lot if the Sino-American discord causes an upheaval to the current system of international free trade in the complex and highly interdependent world.27

Meanwhile, the Trump administration’s “America First” policy also stems from the US awareness of relative decline in the arena of international politics. In other words, the new policy symbolizes an erosion of the US will and capacity to lead the global security framework, as we saw in the containment policy against
the Soviet Union during the Cold War or later the war on terror in the unipolar world. Of course, even before the Trump administration, there were ideas like “Offshore Balancing,” which claimed the United States should sit back and focus on providing support to the regional stakeholders in response to the rise of China. As seen in the “rebalance” policy under the Obama administration, however, the US government itself was basically consistent in its line of policy to maintain or strengthen the US presence in East Asia.

In contrast, Donald Trump during the 2016 presidential election campaign overturned the bipartisan consensus from the Cold War period by underestimating the value of existing alliances. Although the Trump administration confirmed to uphold the US-Japan alliance itself, as of late 2018, President Trump’s “America First” policy and pressure for trade deals are the major source of concern to Japan, whose foreign and security policy revolves around the US-Japan alliance. In addition, the volatile tensions surrounding the Korean Peninsula in the period from President Trump’s inauguration until the US-North Korea Summit, the rejection of the multilateral free-trade system that the United States itself had led, and the deepening confrontation between the United States and China, all combine to cast a long shadow over the security environment surrounding Japan.

Put simply, the recognition of “its toughest security environment since WWII” means, by extension, Japan’s sense of crisis that it must make active efforts to support, strengthen, and stabilize the traditional security framework based on its alliance with the United States, and Japan’s strong recognition of the need to bolster its own defense capabilities to prepare for unforeseen contingencies.

(2) Emergence of Specific Security Challenges

The macro problem of power transition between the United States and China gives rise to a number of specific issues. As China continues its maritime expansion, it poses a challenge for Japan to defend remote islands and maintain sea lines of communication in the East and South China Seas. Assuming that China recognizes the potential risks in the power transition period, it is not surprising if China prepares for the worst and deems it an urgent task to deny the superior US power projection and to protect the maritime trade that is vital to its sustained growth. Indeed, since the 1996 Taiwan Strait Crisis, in which the United States flaunted its superior power projection capabilities, China has developed its Anti-Access/Area-Denial (A2/AD) capabilities to consolidate its
coastal defense, even while advocating “peaceful development.”

Furthermore, China’s ongoing efforts to build aircraft carriers domestically and construct artificial islands abroad suggest the country’s growing intent to take a step forward from passive denial capabilities along its coast to actively expanding its influence in the open sea. In the South China Sea, China has already set up a base in the Spratlys, which is equipped with surface-to-ship and surface-to-air missiles and an airstrip to operate military aircraft. Similarly, China has grown more active to change the status quo in the East China Sea as well, from around the same time as it overtook Japan economically. Examples include the Chinese government vessels operating around the Senkaku Islands and China’s new Air-Defense Identification Zone (ADIZ) over the area. The number of emergency takeoffs (scrambles) by Japan’s SDF aircraft against Chinese aircraft more than doubled from 415 in 2013 to 851 in 2016. Although the number of scrambles has somewhat settled since then, it remains high compared to previous years.30 Japan is in a critical position, both politically and geographically, in the power transition dynamics between the United States and China. These specific issues will test the country in terms of how to navigate its way through the potentially dangerous waters ahead.

Any challenge to the maritime status quo means a potential threat to the Japanese national interests, because the overwhelming naval superiority of the United States has provided Japan with considerable benefits in both economic and security terms ever since the Cold War. Broadly speaking, there are two approaches to countering threats in international politics – “internal balancing” based on one’s own efforts, and “external balancing” through alliances and partnerships with other countries. Japan has been making careful efforts at external balancing in recent years, by expanding the scope of its activities to bolster defense cooperation with other like-minded regional countries,31 as well as securing an assurance from the Trump administration that Article 5 of the Japan-US Security Treaty applies to the Senkaku Islands.32 Needless to say, however, Japan is ultimately responsible for its own security; Japan must defend its own territories, including outlying islands, and secure the sea lines of communication on which its economy depends.

Of particular importance to the defense of sea lines of communication and remote islands is securing air, naval, and information superiority; hence the emphasis on joint-operation capabilities as an effective defense force to achieve
the overall superiority. In that sense, another background factor to the 2018 NDPG is the innovations in information technology that have given a fresh impetus to multi-domain operations since the latter stages of the Cold War (see the Column below). In fact, the National Defense Division of Policy Research Council, an organ of the Liberal Democratic Party (LDP) of Japan, compiled proposals for the next NDPG and included “cross-domain defense force” as a key term to encompass both traditional domains of land, sea, and air, and new domains of outer space, cyberspace, and the electromagnetic spectrum.\(^{33}\) Similarly, as Prime Minister Shinzo Abe confirmed at the Advisory Panel on Security and Defense Capabilities in 2018: “Maintaining advantages in new domains such as cyberspace and outer space is now a matter of vital importance for the defense of Japan.”\(^{34}\) Some expect the cross-domain defense force to be a possible solution for Japan to develop an efficient defense force by its own effort, striking a balance between the increasingly “tough” security environment and the stringent fiscal concerns. As the next section discusses in detail, this idea is stipulated in the 2018 NDPG as the “Multi-domain Defense Force” concept.

The last point is on ballistic missile defense against the threat of North Korean nuclear weapons and missiles. Ballistic missile defense is essentially a line of policy for Japan to prioritize capabilities to thwart the enemy attack from achieving its strategic objectives, which contributes to deterrence by denial, even while Japan continues to rely on the US forces for deterrence by punishment, which is based on retaliatory capabilities. To be sure, a more fundamental solution would be to denuclearize the Korean Peninsula. However, the feasibility of such a solution remains dubious, given North Korea’s determination and scrupulous foreign policy to establish an independent nuclear deterrence posture. The negotiations between the United States and North Korea, even with the summit meeting, have not offered a clear prospect for “complete, verifiable, and irreversible denuclearization.” The situation will not improve any time soon because China’s cooperation will not be forthcoming either, in the generally cooling relationship
with the United States. Thus, ballistic missile defense is here to stay as an important stopgap measure.

An example of ballistic missile defense in practice is the decision to introduce the so-called Aegis Ashore, a ground-based missile defense system, in order to reinforce the JMSDF’s Aegis-equipped vessels currently in service for intercepting missiles in their midcourse phase of flight. While the total cost of introducing Aegis Ashore will be more than ¥230 billion, the system offers a substantial operational advantage by covering the entire Japanese archipelago with just two stations. The MOD’s budget request also included other items, such as the acquisition of SM-3 Block IIA, an advanced interceptor missile, and the modification of existing Aegis-capable ships and Patriot Advanced Capability-Three (PAC-3) missiles, all of which are expected to enhance Japan’s ballistic missile defense. As a result, the MOD’s budget request in August became the largest ever, at ¥5.2986 trillion. In short, Japan is not convinced that the US-North Korea summit meeting in June 2018 produced any fundamental change to the nature of North Korea’s nuclear and missile threats. This view is duly reflected in the latest NDPG.

**Column “Cross-Domain” Defense Force**

It is a well-known principle through the modern era that joint operations involving different services can achieve much more than the simple sum of individual domain-specific services. A classic example is the German Blitzkrieg during the initial stage of World War II, in which the Wehrmacht combined armored formations on the ground with close air support to inflict disproportionate losses on the French and Soviet forces. Conversely, Imperial Japan during WWII never achieved a sufficient level of coordination between the Army and the Navy, both tactically and strategically, which rendered the Japanese resistance to the materially superior US forces even less effective. Thus, it should not be an exaggeration to say that multidomain coordination is the conventional wisdom in the modern battlefield, where technological advancements make a remarkable impact. Naturally, that applies to East Asia as well.

If the idea is nothing new, then why do we have the “cross-domain” defense force as a key concept now? The answer lies in the unique nature of new domains of operation, namely outer space and cyberspace. That is, the traditional domains – land, sea, and air – serve as a battlefield in the literal sense of the word; in contrast, outer space and cyberspace are more important as infrastructure, or force multipliers, to sustain physical combat in the three traditional domains. Of course, it is reasonable to expect some hostilities in outer space and cyberspace as well;
nevertheless, combat results in these new domains are less important for their own sake than for the battles on land, sea, and air.

The point was vividly illustrated by the US forces in the 1991 Gulf War. The initial estimates of Coalition losses were quite high against the Iraqi forces, which boasted one of the largest and best-equipped militaries in the world. As the actual course of events demonstrated, however, the US forces inflicted a devastating blow to the Iraqi armored units in Kuwait with minimal losses to themselves, largely due to the overwhelming air superiority as well as the advanced information and communications technologies, including reconnaissance/communication satellites and precision-guided munitions. Later, more irregular military operations in Iraq and Afghanistan from 2002 proved that the high-tech approach was not a panacea for all military problems. Nonetheless, there is currently a general consensus that the effective use of outer space and cyberspace is an indispensable aspect of modern warfare, at least between major powers with relatively similar levels of technological sophistication.

Accordingly, in the context of Japan’s defense program guideline, some expect joint operations across multiple domains to be a solution for Japan to develop an efficient defense force by its own effort, striking a balance between the increasingly “tough” security environment and the stringent fiscal concerns. However, building up one’s capabilities in outer space and cyberspace as force multipliers also entails potential vulnerabilities associated with dependence on such assets. Indeed, China, in its pursuit for countermeasures to the US power projection capabilities is taking an asymmetrical approach to exploit the high-level dependency of US military activities on the outer space and cyberspace domains. Examples of the Chinese asymmetrical approach include anti-satellite (ASAT) weapons, with a proof-of-concept test conducted in 2007, and cyber warfare units that are purportedly engaged in the unlawful acquisition of scientific and technological information from abroad.

As Japan’s SDF also relies more and more upon the outer-space and cyberspace assets in a similar fashion, it will need countermeasures against the adversary’s countermoves. Moreover, in these new domains where identifying the attacker may not always be feasible, it is crucial to maintain a continuous defense posture from the so-called gray-zone conflict short of an overt clash of arms. For example, it has been reported that in addition to the Cyber Defense Group, which was newly formed in 2014, the Japanese government is also considering setting up a central command organization for cyber defense and space situational awareness (SSA). In sum, a successful execution of modern warfare requires two elements: 1) advanced defense capabilities in the outer space and cyberspace domains to facilitate efficient cross-domain operations, and; 2) capabilities to protect those assets that serve as an operational infrastructure. Thus, the development of cross-domain capabilities is doubly important as a force multiplier to support operations in traditional domains.

On December 18, 2018 the 2018 NDPG and the new Medium Term Defense Program (FY2019 – FY2023) (hereafter “MTDP”) were approved at a Cabinet meeting. The 2018 NDPG recognizes the security environment surrounding Japan is “becoming more testing and uncertain at a remarkably faster speed” than that assumed in the previous NDPG; hence, it emphasizes that Japan needs to “fundamentally strengthen its national defense architecture with which to protect, by exerting efforts on its own accord and initiative...thereby expanding roles Japan can fulfill.” In particular, the rapidly expanding use of the new domains of space, cyberspace, and electromagnetic spectrum has established an awareness to “fundamentally change the existing paradigm of national security, which has prioritized responses in traditional, physical domains, which are land, sea, and air.” Subsequently, the 2018 NDPG has raised the objective of building a “multi-domain defense force” that “organically fuses capabilities in all domains including space, cyberspace, and electromagnetic spectrum; and is capable of sustained conduct of flexible and strategic activities during all phases from peacetime to armed contingencies.”

As mentioned in the previous section, one of the main backgrounds in formulating the 2018 NDPG was the rising need for cross-domain operations, as the new domains of space, cyberspace, and electromagnetic spectrum emerge. Since the start of the 2010s, the US military has been developing a strategy doctrine that emphasizes cross-domain operations and cross-domain synergy, as a part of the Air Sea Battle concept and Joint Operational Access Concept (JOAC). Separate to these concepts are the Multi-Domain Battle and Multi-Domain Operations spearheaded and advocated by the US army; these also emphasize the strengthening of capabilities integrated across various domains including space and cyberspace, in addition to bolstersing capabilities in each domain.

These concepts raise a strong sense of crisis that the supremacy of the US military on the land, sea and air (particularly the sea and air) is no longer self-evident, due to the developments in technology and changes in the international power balance. In particular, “revisionist powers” (2017 US National Security
Figure 7.2. Trends in the contract amount of equipment, etc., and maintenance expenses of equipment

![Graph showing trends in defense-related expenditure](image)

**Source:** Ministry of Defense, “Breakdown and Trends of Defense-Related Expenditure”

Strategy (NSS)) such as Russia and China are fully leveraging the asymmetric capabilities in these new domains and the potential vulnerabilities within them to revise the status quo, including expanding territory in gray zones. Countering these threats requires not only enhancing capabilities in both the existing domains of land, sea and air and the new domains of space and cyberspace, but also carrying out cross-domain operations that combine these capabilities; this will offset the vulnerabilities in each domain, as well as enhance the capabilities overall.

The 2018 NDPG also mentions the rapid development of capabilities in these new domains by countries such as China and North Korea, while emphasizing the following need: “Japan needs to develop, while qualitatively and quantitatively enhancing capabilities in individual domains, a defense capability that can execute cross-domain operations, which organically fuse capabilities in all domains to generate synergy and amplify the overall strength, so that even when inferiority exists in individual domains such inferiority will be overcome and national defense accomplished.” To that end, the 2018 NDPG underscores
the following point: “to build a new defense capability that combines strengths across all domains, Japan needs to engage in a transformation at a pace that is fundamentally different from the past, completely shedding the thinking that relies on traditional division among land, sea, and air.”

Specific examples of this include the new introduction of short take-off/vertical landing (STOVL) fighter aircrafts, outfitting the new types of escort vessels, and the introduction of unmanned underwater vehicles (UUVs) and new surface-to-ship and air-to-ship guided missiles for further extending the firing range. Furthermore, the MTDP, taking into account the operation of the aforementioned STOVL aircrafts, clarified that remodeling would be done on the JMSDF multi-functional helicopter carrier escort vessel Izumo. The objectives of this remodeling work are to facilitate the more flexible operation of fighter aircraft and to strengthen Japan’s air defense posture on the Pacific Ocean side.

The 2018 NDPG and the MTDP both clarified plans to proceed with procuring stand-off missiles that can be launched even while outside the threat envelopes of other countries, as well as move forward with research and development on HVGP (Hyper Velocity Gliding Projectile) and new anti-ship guided missiles for the defense of remote islands, and on hypersonic weapons. Furthermore, as a means of more effectively operating these defense capabilities that have been strengthened qualitatively and quantitatively, it is stated that, “to be able to sustain a range of requisite activities at all stages from peacetime to armed contingencies, sustainability and resiliency of defense capability including logistics support needs to be enhanced.” To that end, “necessary measures for protecting important infrastructure” are mentioned, including securing ammunition and fuel, ensuring maritime transportation routes, and the dispersal, recovery and substitution of infrastructure and other foundations for SDF operations. This “important infrastructure” is thought to also include infrastructure and other equipment to support operations in cyberspace and space, which are particularly important in cross-domain operations.

As such, although the 2018 NDPG and MTDP emphasize enhancing “capabilities” in the hardware aspect of the defense force in a way not seen before, this does not necessarily mean that Japan’s defense force concept has returned to the “Requirement-based Defense Force” concept, which aimed at maintaining a defense force that is equivalent to the physical capabilities of surrounding countries. As already noted, one objective of the Multi-domain
Defense Force is to strengthen cross-domain operation capabilities to offset the inferiority in capabilities in each domain. In that sense, it is possible to position the Multi-Domain Defense Force concept as an extension of the 2013 NDPG “Dynamic Joint Defense Force” concept and the 2010 NDPG “Dynamic Defense Force” concept, which recognized to an extent the possibility of a widening gap in the capabilities of Japan with that of surrounding countries, while also aiming to close that gap by the “operation” of the defense force.

The 2018 NDPG also basically maintains this policy, and states that Japan will continue to cooperate with the United States and friendly nations in the region and play a greater role in the fields of conducting joint training and exercises, cooperation in defense equipment and technologies, capacity building assistance, humanitarian assistance/disaster relief (HA/DR), and counter piracy, etc. The 2018 NDPG particularly emphasizes the importance of an “approach taking into account characteristics and situations specific to each region and country,” as is seen in the increased volume of content on each region and country compared to previous NDPG. The 2018 NDPG also set forth that Japan strengthen its involvement in the Indo Pacific. Under the Abe administration’s vision for the “free and open Indo-Pacific,” the SDF has been expanding its presence and partnerships in the Indo-Pacific region. This is not unrelated to a greater focus in recent years on the need for strategic defense exchange and cooperation. The Ministry of Defense has had the “Basic Policy for Defense Exchanges” as an official notice in the Vice Minister’s name, which stipulates the general guidelines on defense exchanges. However, the document specifying the region- and country-specific approaches and guidelines did not exist, including in the NDPG. Incidentally, under the “diplomacy taking a panoramic perspective of the world map” and “free and open Indo-Pacific” concepts raised by the Abe administration, the surge in defense exchange and cooperation activities with other countries has given rise to recognition of the need for a more strategic promotion of such activities on the basis of the “national security strategy”; hence, preparing guidelines for defense exchange and cooperation activities has become an issue for consideration.

Other important points which are stressed by the 2018 NDPG include: the importance of an alliance with India more than previously; strengthening the centrality and unity of the Association of Southeast Asian Nations (ASEAN); promoting cooperation with the United Kingdom, France, Canada, and New Zealand; port and ship visits by the SDF troops to Pacific island nations; and
facilitating cooperation in capacity building assistance for PKO and defense exchanges with countries in Central Asia, the Middle East, and Africa. It also states: “From the viewpoint of securing the freedom and security of navigation and flight, Japan will promote cooperation to contribute to the improvement of capabilities pertaining to the maritime security of coastal states in the Indo-Pacific region, which include South Asian countries such as India and Sri Lanka, as well as Southeast Asian countries.”

The 2018 NDPG is also distinctive for clarifying the priority of strengthening defense capabilities in light of the reality of Japan’s severe financial situation and declining birth rate. Furthermore, in regard to executing this, it also states, “Japan will enhance priority capability areas as early as possible, allocating resources flexibly and intensively without adhering to existing budget and human resource allocation, and undertake necessary fundamental reforms.” In particular, while promoting the strengthening and integration of capabilities in the new domains of space, cyberspace and electromagnetic spectrum, in regard to hedging against invasion scenarios such as amphibious landings as was assumed during the Cold War period, the 2018 NDPG clearly states Japan will “work further to achieve even greater efficiency and rationalization.”

In order to transition to the execution of the numerous objectives outlined in the 2018 NDPG, including those points mentioned in this paper, the likely issue from hereon will be drawing up an even more specific roadmap focused on the next 10 years or so. In particular, the unification of the land, sea, and air system for the execution of cross-domain operations, and the strengthening of the cooperation in cross-domain operations between Japan and the United States, which was stated as an objective also in the new Japan-US Defense Guidelines announced in April 2015, are essential elements in facilitating a multi-domain defense force. Furthermore, collaboration among various government ministries and agencies and private sector organizations is also important in bolstering capabilities in the new domains of cyberspace and space. In that sense, not only the integration of land, sea, and air operations and between Japan and the United States, but also a unified approach by the government, and cooperation that extends beyond the barriers of the public and private sector (what the 2018 NDPG refers to as “building a comprehensive defense architecture”), will all be of even greater importance than ever before.
NOTES


5) Response from Chief Seiki Nishihiro at the National Diet House of Representatives Special Committee on Security on August 24, 1987.

6) “Boeiryoku Seibi no Kangaekata” [Approach to the Defense Program], (KB individual paper).


11) For example, refer to: Masataka Kosaka, “Taikou Minaoshiron wo Kenshou suru” [Verification of the NDPG Review Paper], Kokubou [National Defense], Vol. 32, No. 9, September 1983; Michita Sakata, “Ima Koso, Bouei Keikaku Taikou Rosen wo” [Now is the time to align with the NDPG], Ekonomisuto [Economist], July 10, 1984.

12) Yukio Sato, Sashikakerareta Kasa: Beikoku no Kaku Yokuseiryoku to Nihon no AnzenHosho

230


20) Ibid, p. 5.


32) CNN, February 11, 2017


37) Ibid.


41) Perkins, “Multi-Domain Battle: Joint Combined Arms Concept for the 21st Century.”


Chapter 7 authors: Tomohiko Satake (lead author, Sections 1 and 3)
Yuji Maeda (Section 2, Column)
### Authors (in order of writing)

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Chapter</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shinji Hyodo</td>
<td>Director, Regional Studies Department</td>
<td>Introduction</td>
</tr>
<tr>
<td>Marie Izuyama</td>
<td>Head, Global Security Division, Policy Studies Department</td>
<td>Chapter 1</td>
</tr>
<tr>
<td>Yusuke Ishihara</td>
<td>Research Fellow, Global Security Division, Policy Studies Department</td>
<td>Chapter 1</td>
</tr>
<tr>
<td>Yasuyuki Sugiura</td>
<td>Senior Fellow, China Division, Regional Studies Department</td>
<td>Chapter 2</td>
</tr>
<tr>
<td>Masayuki Masuda</td>
<td>Senior Fellow, China Division, Regional Studies Department</td>
<td>Chapter 2</td>
</tr>
<tr>
<td>Takeshi Watanabe</td>
<td>Senior Fellow, Asia and Africa Division, Regional Studies Department</td>
<td>Chapter 3</td>
</tr>
<tr>
<td>Osamu Koike</td>
<td>Research Fellow, Government and Law Division, Security Studies Department</td>
<td>Chapter 3</td>
</tr>
<tr>
<td>Yoshihide Matsuura</td>
<td>Head, Asia and Africa Division, Regional Studies Department</td>
<td>Chapter 4</td>
</tr>
<tr>
<td>Hideo Tomikawa</td>
<td>Senior Fellow, Security and Economy Division, Security Studies Department</td>
<td>Chapter 4</td>
</tr>
<tr>
<td>Hiroshi Yamazoe</td>
<td>Senior Fellow, America, Europe, and Russia Division, Regional Studies Department</td>
<td>Chapter 5</td>
</tr>
<tr>
<td>Shigeki Akimoto</td>
<td>Senior Fellow, Security and Economy Division, Security Studies Department</td>
<td>Chapter 5</td>
</tr>
<tr>
<td>Yoshiaki Sakaguchi</td>
<td>Senior Fellow, America, Europe, and Russia Division, Regional Studies Department</td>
<td>Chapter 5</td>
</tr>
<tr>
<td>Sugio Takahashi</td>
<td>Head, Policy Simulation Division</td>
<td>Chapter 6</td>
</tr>
<tr>
<td>Tomohiko Satake</td>
<td>Senior Fellow, Policy Simulation Division</td>
<td>Chapter 7</td>
</tr>
<tr>
<td>Yuji Maeda</td>
<td>Research Fellow, Defense Policy Division, Policy Studies Department</td>
<td>Chapter 7</td>
</tr>
</tbody>
</table>