

# **Report on the Council of Defense and Strategic Studies**

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**National Institute for Defense Studies (NIDS)**

Report on the Council of Defense and Strategic Studies

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# Preface

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The present document is a report on the Council for Defense and Strategic Studies, the fourth of its kind following those issued in May 2001, September 2003 and November 2005. With the National Institute for Defense Studies serving as the Secretariat, the Council for Defense and Strategic Studies counts experts from various fields as its members and was established in FY1999 with the purpose of conducting comprehensive and interdisciplinary analyses and studies on future global strategic environment and Japan's defense strategies. In accordance with the concept that these analyses and studies should not only be the results of strictly academic discussions from the professional views of each of the members but that they can also include bold proposals based on the insights the members gained from past studies and experiences, the presentation of these analyses and studies was not based on documents prepared by the Secretariat, but rather on reports by two members at each council, followed by open discussion. In other words, while receiving clerical support from the National Institute for Defense Studies, we have borrowed the forum that is the Council for Defense and Strategic Studies and have been open-mindedly conducting analyses and studies without focusing on the search for a conclusion that would be the solution to all problems.

This report was put together based on the discussions held in FY2005 and FY2006. During these two years, continuing confusion in post-war Iraq in the Middle East led to the emergence of various issues and the U.S. forces further pursued on a global scale the reconstruction of Iraq. In Japan, issues of great concern with regard to its surrounding countries include not only the cross strait tension and Korean Peninsula issues but also situations in Southeast Asia and South Asia. After reviewing these various social movements, topics of discussion were carefully selected and discussions were held, based on which this report was prepared. We hope that it contains suggestions that are useful for the consideration of Japan's future security strategies and that it serves as a reference to the National Institute for Defense Studies, Ministry of Defense officials as well as all those interested in security policy.

Meanwhile, the following page lists all the members of this council. Shinichi Kitaoka (Professor at the Faculty of Law at the University of Tokyo), Masashi Nishihara (President, Research Institute for Peace and Security), Yoichi Nishimura (Assistant Managing Editor and Internet Director at Asahi Shimbun) and Shunji Yanai (Former Ambassador of Japan to the United States, judge on the International Tribunal for the Law of the Sea) joined the council in FY2006. Also, in addition to Masayuki Yamauchi (Professor of the Graduate School of Arts and Sciences at the University of Tokyo), Koji Tsuruoka (Ambassador, Director-General for Global Issues) also joined the team as an observer and occasionally took part in the discussions to offer his expertise. I would like to take this opportunity to thank all those involved for their efforts.

Finally, as you may have understood from the above-mentioned nature of this council, I would like to remind that this report constitutes a summary of reports submitted by each of the members and discussions based on the reports, and therefore does not reflect the unanimous

views and proposals of the council, and it is also not the official views of the National Institute for Defense Studies and the Ministry of Defense.

Akio Watanabe

Chairman of the Council for Defense and Strategic Studies

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## **Table of Contents**

<b>Introduction .....</b>	<b>1</b>
<b>1. East Asian Security Environment .....</b>	<b>3</b>
(1) Rise and Outlook of China .....	3
(2) North Korea's Threats and Outlook.....	6
(3) U.S. East Asian Strategy and the Japan-U.S.Alliance .....	8
(4) Maritime Security .....	10
<b>2. Japan's Security Strategy.....</b>	<b>13</b>
(1) Strategy .....	13
(2) New Security Strategy .....	14
(3) Japan's Security Strategy .....	14
(4) Specific Issues Surrounding the Next Outline .....	15
(5) Comprehensive Security or Integrated Security? .....	16

# Report of the Council for Defense and Strategic Studies for FY2005-FY2006

## Introduction

The Council for Defense and Strategic Studies discussed a wide range of issues concerning Japan's security in FY2005 and FY2006.

Although the National Defense Program Outline in and After FY2005 approved by the Cabinet in December 2004 had established the scale and function of Japan's defense capability that would be valid for roughly ten years, this National Defense Program Outline also specified that in five years or in cases important changes in the situation arise, necessary modifications must be made while taking into consideration factors such as security environment and technology trends at the time. A wide range of security issues were thus discussed in FY2005 and FY2006 based on the understanding that it is important to take a course of continued discussions while sharing with the Council for Defense and Strategic Studies the awareness of these issues as provided for in the National Defense Program Outline in order that the Council may also provide useful suggestions at future discussions regarding the review of the National Defense Program Outline.

The common theme during the four meetings held in FY2005 was "Security and Defense Policy Seen from the Perspective of Japan's National Interests". The themes of the first meeting (June 20, 2005), second meeting (September 21, 2005), third meeting (December 12, 2005) and fourth meeting (March 3, 2006) were "The New National Defense Program Outline", "The Six-Party Talks and the Korean Peninsula Policy", "East Asian Maritime Security" and "Transformation of the U.S. Forces", respectively, regarding which reports were presented and discussions were held.

The common theme during the four meetings held in FY2006 was "Establishment of Japan's Security Strategy". The themes of the first meeting (June 22, 2006), second meeting (October 5, 2006), third meeting (December 18, 2006) and fourth meeting (February 28, 2007) were "Relationship Between Japan's Security Strategy and the New National Defense Program Outline", "What is a Strategy?", "Japan's Security Strategy in East Asia With a Focus on China's Impact" and "Toward the Establishment of Japan's "Comprehensive Security Strategy""", respectively, regarding which reports were presented and discussions were held. As can be seen from the wide range of topics selected for these meetings, the discussions at the Council for Defense and Strategic Studies did not only focus on defense strategy but were also held from a broader perspective, that is, the establishment of a national security strategy.

This report was put together based on the contents of each issue put forth in the reports of all of the above eight meetings and discussions that followed.

## **1. East Asian Security Environment**

In the East Asian area, classic securities issues such as the cross strait tension and Korean Peninsula issues coexist with new security issues such as terrorism and proliferation of weapons of mass destruction. Japan needs to simultaneously address both of these issues, for which a national security strategy is required. The Council for Defense and Strategic Studies has also been discussing Japan's security strategy from different angles including China's movements, North Korea's movements, the U.S. East Asian strategy and in particular the China strategy, outlook of the Japan-U.S. cooperation and maritime security issues.

### **(1) Rise and Outlook of China**

#### **A. External and Internal Impact of China's Economic Growth**

In terms of China's external activities, the fact that China's growth as a global powerhouse through economic development has proven to be a benefit mainly from economic viewpoint, at least in the short to medium term, cannot be denied. With its new role as the factory of the world providing products worldwide at low costs, China has become an important source of imports for major U.S. supermarkets. Additionally, China's middle class is becoming an increasingly important presence on the economic scene, as a result of which large markets are gradually being created. Additionally, with China's middle class becoming an increasingly important presence on the economic scene, large markets are gradually being created. In the 80's and 90's, most of the companies that had expanded into China were essentially companies that used the country's cheap labor, bringing in the materials to China where they would be processed and exported. However, such trends have changed and today, the purpose of production has shifted to domestic consumption. If the expansion of a country's middle class constitutes a necessary condition for democracy to take root in that country, when this assumption is combined with the theory of democratic peace, the expansion of China's middle class could lead China to change for the better, in particular for democratic countries such as Japan and the United States. Furthermore, in its efforts toward economic development, China is actively participating in the wave of globalization and accelerating its growth by integrating itself into international organizations. In light of these trends, suggestions that China in principle is not a revisionist power but rather a status quo power cannot be completely denied.

However, China's rapid economic development is not only accompanied by positive changes; it is also associated with growing concerns. Of particular concern is the rapid modernization of its military strength. Since 1989, China has been increasing its military budget by more than 10% every year. However, the true figures may be vastly higher as estimates place the expenditures at more than three times officially disclosed figures.

Moreover, due to extremely low use efficiency of energy and natural resources, China's demand for energy resources needed to fuel its economic growth is rapidly increasing. As a result, its dependence on energy resources from abroad is becoming significantly high. The country has been a net oil importer since 1993 and stands today as the second largest oil

consumer in the world. Because it cannot always smoothly procure its supplies of oil via open international markets, it is attempting to obtain control of oil resources at the wellhead. China's sudden involvement in problematic countries which the United States identifies as countries of concern such as Iran, Venezuela and Sudan may ultimately have a negative impact on international order.

Meanwhile, China's economic growth has led to major changes in Chinese society as a whole, which are causing certain serious problems. First is the issue of the various disparities that exist in Chinese society. China is said to have three major types of disparities. These are the apparent income disparities between urban and rural areas, coastal and inland areas and in a single area. According to recent studies, the urban-rural income ratio is now as high as 6 to 1 and the current Gini coefficient is at 0.46. Second is the fact that economic growth has resulted in serious environmental destruction.

The issue of environmental destruction is causing several public protests at the local level and is becoming a major source of social discontent. Because the current situation of increased social anxiety is still relatively limited to the local level and protests involving violence, etc. are targeting local government organizations, it is not known whether these will lead to a political crisis in China. However, the issue of environmental destruction cannot be considered simply as China's internal problem as it has a serious impact on Japan and Korea in terms of environmental pollution and is also significantly related to the aggravation of the global greenhouse effect caused by the emission of CO<sub>2</sub> in the air.

## B. China's External Strategies and Activities

China's intensified external activities in East Asia and Southeast Asia after the Tiananmen Square incident is the result of China having chosen Asia as a door to diplomacy to break free from international isolation. China has been conducting aggressive and varied diplomacy such as improving its relationship with Southeast Asian nations, improving its relationship with ASEAN, as well as participating in regional security organizations including ASEAN.

In the mid 1990's, China began to increasingly take action in response to the unipolar hegemony of the U.S. This, however, is believed to be a case of soft-balancing rather than balancing the power of the U.S. where, while avoiding confrontation with the U.S. and even improving the relationship in some cases, China is working on creating a situation that will counter American influence. In other words, China is constantly thinking about how to ensure its own autonomy without getting caught in today's U.S.-led international system. Behind China's efforts to enhance its relationship with ASEAN countries lies the so-called "new outlook on security". China is modifying the policy of cooperative security as it sees fit. It is attempting to introduce this "new outlook on security" and somehow create trends that will challenge the reinforcement of the U.S.-dominated alliance structure, as well as to promote multipolarity by forging strategic partnership relationships with various countries such as can be seen in its efforts to improve its relationship with Russia.

Such trends have become even more evident after the September 11 attacks. In terms of improved relationship with ASEAN, China was the first country to accede to the ASEAN Treaty

of Amity and Cooperation in Southeast Asia (TAC) as an extra-regional country. The country is also working on promoting an East Asian Community based on the ASEAN Plus Three group. Furthermore, it has been improving its relationship with India since the 1990's. For a long time, China had been working to improve its relationship with India solely from the perspective of stabilizing the international environment surrounding its country. However, since around 2001, in response to the fact that the U.S. has come to recognize India as a counterweight against China, China has been seeing India as a target for its strategy to promote multipolarity and making active efforts to improve its relationship with India to form a China-India strategic partnership.

### C. China from Mid and Long-Term Perspectives

We've just discussed the positive and negative aspects of China's rapid economic growth. However, when considering Japan's security strategy, it is necessary to examine China from mid and long-term perspectives. From a mid-term perspective, China's economic growth may cause increased military threats. If ever the need arises to prevent the further spread of public disorder and insecurity triggered by increased gap between rich and poor, etc., the People's Liberation Army would be called on to participate. In addition, China's aggressive attitude to secure its energy interests may destabilize global order. Meanwhile, there is also the possibility that an accidental military conflict may occur in the sea around the Nansei Islands if the Chinese Navy act arbitrarily and provocatively with regard to important sea lanes that serve as energy pipelines such as the Paracel and Spratly Islands in the South China Sea, the Senkaku Islands and gas fields. Furthermore, if China decides to take some kind of military action against Taiwan's movement toward independence, it could lead to an emergency evacuation of Japanese living in Taiwan and the creation of refugees from Taiwan and in the worst-case scenario, it could also result in military conflicts between the U.S. and China or in some cases even the erosion of Japan's sovereignty.

In order to discuss China's long-term threats, we must first visualize how China's situation will change 10 to 20 years from now. The estimation of threats would vary according to how the country will grow. Possibilities for China's future include (a) a major democratic nation, (b) a major nation fraught with the danger of internal division due to continued turmoil, and (c) a militarily bloated autocratic state. Possible situations where China's overblown military would be a threat to its surrounding nations include: 1. if the leader of the Chinese Communist Party takes bold action, 2. if the Chinese Communist Party can no longer properly control the People's Liberation Army, 3. if Taiwan moves toward independence, 4. if Japan and China engage in conflict, 5. if China has difficulties securing and supplying energy and food, 6. if risks of internal division or self-destruction arise due to failure in economic policy, 7. if China engages in conflict with Islamic states due to failure in maintaining a relationship with western Islamic states, and 8. if coordination between the U.S. and China regarding China's influence over the Korean Peninsula is no longer possible.

In the long run, the U.S. and China may become highly competitive against each other. If China's military power continues to grow and becomes a threat, the U.S. might use an

enveloping strategy (?) instead of trying to contain it, or use the same strategy it used against the Soviet Union during the Cold War and thus inviting China's internal collapse through a competitive strategy. In any case, we cannot deny the possibility of an accidental military conflict between the U.S. and China and its escalation.

## (2) North Korea's Threats and Outlook

### A. North Korea's Threats

North Korea is for Japan a threat from both short and mid-term perspectives. From a short-term perspective, the nuclear threat is of course a serious threat, but a more realistic threat are the espionage activities by special units.

From a mid-term perspective, North Korea's internal division would most likely present threats to Japan. The military and the party may split causing North Korea's decline. If the party attempts to pursue a reform and open-door policy the way China did, the military will feel a sense of crisis and may adopt a strategy of brinkmanship to foster such crisis. Furthermore, a coup d'état may ensue, resulting in a civil war. In such cases, the international community would likely take various intervention steps to contain such turmoil within North Korea's borders. China would deploy military forces along the China/North Korea borders to ensure that North Korea's serious internal situation does not cross borders. Another possibility is that China would actually militarily intervene in order to protect their economic interests. North Korea's internal turmoil may spill over into surrounding areas such as the Taiwan Strait and Xinjiang Uighur Autonomous Region. North Korea's self-destruction could act as a trigger and generate huge numbers of refugees, part of which could pour into Japan.

Furthermore, threats of missile attacks from North Korea must also be included in the possibilities of mid-term threats. With regard to the review of the three nonnuclear principles, the idea of nuclear sharing, a concept which NATO has adopted is conceivable. Nuclear sharing can be done in two different ways. One is by sharing hardware under a “one door two locks (?)” principle, and the other is by not sharing hardware but discussing between countries and taking common decisions on nuclear weapons policy.

On an even longer-term note, the threat of a unified Korea must be considered. It is the possibility that in the future, a unified Korea would possess nuclear weapons. It is not so much about the unified Korea being a threat the minute North Korea and South Korea unify, but more about considering the various problems that would arise during the process leading to unification and how the unification would affect the unified Korea's policy on Japan including its nuclear policy.

### B. North Korea's Nuclear Development and the U.S.

Although North Korea's nuclear development originally began in response to a local issue which was the survival of its regime, because weapons of mass destruction such as nuclear weapons and missiles and their means of delivery in itself are of a global nature, these globalize

local issues. In addition, since the September 11 attacks, the U.S. has been placing North Korea's nuclear development on the same level with that of Iran and Iraq, as is indicated in its expression "axis of evil". It is true of course that the Middle East is much more important to the U.S. than North Korea, the reason being that geopolitically speaking, the differences between the Korean Peninsula and the Middle East are too great. For instance, North Korea is not surrounded by Jewish states nor does it produce oil. In addition, the U.S. does not have any major strategic interests in bringing down North Korea. From the U.S. perspective, military action against North Korea would only lead to a costly war. Furthermore, North Korea does not have a military partner, and is close to major nations such as Russia and China. In other words, U.S. policymakers are clearly acknowledging such differences between the Korean Peninsula and the Middle East.

The U.S. believes that North Korea's possession of nuclear weapons and long-range ballistic missiles can be dealt with through deterrence and containment for the time being. The U.S. is aware that the spread of North Korea's nuclear arms and missile technologies to other rogue nations and terrorist groups constitutes a much greater threat. Such awareness is also clearly apparent in the statements of officials of the Bush Administration regarding North Korea's nuclear experiments. As opposed to this, the mere fact that North Korea possesses nuclear weapons and missile technologies is a serious threat for Japan. As a result, these differences between Japan and the U.S. regarding the awareness of threat may significantly deteriorate the sense of strategic unity between these two nations. If such situation is left unaddressed, it would only deepen the doubts about the credibility of the U.S. nuclear umbrella under which Japan stands. This is because after all, the credibility of the nuclear umbrella is supported by the sense of strategic unity among the allied nations. Therefore, the common operation of the defensive yet strategic weapon system referred to as "ballistic missile defense" between Japan and the U.S. would offer the opportunity to reinforce such sense of unity between the two nations.

Meanwhile, North Korea strongly distrusts the U.S. and is concerned about what would happen afterward if it were to dismantle its nuclear weapons program. North Korea therefore believes that the abandonment of its nuclear program and security guarantee should proceed in a parallel manner by engaging in a bilateral process.

### C. Prospects for North Korea's Regime Change

Currently, North Korea's economy is quite deeply eroded by the economy of China's northeast area. In return for allowing China to develop mineral resources, North Korea imports many of China's products. North Korea sells a huge amount of rare metals. In some areas, capitalist trends are slowly starting to be seen, and if such trends continue for an extended period, there is no way the current North Korean regime will maintain status quo. Its socialist regime is already beginning to crumble. However, North Korea's reform and open-door policy has still not even reached the early stages of China's reform and open-door policy. In North Korea, the idea that those who are to become wealthy can go ahead and become wealthy is still not widely accepted, as it believes the gap between the rich and the poor should be kept to a

minimum because such gap would only lead to turmoil. It hasn't yet reached the point of introducing a market economy as it is merely still in the stages of partially accepting the market principle to seek actual benefits. It is difficult to predict whether North Korea's economic reform will actually result in a "socialist market economy" or if somewhere along the way it will cause a great turmoil as a result of which the country will lose control over its reform process.

It will likely take a long time before a regime change is achieved in North Korea. If North Korea's nuclear issue cannot possibly be resolved using the "Libya model", an approach urging North Korea's regime change is essential in the process of having the country abandon its nuclear program. The only solution is to encourage North Korea's economic openness and seek a gradual transition to a new regime. We must think about what would happen if a huge amount of capital and technology would flow into a country with a population of 20 million. North Korea would be forced to undergo a major reform. This is in a sense a "poisoned apple" theory, where if North Korea is constantly fed poisoned apples it would gradually lead to a regime change, causing internal collapse. Of course, despite efforts toward a gradual regime change, it is also conceivable that the situation progresses to a degree that can no longer be controlled externally, resulting in a precipitous collapse of the regime. However, an internal collapse rather than a collapse from external forces is the optimal way to avoid any violent situation. If one tries to subvert North Korea's regime from external forces, the North Korean leadership will react sharply. As a result, external states engaged with North Korea may end up paying a higher price. Although there are views regarding the benefits of an engagement policy with North Korea that are relatively positive, arguments that question them also do exist. Indeed, although the participation of a large number of Korean laborers in the construction KEDO's light water reactors was believed by some to produce a crack in North Korea's regime back then, this incident clearly demonstrated that this poisoned apple was ineffective. However, if a regime change is necessary to go to the root of North Korea's nuclear issue, external states must develop a long-term strategy and approach allowing them to promote such change.

### (3) U.S. East Asian Strategy and the Japan-U.S. Alliance

#### A. U.S. East Asian Strategy

The current East Asian order is one where the U.S. is its main axis, and includes the following elements. They are the hub-and-spoke relationship between the allied countries including Japan and Korea, an engagement policy toward China, which is a major constituent that is not an allied country, the complementation of such relationship and policy by multilateral frameworks, and their endorsement through forward deployment of the U.S. forces.

With regard to the prospects for such regional order, The U.S.-Japan Alliance: Getting Asia Right through 2020 (hereinafter referred to as the 2<sup>nd</sup> Armitage report) released in February 2007 serves as a reference. Although this report mentions the possibility that in 2020, China will be a "dominating regional power", it accentuates the leadership of the U.S. It presents three aspects regarding future regional order. First, it suggests the creation of a condominium between the U.S. and China. The idea is to build an order based on cooperation between the U.S.

and China in this region while maintaining a unipolar U.S. management on a global scale. The second possibility is a bipolar structure with only the U.S. and Japan facing China. This is a situation that would arise with a stronger Japan-U.S. alliance that would clearly take action against China. The third suggested structure would be to have countries such as Japan, India, Australia and Singapore participate in building and maintain order while the U.S. retains leadership. Led by the U.S., Asia's other successful powers would gather and take measures to expand areas of cooperation with China. After presenting the above three structures, the “2<sup>nd</sup> Armitage report” concludes that the best structure for not only the U.S. but also Japan and other Asian countries would be the third structure. If such perspective is the mainstream East Asian strategy in the U.S., Japan must consider defense cooperation with the U.S. based on this.

## B. Strengthening of the Japan-U.S. Alliance

After the development of the “Final Report” regarding the realignment of U.S. forces in Japan in May 2006, the two leaders announced a joint statement titled “Japan-U.S. Alliance of the New Century” the following month at the Japan-U.S. summit meeting, which declared that the realignment of the U.S. forces in Japan and the realignment of the Self-Defense Forces related thereto were groundbreaking and historic. Two reasons lie behind this. The first reason is the strengthening of Japan-U.S. military cooperation in cases of emergency situations in Japan or in areas surrounding Japan. The second reason is the formation of a foundation for military cooperation between Japan and the U.S. from the perspective of overall international security. In the future, on the premise that the policy described in the “Final Report” will be implemented, a framework that will bring significance to and organize the development of such cooperation will become necessary.

In fact, in some cases, the cooperation in emergency situations in Japan or in areas surrounding Japan would extend beyond the boundaries the Guidelines for Japan-U.S. Defense Cooperation agreed in 1997, and thus these guidelines may need to be expanded. In terms of cooperation with overall international security in mind, an actual framework has yet to be created. Although the expression “U.S.-Japan Global Alliance” has been used since 2003, this is merely a slogan as the real issue is to determine what this slogan really entails. One solution would be to extend the scope of the “guidelines”, but many have voice objections against this. In any case, the term “Japan-U.S. Defense Cooperation” in future regional order and world order can be clearly defined only after having created such framework.

However, before actually creating a framework, security interests would need to be constantly discussed and confirmed between Japan and the U.S. The reason for this is that although the Japan-U.S. alliance has been greatly enhanced, the possibility of an increasing gap between the security interests of both sides cannot be denied. Earlier, the section “North Korea’s Nuclear Development and the U.S.” already pointed out the clear existence of differences between Japan and the U.S. regarding the awareness of North Korea’s nuclear threat and that this may significantly deteriorate the sense of strategic unity between these two nations. In addition, if China grows in strength, it could threaten Japan’s security and economic interests or even lead to a serious issue of Japan’s identity being denied. Under such

circumstances, a divergence of security interests between Japan and the U.S. is clearly unadvisable. Unfortunately, in the U.S., the concept of joint hegemony with China over East Asia is always present as an option, and a watchful eye must be kept on the fact that a great number of people actually support this idea. Furthermore, the “2<sup>nd</sup> Armitage report” mentions the possibility of China becoming a dominating regional power, and thus based on this, the possibility that the U.S. changes its relationship with this region should always be kept in mind. Meanwhile, from Japan’s perspective, a joint hegemony between the U.S. and China would be unacceptable. In other words, a difference in perception lies in terms of how strong Japan and the U.S. would allow China’s presence to grow. The U.S. believes that China’s growth is not necessarily a bad thing as long as it does not threaten an America-centric unipolar international order, and would even be satisfied if it would contribute to the creation of a stable security environment in this region through cooperation with China. However, such is not the case for Japan. Indeed, if under such circumstances the rise of China shows a tendency to move toward being detrimental to Japan’s national interests, it would be difficult for Japan to control it. Japan is required to develop a strategy that would ensure the country does not take political or military orders from China. From this viewpoint, politically-speaking, a permanent seat in the U.N. Security Council, and militarily-speaking, the strengthening of Japan’s own deterrent would serve as the equalizer between Japan and China. Despite the gradual intensification of the Japan-U.S. alliance, not only are constant discussions between Japan and the U.S. regarding each country’s security interests while taking this hidden issue into consideration and the expansion of cooperation in emergency situations in Japan or in areas surrounding Japan important, but so is the development of cooperation from the point of view of overall international security.

Toward the end of the “2<sup>nd</sup> Armitage report”, specific details as to what the cooperation between Japan and the U.S. should entail are given. In terms of global policies, the report discusses how Japan and the U.S. should cooperate in various non-traditional security issues such as energy cooperation, climate change, terrorism, poverty, epidemics and the economy. In terms of regional policies, the report discusses the importance of cooperation between Japan and the U.S. in both traditional and non-traditional security issues, including the Chinese issues, strategic partnership with India, North Korean issues and cooperation between Japan, the U.S. and Australia as well as the piracy problem. However, the “2<sup>nd</sup> Armitage report” claims that an Asia-Pacific free trade area or transpacific institutions should be created as a regional policy and proposes that Japan and the U.S. negotiate a bilateral free trade agreement. This almost sounds as if the U.S. is proposing to work with Japan in the entire Asia/Pacific region and go against the East Asian community. Another issue is to determine how to take disjointed elements and create a unified security policy. The Ministry of Defense believes that what is important is to successfully combine non-traditional security issues while keeping the focus on traditional security issues and to enforce a policy that unites the two.

#### (4) Maritime Security

In the East Asian region, separatist movements and acts of terrorism are deeply related to the ocean due to the region’s geographical features. For example, the Jemaah Islamiah (JI)

terror group of the Philippines conspired with Al Qaeda, arrived in Aceh and has been roaming the archipelagic waters.

In terms of issues related to the ocean, the delimitation of the exclusive economic zone (EEZ) and of the continental shelf comes next in line. Although a fishery accord exists between Japan and South Korea whereby the waters around the island are defined as provisional waters, Japan and China are in conflict with regard to East China Sea and Okinotori. Although China and the Hokuriku region as well as Australia and East Timor recently resolved their EEZ boundary conflicts, Japan and China will most likely not come to an agreement that easily. The rules on which military operations, including marine surveys, waterway surveys and drills are permitted within an EEZ as provided for in the UN Convention on the Law of the Sea are extremely unclear.

In the East Asian region, there are still many areas whose territory, territorial waters and EEZ are undetermined. What is in this region different from Europe is the process of nation-formation. More specifically, in the East Asian region, there are several nations that became independent or that were created after the war and are thus strongly assertive about their nation-state supremacy. This makes the attempt to solve these issues within the international framework or between both parties difficult.

It is also important to study these issues from the perspective of sea lanes or sea lines of communication (SLOC). Of the situations of concern such as navigational accidents, piracy and maritime terrorism, the possibility of pirates committing acts of terrorism is the issue that should be most feared. Should the Straits of Malacca become impossible to navigate due to the presence of pirates or terrorism, the Straits of Lombok and the Straits of Sunda could be pointed out as alternative routes. However, in order to get around the Straits of Malacca, it would take an additional three to four days of navigation, which may result in shipping tonnage dipping.

All Southeast Asian nations are members of the International Convention for the Safety of Life at Sea (SOLAS), except Laos and in the Convention for the Suppression of Unlawful Acts against the Safety of Maritime Navigation (SUA), Indonesia, Laos, Malaysia and Thailand still have not joined.

With regard to sea lanes, the problem is not the entire waterway but rather lies in the vulnerable choke point where vessels flock. For example, of the world's ten largest container ports, six are in the East Asian region, and one quarter of the world's maritime trade, 50% of the maritime trade for Japan, China and Korea combined, and more than 80% of their oil natural gas go through the Straits of Malacca.

The issue of maritime interests is one that China is constantly preoccupied with. China is currently working on strengthening its ties with Myanmar and Pakistan through military cooperation with both countries in order to secure sea lanes. If China succeeds in reaching Andaman Sea from Myanmar, it would not have to go through the Straits of Malacca and would be securing two routes. Despite the extreme importance of such maritime interest issue, there are few serious discussions on the topic in Japan.

Although there exists a framework in which countries that use the Straits of Malacca provide financial support, the only country that has been cooperating so far is Japan. A noteworthy development is that China and Korea have recently expressed their intention to provide

financial support. This may increase international cooperation to ensure safety of the Straits of Malacca. In the past, coastal nations used to be adamant about not letting other nations into their territorial waters. This resulted in letting pirates get away. However, because the British insurance company Lloyd's has imposed higher insurance premiums as it placed the strait on its list of most dangerous waterways, coastal nations have come to increase their efforts to patrol the strait in an attempt to curb piracy. Their efforts have proven to be quite successful.

The U.S. has developed a doctrine to deal with one major war and a few other smaller wars and strategies related to overseas forward deployment, but many of these strategies involve maritime strategies. The same goes for the Global Posture Review (GPR) process and the buildup of its Marine force to deal with the threats of the 21<sup>st</sup> century. In addition, the U.S. is reviewing its military bases around the world in its efforts to shift defense planning from its traditional “threat-based” model to a “capabilities-based” model. The U.S. maritime strategies in East Asia are focusing on the Taiwan Strait in the short term and on the advance of China on the medium term. China’s maritime strategies allow for a switch from coastal defense to maritime defense. Although China has yet to reach “blue water” naval capability, it has poured efforts in the development of new models of destroyers, frigates and assault ships with the purpose of modernizing its navy. From such perspective, we must continue to keep our eyes on the future of China’s ocean policy.

The particularity of maritime-related issues is the high interconnectedness of resources, the environment, the economy and security and that these issues are highly likely to intertwine. In the aftermath of the tsunami disaster in Aceh, pirates did not appear in the presence of deployed Japanese and U.S. ships, but once these ships pulled out of the area, pirates appeared. This is a case that illustrates that although the main duty of the naval force is not the implementation of anti-piracy measures, their presence serves as a strong deterrent against pirates. This confirms the theory that one area in the maritime-related issue becomes connected with a different area, and thus a comprehensive maritime security strategy must be developed.

## **2. Japan's Security Strategy**

In view of the discussions on the East Asian security environment and the security issues which East Asia faces, what are the points to consider for the future development of Japan's security strategy? First, starting with strategic theory, the following section will provide details on subjects such as what Japan's new security strategy should entail and specific issues for the next outline.

### **(1) Strategic Theory**

Usually, when one speaks of strategic theory, one primarily thinks of war strategy. Strategic theory can be divided into three categories. War strategy or foreign military strategy refers in international politics to deterrence, crisis management and defense, etc. Other types of strategies also exist such as a grand strategy which consists of a long-term strategic theory and national strategy, which consists of diplomatic strategy that includes various aspects such as alliance and reconciliation, in other words, a strategy that does not take military action into consideration.

Factors that come into play when considering a strategy are what constitute a strategy. Initial objectives include basic territorial protection, conservation, expansion, as well as protection of current order or efforts toward restoring order. When considering national power as a major factor, importance must be placed not only on military strength in itself but also economic strength that supports the military strength. Meanwhile, the concept of national power can also be divided into continental and maritime states. If with the end of the Cold War the international environment changes from bipolar confrontation to a structure that is clearly not confrontational, changes in strategy will obviously also ensue. Another perspective is to consider whether the international environment is one where an offensive environment is favorable or one where a defensive environment is favorable. Such perspective is affected by the concepts of what the environment can do and how to perceive the environment. Changes in strategy also occur through technological changes. In particular, a strategy can change depending on whether nuclear weapons exist or not. Furthermore, differences in strategic cultures also lead to different strategies. Calculations become different according to differences in historical backgrounds such as between a conquering and conquered nation or psychological differences such as between a nation that is on the defensive side and one that is on the offensive side.

In Japan's post-war defense policy, emphasis has been on a defensive response. If the basis of a strategy is to decide how to move according to the other player's move, realism consists of offensive realism and defensive realism. Offensive realism refers to the concept where a nation thinks only of its own interests and focuses on ensuring its safety. Meanwhile, defensive realism is not adhered by all states and is a theory in which a state thinks about how the opponent is going to react to its moves and about how, depending on the move, the opponent may become anxious and lose its sense of security. A strategy will greatly differ according to which perspective is chosen.

## (2) New Security Strategy

As security threats become more diverse, a new security strategy is needed. However, the process of developing such strategy is still underway and incomplete.

How would form the framework of a new security strategy? First, with international security as the key word, it is the fact that the time has come to seriously consider national security. Secondly, it is to define a framework that is important in the process of determining Japan's security strategy. Although the bilateral alliance with the U.S. being the most important framework cannot be denied, that does not mean the importance of the United Nations has decreased. Furthermore, efforts to complement the United Nations and the Alliance, such as the Coalition of the Willing, the multinational forces and regional frameworks are also important. Thirdly, as Japan has come to hold a major position in the Asia-Pacific region, it must assume an important role to ensure peace and stability in this entire region.

As threats are becoming increasingly diversified, we must anticipate to what extent these threats constitute threats to self-interests and take necessary action. Danger must be promptly sensed, and while picturing what kind of threat to oneself this danger could transform into if left unattended, it is important to share the awareness of this threat and work together to deal with it.

This indicates how the capacity to respond to not only traditional security issues but also nontraditional security issues is equally as important. In addition to the notion of security by country, there is also the situation that unless the entire current international system is preserved, the security of each of the countries could be threatened. When dealing with such a situation, traditional measures alone are not efficient enough, and to take measures in a single country is also not enough.

Although in Japan many people are more conscious about traditional security issues, the U.S., which is our ally and nation leading the current international system, is pouring energy not only into its response to traditional threats by major nations but also to non-traditional threats. This is an aspect that may lead to a perception gap between the two nations when confirming their respective security interests.

## (3) Japan's Security Strategy

Japan's security strategy is one that responds passively to specific circumstances, and is not an active strategy in which it reaches out to its surroundings and creates a situation that is favorable for Japan's policy implementation. Why does Japan have weak strategic skills? Following the war, Japan has been bound by a number of restrictions such as Article 9 of the Constitution, which without a doubt have made it difficult for the country to think strategically. This is because although it is relatively easy to speak in terms of defense strategy, when discussing security strategy, it is necessary to think about the use of military force and what must be achieved as a result. Strategy involves thinking about how a nation should or should not use its military force and therefore in post-war Japan there has been a strong tendency to not speak of strategy.

However, Japan no longer lives in a world where when asked in which direction it wishes to move it can answer that it would leave it up to the international situation. Japan's national strategy consists of how, from the perspective of its national interests, it perceives the current international environment and which direction it intends to take. This would involve diplomatic means in addition to military means, but discussions on Japan's military role are important. With regard to the issue of the realignment of U.S. forces in Japan, common strategic objectives were determined in the first stages, followed by duties and capabilities, and equipment came last. With regard to this, it can be said that heated discussions were carried out at the Ministries of Foreign Affairs and Defense and that it is similar to the security strategy developed by these two Ministries.

In relation to the national security strategy, discussions from both diplomatic / defense and military perspectives are necessary. Just like there was mention of strategic use of ODA in the 2004 Basic Defense Program, the idea of how to put forth policies that would include not only defense but also diplomatic aspects is important.

What is required in the discussions of the next defense outline? In terms of when the next outline would be ready, that would probably be when we would see a completely new strategic environment coming. More specifically, that would be for example the rise of China or the occurrence of a cultural clash in the Middle East or other regions. Japan would have to develop an outline that includes its response to such circumstances. Points to consider in the process of reviewing the outline include the assessment of threat (risk) factors and response thereto. In terms of threat (risk) factors, new threats become important. With regard to the role of Japan, active discussions on the right of collective self-defense and collective security are necessary. It is also extremely important to hold discussions on Japan's strategy as a state founded on the principles of maritime protection as well as on the protection of its assets from such perspective. Furthermore, discussions are also required on whether the existing exclusively defense-oriented policy and the basic policy will still be valid in the future.

Moreover, a change in the way the outline is developed is also necessary. Unlike the existing method, integrated efforts by the entire government are necessary when developing an outline. Furthermore, the trends toward constitutional revision may coincide with the process of developing the next outline. If changes in the articles or interpretation occur, it will obviously also lead to changes in the defense role. In such case, a major revision would be required. For that reason, there would also have to be major changes in the way the outline is formulated. Due to the possibility of being able to significantly change many of the current restrictions, national debates should be actively conducted.

#### (4) Specific Issues Surrounding the Next Outline

Discussions on the following issues will be necessary regarding the next outline.

First, a structural change from military units whose role is international contribution to those that can carry out international duties is necessary. In view of the transition from the Defense Agency to the Ministry of Defense whose overseas missions now consist of its primary mission, the Ministry must undertake reforms that entail the fulfillment of obligations, not contribution.

The development of defense capabilities that can accomplish various overseas missions is necessary. More specifically, these consist of a long distance mass transportation system, field monitoring system, large-scale and speedy logistic system, special warfare capability, development of war strength that can respond to combined and joint operations and reform of the operational doctrine, as well as a system of law that clearly specifies the limits of its mission potential abroad.

Secondly, the system must be improved to enhance the credibility of the Japan-U.S. alliance. More specifically, such improved system would entail enhanced cooperation between Japan and the U.S. in the command and control to upgrade missile defense, cooperation to effectively enhance the nuclear capability of the U.S., and a system of law that clearly specifies to what extent the use of the right of collective self-defense is permitted.

Thirdly, a system must be built to increase information war capabilities. More specifically, this system includes increased counter PSYOP capabilities and counter espionage capabilities, the possession of a high-resolution surveillance satellite, and superiority in information security capabilities.

Fourthly, a system must be built for Japan to be unique. Japan relies on the U.S. in all aspects of nuclear deterrence, strategic strike ability and the capability to launch a strike against foreign installations, information necessary for security, fundamental elements of military technology and the protection of energy transport routes. This tendency to follow the U.S. must be reformed. In order to make a Japanese NSC work, a central intelligence organization is essential. A strategy cannot be built unless it is based on information. A transformation of the Japan Self-Defense Forces is necessary where within a given budget, it decides what to prioritize based on which it concentrates its human, material and financial resources.

#### (5) Comprehensive Security or Integrated Security?

Although there is no doubt military force is an essential means to ensure security, we also no longer live in a time where security policy can be discussed in terms of military force alone. However, the term “comprehensive security” once used by the late Japanese Prime Minister Ohira was a concept that attempted to particularly decrease military power, and that isn’t necessarily right. What is important is that it is necessary to effectively combine the various means of policy implementation Japan can have as a country. The boundary between national defense and public security in international counter-terrorism and response to armed spy ships is said to be vague, while the same thing is being said about the boundary between diplomacy, national defense and public security in its reconstruction assistance to Iraq. The situation calls for an integration of these means of policy implementation.

When considering an integrated security strategy, the following three points are important: (a) the integrity of the purpose and approach; (b) the integrity of the means of policy implementation; and (c) integrity of the decisions. With regard to integrated security, because security, economic opportunities and political reform are interconnected, if even one of these is lacking, the other two cannot be achieved, which is why the integration of security policies is extremely important.

The same is true not only for the defense outline but also for international counter-terrorism, reconstruction assistance to Iraq, and discussions on national emergency legislation. A proper emergency legislation was introduced as a result of having directly dealt with various fundamental issues such as what the decision-making procedures would consist of in the event of an emergency situation, what kind of situation would be dealt with as an emergency situation, and in the case of one, what would the Security Council of Japan actually do, would the Diet be involved or not, how would the roles be shared between the government and local governments, would the citizens simply be the subject of protection or would they play a certain role in an emergency situation, how would the situation be coordinated, and how would the public be protected.

The production of equipment in an emergency situation, in other words, the issue of boosting defense capabilities also calls for consideration. From the perspective of integrated security strategy and measures, this issue does not only concern the Ministry of Defense and the Japan Self-Defense Forces, it is also necessary to determine how to deal with such a situation as a nation. For example, although quantitative reduction of equipment is unavoidable, mechanisms for emergency defense buildup, legal aspects and measures as to what to promote to the defense industry under normal circumstances should be discussed.

From now on, focus should not only be on SDF dispatch and activities in international peace cooperation activities, the agenda must also contain in-depth consideration of political integration including diplomacy.

To effectively use the Japan Self-Defense Forces as a means of policy implementation, a proper regional strategy, that is, a comprehensive strategy is required about what kind of regional order Japan is aiming, what kind of measures should be used and how they should be used to achieve such order. Japan must present to overseas countries such a comprehensive strategy. More specifically, comprehensive discussions are necessary in which issues such as how Japan perceives China's current situation, how Japan should deal with it and what kind of regional order should as a result be built. Furthermore, prompt establishment of the Basic Act on Ocean Policy and Basic Law on Space Activities is necessary and the permanent law on SDF dispatch should also be revised as soon as possible.

To what extent should these comprehensive discussions be held? The Cabinet Secretariat first comes to mind. The functions of the Cabinet Secretariat have become considerably stronger, and the deputy chief cabinet secretary and its people are discussing the various aspects of security measures. Although the Security Council of Japan occupies an important place with the participation of several Ministers such as the Minister of Land, Infrastructure, Transport and Tourism and the Minister of Health, Labor and Welfare and despite the fact that it fulfills its function in terms of crisis management, there still seems to be room for improvement for effective discussions on a security strategy.