

An Evolving U.S.-Japan Alliance and Its Strategic Outlook

Michael R. Auslin

Resident Scholar and Director of Japan Studies
American Enterprise Institute for Public Policy Research

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I. Introduction

During the six decades of its existence, the U.S.-Japan Alliance has been affected as much by the regional security environment as by domestic politics in both countries. As the Obama Administration begins to wind down, and as Prime Minister Shinzo Abe continues to reshape Japan's foreign relations, both countries will again be reconsidering the role of the alliance in their respective security policies. The next decade is likely to see an intensification of the alliance's activities, given the paradox of a powerful China that is beginning economically to slow down, as well as a North Korea that is as unpredictable and even more dangerous than in the past. With proper alliance planning and management, the end result may well be an alliance that stands at the head of a new Asian security architecture, and one in which Japan plays a far more conspicuous role than before.

This paper will explore first, the significant changes in the Asian security environment, focusing on both challenges as well as opportunities for stability. It will then examine the domestic political environments in both Japan and the United States, seeking to understand how each government may look at the opportunities offered by the alliance to achieve foreign policy goals. Finally, it will outline how the U.S.-Japan Alliance may evolve over the next decade to respond to regional challenges and with the opportunity to shape a new Asian security architecture.

II. The Regional Security Environment

The final year of the Obama Administration began with overt signs of tension and risk in the Asia-Pacific region. To ring in the New Year, North Korea conducted its fourth nuclear test, yet claimed that this time, it had successfully detonated a hydrogen bomb. Just three weeks later, on January 30, the U.S. Navy conducted another freedom of navigation operation in the South China Sea, sailing a guided missile destroyer within 12 nautical miles of Triton Island in the Paracels. This followed the highly-publicized sailing of the USS *Lassen* near Subi Reef in October 2015, in response to China's unprecedented land reclamation activities and inauguration of airstrips on its new islands. Then in February 2016, Pyongyang launched yet another long-range rocket over the East and part of the South China Seas, apparently placing a satellite into orbit.

These events, all taking place within one month of each other, are one illustration of how tension continues to rise in the Asia-Pacific, leading to higher risk of a potential miscalculation or accident that could lead to armed conflict. The past two U.S. administrations have witnessed irrevocable changes in Asia's security environment, namely, the attainment of a nuclear capability by North Korea and the "militarization" of China's territorial disputes. The corresponding feelings of uncertainty and insecurity have risen among China and North Korea's neighbors. The bottom line is, the security trend line in East Asia seems to be getting worse, not better. This is despite the existence of a plethora of regional and multilateral diplomatic venues that have increased the number of regional meetings and discussions over the past decade, from the East Asia Summit to the ASEAN Defense Ministers' Meeting-Plus.

That China is a driver of much of the regional security concern is no longer a controversial belief. Over the past two decades, Beijing has dramatically modernized and increased the size of its armed forces. From a largely coastal defense force, the People's Liberation Army Navy (PLA(N)) now far outstrips any other Asian naval force, and operates globally, including in the Mediterranean and in the eastern Pacific. China has recently begun construction on its first overseas naval base in Djibouti. Its acquisition of aircraft carriers means the PLAN will be able to project air power into the South China Sea and western Pacific, while its growing submarine forces will give it further presence in the Indian and Pacific Oceans, not to mention the inner seas of East Asia. In addition, the growth of the People's Liberation Army Air Force (PLAAF), rocket forces, and cyber capabilities all combine to make the Chinese military the most powerful in Asia.

What has now become a common concern in the Asia-Pacific region is the way in which Beijing is using its new national power. Instead of becoming more cooperative in regional security affairs, China is instead using its strength to coerce and threaten its neighbors; take away contested territory, such as at the Scarborough Shoal; and now build power projection bases on reclaimed reefs in the South China Sea. Japan, too, has felt the pressure of a resurgent China, as their dispute over the Senkakus in the East China Sea has resulted in continuous Chinese maritime and air operations in the waters and skies near the islands, while the Chinese declaration of an air defense identification zone over much of the East China Sea in November 2013 undermined freedom of overflight for civilian airliners. Under President Xi Jinping, China has become more assertive, and more willing to absorb the diplomatic and political costs incurred by its actions.

Thanks to such actions, and their increasing prevalence, many of the nations of Asia are more willing to openly discuss their concerns about the trajectory of Chinese foreign policy. While they, like most nations on earth, have become dependent on China for trade, they no longer hide their worries about how China appears to be comfortable using its strength to undermine regional norms. Yet there is now a new wrinkle in the story of China's rise to great power status. The dramatic slowdown in the Chinese economy will have as yet untold effects on Beijing's foreign and security policy. Despite growth rates dropping below 7 percent per annum, the Chinese military budget still grows at 10 percent a year, giving a clear signal that Beijing puts a high premium on continuing its military buildup.

It seems increasingly clear that China's economic slowdown is no mere blip, and that it can expect permanently lower growth in the future. Evidence including the continued flight of billions of dollars of capital out of the country, import weakness, and a turbulent equities market all confirm that Chinese policymakers will be increasingly focused on the health of the economy in coming years.

That raises a number of intriguing questions. First, how long will the state be able to afford double-digit increases in the military budget? There is little doubt that China will continue to build up the region's largest military, even under adverse economic conditions. However, it is possible that by 2020 or 2025, expenditures for the Chinese armed forces will have dropped. That, in turn, will make it harder for the Chinese to maintain their military strength over the long run and project power away from the homeland. A reduction in China's regional military presence could lead to a general lessening of tensions in the region, though undoubtedly it would stoke resentment among the Chinese public. Second, if the economic slowdown in China is severe, possibly even leading to stagnation, there could be increased domestic unrest from displaced workers and a middle class fearful of losing its wealth. In response, the central government might seek to divert attention away from problems at home through military adventurism abroad, possibly in the East China Sea, and very likely in the South China Sea. Third, the perception of a weaker China could cause the smaller nations of Asia to either balance against it, and those with territorial disputes may seek to press their advantage against a regime that is distracted by economic problems. Beijing may well react to such pressure with a military response, fearing the loss of prestige and influence, as well as worry about losing actual territorial claims.

Regardless of which scenario, if any, of these play out, the next decade is likely to witness a new phase in the development of Chinese power, as a country that has become far stronger than any of its neighbors struggles with slower growth and increased pressure at home.

Yet China is not the only shaper of the Asian security environment. As shown by its nuclear and missile tests, North Korea remains a danger, and one that is objectively becoming more of an acute threat to its neighbors. The 22 years of negotiations between Pyongyang and Washington, including the Six Party Talks, have resulted in a nuclear-capable North Korea. The latest nuclear test was a clear signal that Pyongyang is aiming at achieving the ultimate weapon, the H-bomb. This would make it close to an existential threat for South Korea, not to mention Japan. It is becoming increasingly difficult for Washington, Tokyo, and Seoul to maintain denuclearization as a viable goal, given Pyongyang's commitment to perfecting and expanding its nuclear capability. In addition, North Korea is steadily developing its long-range ballistic missile program, and an increasing number of analysts believe that it can now target at least parts of the American homeland, not to mention all of Japan. Once Pyongyang mates a nuclear warhead to an intercontinental ballistic missile, the world will be forced to recognize it as a full-fledged nuclear power, and will have to decide how to deter it from using its nuclear strength to blackmail or coerce its neighbors, should it choose to do so.

The Asia-Pacific region faces other threats to its stability, including the reemergence of Russia as a military player, one that is attempting to rebuild its naval and air power in Northeast Asia. Piracy, as well, has made a comeback in the region's vital waterways, including around the Malacca Strait. The arms race that has been ignited by China's military buildup means that more nations in the region are fielding advanced weapons, including fighter jets, anti-ship missiles, and submarines. This in general raises the level of tension, and makes it harder to resolve territorial disputes peacefully, while also making miscalculation leading to armed clashes more likely. Already, Vietnam has repeatedly confronted Chinese ships in its waters, and surrounded an oil drilling platform Beijing floated into areas claimed by Hanoi, while the Philippines claims that its fishing boats and patrol vessels are regularly harassed by Chinese forces.

In short, the security environment in the Asia-Pacific has deteriorated over the past decade, even if significant armed clashes have so far been avoided. Without an improvement in relations, a change in Chinese behavior, or the establishment of a durable security architecture, although the economic constraints noted above may make it harder to maintain a position of dominance over the long-term, it remains entirely possible that China's current trajectory will lead to Chinese hegemony in East Asia over the medium-term. This would then raise doubts about the future of Asia's open, rules-based system. Both Japanese and American interests would be negatively affected by such an outcome, leading to difficult policy choices, and renewed pressures on the alliance.

III. The Domestic Environment

The changes in Asia's security environment discussed above have been part of a larger breakdown in global order over the past decade. As such, they factor into the overall foreign policies of both Japan and the United States, but often have been overshadowed by crises around the globe. These crises include continued economic weakness and uncertainty stemming from the 2008 financial meltdown and subsequent global recession, the failure to successfully end the war on terror and the rise of the Islamic State, the Russian annexation of Crimea and intervention in eastern Ukraine, and the Iranian nuclear negotiations, among others. In light of such global challenges, and spurred by the growing risk in the Asia-Pacific, both Prime Minister Shinzo Abe and President Barack Obama have attempted to shift their Asian foreign and security policies individually as well as in concert.

After years of minimal response to China's military buildup and the slow shift in the balance of power, Japan has adopted a more activist foreign policy. Yoshihiko Noda, of the Democratic Party of Japan, led the initial policy moves, including the 2012 decision to purchase several of the Senkaku Islands from their private owner (to forestall then-Tokyo Governor Shintaro Ishihara from buying them), as well as deciding to replace Japan's aging fighter jets with the stealthy U.S. F-35. In addition, under Noda, a shift in overall security strategy, from focusing on the country's northeastern frontier to the defense of the southwestern islands, including the Senkakus, was adopted.

Building on these initiatives, Shinzo Abe has significantly reshaped Japan's regional security policy since returning to office in late-2012. His approach may be termed "Japan's new realism." Abe has overturned decades of restrictions on Japan's security activities, including controversially ending the ban on collective self-defense, and also dropping the prohibition on the export of arms and defense industry cooperation. Both of these mean that Tokyo will slowly be able to participate with partners in Asia and around the globe, participating more fully in military exercises, co-developing defense-related materials, and possibly supporting nations facing armed pressure.

Abroad, Abe has dramatically expanded the range of Japan's security relationships in Asia, with both large and small states. With Australia, he has created a "quasi-alliance," and enhanced trilateral cooperation with Canberra and Washington. Japan has also submitted a bid to build Australia's new class of submarines, which would be the largest foreign military sale in Japan's history. Abe has formed a particularly close relationship with India's Prime Minister Narendra Modi, increasing political and military dialogue, as well as having Japan permanently join the Indian-U.S. Malabar naval exercises. Moreover, Tokyo has announced plans to sell India more defense equipment, including maritime patrol planes that will be used in part to monitor Chinese naval activities in the Indian Ocean. In an attempt to improve relations with South Korea, Abe agreed to a landmark apology for World War II-era comfort women in December 2015, along with monetary support for the surviving victims. This has been followed by reinvigorated U.S.-Japan-South Korea trilateral discussion about the North Korean threat, and multiple phone conversations on the subject between Abe and South Korean President Park Geun-hye. Smaller Asian nations have also been the beneficiary of Japan's new realism. Malaysia, the Philippines, and Vietnam are all either the recipients or purchasers of Japanese maritime patrol vessels, while both Manila and Hanoi have either conducted or agreed to conduct naval drills with the Japan Maritime Self-Defense Force.

Perhaps as significantly, Abe has articulated his strategy in terms of upholding Asia's rules-based order. In prominent speeches in Washington, D.C., Canberra, and Singapore, Abe has shared his vision of Japan's role as a bulwark of the liberal international order. This has also meant weighing in on Asia's territorial disputes, at least rhetorically, by calling for a peaceful resolution and the rejection of coercion as a tool of statecraft. At the same time, there have been suggestions that Abe will go farther, and possibly join Southeast Asian nations and the U.S. Navy in South China Sea maritime patrols or confidence-building exercises. This would put Japan directly in the middle of Asia's most heated disputes, something that the country traditionally has sought to avoid.

The American counterpart to Japan's new realism has been President Obama's so-called "rebalance" or "pivot" to Asia. As the Obama administration sought to end America's military operations in both Iraq and Afghanistan, it sought for another focus for U.S. foreign policy. The pivot was first hinted at in 2010, when then-Secretary of State Hillary Clinton announced at the ASEAN Regional Forum that Washington considered the peaceful, multilateral solution of the South China Sea territorial disputes to be in America's national interest. This was followed by a formal declaration of the rebalance by President Obama, during a visit to Australia in November 2011.

The key elements of the rebalance were unveiled in subsequent years. They include the rotational presence of U.S. Marines in Darwin, Australia, along with U.S. Air Force planes, which is the first time that U.S. forces were to be stationed there. In addition, the Obama administration announced that the U.S. Navy's new Littoral Combat Ship would be rotationally ported in Singapore, increased the overall number of U.S. Navy ships in Asia to 60 percent of the total fleet, forward deployed advanced fighter jets such as the F-22 to bases in Guam and Okinawa, and negotiated renewed access to bases in the Philippines, the first such arrangement since U.S. forces left Subic Bay and Clark Air Base in the early 1990s.

Yet Washington's rebalance was less successful in improving the worsening security situation. While the Obama administration repeated its expectation that East and South China Sea maritime disputes be peacefully settled, China continued to coerce the other claimants. Concern in Japan became serious enough that Obama was forced to publicly state that the Senkakus fell under Article 5 of the mutual defense treaty between Washington and Tokyo, and therefore would be protected in the case of Chinese

invasion. Yet Chinese probing of the islands did not cease with the presidential statement. Similarly, Chinese harassment of Southeast Asian nations continued apace in the Spratly and Paracel Islands, and when Washington made repeated demands that China stop its land reclamation activities, Beijing dismissed them out of hand. Echoing the complaint of previous military leaders, Admiral Harry B. Harris, commander of U.S. Pacific Command, testified before the U.S. Congress in February 2016 that, “I don’t have the submarines that I feel I need.” Harris also warned that Beijing was seeking hegemony in East Asia, and his message was clear that so far, U.S. policy has failed to alter China’s trajectory. Meanwhile, the Obama administration’s policy of “strategic patience” vis-à-vis North Korea also did nothing to change Pyongyang’s behavior, and only resulted in the nuclear and missile tests discussed earlier.

The worsening security environment in Asia came as the White House was pressured by events in Europe and the Middle East. The spread of the Islamic State and Russian intervention in the Syrian civil war showed the limitations of American power, while European states began to question America’s commitment to the continent in the face of U.S. inaction towards Russian intervention in Ukraine. In part to forestall a continued decline of its credibility, the Obama administration belatedly approved the freedom of navigation/innocent passage sailings of two U.S. Navy destroyers near Chinese-claimed territory, as well as the overflight of U.S. Navy P-8 patrol planes. The public announcement of the operations was meant to send a signal, not only to China, but to America’s allies and partners in the region, who worried about continued U.S. commitment to upholding order.

Despite such efforts, doubts remain about whether China and North Korea can be deterred from their current courses of provocation and confrontation. It is in this context that the U.S.-Japan alliance may come to play a bigger role in shaping Asia’s security environment.

IV. An Alliance in Evolution

The U.S.-Japan Alliance evolved slowly through the Cold War and after, moving from a focus solely on the defense of the Japanese homelands to a broader concern with regional stability. During the 1980s, then-Prime Minister Yasuhiro Nakasone agreed to defend Japan’s sea lanes out to 1,000 miles, and the JMSDF developed one of the world’s best anti-submarine warfare capabilities, primarily through its fielding of 100 P-3 maritime surveillance aircraft. Utilizing U.S. forces based in Japan, the alliance served as the first line of defense against Soviet expansionism in Northeast Asia and the northern Pacific.

In the post-Cold War period, the alliance broadened its focus to encompass emerging challenges, namely China and North Korea. Japan was not involved in the early nuclear negotiations between Washington and Pyongyang, such as those that led to the 1994 Agreed Framework, but once the North launched a Taepodong medium-range ballistic missile across Honshu in August 1998, the alliance began a concerted focus on building its ballistic missile defense (BMD) capability. In the succeeding years, Japan became the closest ally of the United States for both ABM development and deployment, including the building Aegis-equipped ABM systems on destroyers. Further, the two began to integrate their air defense operations and improve the sharing of information related to the North Korean missile threat. The overall expansion of the alliance to include peninsular issues was encapsulated by the concept of “Situations in areas surrounding Japan” in the 1997 Revised Guidelines. Despite the lack of close Japanese-South Korean cooperation, the new guidelines codified the central role the U.S.-Japan alliance would play in the case of an outbreak of hostilities on the Korean Peninsula.

While North Korea remained a constant focus of the alliance, the rise of China presented a different set of challenges. Both Japan and the United States became major trading partners of China, complicating their response to Beijing’s military modernization and growing assertiveness. As the Senkaku Islands dispute heated up after 2012, the American affirmation that the mutual defense treaty covered the islands raised new questions about how the two alliance partners would respond to a revisionist China. After extensive consultations, Washington and Tokyo released the 2015 Revised Guidelines, the first updating of the alliance in nearly two decades.

The Revised Guidelines reflected both the changes in the regional security environment, as well as the evolution in scope of the alliance. The core of the treaty remains the defense of Japan, but the

recognition of new threats is driving the broadening of areas of cooperation. Both the danger of cyberattacks and the threat of space-based threats to communications systems are now priorities, as is the enhancement of intelligence, surveillance, and reconnaissance (ISR) capabilities. Traditional areas of cooperation, such as BMD and air defense, along with maritime security, remain top priorities. Yet the alliance in the 2010s also pronounces itself committed to helping maintain stability throughout the Asia-Pacific region. Though far less specific on broader regional cooperation than in relation to Japan's defense, Tokyo has pledged to work more closely with U.S. forces on partner capacity building, in possible situations where collective self-defense is needed, and in humanitarian assistance cases.

While the Revised Guidelines provide a set of goals for how the alliance will operate in the future, including new coordinating mechanisms, what are the specific issues on which the two partners could cooperate? Here, Prime Minister Abe's policy of "proactive diplomacy" may provide a way forward, though it will require Tokyo to commit to a visible and constant leadership role. At the same time, although distracted and stressed by numerous crises around the world, Washington will need the political will to maintain its influence in Asia through increased action, not just rhetoric.

The gravest risk to Asia is the threat of growing disorder. The best way to manage that risk is proactive cooperation that ultimately builds a new security architecture. Perhaps most dangerous in the short-run are the various maritime disputes in the region's seas. Already, naval and paramilitary stand-offs over contested islands pit many of the region's states against China or each other. While there is no way to get China to submerge the islands it has built in the Spratlys, it is possible to create a maritime community that upholds order through persistent presence and joint support. This can be spearheaded by Japan and the United States, while bringing in both nations that have territorial claims, like Vietnam and the Philippines, and those that have a vested interest in freedom of navigation, such as Australia, India, and South Korea. Joint patrols and multinational naval exercises, along with the increased sharing of information and the training of smaller nations' navies can build a community of maritime cooperation.

This community should not be limited to the South China Sea, but should cooperate together in the East China and Yellow Seas, as well, since the region's waters are one connected strategic space. Both the JMSDF and the Japan Coast Guard can play a leading role with the U.S. Navy's Seventh Fleet in training, organizing exercises, and ultimately in joint patrols and operations. Such confidence-building measures among participants will help reduce uncertainty and the feeling of insecurity that many smaller maritime nations have. While there is little chance of forcing China to return territory it has taken, such as the Scarborough Shoal, this new maritime community may well help to moderate further Chinese actions.

With regard to North Korea, the U.S.-Japan Alliance should be increasingly integrated into contingency planning for a Korean crisis. This means enhancing trilateral discussion, coordination, and activities among Japan, South Korea, and the United States. While the two alliances should not, and could not, be formally merged, the threat North Korea poses to both Japan and South Korea means that they need to be far more engaged in actual planning for how to deal with an armed conflict on the peninsula or the collapse of the Kim regime in North Korea. Given the crucial role U.S. bases in Japan would play in the logistics operations of any military engagement, Tokyo and Seoul should be thinking about overall strategic stability in Northeast Asia.

Finally, the U.S.-Japan Alliance should play a larger role in supporting and strengthening democratic, liberal states in Asia. Those states struggling with the democratic process, such as Thailand, or newly committed to a liberalizing path, like Myanmar, should be a focus of attention from the alliance, encouraging the return to democracy or further liberalization. Especially if China is indeed entering a period of sustained economic slowdown, there is an opportunity to forge closer economic and political ties with the nations of Southeast Asia, who will continue to rely on export-led growth to modernize their economies. Expanding the Trans-Pacific Partnership agreement over time to include more developing Asian nations would be a means of promoting better governance and strengthening political ties between states with open economies.

Similarly, the alliance should increasingly link together Asia's democracies, sponsoring legislative, military, media, and student exchanges. It is also time to revisit the idea of a summit of democracies in Asia as a way to promote the strengthening of civil society, rule of law, human rights, equality, and

education. As Asia's most developed democracy, Japan can play a special role along with the United States in championing liberal values. While Japan's historical experience is very different from most of the nations of Asia, its leadership in developing civil society and solidifying democracy at home can allow it uniquely to discuss its experiences, and to work with other nations that are exploring the path of liberalization. Not only the Japanese government can do this, but Japanese non-governmental organizations could work with American counterparts to develop grassroots ties across the region. Although not formally an alliance activity, support from both Tokyo and Washington for such endeavors clearly would help to fulfill the goal of 'mutual cooperation' in the alliance.

The time is ripe for the U.S.-Japan alliance to help create a new community of liberal nations in Asia and forge a cooperative security architecture. Based on shared democratic values, and working with a host of partners throughout the region (and even in Europe), the alliance has the potential to halt the continued deterioration of Asia's security environment. While increasing joint activity in the South China Sea or in relation to North Korea may appear to raise risk in the short-term, only by changing today's trends can the Asia-Pacific hope to remain peaceful in the coming decade.

Michael Auslin is the author of *The End of the Asian Century* (forthcoming, Yale)